



ASSESSMENT OF WOMEN'S FINANCIAL INCLUSION IN NIGERIA

DECEMBER 2019



Central Bank of Nigeria



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Executive summary

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Executive summary

Context

Nigeria's financial inclusion landscape presents both opportunities and challenges. Progress towards financial inclusion has been adversely affected by unforeseen socioeconomic factors such as the economic recession, the precarious security situation in parts of northern Nigeria, and other factors such as the slow uptake of Digital Financial Services (DFS).

Nigeria has the largest number of people living in extreme poverty in the world. Nearly 50% of the population endures extreme poverty, the unemployment rate stands at around 23%¹, and a significant portion of Nigerians lack adequate education. Not surprisingly, financial exclusion stands at 36% for women and 24% for men², with a relative gender gap³ of ~33%, placing Nigeria below its peers.

It is against this backdrop that the National Financial Inclusion Strategy (NFIS) was developed to boost overall financial inclusion to 80% of the adult population and reduce exclusion to 20% by 2020. However, according to the revised NFIS, Nigeria is not on track to achieve its 2020 targets.

1. National Bureau of Statistics 2018

2. Assessment of Women's Financial Inclusion Survey, 2019 – quantitative survey

3. Defined as a relative, or percentage gap – so not an absolute gap (as the absolute gap in this case would be 36% – 24% = 12% but the relative gap is 12/36 = 33% if taking women's exclusion as the base)



Nearly 50% of the Nigerian population endures extreme poverty



The Nigerian unemployment rate stands at around 23%

Executive summary

Core study questions

This study set out to identify what causes the gender gap in financial inclusion and how it can be closed. The approach and focus of the study was not understanding overall drivers of exclusion, but specifically surfacing the drivers of higher exclusion in women, than in men. Ultimately, the study aimed to answer the following questions:

1. How do access, usage, and supply of financial services differ between men and women and most importantly, what drives this?
2. What are the financial needs and ambitions of excluded women?
3. What are the perspectives of current Financial Service Providers (FSPs)? Why do they not target or otherwise reach women in greater proportion and numbers?
4. What can be done to improve women's access to and use of financial services in Nigeria?
5. To the extent that women in Northern Nigeria encounter different and perhaps even greater challenges with regards to the above topics, what can be done to address their specific needs?



Key findings

1 2

Our analysis found that lack of income, lack of education and low trust in FSPs are the most important drivers of financial exclusion for both women and men and that these factors also drive the gender gap. They jointly explain ~60% of lack of access for both genders. Because women have significantly lower income, education, and trust levels than men, these factors also, to a large extent, explain the gender gap in overall exclusion. In other words, women and men with similar levels of income, education, and trust in FSPs are approximately equally likely to be financially excluded yet women typically have much lower levels of income and education than men do

However, when looking specifically at formal inclusion, gender does play a significant role: Women are less likely to be formally included than men, even when controlling for levels of income, education and trust.

The findings reveal a number of specific nuances and implications:

1. The focus of efforts to boost women's financial inclusion should shift beyond product innovation to address the underlying drivers of gender gaps, through more systematic efforts to address women's incomes and economic empowerment, education and boosting trust in FSPs. Our analysis suggest that these are key to closing gender gaps and improving the financial inclusion of women.

1. Trust is measured by responses to the question, "What kind of provider do you trust the most?"

Key findings

1 2

- 2. Although gender *in and of itself* is not a driver of exclusion, the core drivers of income, education, and trust in FSPs¹ tend to be highly gendered.** In order to close the gender gap, targeted, additional research is needed to achieve a more detailed and nuanced understanding of its gendered and gender-specific drivers. By no means will that require starting from scratch—many elements of this are known already.
- 3. Excluded women may not have access to financial services, but they do have financial needs and ambitions.** The current structure of the financial system in Nigeria and its associated regulatory environment is one in which the cost of investment and the cost-to-serve is not met with sufficient ability and willingness on the part of excluded women to pay. For example, a combination of regulatory differences and poor infrastructure has not allowed DFS to contribute as strongly to financial inclusion, as it has in other countries.
- 4. Given the benefits of formal inclusion over informal (including but not limited to better consumer protection, generally more attractive pricing, and a wider range of products types and values), the drivers that cause men to be more formally included need to be understood further.**

1. Trust is measured by responses to the question, "What kind of provider do you trust the most?"

Note: Differences amongst women, for example, differences between women in the North versus women in the South, are detailed in the 'Defining and understanding the gender gap' section

Next steps and recommendations

1 2

This study confirms that women have lower levels of income, education and trust in FSPs, but did not uncover the reasons why, with sufficient granularity, to enable the design of interventions to address this.

Going forward, it will be important to not only determine the drivers behind these factors but also to identify which elements are anchors and which are corollaries or consequences of the anchors. Such determinations will be critical to designing appropriate interventions that focus on the binding constraints.

Due to low demand and the current regulatory and macro-economic environment, FSPs do not deem the business case to extend their products and services to drive greater financial inclusion, to be sufficient.

In parallel to improving women's livelihoods, stakeholders also need to explore options to improve the commercial viability of serving financially excluded women, even in the absence of improved income, education and trust in FSPs.

Joint action can help identify the drivers of commercial viability and their relative importance. In order to determine the type and level of subsidisation, regulation and business model innovation needed to reach currently excluded women with quality services, we must first know: (i) the gap in commercial viability; (ii) the scope of the opportunity in terms of the sizes of different segments, their needs, their willingness and ability to pay, and what they are willing to pay for; (iii) the costs-to-serve (both capex and opex) for current providers; (iv) opportunities for cost reduction through joint initiatives and economies of scale; and (iv) the potential cost reduction with alternative models (with/without regulatory changes)

Next steps and recommendations

1 2

Further research should also further an understanding of the specific next steps toward **understanding the factors driving demand for informal financial services, to transfer learnings to expansion of formal inclusion**. This research has confirmed informal financial products are accessed more by people with lower education and trust levels and by women. Informal services may be a stage of development **towards formal inclusion and increased depth and quality of inclusion**. If the appeal of informal services is better understood, it can perhaps be strengthened with a better 'onramp' to formal services.

We also recognise that commercial viability will be insufficient to make all segments of excluded women attractive to serve for FSPs. **Stakeholders who choose to focus on achieving social impact by serving these groups in the short to medium term, must recognise that continued subsidies will be needed** unless or until these segments become commercially viable; offerings must be relevant to the underserved female population, meeting them 'where they are' with their low levels of education, income, and trust in FSPs; **and where possible, products and services should be designed to increase income, education, and/or trust in FSPs**.

CBN and EFinA are well placed to guide and/or manage the FI ecosystem and to generate the knowledge required to address the gender gap, quantify the key supply and demand elements that determine the viability of the business case for serving excluded and/or underbanked women, and promote and drive learnings across interventions and stakeholders for improved alignment and collective action.

This study is captured in a few different documents, each of which can be read independently whilst complementing the others



Glossary of terms/ definitions

See technical report for details on methodology

1 2 3

- **Access:** Ownership of account, or subscription to financial services with any formal or informal financial services provider¹. This is different from the definition used EFInA Access to Financial Services in Nigeria survey, which used a complex composite metric including various different measurements of account ownership and product usage. Further details on the A2F definition and a comparison in findings between A2F and this latest survey, can be found in the technical report.
- **Agency:** In this study, we did not measure agency as it is a deeply complex, multi-faceted quality that cannot be measured with a single survey question. To get a sense of the relative importance of one of the core determinants of agency in financial services, the survey asked respondents about their degree of *control over household finances*. Responses to this question are covered in this report.
- **Education level:** this was measured by asking people their highest level of education with answer options including the option of 'complete' and 'incomplete' for each education level (with the exception of non-formal education Islamiyya where there is no incomplete/complete distinction).
- **Exclusion:** Non-ownership of an account with any formal or informal financial services provider. See further details above under access.

1. Dalberg Research (DR) supported the creation of the survey by ensuring the questions would be easily understood by the respondents while at the same time providing robust insights to accept or nullify the project hypotheses. The need to limit the survey duration to 1 hour also meant that we had to be very selective in the number and depth of questions. For example, our survey was limited to account ownership as a proxy for access (compared to A2F which took a more nuanced approach to define access).
2. The survey also asked the standard set of questions about asset ownership - the multiple binary logistic regression analysis didn't allow for easy inclusion of these responses in the right balance with other variables so we opted for income instead. Raw data is available for other analyses.

Glossary of terms/ definitions

See technical report for details on methodology

1 2 3

- **Formal inclusion:** Ownership of one or more account(s) provided by any of the following providers: commercial bank, microfinance bank, non-interest banking institution, mortgage institution (such as Federal Mortgage Bank of Nigeria), mobile money operator, insurance provider (including National Health Insurance), and/or pension fund administrator.
- **Gender gap:** Relative difference (i.e. percentage difference) in male vs female outcomes (e.g., inclusion or exclusion).
- **Income level:** Individual income of the respondent, classified in pre-defined buckets. The survey design asked for individual income as an proxy for various aspects of income. Typically, ability to accurately quote household income is lower than ability to quote individual income. Furthermore, subsistence income (such as farm income) is not quantified. All of these choices were made in order to be able to include an adequate proxy with just one question.
- **Informal-only inclusion:** No account ownership with a formal FSP (see formal inclusion) but ownership of one or more account(s) provided by any of the following providers: cooperative society, savings (and loans) group, village/community association, moneylender, microfinance institutions, savings/thrift collector/merchant.
- **Significant association:** A relationship between two variables that does not occur by chance. As is explained in the technical report, we've used a 95% confidence interval as the "cut-off" point and also report on associations with a 90–95% significance (thus a 5–10% probability that this finding is a chance effect without an underlying association).

Glossary of terms/ definitions

See technical report for details on methodology

1 2 3

- **Single:** The category of 'single' in the survey was more precisely framed as 'single – never been married'. The survey also captured the status of widowed and divorced women and men, who represented proportions too small to allow for separate analysis; because such women likely face very different circumstances from single women who have never been married, we included only 'single – never been married' in the analysis.
- **Statistically significant:** When there is a 95% probability (by virtue of our chosen cut-off point – see 'significant association' above) that an observed phenomenon (e.g., gender gap or associations of variables with exclusion/inclusion) does not occur by chance.
- **Trust:** Trust is measured by responses to the question, "What kind of provider do you trust the most?". In the analysis, all those citing an informal FSP as the most trusted are colloquially classified as "trusting in informal FSP", those citing a formal FSP as the most trusted as "trusting in formal FSP" and those saying they don't trust any FSP as "do not trust FSPs"
- **Usage:** Usage of any financial services at least once within the past 90 days.

02

Context and Objectives



EFInA's definition of financial exclusion combined with additional 'guiding beliefs' shape this work

EFInA definition of "financial exclusion"

Financially excluded adults are those in the Nigerian population over 18 years of age, who do not have / use any financial products and / or services, whether formal and / or informal

Additional guiding beliefs



Focus on the gender gap and exclusion – this work focuses on the drivers of the gender gap and drivers of exclusion in general



'Women' are not a homogenous group – this work identified common drivers of exclusion, but each driver will typically differ in importance by segment



Prioritising impact – identifying where the gender gap is most pronounced and where it impacts the largest number of people and considering the potential ripple effects of addressing wider financial inclusion



Inclusion falls on a spectrum – access to a single product may mean someone is technically 'financially included', but they may still lack access to other products



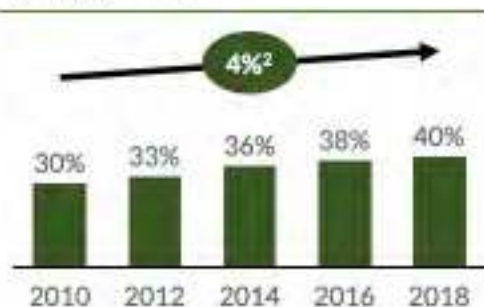
Gendered exclusion drivers take two forms –
1) drivers specific to women, and
2) drivers of exclusion common across genders but that disproportionately affect women



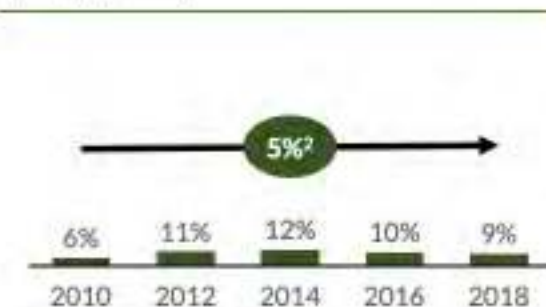
Financial inclusion does not equal financial health – which means moving beyond top-level data to understand where formal or informal products are best suited to manage liquidity, transact efficiently, build resilience from shocks, and create opportunities

Inclusion has been on the rise in Nigeria, with increased adoption of formal services and decreased reliance on solely informal services

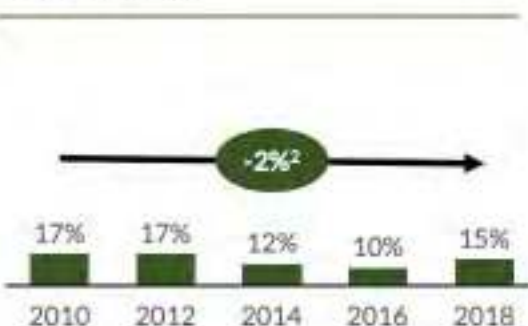
Banked adults¹
(% of population)



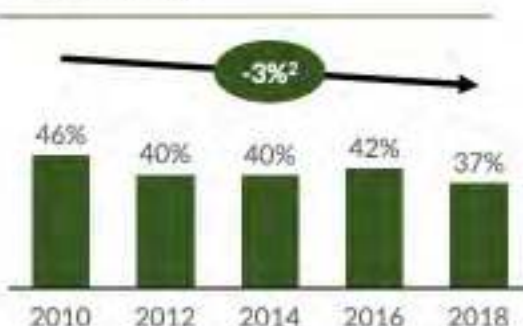
Other formally included adults¹
(% of population)



Adults that are only informally included¹
(% of population)



Excluded adults
(% of population)



Overall formal inclusion in Nigeria has been on the rise, with varying growth results for banking versus other formal products and services.

- Nigeria's banked adult population has steadily increased over the last few years, growing from an 30% in 2010 to 40% in 2018
- Inclusion in other formal services grew overall during the period but not steadily. Inclusion rates doubled from 6% in 2010 to 12% in 2014, and then steadily declined to 8% by 2018

Informal inclusion has however been on the decline

- Between 2010 and 2018, the overall proportion of people only informally included declined from 17% to 15%, despite relatively steeper declines in 2014 and 2016 to 12% and 10% respectively

The increased adoption of formal vs. informal financial services is in line with the intentions of the NFIS of the CBN.

1. Groups of adults are mutually exclusive, i.e., the data represents adults that are exclusively banked, exclusively otherwise formally included, or exclusively informally included. Data does not show 'overlaps' in inclusion (which do exist).

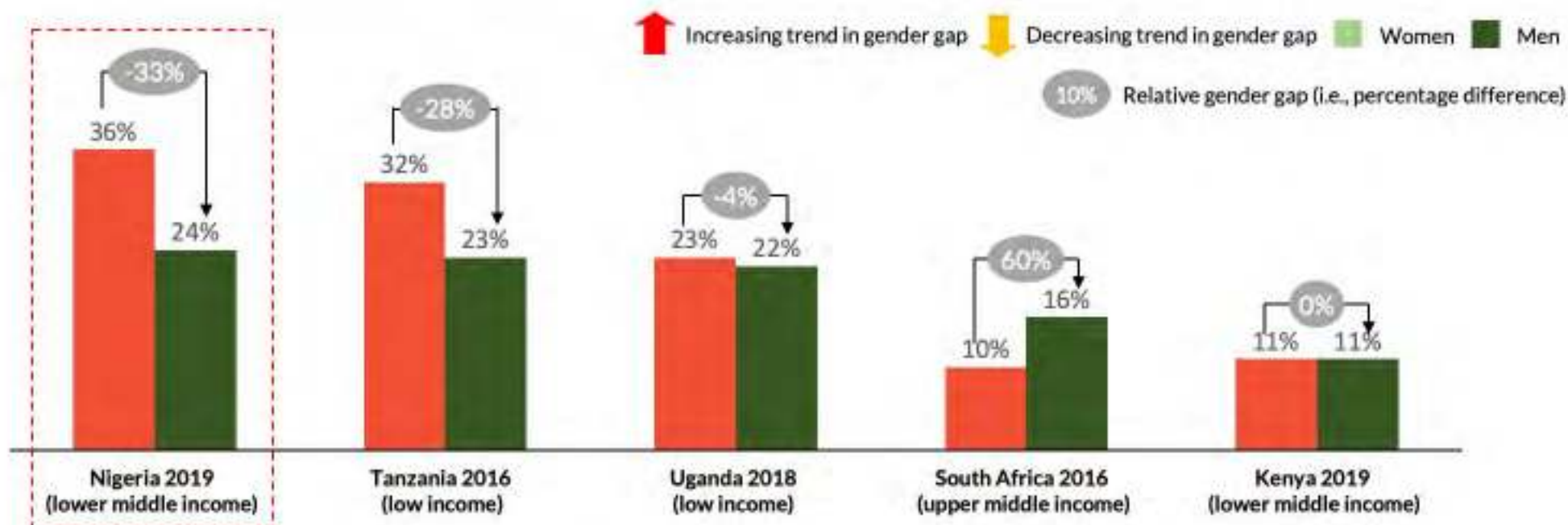
2. Compound annual growth rate, which is the average year-on-year growth rate.

Nigeria has a growing exclusion gender gap and is outperformed by its peers which have lower rates of exclusion and decreasing gender gaps

Increasing / decreasing gender gap¹



Level of exclusion²



1. Sourced from Findex, showing trend in inclusion relative gender gap from 2011 to 2017. In absolute terms, the gender gap inverts in South Africa (with women more included than men), increased slightly in other comparator countries and more than tripled in Nigeria as men's inclusion grew significantly whilst women's inclusion almost stalled over the period as a whole. Used Findex as that's the only source with enough history across countries to observe the trend
2. Sourced from Assessment of Women's Financial Inclusion Survey 2019 and individual Finscope surveys for comparator countries (different data sources are compared in the Annex). Used Finscope instead of Findex because the Assessment of Women's Financial Inclusion Survey 2019 uses a classification that is the same as Finscope whereas Findex has a different classification

Source: Gender and Financial Inclusion: Analysis of inclusion of women in the SADC region 2016: Finaccess Household Survey 2019; Finscope Uganda Survey 2007; Global Findex database; Assessment of Women's Financial Inclusion Survey 2019

03

Methodology: quantitative and qualitative



Our approach included a nationally representative survey, human-centred design research, literature review, and expert interviews

We used a mixed methods research approach to understand the context, needs, behaviours, and aspirations of a diverse sample of people in order to better understand their access and usage of financial services.



Quantitative Research

Quantitative analysis focusing on understanding the *gender gap*
In-field data survey covering 40–60 locations using a nationally representative sample size of 2,457 people and a 70/30 women:men split (sampling and weights developed with sign-off from the National Bureau of Statistics (NBS)), in addition to a 1,200 person booster sample for Northern Nigeria



Human Centred Design (HCD)

Qualitative analysis focused on understanding excluded women and exploring key themes emerging from the quantitative research covering 55 people (44 women and 11 men) across multiple qualitative interviews in 8 locations (7 rural villages and 1 urban neighborhood) and 2 states



Market Scan and Synthesis

Market Scan

- c.15 interviews, including government, FSPs, and other industry stakeholders
- Review of industry reports and data sets, including Findex 2017 and EFinA Access to Financial Services in Nigeria 2018 Survey

Synthesis of data and research to generate insights and make recommendations

Our quantitative research focused on understanding drivers for the gender gap rather than a more common focus on understanding excluded women

Research sampling and set-up

- A nationally representative survey¹ of 2,457 (inclusive of a booster sample of an additional 1,200 respondents from Northern Nigeria)
- Jointly generating nationally representative, gender-disaggregated data

Focus topics – as compared to common approach

- Focus on understanding the *gender gap* by understanding 'both sides' of the gap:
 - Explore what drives exclusion amongst women by looking at the difference between included and excluded women
 - Explore what drives the difference between genders by looking at the difference between excluded women and excluded men
- This is different from the approach often taken which tends to focus on excluded women as core subjects rather than on how they compare with other groups

Question design

- Probe in multiple ways to capture fact and perception. For example, to understand the impact of income on inclusion, we:
 - Asked respondents about income and inclusion separately and tested statistical associations and correlations
 - Asked respondents to list reasons for their inclusion and offered options that related to income levels

1. Both sampling approach and weights were aligned with National Bureau of Statistics (NBS).

To avoid the common mistake of falsely declaring a link between variables, we conducted statistically rigorous driver analysis

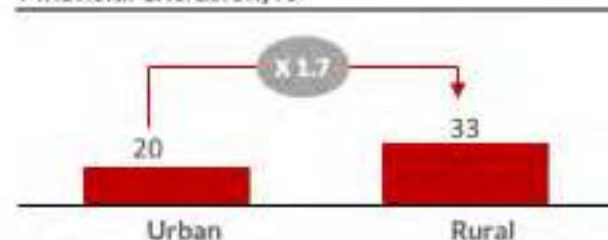
See technical report for details on methodology

Steps

Practical example

- | Steps | Practical example |
|--|---|
| <p>1 Conduct a descriptive analysis</p> | <p>1. Exclusion is 1.7 times as high in rural communities as in urban ones... So, with that in mind, should programmes be designed to focus on rural access, for example by investing in rural infrastructure?</p> |
| <p>2 Test to rule out chance effects: Testing whether differences are statistically significant¹</p> | <p>2. The difference in exclusion between those in rural areas and those in urban areas is much larger than can be explained by random variation</p> |
| <p>3 Test for 'correct' drivers: Test the magnitude of association between various independent variables ('drivers') and relevant dependent variables ('results') while controlling for the effect of other variables (i.e., holding everything else constant)^{2,3}</p> | <p>3. When exploring drivers, it was found that income and education correlate strongly with both location (rural or urban) and exclusion. In fact, after correcting for the effects of income on exclusion, we found that the effect of location on exclusion was no longer statistically significant. It would follow that seeking to reduce exclusion without addressing income and education, is unlikely to be very effective. Disappointing results of a number of interventions (with high levels of dormancy of rural accounts and agents) seem to corroborate this</p> <p>Note that this applies to overall exclusion and it changes, as the report will explain, when we consider formal inclusion</p> |

Financial exclusion, %



1. Tested using Chi-squared tests at 95% confidence level.
2. Note that sample sizes did not allow for comparing many 'intersections'. The association/correlation model with control variables replaces this in a more diligent way.
3. Analysis generating odds ratios indicating the magnitude of association between dependent and independent variables. When running this association analysis, we also check for so-called 'interaction effects' to avoid misinterpretation of findings so we can properly interpret the link and interaction between two independent variables and how they jointly and separately drive the dependent variable.

When identifying drivers, we included a long list of independent variables and tested association with various dependent variables

See technical report for details on methodology

Steps

1

Conduct a descriptive analysis:

Develop quantitative descriptions of the survey results

2

Test to rule out chance effects:

Testing whether answers between different groups are statistically significant i.e. not likely to have occurred randomly

3

Test for 'correct' drivers:

Test the magnitude of association between various independent variables ("drivers") and relevant dependent variable ("results"), while controlling for the effect of other variables (i.e., holding everything else constant)

- Age
- Age of first marriage
- Control over household finance
- Education level
- Gender
- Geopolitical zone: North vs South
- Household position (i.e. head, married to head or other)
- Income level
- Marital status
- Mobile phone ownership
- Religion
- Rural vs urban

- Awareness (turned out to be so high across that drivers for lack of awareness could not be tested)
- Trust in FSPs

- Access to financial services – both overall, formal and 'informal only'
- Usage of financial services, both overall, formal and 'informal only'

Our qualitative HCD research focused on exploring early themes emerging from the survey and understanding excluded women in more depth

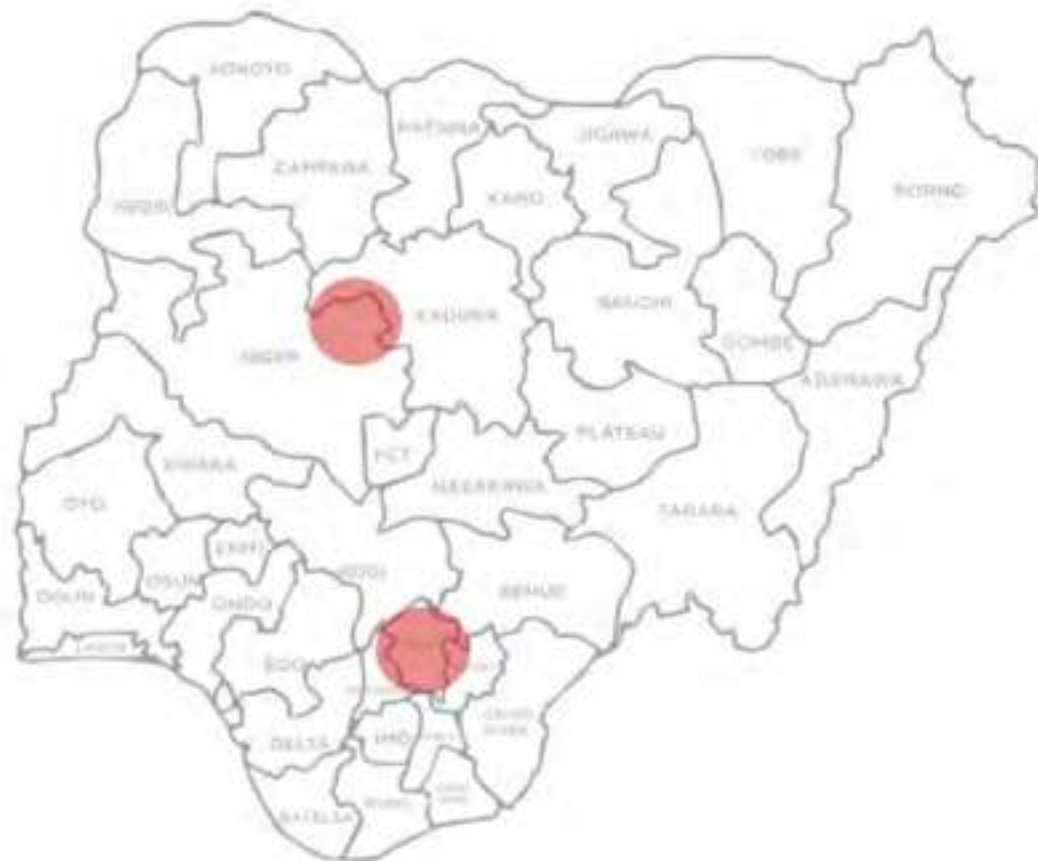
Objective: The HCD deep dive phase sought to explore research themes related to women's financial inclusion. These themes were identified in the previous phases through desk research, stakeholder interviews, and a quantitative survey.

Audience: The HCD audience was not nationally representative. Instead, participants were selected using demographic indicators, drawn from both the A2F survey and The Human Account segmentation. We focused on understanding excluded women, engaged women of all age groups (16 - 70) and women who were polygamous, widowed, married young (<25), living in rural areas, outside of formal employment and not educated beyond primary school.

In total, we engaged 55 participants (44 women & 11 men) via 28 in-depth discussions and 8 group discussions

Location: We visited 8 locations (7 rural villages & 1 urban neighbourhood) across two cities: Minna (North Central) and Enugu (South).

Our HCD research was run largely in parallel to the quantitative analysis. As a result, we were not able to explore the quantitative findings uncovered later in our HCD research (for example, drivers of trust in FSPs).



We used a combination of qualitative research methods to engage a range of research participants



In-depth interviews

We used in-depth, contextual interviews to explore the **behaviours, capabilities, aspirations**, and mindsets of financially excluded women. These semi-structured research methods aimed to engage participants where they felt most comfortable and, in some cases, while they engaged in the activities being researched.



Participatory activities

We engaged participants in activities to explore their **perceptions** and **decision-making** processes. Exercises included guided life stage mapping, card (preference) sorting, and scenarios intended to structure and deepen the resultant insights.



Group discussions

Through group discussions we **explored societal attitudes and norms** relating to women's financial inclusion. The group settings allowed participants to build on and react to each other and surfaced valuable new perspectives. We facilitated both men-only and women-only group discussions during the research phase.

The HCD research activities and tools were participatory in nature, to ensure participants could engage in activities within their literacy capacity

Research Aim	Method
Understand who (key segments of) excluded women are, in terms of their aspirations, capabilities, needs, resources, channels, and relationships	Life Stage Mapping: We identified the general barriers, drivers, and opportunities that women face in pursuit of reaching their goals. Further, we explored the effects of key life stages (e.g., marriage, childbirth, etc.) and identified existing/potential touchpoints for financial services
Map the role of (key segments of) women in the household and in the wider community, particularly in making decisions about and accessing financial services	Ecosystem Mapping: Drawing on the Life Stage Mapping exercise, we facilitated participants to map their role and relationships in their household and community. In addition, we explored linkages between different actors and institutions, identifying channels and resources used, generating insights into mindsets and financial behaviours of the women
Explore how societal attitudes and norms shape the way (key segments of) excluded women make decisions about and access formal/informal financial services	Persona Stories: Drawing on the segments presented in The Human Account Nigeria, we developed persona stories related to the capacity of different women to make decisions about and access financial services. Participants were asked to share feedback that explored their perceptions of these stories
Gauge women's awareness about, understanding of, and access to financial services. Identify what factors influence women's mindsets related to financial planning and decision-making	Financial Scenarios: Participants were asked to give hypothetical responses to a range of financial scenarios (e.g., a death in the family, sending a child to school, etc.) to elicit insights into how financial decisions are made and how services are accessed. Follow up questions explored barriers and enablers to greater financial inclusion
Locate opportunities for financial product/service design and identify corresponding awareness and engagement strategies that could improve women's financial inclusion.	Qualitative behavioural analysis: We investigated potential opportunities through ongoing analysis and synthesis. This cut across all of the methodologies outlined above and consisted of: (i) thematic analysis to synthesise and organise research insights; (ii) opportunity mapping to highlight the relevant behavioural and financial touchpoints in women's lives, including the exploration of persona models and other behavioural frameworks; and (iii) the application of behavioural science theory to augment design considerations of financial services that target women

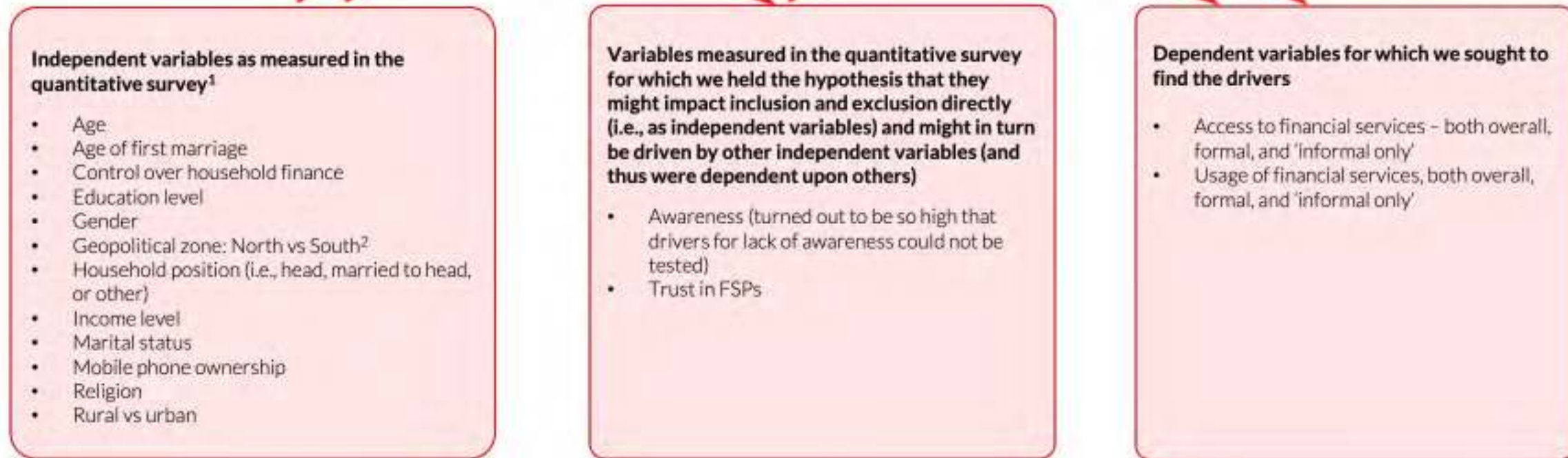
04

Defining and understanding the gender gap



[RECAP] When identifying drivers, we included a long list of independent variables and tested for association with various dependent variables

See technical report for details on methodology



1. The technical report contains the entire survey as administered, in the annex. This also shows the answer categories to each of the questions.
2. Whilst state was captured in the survey and aggregated to the relevant geopolitical zones, the sample sizes of answers to many of the questions were too small to report by state or GPZ – this was driven by the fact that answers were often very skewed – e.g., awareness of financial services was very high throughout the entire population and very few people self-identified into the more granular categories of income and education on the higher end of the spectrum.

As a first step, we identified awareness was very high and thus not useful as an “intermediary” driver

See technical report for details on methodology

Independent variables as measured in the quantitative survey¹

- Age
- Age of first marriage
- Control over household finance
- Education level
- Gender
- Geopolitical zone: North vs South²
- Household position (i.e., head, married to head or other)
- Income level
- Marital status
- Mobile phone ownership
- Religion
- Rural vs urban

- **Awareness³** turned out to be so high across the entire population that
 - Lack of awareness could not be confirmed as a driver of exclusion
 - No further analysis on what drives lack of awareness could be conducted as so few people were not aware of financial services
- **(Lack of) trust in FSPs** was found to have a very strong direct impact on exclusion

Dependent variables for which we sought to find the drivers

- Access to financial services – both overall formal and ‘informal only’
- Usage of financial services, both overall formal and ‘informal only’

1. The technical report contains the entire survey as administered, in the annex. This also shows the answer categories to each of the questions.
2. Whilst state was captured in the survey and aggregated to the relevant geopolitical zones, the sample sizes of answers to many of the questions were too small to report by state or GPZ – this was driven by the fact that answers were often very skewed – e.g., awareness of financial services was very high throughout the entire population and very few people self-identified into the more granular categories of income and education on the higher end of the spectrum.
3. To test awareness, respondents were asked “Which financial service providers are you aware of?”. The surveyor captured spontaneous responses and then read out the entire list to get the respondent to indicate awareness which each type of FSP, even if they didn’t mention it spontaneously. Only people who were not aware of any FSP were classified as “not aware at all”- which understandably was a small proportion, given that the list included a wide range of FSPs.

Low income, education and trust in FSPs are key drivers of financial exclusion, whilst other factors drive formal vs. informal-only inclusion

Financially excluded



Does not own either a formal financial account or an informal financial account

Low income, low education, and low trust in formal and informal FSPs are the most significant drivers of women's high financial exclusion.

Informally-only included



Has an account with at least one type of informal financial institution¹ but no formal account

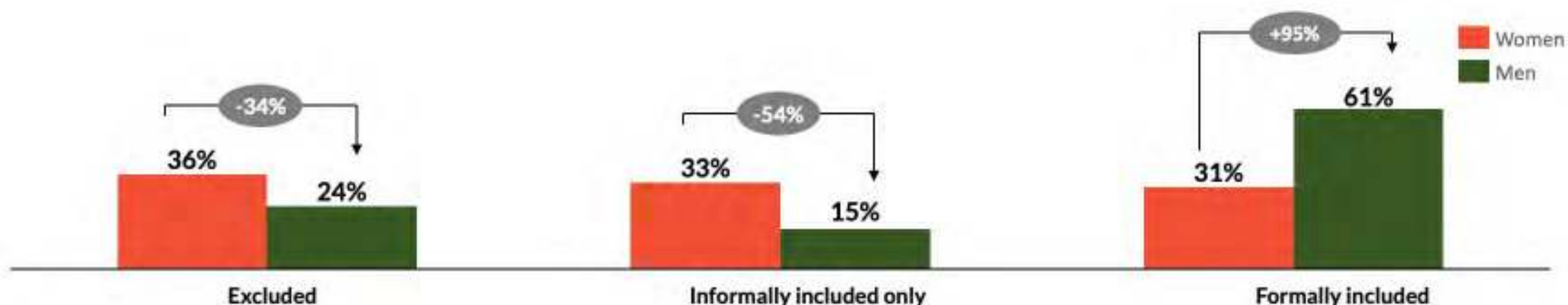
Outside of the very rich and very poor, individuals across the income spectrum use informal services. Monogamously married women are far more likely to use them than single women.

Formally included



Has an account with at least one type of formal financial institution² and may have informal accounts as well

Income, education, and trust are significant drivers. However, gender is an important predictor. Phone ownership and whether a person lives in an urban or rural region are also predictors.



1. Cooperative society, savings group, village/ community association, savings/ thrift collector/ merchant, moneylender or microfinance institution

2. Commercial bank, microfinance bank, non-interest banking institution, mortgage institution, Mobile money operator, insurance provider, pension fund administrator, or National Health Insurance

05

Defining and understanding the gender gap- exclusion, informal only & formal inclusion

Exclusion

Informal – only inclusion

Formal inclusion





Exclusion

The gender gap in FI is driven by women's lower levels of income, education¹ and trust in FSPs, which are strongly gendered concepts

See technical report for details on methodology

- **Low income and education, and lack of trust in FSPs are the most important factors driving financial exclusion.**
 - They are the leading factors for
 - Lack of access and thus exclusion (explaining² ~60% of variation)
 - Both men and women (explaining ~60% of variation in access for each of the genders)
 - Both savings and borrowing
 - The rural-urban differential in overall exclusion is equally explained by these factors. Rural populations are not excluded because they are rural, they are excluded largely because of their lower levels of income, education, and trust in FSPs (although there is a significant rural-urban difference in formal inclusion – see that section for further details)
- **Low income, insufficient education, and lack of trust in FSPs also strongly impact the gender gap in financial exclusion.**
 - These factors drive low access in both men and women
 - Women have significantly lower income, education, and trust in FSPs than men – and thus higher financial exclusion
- **Although the impact of gender on financial exclusion is not statistically significant by itself, many of the factors that drive inclusion are generally known to be strongly gendered.** These insights should be applied in intervention design
- **After controlling for income, education, and trust, many factors that are commonly thought to directly drive the gender gap do not have a significant direct effect.** This is valid, for example, for factors such as religion, age of first marriage, control over household finances, and marital status, for which, contrary to expectation, no significant direct association with access was found

1. As per the glossary of terms, education here refers to level of attainment of formal or informal education, and not exclusively to financial literacy/education. See answer categories of the survey in the annex of the technical report.

2. See technical report and slide 32 for a detailed explanation of the exact definition of this statement and methodology used in this determination.



Exclusion

Location matters for women whilst mobile ownership and gender each indirectly yet substantially affect overall exclusion

See technical report for details on methodology

- **Ownership of mobile phones is related to inclusion.**
 - As we discuss later, this effect is driven primarily through formal inclusion (there is no relationship between using a mobile phone and being informally-only included)
 - Further, the effect is probably not driven by the phone ownership itself or specifically by DFS because the data still shows a relationship emerges, even when mobile money accounts are removed in the analysis
 - Rather it is likely that other, unmeasured characteristics associated with mobile phones are driving the effect
- **Women in the North are more excluded than women in the South**
 - This is partially due to substantially lower levels of income and education in the North
 - However, even when controlling for all other factors, this distinction remains significant. Conservative socio-cultural gender norms may contribute to this greater exclusion for women in the North
- **In order to design interventions that drive greater and better financial inclusion for women, the (gendered) drivers of income, education, and trust in FSPs need to be better understood**
 - Prevailing insights suggest that gendered factors have a strong effect on differences in income and education
 - A deeper understanding of the dominant factors of the gender gap in income, education, and trust in FSPs needs to be developed and applied in intervention design. See suggestions for targeted research and efforts for intervention design in the recommendations section



Exclusion

Low income and education, and lack of trust in FSPs are the most important factors driving access to financial services/products nationally

See technical report for details on methodology

Drivers of lack of access¹

Strongly associated
(>95% confidence)

Associated with a very high level of significance (over 99.99% confidence)²:

- Education level: people with lower levels of education are more excluded
- Geopolitical zone: people in Northern Nigeria are more likely to be excluded than people in Southern Nigeria
- Income level: people with lower incomes are more excluded³
- Trust in FSPs: people with no trust in FSPs are more excluded

Associated with a high level of significance (95% - 99.99% confidence)

- Marital status: people who are single are more excluded than people in monogamous marriages
- Phone ownership: people who don't own phones are more excluded

Somewhat associated
(90-95%)

- No factors we tested⁴

Not significantly associated

- Age
- Age at first marriage
- Control over household finances⁵
- Gender
- Position in household
- Religion
- Rural versus urban

Lack of access measured as 'not owning an account with any formal or informal FSP'

1. Some factors are only significantly correlated for one of the genders but are so significant that they show up as having a significant correlation across the entire sample. **Income, education and trust are the only factors that associate significantly for both men and women and that have differences between men and women** (men don't "score" differently on geopolitical zone from women - one lives where one lives). **These are also the factors that come up very consistently, across genders and across both formal and informal inclusion.** Please see slide 34 for further detail
2. Over 99.99% confidence interval, the statistical analysis just buckets these together and no longer gives a specific number
3. Those who responded to the monthly income question with "Do not wish to disclose" or "Don't know" were classified as 'missing' and thus are excluded from the analysis
4. This confirms that the 95% cut-off point is comfortable and does not leave relevant factors out.
5. The survey design did not test agency in its full complexity. It only tested for a link between exclusion and control over household finances.

Sources: Assessment of Women's Financial Inclusion 2019 - quantitative survey.



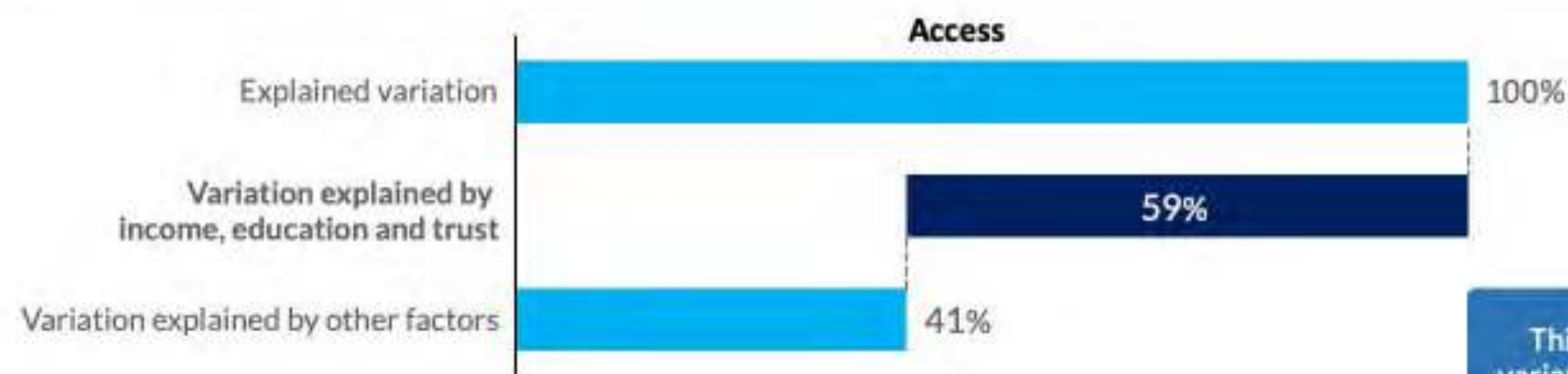


Exclusion

Levels of income, education and trust jointly explain¹ about 60% of overall exclusion^{2,3,4}

See technical report for details on methodology

Relative importance of contributory factors to variation in access and usage to accounts
(Percent %)



This contribution (to the explanation of variation) does not vary across genders: it is ~60% for both men and women

1. 'Explain', in this case, means that, in our model (see below), these three factors combined explain 59% of the variation in statistical terms. This does NOT mean that for 59% of all excluded people, the sole reason for their exclusion is income, education, and trust (and for the other 41% it is not) because, in reality, each factor matters more or less strongly for each individual.
2. The statistical measure here is variation in answers to the question whether people do or do not own an account with any FSP (whether formal or informal). Not owning an account is used as a proxy for exclusion. Furthermore, as this variable is binary (either you have access or you don't), variation in this variable is interpreted as population degree of exclusion
3. This analysis draws on a model describing our sample population. With a pseudo R-squared of 0.3333, this model has been determined to be a good fit for the sample. Pseudo r-squared: values from 0.2-0.4 indicate an excellent model fit according to McFadden. For further details on goodness-of-fit, see <http://www3.stat.sinica.edu.tw/statistica/oldpdf/a16n39.pdf> and McFadden, D. (1973), *Conditional logit analysis of qualitative choice behavior*, In *Frontiers in Econometrics* (Edited by P. Zarembka), 105-42. Academic Press, New York.
4. Given that the sample size, sampling methodology and the weights are designed to be nationally representative, signed off by NBS and our sampling frame was based on the national census data, the results from the model can be considered to be an appropriate proxy for the national population

Source: Assessment of Women's Financial Inclusion 2019 – quantitative survey.

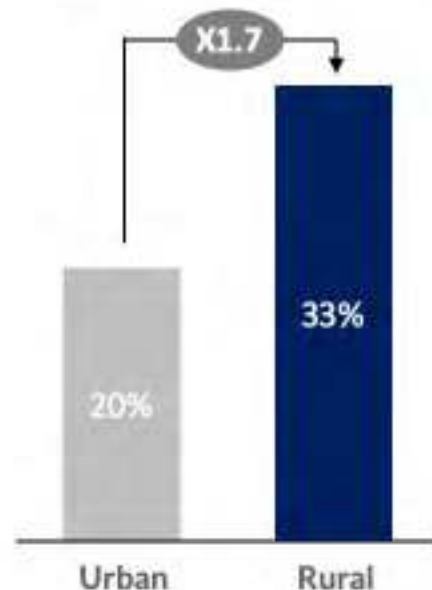


Exclusion

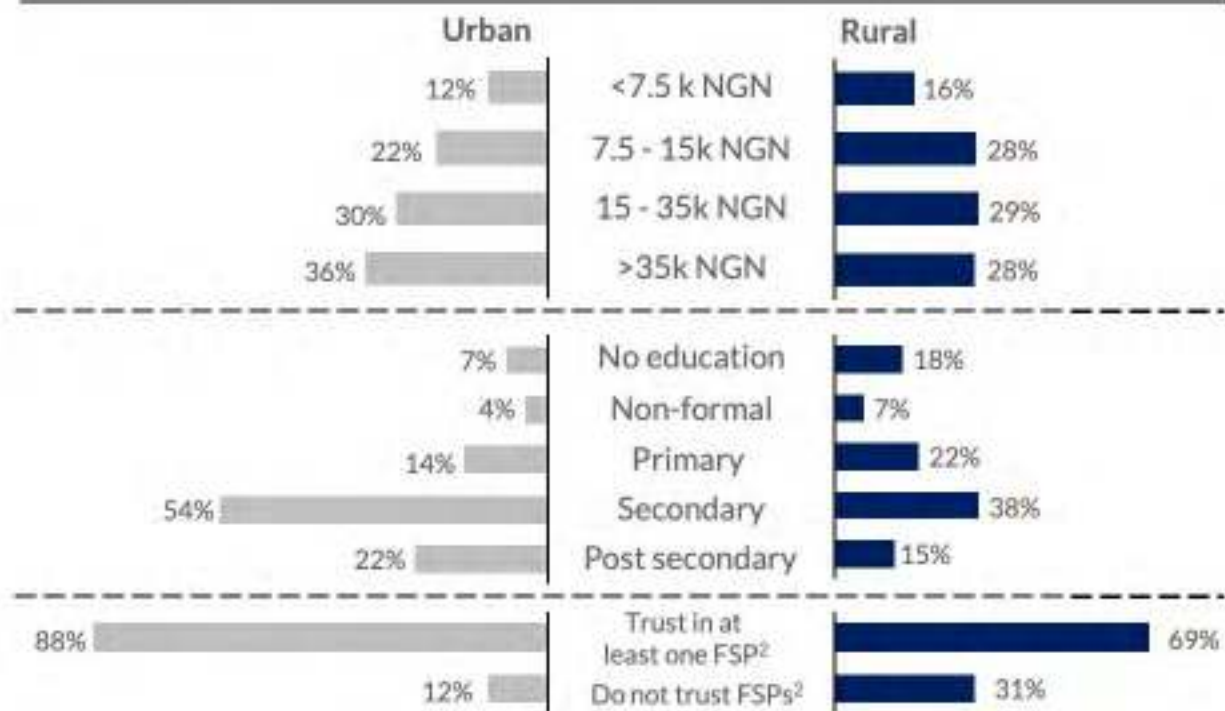
Rural populations are not excluded because they are rural, they're excluded largely because of lower levels of income, education, and trust in FSPs

See technical report for details on methodology

Exclusion is 1.7 times as high in rural communities as in urban ones (% of population)



Rural communities also have lower monthly income, education and trust in FSPs¹ (% of population)



- For overall exclusion, the rural/ urban difference is not significant when controlling for the other factors
- However, the rural/ urban split does matter when we look at formal inclusion, which reflects lower rural access to formal financial service (see section on formal inclusion for details)

1. When controlling for all factors measured in the survey, the distinction between rural and urban is not statistically significant.

2. Trust is measured by responses to the question, "What kind of provider do you trust the most?"

Sources: Assessment of Women's Financial Inclusion 2019 – quantitative survey.



Exclusion

Lack of income, lack of education and low trust in FSPs are the three key factors¹ driving access that are consistent across both men and women

See technical report for details on methodology

	Driving women's lack of access	Driving men's lack of access	
Strongly associated (>95% confidence)	<p>Associated with a very high level of significance (> 99.99% confidence)²:</p> <ul style="list-style-type: none"> ★ Geopolitical zone: women from the North are much more likely to be excluded than women from the South • Income level: lower income = more excluded ★ Marital status: single women are more likely to be excluded than married women ★ Phone ownership: non-owners = more excluded³ • Trust in FSP: no trust = more excluded <p>Associated with a high level of significance (95% - 99.99% confidence) (between 95% and 99.99% confidence)</p> <ul style="list-style-type: none"> • Age: U-shaped; youngest and oldest are most excluded • Education level: lower education = more excluded 	<p>Associated with a very high level of significance (> 99.99% confidence)²:</p> <ul style="list-style-type: none"> • Trust in FSP <p>Strongly associated (between 95% and 99.99% confidence):</p> <ul style="list-style-type: none"> • Age • Education level • Income level 	<p>Key</p> <ul style="list-style-type: none"> ★ Relevant with this significance to women but not to men
Somewhat associated (90-95%)	<ul style="list-style-type: none"> • <i>No factors we tested</i> 	<ul style="list-style-type: none"> • Geopolitical zone • Phone ownership • Position in household 	<p>Lack of access measured as 'not owning an account with any formal or informal FSP'</p>
Not significantly associated	<ul style="list-style-type: none"> • Age at first marriage • Control over household finances⁴ • Position in household • Religion • Rural versus urban 	<ul style="list-style-type: none"> • Age at first marriage • Control over household finances • Marital status • Religion • Rural versus urban 	

1. Whereas age also comes up across both genders, the effect is similar, playing a role amongst men and amongst women – but not explaining the gender gap
 2. Over 99.99% confidence interval, the statistical analysis just buckets these together and no longer gives a specific number
 3. This is likely driven by formal inclusion and discussed in more depth in that section
 4. The survey design did not test agency in its full complexity. It only tested for a link between exclusion in and control over household finances.

Sources: Assessment of Women's Financial Inclusion 2019 – quantitative survey.

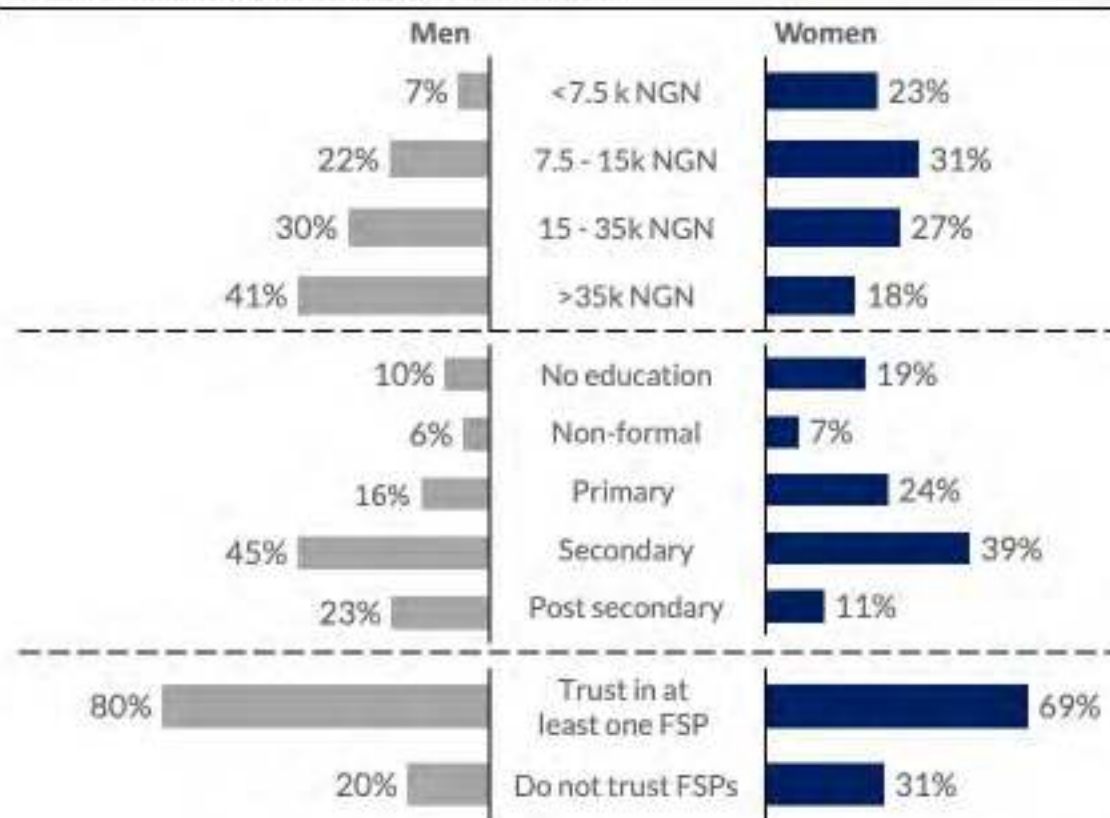


Exclusion

Women exhibit lower levels of income, education and trust in FSPs than men, which increases their chances to be excluded

See technical report for details on methodology

Comparison of monthly income, education and trust levels between men and women¹ (% of population)



- Women record significantly lower educational attainment than men, and this impacts their earning capacity.** For a variety of reasons, including sociocultural norms that deprioritise or frown upon schooling for girls, women are less likely to attain higher levels of education. At a maximum, most women only attain secondary school certification. As such, the jobs available to them are likely to be lower in quality and pay compared to those secured by men. Nearly 60% of women earn NGN15,000 (USD40) or less, monthly. Meanwhile, about 70% of men earn more than that and 40% earn more than double that amount, i.e., upwards of NGN35,000 (USD96) monthly
- Women have lower levels of trust in FSPs.** One in three women do not trust any financial services, compared to one in five men
- Women's relatively low trust in FSPs may be driven by lower education levels.** Many women think financial services are too complicated and they are less likely to adopt them due to their risk aversion (which generally tends to be higher than that of men). The exposure to information and the increased confidence that comes with education may increase women's capacity to trust in somewhat complex financial concepts
- Given the highly significant association between low levels of income, education, and trust in FSPs on one hand and exclusion on the other for both genders, women's lower levels of income, education and trust than men are highly relevant to the gender gap in overall exclusion**

1. Some percentages do not total 100% due to rounding. Respondents who did not know (27 cases) /did not disclose (14 cases) are not included - so only 41 out of 2457 respondents were excluded on these grounds



Exclusion

The impact of income, education, and trust in FSPs can be illustrated through comparisons between women with with different backgrounds

See technical report for details on methodology



Women without an education are up to 7 times as likely to be excluded as those with an education¹

- Among other variables, education has the strongest association with financial inclusion/exclusion for women
- Women with non-formal (Islamiyya education) have lower odds of being included than women who have no education at all, while women with formal education are more likely to be included
- Education is significantly associated with both income and trust in FSPs and interventions here could generate significant impact



Women with low income are up to 8 times as likely to be excluded as those with higher income^{1,2}

- Nine out of ten women in the highest income category are included compared to three out of ten in the lowest
- Women's relatively low income is driven by equally low education levels



Women who don't trust FSPs are up to 4 times as likely to be excluded as those who trust¹ FSPs

- Women's relatively low trust in FSPs contributes strongly to their exclusion
- Education levels impact trust in FSPs. Women who have post secondary education are up to 25 times as likely to trust FSPs

1. Based on statistical analysis of association.

2. Low income < = NGN7,500 and higher income > NGN35,000.



Exclusion

Our qualitative research on excluded women confirms that low income limits their perceived need for financial services

Financial poverty limits the perceived need for financial services

Often earning less than a dollar or two a day, most men and women we met did not feel they had enough income to save, make investments, or take risks on loans. They devote the little income they have to living costs (e.g., food, rent, cooking fuel, and clothes), their children's education, and, occasionally, family and community events (e.g., births, weddings, and funerals). They often considered the financial services they knew of (e.g., bank accounts and savings groups) out of reach because they felt they did not have enough disposable income to make the necessary deposits. In general, they experienced a lack of control over their economic situation and often trusted in God to look after them.

While some women feel they are free to access financial services, in reality, they lack the income to actually use financial services.

Women typically earn less than men, and their incomes are often designated for day-to-day household spending (e.g., food, clothes, and cooking fuel). This leaves little or no disposable income with which they can purchase larger goods, make investments, or save. This 'designation' is likely a function of women being perceived as 'owners of the household' and therefore responsible for and subject to day-to-day household spending needs.



"Almost all of the time I feel financial pressure. Just feeding the children is difficult. Most of the time I trust God it will work out." -Bil Kisu | 60 | Trader | Minna

Note: These observations emerged through human-centred research that was not conducted on a nationally representative sample but is helpful in exploring issues that are specific to excluded women.

Source: Assessment of Women's Financial Inclusion 2019 – human-centred design research and analysis.



Exclusion

Our qualitative research suggests that gender-based norms lead to lower levels of income, education, and trust in FSPs for women¹

Childbearing affects women's ability to work and generate income

Pregnant women and women with small children are often unable to work, particularly in manual jobs (e.g., farming). In addition, women are expected to manage the vast majority of childcare, thus having less time to work. These structural constraints limit women's earning power and, by extension, their need for financial services.

In some cultures, women are dependant on men to negotiate and make decisions pertaining to 'transactions' for weddings

Women live at their parent's home until they get married. In Minna (and likely other northern, predominantly Muslim states) marriage is normally arranged with a small dowry paid by the husband's family. In Enugu (and likely other southern, predominantly Christian states) arranged marriages are less common, but a significant dowry is paid. Moreover, weddings often involve negotiations and transactions, which might tell us something about women's perceived dependence on men for taking decisions on and accessing financial services. Indeed, many women define themselves in relation to how they support their households.

"I didn't join the community until 3 years after I moved here because I didn't want to speak in front of the village elders." Juliana | 25 | Farmer | Enugu

Some women are excluded from community groups and their benefits due to low income and lack of confidence

Some villages have formal community 'meetings' which require both regular financial contributions and the confidence to speak publicly amongst influential 'elders'. Many women (and men) don't have the financial means, awareness, or confidence to participate in these meetings. As such, they can miss out on potentially valuable advice of financial support.

Women rely on village announcers ('Ekwes') for trusted information

In the absence of use of radio, TV, and formal FSP presence, members of rural communities rely on village announcers for information regarding community events and where to access services. While the announcers are typically men, sometimes a designated woman leader channels questions and requests from other women in the community.

Middle-men and informal brokers aren't trusted

Some men and women believe that they require middle-men to facilitate their use of formal financial services because they are illiterate and innumerate. However, they fear they are prone to being taken advantage of and consequently avoid these people. This feeling is reinforced by historic incidents of fraud. Despite this trend, we found examples of some (relatively wealthy) women using savings agents linked to formal financial institutions.

Note: These observations emerged through human-centred research that was not conducted on a nationally representative sample but is helpful in exploring issues that are specific to excluded women.

1. While lack of education was not explicitly stated by respondents, education tends to be a key driver of financial literacy and enables women to seek out and understand financial information and hence, have trust in FSPs.

Source: Assessment of Women's Financial Inclusion 2019 - human-centred design research and analysis.

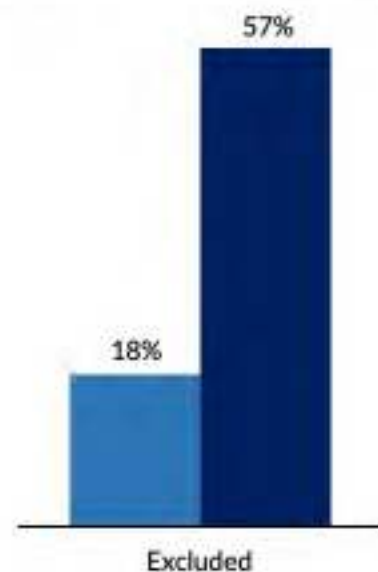




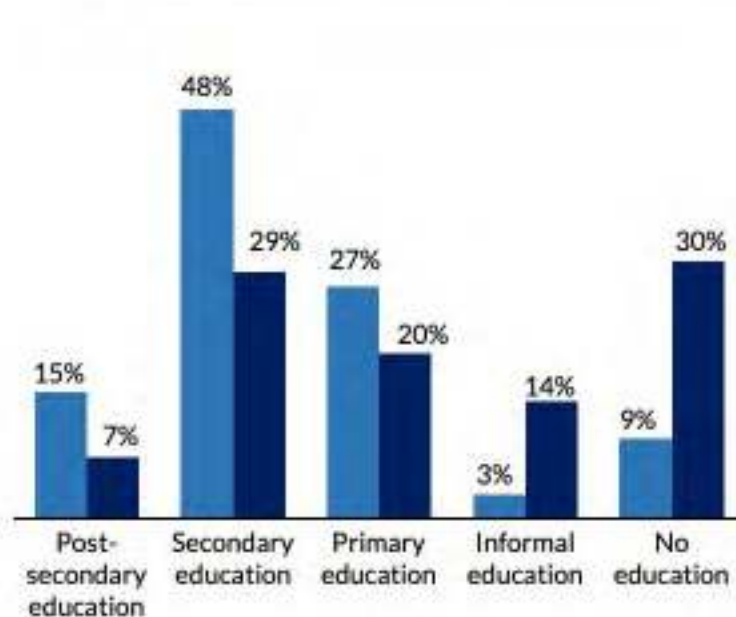
Exclusion

Women in the North are more excluded than women in the South, which is partially due to lower levels of income and education in the North

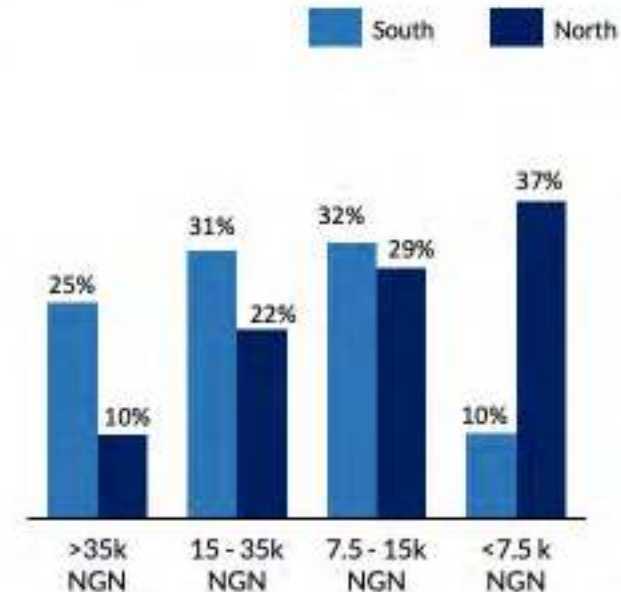
Comparison of women's exclusion in North and South Nigeria
(Percent %)



Comparison of women's education levels in North and South Nigeria
(Percent %)



Comparison of women's monthly income levels in North and South Nigeria
(Percent %)





Exclusion

Conservative socio-cultural gender norms may also contribute to greater exclusion for women in the North

- **Geopolitical zone has a significant impact on inclusion amongst women only (even when correcting for lower levels of income, education and trust in FSPs as seen on the previous page).** There is no significant difference between the inclusion of a man living in the North and a man living in the South (everything else held constant)
- **However, religion has no significant impact on inclusion amongst women,** i.e., a Muslim woman has no higher or lower likelihood of exclusion than a Christian woman in the same circumstances (same location, income, etc.)
- **A potential explanation for the regional differences could be the presence of more conservative socio-cultural gender norms** in the North, which pose restrictions on women irrespective of their religion
- **Interestingly, whilst this distinction matters for exclusion writ large, it does not matter for access to loans and borrowing specifically.** A potential explanation for this could be the absence of informal options for transaction products. Transaction products tend to exist only formally and thus may not be available to most Northern women, driving relevance of GPZ overall in access/ exclusion
- **Compared to the South, the North exhibits higher levels of time poverty and lack of income generating opportunities** due to lower electrification, limited access to water and sanitation, and poor road infrastructure. These factors are likely to impact women more than men, and women in the North more than women in the South
- **To develop optimal interventions, more exploration is needed.** A deeper understanding of the drivers of this GPZ effect for women needs to be developed and applied in intervention design

05

Defining and understanding the gender gap- exclusion, informal only & formal inclusion

Exclusion

Informal - only inclusion

Formal inclusion





Informal – only inclusion

Women are more likely to own and use informal accounts than men; this is a function of their comparative levels of income, education, and trust in FSPs

Although a greater proportion of women relies solely on informal services than men, this difference is not statistically significant when controlling for all other factors, suggesting such reliance is mainly driven by lower levels of education and trust in FSPs.

- 33% of women are only included informally, versus just 15% of men
- However, when controlling for all other factors, gender is no longer a statistically significant factor
- The three other factors that associate significantly with informal-only access (GPZ, rural vs urban and marital status) are only significant for one specific gender, leaving income, education, and trust in FSPs as the biggest drivers that can explain the gender gap:
 - GPZ and marital status are significant for women only
 - Rural vs urban is significant for men only

Informal-only inclusion isn't linearly related to income and is positively related to low education levels, which explains part of the gender gap

- In all income groups except at the extremes, a proportion of the population relies solely on informal accounts:
 - The very rich tend not to rely solely on informal accounts
 - The very poor tend not to own informal accounts (nor formal accounts), suggesting that they are too poor to have any use for existing financial products (as qualitative research confirms)
 - Outside of the extremes, there is no difference between income categories, which suggests that some relatively wealthy individuals choose to rely solely on informal financial services

- People with lower levels of education are more likely to rely solely on informal accounts (the majority of users are women with lower levels of education)

The relationship between informal-only inclusion and trust explains another part of the gender gap.

- Informal-only inclusion is negatively related to trusting formal FSPs and positively related to trusting informal FSPs
- Women are less likely to trust formal FSPs than men and are more likely than men to trust informal FSPs (although a large portion of women still do trust formal service providers ahead of informal) explaining, partially, why women exhibit higher informal-only inclusion than men (alongside the effects of lower education)

Women in monogamous marriages are more likely to rely solely on informal financial services than single women

(who more often have formal accounts but also are more likely to be completely excluded¹). Married women tend to be older and, as a result, may enjoy deeper social networks which are helpful in many types of informal financial accounts and services. In contrast, single women may have more formal agency and comfort with technology (see section on formal inclusion).²

1. This dichotomy may point towards two subgroups among single women: i) younger, more tech-savvy, highly education and financially independent women using formal services and ii) young, not-yet-married women with very little financial agency and strong dependency on their family for their finances—probably more excluded
2. There is no statistically significant difference between women in monogamous marriages and those in polygamous marriages nor between those in polygamous marriages and those who are single – only between single women and those in monogamous marriages.



Informal – only inclusion

The data suggests informal services are accessed by those with lower education levels from a basic income level onwards

See technical report for details on methodology

Driving informal access

Interestingly, informal financial services seem to be filling a need for women with lower education levels for whom formal services may be out of reach. When education and trust in formal FSPs go up, informal inclusion decreases and formal inclusion increases.

Strongly associated (>95% confidence)

Associated with a very high level of significance (over 99.99% confidence)¹:

- **Education level:** lower education = more likely to rely solely on an account with informal FSPs
- **Trust:** individuals who trust informal FSPs the most, are more likely to rely solely on informal services², and individuals trusting formal FSPs the most are less likely to rely solely on informal services

Associated with a high level of significance (95% - 99.99% confidence)

- **Geopolitical zone:** women from the North are less likely to rely solely on informal services³
- **Income level:** lower income = more likely to rely solely on informal services & higher income = less likely to rely solely on informal services
- **Marital status:** monogamously married women are more likely to be rely solely on informal services than single women⁴
- **Rural location:** men living in rural areas are more likely to rely solely on informal accounts

Somewhat associated (90-95%)

- Age at first marriage
- Control over household finances
- Religion

Not significantly associated

- Age
- Gender
- Position in household
- Phone ownership

Informally included measured as 'relying solely on an account with an informal institution'

1. Over 99.99% confidence interval, the statistical analysis just buckets these together and no longer gives a specific number
2. Women trusting formal FSPs, though, are less likely to have an account with an informal FSP than those trusting informal FSPs, potentially indicating that informal is a 'fallback' for when formal is not an option
3. This may seem unexpected; yet it doesn't mean they're more likely to be formally included – as articulated in the exclusion section, people from the North are much more likely to be excluded completely
4. In the women-only subset, the difference between polygamously married women and single women is statistically significant at a 92% level – not >95%

Source: Assessment of Women's Financial Inclusion 2019 – quantitative survey

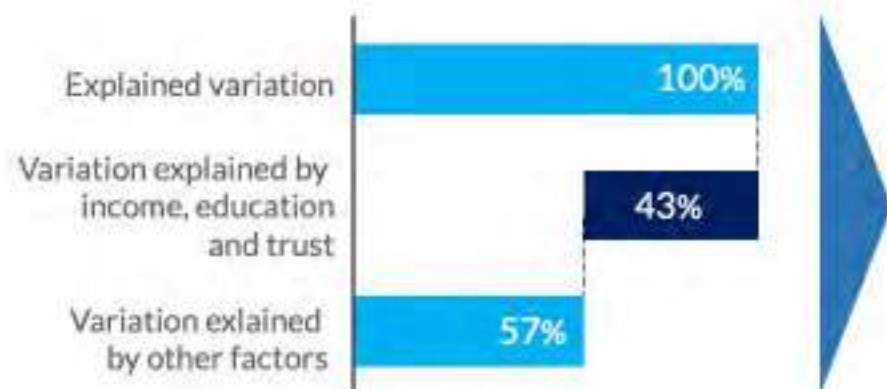


Informal – only inclusion

Income, education, and trust remain significant but have lower impact on *informal* exclusion, jointly explaining¹ ~45% of the variation in access^{2,3,4}

See technical report for details on methodology

Relative importance of contributory factors to variation in access to accounts – informal only (Percent %)



The role of income, education and trust in informal inclusion

- There is no clear linear relationship between being informally included and income
- However, there is a strong linear relationship between being just informally included and **lower** levels of education
- Similarly, trusting formal financial services is strongly **negatively** related to being informally included, but trusting informal financial services is **positively** related to relying solely on informal services
- This points to an opportunity for FSPs. Poorly educated individuals are choosing informal over formal financial services, even if they have more money, which may in part because of low trust in formal FSPs⁵

1. 'Explain' in this case means that these three factors combined, in our model (see below), explain 43% of the variation in statistical terms; this does NOT mean that for 43% of all excluded people, the sole reason for their informal only inclusion is income, education and trust (and for the other 57% it is not) because in reality, all factors matter more or less strongly for individuals
2. The statistical measure here is *variation in answers to the question whether people own an account with an informal FSP* (counting those classified as informal in the answers here). As this variable is binary (either you have access or you don't), *variation in this variable* is interpreted as *population degree of informal inclusion*.
3. This analysis draws on a model describing our sample population. With a pseudo R-squared of 0.2071, this model has been determined to be an excellent fit for this sample. Pseudo r-squared values from 0.2-0.4 indicate an excellent model fit according to McFadden.
4. Given that the sample size, sampling methodology and the weights are designed to be nationally representative, signed off by NBS and our sampling frame was based on the national census data, the results from the model can be considered to be an appropriate proxy for the national population
5. As with all association, the direction of causality cannot be determined from statistical analyses and we've identified follow-on questions on whether lack of trust drives lack of engagement or vice versa – this is important for FSPs to understand as it speaks to the intervention that will be needed to build the trust

Source: Assessment of Women's Financial Inclusion 2019 – quantitative survey



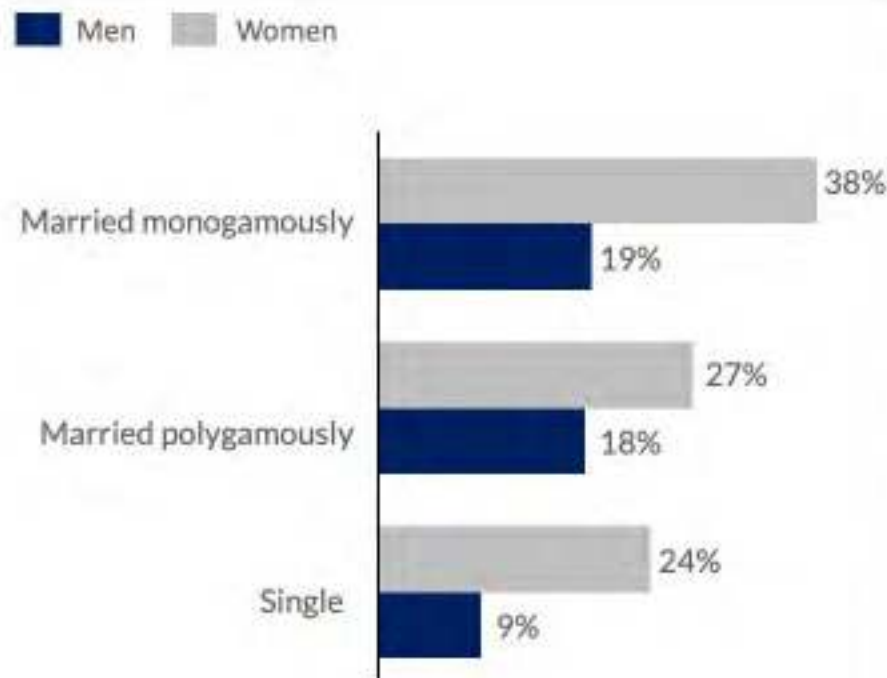


Informal – only inclusion

Income, education and trust explain informal inclusion gender gap, yet more matters: marital status impacts women's reliance on informal services

See technical report for details on methodology

A comparison of informal only inclusion by gender and marital status
(Percent included%)



- **Women are far more likely to rely solely on informal services than men but this is not a significant relationship in the regression.** Women have greater trust in informal FSPs, lower education, and lower income than men, which largely drives the distribution and thus the gender gap – when controlling for other factors, the gender difference is no longer statistically significant
- There is a **clear relationship between marital status and reliance on informal services**, with single people being less likely to rely solely on informal services than married people (monogamously or polygamously)
- A closer look at women-only inclusion shows only a **significant difference between single and monogamously married women¹**
- **The relationship between marital status and informal inclusion may be a function of age, status and associated networks.** Approximately 50% of single women are under the age of 25 (while only 10-15% of married women are that young), and informal accounts are dominated by older women e.g., 42% of women aged 46-55 own an informal account compared to 26% of 18-25 year olds
- However, overall, a **better understanding is needed** of why these effects are emerging and what steps intervention design can take to increase and deepen women's financial inclusion

1. And thus no statistically significant difference between single and polygamously married women or between monogamously and polygamously married women

05

Defining and understanding the gender gap- exclusion, informal only & formal inclusion

Exclusion

Informal – only inclusion

Formal inclusion





Formal inclusion

Formal financial inclusion is driven by higher income, education and trust in formal FSPs, as well as phone ownership, gender and living in urban areas

See technical report for details on methodology

- **Income, education and trust in formal FSPs are all strongly positively related to accessing and using formal financial services.** Jointly, these factors explains 70% of overall of the overall possible explained variation in owning a formal account
- **However, even after controlling for these (and other factors) men are significantly more likely to own and use formal financial accounts**
 - Across high income, high education, and formal FSP trusting men and women, there remains a gender gap in formal account ownership
 - This is likely partly a result of perspectives among both genders that emphasise the role of men in major financial decision-making (for which formal accounts are important)
- **Similarly, even after controlling for income, education, and trust, mobile phones are a powerful predictor of formal financial inclusion.**
 - This effect occurs even when removing mobile money accounts from formal accounts in the analysis, so digital financial services are not driving this relationship
 - Rather, some unmeasured characteristics, such as comfort with technology and formal services, are driving this relationship. Further research could present powerful messaging opportunities
- **Finally, individuals living in urban areas are significantly more likely to own a formal account. Together with informal inclusion findings, this points to lower commercial viability which drives continued access issues for rural populations.**
 - The fact that rural populations rely heavily on informal financial services while urban ones use formal services suggest informal services are used as substitutes for formal ones – particularly by women
 - This urban/rural gap is likely driven by higher costs-to-serve in rural areas, combined with a lower density of high-value/volume customers. This results in lower commercial viability and thus fewer access points for rural populations



Formal inclusion

While income, education, and trust remain crucial to formal inclusion, several additional drivers emerge, including gender

See technical report for details on methodology

Driving lack of access

Strongly associated
(>95% confidence)

Associated with a very high level of significance (over 99.99% confidence)¹:

- Education level: Higher education = more formally included
- Income level: higher income = more formally included
- Trust in FSP: high formal trust = more formally included

Associated with a high level of significance (95% - 99.99% confidence):

- Gender: men are more likely to own a formal financial account
- Phone ownership: owners = more formally included²
- Rural versus urban: urban dwellers = more formally included

Somewhat associated
(90-95%)

- *No factors we tested*

Not significantly associated

- Age
- Age at first marriage
- Control over household finances³
- Geopolitical zone
- Marital status
- Position in household
- Religion

Formally included – measured as 'owning an account with an FSP' (where only those FSPs classified as formal, are included here)

1. Over 99.99% confidence interval, the statistical analysis just buckets these together and no longer gives a specific number
2. While phone ownership is one of the top ranking drivers, it is influenced by income and education and is not a "stand alone" core driver.
3. The survey design did not test agency in its full complexity. It only tested for a link between exclusion in and control over household finances.

Source: Assessment of Women's Financial Inclusion 2019 – quantitative survey

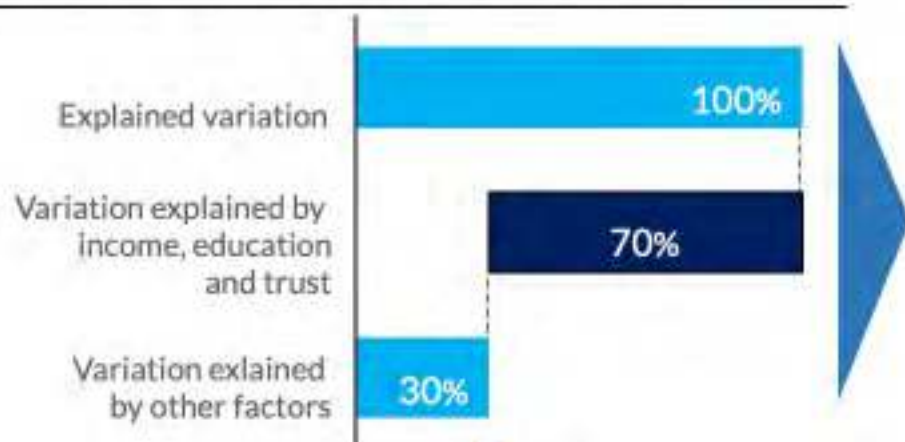


Formal inclusion

Income, education, and trust jointly explain¹ a higher percentage of formal inclusion – accounting for ~70% of variation in access^{2,3,4}

See technical report for details on methodology

Relative importance of contributory factors to variation in access to accounts – formal inclusion (Percent %)



For men and women this variation is nearly identical; 66% for women and 68% for men

The role of income, education and trust in formal inclusion

- There is a strong positive relationship between **higher** income and formal inclusion
- Likewise, there is a strong positive relationship between formal inclusion and **higher** levels of education
- Similarly, a strong **positive** relationship exists between trust in FSPs and formal inclusion

1. 'Explain' in this case means that these three factors combined, in our model (see below), explain 70% of the variation in statistical terms; this does NOT mean that for 70% of all formally included people, the sole reason for their exclusion is income, education and trust (and for the other 30% it is not) because in reality, all factors matter more or less strongly for individuals
2. The statistical measure here is *variation in answers to the question whether people own an account with a formal FSP*, variation in this variable is interpreted as *population degree of formal inclusion*
3. This analysis draws on a model describing our sample population. With a pseudo R-squared of 0.4508, this model has been determined to be good fit. Pseudo r-squared: values from 0.2-0.4 indicate an excellent model fit according to McFadden.
4. Given that the sample size, sampling methodology and the weights are designed to be nationally representative, signed off by NBS and our sampling frame was based on the national census data, the results from the model can be considered to be an appropriate proxy for the national population

Source: Assessment of Women's Financial Inclusion 2019 – quantitative survey



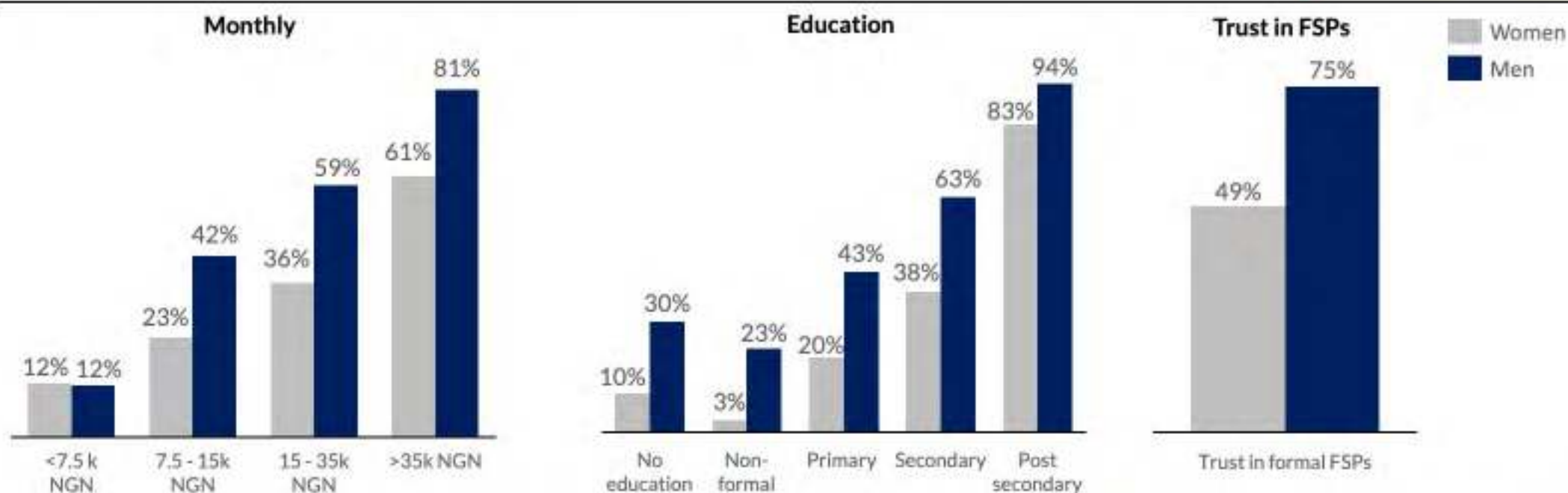


Formal inclusion

Gender is an important determinant of formal financial inclusion, even amongst those with higher levels of income, education, and trust in FSPs

A comparison of formal inclusion by income, education, and trust and gender
(% of population)

See technical report for details on methodology



Women tend to have (statistically significantly) lower *formal inclusion* rates than men, even at higher levels of income, education and trust in FSPs, which points to the importance of gendered factors in driving formal inclusion.



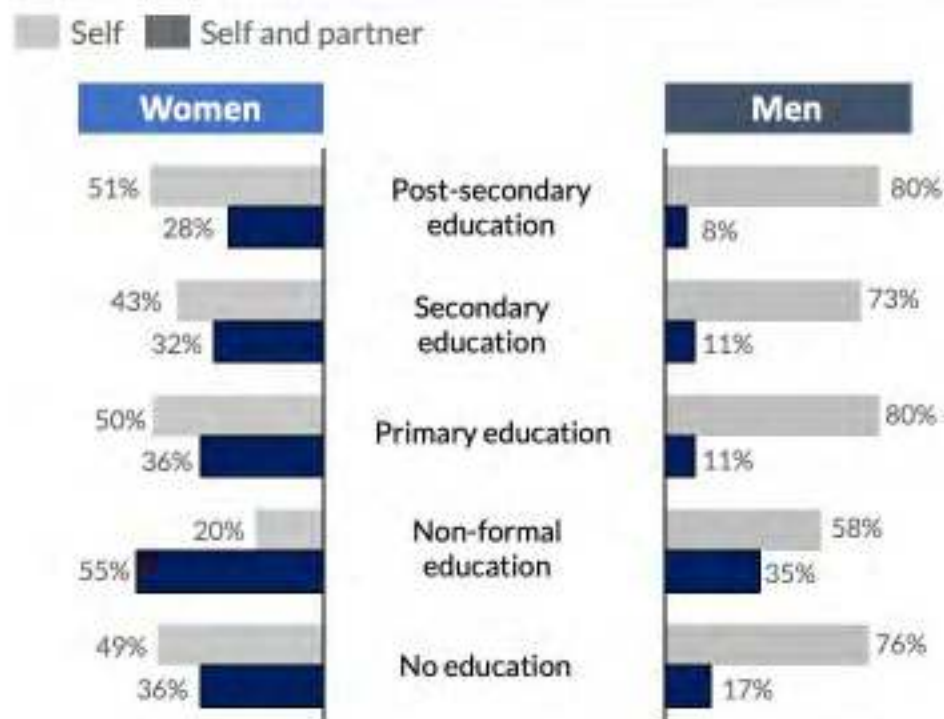
Formal inclusion

As formal accounts are used to manage major financial decisions, part of the gender gap is explained by women having different roles in those

A comparison of self-perceived role in making major household decisions by education group¹

(Self vs self and partner; Percent %)

See technical report for details on methodology



- Across education buckets, women are less likely than men to perceive themselves as responsible for making major household decisions
- Bank accounts are viewed as tools to manage larger sums of money, and men are seen as responsible for managing such sums. Those perceptions and roles contribute to the gender gap in formal account ownership
- This dynamic was reflected in HCD work as well. However, it is unlikely that it is the only factor driving the gender gap. Further research is necessary to identify and understand other drivers
- Interestingly, across education levels, the sum of the individuals that believe they are responsible for making household decisions is substantially larger² than 100% - reflecting a misalignment across genders on who is responsible for decisions; or potentially gendered roles in decisions. For example, women could be on average more likely to be responsible for some major decisions and men more likely to be responsible for others

1. The balance of response categories (in addition to 'self' and 'self and partner') represent various combinations of other people making decisions on an individual's behalf, e.g., parents; These categories typically make up less than 20% of overall respondents.

2. By so much that in most education levels, it cannot be fully explained by the proportion of people not having a partner



Formal inclusion

Phone ownership is also a powerful predictor of formal inclusion, but further research will be necessary to understand why

See technical report for details on methodology

- **Phone ownership exhibits a positive relationship to owning a formal financial account with a very high level of statistical significance** even after controlling for a range of variables including income, education, and trust – (this means the relationship is not driven by the fact that, e.g., phone owners have more money than non-phone owners)¹
- **Owning a phone does not translate to DFS adoption.** Our analysis of inclusion in population not using DFS shows a sustained relationship between phone ownership and inclusion, independent of DFS usage
- **As such, phone ownership, in and of itself, is not the driver of inclusion,** as implied by phone owners usage of non-digital methods of accessing financial services. It is however more likely that there are other defining characteristics common between people who lack access to/do not own mobile phones, and those who lack access to/do not own bank accounts or other financial products
- **Further exploration of these common characteristics/access drivers is** essential to understand how best FSPs and other stakeholders can convert excluded demographics

1. The confidence level of this association is a lot lower for overall access or and the relationship is not significant for informal-only inclusion with phone ownership adding only a marginal additional explanatory value to exclusion when added to the effect of income, education, and trust.



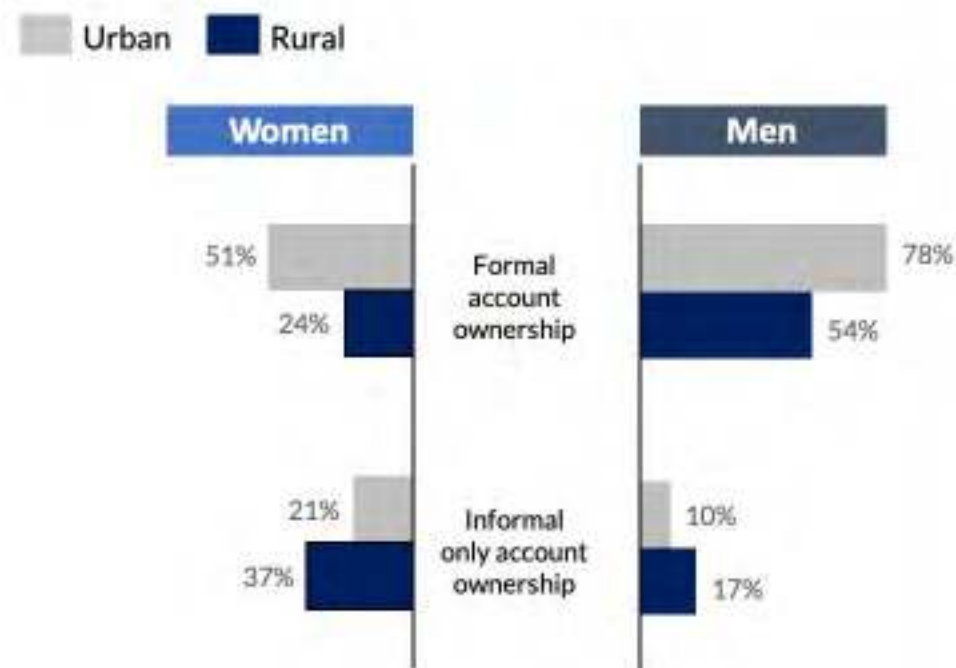
Formal inclusion

A sharp divide between urban and rural ownership of formal accounts points to the importance of improving the viability of formal access rurally

A comparison of account ownership by gender, rurality of location and type of account

(Percent %)

See technical report for details on methodology



- A comparison of informal and formal regressions shows that living in rural areas is positively related¹ to owning an **informal account** while living in an urban areas is positively related to owning a **formal** account.
- Data suggests that rural individuals, particularly women, are substituting informal accounts in place of formal accounts in rural areas
- In rural areas, this is partly a function of the scarcity of access points and the lower trust associated with lack of familiarity. For women, a greater lack of available time and discretionary income makes it relatively more expensive to travel to far away formal access points
- The dearth of access points in rural areas is a function of **high costs-to-serve, lower average rural population incomes, and low density of higher-income customers** all of which contribute to the lower commercial viability of serving these customers
- However, the data does reflect a genuine demand for financial services in rural areas and people in such areas have turned to informal accounts to manage their money

1. Controlling for other factors, the urban-rural difference is statistically significant for both men and women for formal inclusion and just for men when it comes to informal-only inclusion (and driven by the strength of the effect for men, it is also valid for the national sample but not for the women-only sample)



Formal inclusion

Analysis of women's financial activity shows different usage patterns by marital status, indicating potential opportunities and segments for FSPs

Women overall informal and formal usage (any type of product) within last 90 days
(Percent %)

See technical report for details on methodology



- As is reflected on the left-hand side, the proportion of women reporting activity/usage is highest amongst monogamously married women, followed by single women
- At 39%, single women are more likely to own formal accounts than monogamously married women (30%) or polygamously married women (26%), yet they are also more likely than monogamously married women to be fully excluded¹
- The majority of single women are young² and comfortable with technology (more than 80% own a phone)
- This is likely related to higher rates of education amongst the, younger, single women; 66% of whom have at least secondary education compared to 48% of monogamously married women and 35% of polygamously married women
- As this single generation ages, they may present an opportunity for FSPs. Better educated than their predecessors and already more formally included they could be easier to serve than previous generations

1. This dichotomy may point towards two subgroups among single women: i) younger, more tech-savvy, highly education and financially independent women using formal services and ii) young, not-yet-married women with very little financial agency and strong dependency on their family for their finances—probably more excluded
2. This is unsurprising as we defined, as per glossary, single as 'never been married' which tend to be younger women



Formal inclusion

Gender norms around travel, decision-making, and household roles, restrict women's access to formal services (mostly found in cities)

Formal financial services are mostly available in urban and peri-urban settings. Urban areas provide the population density to make some 'outreach' financial services viable. Banks tend to be in urban centres and there are few (legitimate) agents who visit rural areas. Some urban women, or rural women that had market stalls, used agents ("thrift people") to save weekly earnings. There may be some opportunity to engage rural men and women at scale in local markets, however these markets may be too infrequent or inconvenient and if they are too small or too remote, some may not prove viable for providers.

Travel to urban centres is time consuming, expensive usually done by men, if at all. Both men and women are reluctant to spend their scarce time and income travelling to urban centres unless it is critical. If the need for such travel arises (usually for business), men will typically go on behalf of the household.

Women can not make most financial decisions without their husband's consent, though they tend to have more agency in the South. Women feel they need the consent of their husbands before making most financial decisions, particularly before taking loans or making major purchases. We found this norm to be strongest in Minna where, unlike Enugu, both men and women weren't comfortable with a wife taking a loan without her husband's consent even in an emergency, e.g., if their child needed medication. Their rationale was that the wife may be unable to repay the loan. However, in both Minna and Enugu, women generally felt able to save part of their income without their husband's consent, though they felt that ideally such saving would be discussed with their husbands.

Most women are content for men to access financial services on behalf of the household. With low household incomes and multiple household responsibilities, women are normally content for men to access financial services on behalf of the household. Men's perceived role as heads of the household, their typically higher literacy and numeracy skills, and their exposure to the 'outside world' mean women often feel their husbands are the best suited to access services. This potentially contributes to the gender disparity in access.

These observations emerged through human-centred research that was not conducted on a nationally representative sample but is helpful in exploring issues that are specific to excluded women.





Formal inclusion

Another possible reason for lack of access to formal services are perceptions on minimum deposits and documentation/KYC requirements

Many women had misperceptions of bank accounts, financial service fees, and interest:

Some excluded women said they did not have accounts because they did not have enough money to necessitate opening an account or keep the account operational. Some felt they needed to be able to save over 10,000 Naira per month to warrant having an account. Others varied in their estimates of how much they would need before opening a bank account, with answers ranging from 3,000–50,000 Naira. Interestingly, they did not have any robust reasons for these figures and their estimates seemed to be based on the amounts of money they felt people with bank accounts had. Most admitted they didn't have much information about such accounts or know where to get it. Assuming they could overcome these barriers, they weren't averse to paying bank fees. In fact, most were comfortable with transaction (deposit and withdrawal) fees of around 5% in exchange for the service provided. However, some Islamic respondents were against interest being charged due to Quranic teachings.

Women rarely have National IDs or a proof of address, but they often have voter registration cards: Almost no women we met had a National ID or formal proof of address. They reported that such documentation was either not available or not worth the effort to get, particularly given their illiteracy and the distance from administrative centres. This belief was also expressed by men. However, both men and women typically had voter registration cards which some men claimed acted as sufficient identification to set up bank accounts.¹

These observations emerged through human-centred research that was not conducted on a nationally representative sample but is helpful in exploring issues that are specific to excluded women. It is important to note that, although these issues were mentioned by the excluded women we engaged through HCD, income constraints were noted more frequently and more strongly (in line with survey findings).



1. According to quantitative survey, over 70% of men and women have voters registration card, though men are more likely to possess one than women.

06

Understanding the drivers of exclusion, profiles of excluded women, and product considerations



Our HCD findings are structured in three parts



**Insights regarding
the possible
drivers of the
gender gap**



**Example profiles
representing key
groups of financially
excluded women in
Nigeria**



**Design considerations
for financial
products/services for
excluded women**

Note: These observations emerged through human-centred research that was not conducted on a nationally representative sample but is helpful in exploring drivers and design considerations for financial products and services that respond to the identified needs of excluded women in Nigeria.



Excluded women tend to have small geographic networks, which limits their exposure to and awareness of financial services

A life at home and in the village

Women tend to spend most of their time at home looking after their children and doing chores. Some work as farmers or have micro-enterprises, but this rarely requires that they leave their house or immediate community. Others visit their local market to buy food and clothes, but they don't know the vendors personally. Occasionally, some women take longer trips to visit relatives for family events (particularly if they relocated when they got married). As such, there are few opportunities for women to learn about financial services, especially since agents rarely visit rural areas or peri-urban neighbourhoods.

Travel to urban centres is time consuming and expensive

Both men and women are reluctant to spend their scarce time and income on travel to urban centres unless it is critical that they do so. If the need for such travel ever arises (usually for business), men will typically go on behalf of the household. It is rare for excluded women to travel to urban centres where they might be more likely to interact with formal FSPs.

Most women visit a church or mosque regularly

All the communities we visited were highly religious, with most people visiting the local church or mosque at least once a week. Women sometimes go to their Imam or Priest individually or in groups to discuss household problems, including finances. They trust the advice they are given and would often welcome hearing about new financial services in this setting.

Fig. A typical ecosystem of a financially excluded woman in Nigeria



These are observations based on human-centred research - not conducted on a nationally representative sample but helpful in exploring issues that are specific to excluded women.



Personal experiences illustrate the small geographic networks of excluded women



"I would save in the bank to avoid the hand of the thief and to avoid misusing it, but going to the bank means using our savings for transport. There is no bank around here and we don't have enough anyway."

- Agnes | 38 | Farmer and Palm oil trader | Enugu

"I've heard about loans in other places, but not this community."

- Rose | 17 | Farmer | Minna

These are observations based on human-centred research - not conducted on a nationally representative sample but helpful in exploring issues that are specific to excluded women.



Excluded women's financial needs, means, and status are often defined by their relationships with the men in their families

Men typically access available financial services on behalf of the household and, therefore, on behalf of women

While women often feel they are able to access financial services themselves, they prefer that their husbands do so on behalf of the household because they (and their husbands) typically perceive men as better able to perform this task. Reasons cited include the perception that men are more educated, 'rational', and 'exposed to the world' than women. Although women often feel they have a better understanding of household finances, they typically feel that they can represent their point of view in conversations with their husbands.

Given the weight of household responsibilities, women lack the time, resources, and orientation to actually use financial services

In addition to other limited resources, women are often time-poor, as they manage household chores, raising children, and, in some cases, additional jobs. Excluded women spend most of their time at home, limiting their opportunities to access and interact with financial services. Moreover, while women may feel nothing is stopping them from accessing financial services ('negative freedom'), they are likely to lack the means (time, resources, and orientation) to do so.

It's not the role of men to cook or raise children. The role of men is to hustle to provide money for the family"

- Solomon | 50 | Farmer | Enugu

My husband makes financial decisions. By marrying him, he became the head. He wouldn't take any decision that would jeopardise the family."

- Hauwa | 20 | Polygamous | Minna

"I married my wife, taking a daughter from her father. So I have the responsibility to take care of her. If anything goes wrong, my family will be blamed by her and my family, as well as the community."

- Ikechunkwun | 45 | Farmer | Enugu

These are observations based on human-centred research - not conducted on a nationally representative sample but helpful in exploring issues that are specific to excluded women.



Some excluded women own feature phones, but their illiteracy limits usage and they often rely on their (more literate) husbands for support

Feature phone ownership is high, even in last-mile communities

Almost all women interviewed own a feature phone. They typically use it to call family and close friends, but very few were able to send basic text messages or save phone numbers. Given that these women do not move outside the confines of their communities, listen to the radio or watch television, their mobile phones may represent their primary channel to a wider world. This could explain why so many women prefer to receive financial information on their phones, despite having very low levels of digital literacy.

Literacy and digital literacy is low and women often need support to use their phones

Due to low levels of education, most women are unable to read or write, often relying on their husbands (who have slightly higher levels of literacy) to meet their basic literacy needs. This can extend to mobile phone usage with some women needing help to perform basic tasks such as saving contacts or reading text messages. Despite needing support, many women expressed a preference for receiving financial information via calls to their mobiles.

Women are interested in using a mobile wallet

Many women we engaged with in our HCD research are interested in using a mobile wallet as a way to save. Assuming there are agents in localities similar to those where they buy phone credit, women would find using a phone to deposit and withdraw money far easier than using a bank account. However, the inconvenience of withdrawing money (compared to keeping cash at home) is seen as unattractive because they need to regularly use money for day-to-day household expenses.

"I use my phone to speak to my family who live in a different state. Sometimes I text them to ask them to call me because I don't have credit."

- Hindatu | 25 | Mother | Minna

"I know what to press to answer [a call]. If I need to call my husband, I know what to dial, but I cannot read the numbers and letters."

- Zahare | 30 | Food trader | Minna | Urban

"I would love a mobile phone saving product. It would provide a way to save and monitor the amount. I think women in this community would want a mobile wallet."

- Adumu | 33 | Farmer | Minna

These are observations based on human-centred research - not conducted on a nationally representative sample but helpful in exploring issues that are specific to excluded women.



Profiles of excluded women

Based on the data collected from the 55 people we met during our HCD research, we noticed that the adoption of financial services by individuals is influenced mainly by their socioeconomic status, their marital status, and their community. By mapping these three variables, five segments of women emerged.



**MARGINALISED
POLYGAMOUS WIFE**



**ANXIOUS EARLY
BRIDE**



STOIC WIDOW



**AMBITIOUS
MICRO-TRADER**



**ENTRAPPED
FARMER**

These profiles allow the reader/audience to empathise with five key groups of excluded women in Nigeria. However, the profiles are neither mutually exclusive nor collectively exhaustive and do not weight the significance of difference variables.

These are observations based on human-centred research - not conducted on a nationally representative sample but helpful in exploring issues that are specific to excluded women.



The marginalised polygamous wife is unemployed, illiterate, and faced with household tensions around her husband's resources

MARGINALISED POLYGAMOUS WIFE



Demographic

- Late 20s
- Lives in northern Nigeria
- 2-3 children
- Muslim
- Illiterate: Grade 10 primary education
- Unemployed housewife

Background

The second of her husband's wives, she lives in a larger household compound with her husband's extended family. She spends most of her time looking after children and attending to household chores. She often has to wait for the first wife to distribute the household income from their husband before she can buy food and other household items. Sometimes, she and the first wife discuss better ways to save for their children's expenses as income doesn't come in regularly. They put aside 50 to 100 Naira at a time but never accumulate much as they end up spending these savings on food and other basic household goods.

Aspirations

She hopes that her children can go to school and live a better life than she has. She looks up to her sister-in-law who is a teacher in the local school.

Key insights

- **Polygamy reduces a woman's ownership of her identity as a wife and homemaker.** Polygamous wives face the pressure of sharing income and household decision making. A first wife has to deal with having less of her husband's time, attention, and income when he marries other wives. The order in which the wives get married determines their priority in the marriage.
- **Financial agency typically depends on the marriage order.** The first wife is considered second-in-command to the husband in polygamous households and therefore manages the other wives' finances. This further excludes the other women from financial decisions and services. However, sometimes wives in polygamous marriages work together to buy and save, particularly for their children. This can create financial opportunities that aren't available to women in monogamous marriages.
- **Tension and secrecy about finances are more common in polygamous households.** Tension between the wives is common as it can be unclear if money allocated by the husband is being siphoned off by the first wife. Also, trust between household members is sometimes eroded as some women hide money they've been given or earned to maintain the perception they need more from their husbands.

"We feel more financial pressure after getting married. Particularly in polygamous relationships because the husband's resources have to be shared by more people." - Amina | 30 | Mother | Minna

These are observations based on human-centred research - not conducted on a nationally representative sample but helpful in exploring issues that are specific to excluded women.



The anxious early bride is unemployed, illiterate, and faced with time poverty due to front-loaded child bearing and other household activities

ANXIOUS EARLY BRIDE



Demographic

- Early 20s
- Lives in northern Nigeria
- Has 2-4 children
- Muslim
- Illiterate: Grade 7 primary education
- Unemployed housewife

Background

She married at 14 because her parents could no longer afford to send her to school and she was unable to help with the family farm due to community norms. While they didn't tell her to leave, she felt pressure to relieve the burden on her struggling parents. Her parents found her a husband, but his family lived in the neighbouring state, so she had to move to a place where she knew few people. Within a year of moving, she had her first child and has since had more. She regularly feels overwhelmed by all the changes and by the responsibility of raising several children.

Aspirations

She aspires to one day start a small business selling bean cakes and fried yams to members of her village so she can send her children to secondary school.

Key insights

- **Poverty is a key driver of early marriage for adolescent girls and young women.** Families with low incomes and large families are often unable to send their children to school, normally prioritising the education of their sons above that of their daughters (due to perceptions about earning potential). As a result, families can (explicitly or tacitly) pressure their daughters to get married in order to reduce household costs and, in some cases, bring new income or assets to the family
- **Women who marry early often find their earning potential limited.** In the early years of marriage, women are usually expected to bear and raise children as well as take on new household chores. Women marrying young, therefore, have less time to develop skills, experiences, and relationships significant to employment, e.g., attending school, learning where to buy goods to sell at the market, etc. As a result, their short- (and likely long-) term income tends to be lower than that of women who marry later thus reducing their ability to save, invest, and take out loans

"A lot of women who drop out of school have no business. Their family pressurises them to get married" - Rose | 17 | Farmer | Minna

"Women face humiliation from in-laws when they don't have children. The mother-in-law will start pressuring the son to marry another wife."

- Rosemary | 18 | Pineapple vendor | Enugu

These are observations based on human-centred research - not conducted on a nationally representative sample but helpful in exploring issues that are specific to excluded women.



The stoic widow is typically illiterate, middle-aged, and faced with financial pressures due to her husband's death

STOIC WIDOW



Demographic

- Mid 40s
- Lives in southern Nigeria
- Has 2-4 older children
- Catholic
- Illiterate: Grade 10 primary education
- Farmer

Background

Before her husband died, she was a housewife who focused on raising her children and occasionally helped her farmer husband sell produce at the local market. But now, after his death, she is the head of the household and the primary provider of income for her family. Helped by her eldest son, she manages the farm and recently started a food trading business to diversify her income. She often feels alone and vulnerable, partly because her family's social network was largely dependent on the relationships her husband kept. Her faith in God keeps her going in the most difficult times.

Aspirations

She would like to expand her food trading business by buying more stock and selling at larger markets, but she's struggling to save enough money. She hopes that her son will become a skilled carpenter and support the family in the future as she can no longer afford his school fees.

Key insights

- **Widowed women have more control over financial decisions given their new status as heads of household.** Whilst most women require the consent of their husband's to make decisions and access financial services, widowed women typically have more or even complete autonomy over household finances. Most people accept that widowed women will make decisions on behalf of themselves and their children, although this may not be the case if they join another household where there is an existing male head.
- **However, they face intense pressure due to their declining income, social capital and security.** As men are typically the primary earners of household income, widows can experience significant financial pressure when becoming the sole provider for their family. In addition, their household may lose the relationships and social capital held by their husbands, limiting their earning potential and straining their financial safety net.

"When two people do things together, it is better. Now I am alone. When I lived in Adamawa [with my husband], I had an account with First bank. Now I have nothing to put in there. It is common for women whose husbands have died to be asked for sex in return for marriage or money. I would accept help if any man approaches me without asking for sexual advances."

- Nkiruka | Farmer | Widow | Enugu | 34

These are observations based on human-centred research - not conducted on a nationally representative sample but helpful in exploring issues that are specific to excluded women.



The ambitious micro trader is typically an illiterate market women in her thirties who finds fulfillment in trading household commodities

AMBITIOUS MICRO-TRADER



Demographic

- Mid 30s
- Lives in northern or southern Nigeria
- Has 1-3 children
- Muslim or Christian
- Illiterate: Grade 10 primary education
- Market trader

Background

The first of her husband's wives, she started market trading once her children started school and she had a little more time during the day. It wasn't typical for women in her community to sell goods at the market as most women were expected to stay at home. However, her husband grew beans and she was always complimented for the bean cakes she made, so she decided to start a bean cake business. Now she sells bean cakes in her village and the two neighbouring villages. She doesn't own a pot so she has to rent one from a neighbour at the cost of 300 Naira per day.

Aspirations

She'd like to expand her business, potentially by working with her sister-in-law who lives in the compound. Her first priority is to buy a pot because the daily rental costs are eating into her profits.

Key insights

- **Women in the South are more likely to be expected to work.** Men in Enugu were more likely to expect their wives to work than men in Minna. They felt women should contribute to household income, whereas men in the North had lower expectations and, citing religion, tended to consider some jobs, such as farming, only suitable for men. Nonetheless, women in Minna took a wide range of jobs, including farming and running micro-businesses, e.g., trading, food vending, and hairdressing
- **Women are often expected to set-up and manage micro-enterprises.** Husbands regularly expect their wives to contribute to household income, typically through trading foodstuff or food vending. Men (particularly in the North) often consider trading as a 'feminine' or 'petty' activity associated with women, while they are more interested in manual labour such as farming and building or in holding positions of leadership in their community
- **Vocational training and skill building is seen as an attainable aspiration when academic schooling seems out of reach.** Some women, especially those with higher levels of education (i.e., secondary school), aspire to build their own or their children's vocational skills through training. Older women who earn too little to afford school for their children send their children to informally acquire skills in vocational occupations such as tailoring or carpentry

These are observations based on human-centred research - not conducted on a nationally representative sample but helpful in exploring issues that are specific to excluded women.



The entrapped farmer is typically an illiterate middle-aged farmer, living in southern Nigeria and aspiring to scale up her food production business

AMBITIOUS MICRO-TRADER



Demographic

- Mid 30s
- Lives in southern Nigeria
- 2-4 children
- Catholic
- Illiterate; Grade 5 primary education
- Farmer

Background

Her husband inherited three acres of land when his father died. The family has been growing cassava and corn for decades, but the rainy season has been starting later and later each year and yields have dropped. She spends each day working on the farm, and, after harvest, she goes with her friend to the local market to sell the produce. There are only a few harvests during the year, and money gets very tight before harvest. As such, she and her husband are forced to sell their produce straight away, when prices are lowest because other farmers in the area are selling the same crop. Consequently, she isn't able to save.

Aspirations

She'd like to open a small shop in the village to generate year-round income. Also, she'd love to store her corn so they aren't forced to sell immediately after harvest as this could increase the price by 50%.

Key insights

- **Women farmers aspire to sell at a commercial level, but their land size and economic capacity limit them.** The women farmers that we spoke to had small tracts of land and so did not have very large quantities of farm produce to sell at scale. Many expressed a desire to plant cash crops or scale up their current produce, but they did not have the economic means, knowledge, or market connections to do so
- **Women farmers, (who sometimes are also traders) often make by-products from their crops to preserve and sell later to supplement their limited farming income.** Women farmers use left-over produce to make foodstuff that they can preserve for future sales and with which they can supplement their farming income during market days. It is common for a woman farmer to make fried yams from yams, bean cakes from beans, 'garri' from cassava, or palm oil from their trees and sell it in the market
- **Allotted market days limit the capacity of rural farmers and traders to sell all their produce, so many women farmers diversify their income through food sales or farm labour.** Women farmers in Enugu rely on market sales for income, but market days occur only a few times per week. In many villages, they occur once every four days. This drives women to perform farm labour or make and sell foodstuff to generate additional income. It is common for women farmers to face financial losses because their farm produce goes bad between market days

These are observations based on human-centred research - not conducted on a nationally representative sample but helpful in exploring issues that are specific to excluded women.



Excluded women want to save in more structured ways, particularly to support their children

Informal savings groups ("Esusu") aren't a good fit for most financially excluded women

The concept of community savings groups is widely understood, as most women have heard of or experienced either rotational savings or group savings to buy non-perishable foods in bulk. However many women don't join these groups because: (i) they feel they don't have enough money, (ii) the groups don't exist in their community, (iii) they don't have the community's trust needed to join the group, or (iv) they don't feel they have the knowledge and literacy skills necessary to take part. In addition, many communities have heard stories of group leads running away or 'losing' the money.

Many women would like help saving more effectively, particularly for their children

Women rarely see the need for bank accounts (they don't feel they have enough money to warrant the hassle) and rarely feel confident enough to take on debt. However, many women save small amounts at home each week for their children. These at-home savings strategies often: (i) lack structure, (ii) are not tracked, (iii) are not guided by any specific goals or target amounts, and (iv) end up being used to cover miscellaneous household costs. Most women we met would like more help saving in structured ways, particularly for their children's health or education. In addition, most women feel they have the agency to save independently, whereas they'd normally require their husband's consent to take out a loan or open a bank account.

Most banks seem completely out of reach for savings needs due to perceptions of the literacy and numeracy skills required and due to the travel costs

Many women we met believed banks were safe and reliable places to keep their money. They were aware that their existing savings strategies (often keeping money in a box at home) were rudimentary and they wanted more structured ways to increase the amount they saved so they could achieve their financial goals. Bank accounts were seen as one way to achieve this as they encourage holders to commit to saving in effective ways. However, many women felt they lacked key literacy or numeracy skills to open and manage an account. Furthermore, most women felt they couldn't afford the time and money it would take to travel back and forth to the bank.

"I'd be interested in joining a savings group. Making a commitment to that type of group will make me disciplined because I won't always have access to the money"

- Rose | 17 | Farmer | Minna

These are observations based on human-centred research - not conducted on a nationally representative sample but helpful in exploring issues that are specific to excluded women.



Some women want greater access to credit, but struggle to find attractive options

Seasonal farming incomes do not align with regular savings or loan payments

Most people living outside of urban centres rely on farming for their primary source of income. Crop farmers can expect income windfalls between one to four times a year with horticultural farmers harvesting more regularly than staple crop farmers. Financial services that require regular (weekly or monthly) payments often don't make sense when farming is the primary source of household income. However, loans, in particular, could help farmers increase their income by allowing them to: (i) purchase better or more inputs, (ii) increase their yield, and (iii) pay household expenses around harvest time so they don't have to immediately sell crops at the lowest prices

Some households borrow from friends or family

With informal and formal loans highly uncommon, households typically borrow small amounts from friends or family when necessary. These loans are interest free and usually flexible with regard to repayment. Notably, these loans tend to be small and are mostly used to cover day-to-day expenses (e.g., food, rent, school fees, or medical attention) not business costs or investments (e.g., farm inputs or cooking pots)

Most women don't take loans because they worry about being unable to repay them

Most women we talked to said they weren't interested in taking loans because they feared they may not have the capacity to repay them. The few that took loans did so informally, borrowing from family or friends on favourable terms (e.g., no interest, flexible repayment, or accepting labour as repayment). However there were some women, particularly those owning micro-businesses, who were interested in taking formal loans to help expand their businesses



These are observations based on human-centred research - not conducted on a nationally representative sample but helpful in exploring issues that are specific to excluded women.



Some women are ambitious, but need help launching businesses or supporting their communities' growth

Most women aspire to have enough capital to launch or scale a business

When asked about their ambitions for the next few years, most women said they would like to launch or scale a business. The most common idea was to open a small community shop. Other ideas included food processing, hairdressing, and expanding the family farm. They felt they could achieve these ambitions with the right financial support, but most women preferred to have significant professional advice (e.g., with sizing the market) before taking out a loan. Conversely, some women aspired to build skills or pursue further education so they could enter formal employment (even though that is usually perceived as an 'uncommon' route for people like them).

Men and women 'invest' in their community via reciprocal models of contributing to community events

Communities come together (often at a community building on the village head's property) for funerals, weddings, births, and naming ceremonies. Normally, each household is expected to contribute financially to the host family. This is a form of investment which can be returned when contributing households wish to have their own events, but the terms of participation are often informal and dynamic.



"I would like a loan to get a pot to cook yams in for my business. Currently I pay 500 Naira a day to rent a pot worth around 10,000 Naira. I'd like a loan to buy a pot, then to pay 500 Naira a month over a 2 year period for the pot." - Hadiza | 50 | Yam vendor | Minna

These are observations based on human-centred research - not conducted on a nationally representative sample but helpful in exploring issues that are specific to excluded women.



Women often trust and rely on religious institutions and community-based, in-person communication for information and advice

Women have a high level of trust in religious institutions

Many women attend church or mosque at least once per week. This is one of the few places outside of their immediate community that they regularly visit. Further, they trust these institutions and the people in them and often go to them for advice. While the feasibility of such a solution would need to be explored further, women were interested in religious institutions acting as platforms from which to learn about and potentially access financial services, e.g., Islamic bank, church savings groups, etc.

Community based platforms also offer an opportunity to increase awareness

In close proximity to women's homes, community meetings could be used to increase awareness of financial services across large communities. In addition to information sharing, community-based platforms can be used to further sensitise men to the household benefits of women's financial inclusion.



These are observations based on human-centred research - not conducted on a nationally representative sample but helpful in exploring issues that are specific to excluded women.

07

Supply side & enabling ecosystem



Whilst low income and education levels limit inclusion across Nigeria, regulation focuses on financial system stability limiting necessary innovation

Macro-economic context

- Low income and low access to secure, well-paying jobs lower the economic power of both men and women and limit their ability and willingness to pay for financial services
- Lower general education (literacy and numeracy) hampers their income-earning potential and thus their ability and willingness to pay for financial services. It also limits their understanding of financial products and FSPs

Regulatory context for financial services

- Nigeria's regulations for mobile money / DFS is a bank-led model and, until recently, only included licenses for Micro-Finance Institutions (MFIs), different levels of Micro-Finance Banks (MFBs), DMBs (Deposit Money Banks), and MMOs (Mobile Money Operators)
- Unlike some other countries, this model does not allow MNOs (Mobile Network Operators) to provide mobile money services independently.
- Agency banking has two regulatory characteristics that impact the business model:
 - Agents cannot be exclusive
 - Fees for agency services are regulatorily prescribed and cannot be adjusted for different settings
- Despite an overall interest in DFS, the Nigerian government has not yet digitised public payment flows (incoming and outgoing) at state and local levels
- Recently, a new license category of Payment Service Banks (PSBs) was introduced. Its effects are as yet unknown as the first licenses are yet to be awarded

The current context limits the commercial viability of driving formal financial inclusion, particularly in rural areas

- In the current regulatory and macro-economic environment, FSPs do not deem the business case to further extend their products and services to drive greater financial inclusion, to be sufficient:
 - Most DMBs have substantially more attractive (more profitable and less risky) business opportunities in their current client portfolio that, given the low level of macro-economic saturation of the financial sector, offer opportunities for further growth
 - Even those DMBs that focus more directly on excluded populations, rely on donor support and on the support of concessional finance (such as financing windows from the CBN and NIRSAL loan guarantees) to expand and sustain their service provisions
 - The incentives for formal FSPs (other than DMBs) to employ "high volume, low cost" models that could meet the needs of underserved populations are not sufficiently aligned:
 - Because digitisation can reduce provider costs, DFS models may be most suited to serving these underserved populations who often have demand for financial services but a low ability and willingness to pay
 - However, for actors that are currently allowed to operate these services (DMBs and MMOs), the lack of big 'anchor flows', such as fully digitised government to public (G2P) and public to government (P2G) payments, means there is insufficient critical mass even for basic money transfer and Cash In Cash Out (CICO) services to warrant investment in the set-up and upkeep of (agent) infrastructure outside of densely populated urban centres
 - MNOs, which have anchored these services in other geographies, are excluded from doing so in Nigeria
- This business case is even harder to get right in rural settings where demand is lower and operating costs tend to be higher, whilst agency fee regulations do not allow for pricing differentiation. The number of people in rural areas with sufficient income levels to afford formal financial services has not reached the critical mass necessary for FSPs to extend their reach. Most products targeting women are limited in reach to urban populations only, illustrating this challenge
- Lack of agent exclusivity tends to cause agent operators to shy away from setting up new agents, making it harder to initiate momentum. While still at a nascent stage, the collective initiative from banks to develop a shared agent network seeks to address this issue

DMBs' recognition of the lack of business case was a key insight gained from the stakeholder interviews

"We do not have any products targeted at women because we do not see a clear business case to do so, and do not have access to data that would demonstrate such a business case" - Nigerian FSP

"If we were able to do business in oil & gas and T-bills, we would do that instead of all this hard work on underserved segments - we would not have to work so hard and take so much risk" - Nigerian FSP

Pockets of innovation show promise but the lack of extension outside urban areas confirms structural challenges

Access (Diamond) Bank "BETA" savings account

- Realising that women prefer the flexibility and convenience of informal solutions (e.g., ajoo or esusu) over formal solutions, Diamond Bank partnered with Women's World Banking, Visa, and EFinA to roll out a simplified savings solution called 'BETA' (Nigerian pidgin English for 'better') targeted at low-income shopkeepers and market women in Lagos, Nigeria
- To appeal to women, BETA merges key features of both formal and informal financial services as follows:
 - Informal: Low cost solution provided at the doorstep of women by agents (known as 'BETA friends'), requiring no minimum balance, operated without hidden fees, and requiring minimal KYC (accounts can be opened with a photo and basic info captured via an agent's mobile phone). This solution utilises an agent network recruited from the women's communities to reflect their preference for taking financial advice from friends and family
 - Formal: Safe and secure banking, customer service support, and access to ATMs, POS terminals, and other access points
- Since the product launch in 2013, over 700K accounts have been opened by men and women. Within six months, the female clientele grew from 32% to 41%, USD1.5M was collected in more than 38K accounts (a quarter of which were opened by previously unbanked customers), and 74% of accounts recorded more than one transaction per month. However, the product was not extended to rural areas



First Bank of Nigeria "FirstGem" product

- First Bank's 'FirstGem' product targets women exclusively. Account holders are provided with advice on how to access government concessionary loans designed for women (e.g., the CBN's NGN220B MSME Intervention Fund). Furthermore, they are given access to workshops on women's empowerment, business skills training, financial advisory services, and financial literacy programmes
- FirstGem comes with two options: savings accounts and current accounts. Both are designed to serve women at all income strata including professionals, entrepreneurs, SME owners, traders, and artisans. The minimal opening deposit is kept low (NGN1K for savings accounts and NGN10K for current accounts), there are no maintenance charges for the savings account, and both accounts can be operated with internationally accepted cards
- Since its launch in December 2016, FirstGem has encouraged over 10K women to build a savings culture. The product has not been extended to rural areas



There are a few ongoing developments that look promising but commercial viability is yet to be confirmed



Shared industry initiative

Collective collaborations focused on developing solutions to jointly overcome barriers that are too big for any one individual stakeholder. Examples include:

- In line with the NFIS, Nigerian banks launched an initiative to build a joint agent network. It is too early to tell whether this will overcome the lack of commercial viability around agency banking
- A bank and a mobile network operator collaborated to create Diamond Yello. Whilst millions of accounts have been opened, the lack of broader acceptance of such innovations (e.g., by merchants) makes it hard to fully realise the potential



Regulatory innovations

Regulatory innovations to support economical banking structures that lower the cost-to-serve and reach unbanked and underbanked segments. For example, the introduction of the PSB license opens opportunities for new entrants into the space who do not have access to typical high-return opportunities due to license constraints and lack of access to markets. Such entrants can operate from a lower cost base and dedicate themselves to underserved segments. This holds promise, yet the Indian example gives cause for caution as most payment bank license holders returned the licenses due to unviability.



Structural incentives

Developing structural incentives to extend reach to unbanked and underbanked population segments, for example, through earmarked concessional funding, mobile collateral registry, lower collateral requirements, loan guarantees, and publicly-paid-for infrastructure. While such incentives improve the business viability, lack of insight into cost structures on one hand, and into customer segments sizes, and customer ability and willingness to pay on the other, make it impossible to determine whether this will tip the balance toward commercial viability.

A better understanding of underlying business dynamics would help the sector identify opportunities and drive innovation

Concerns and questions

- **Poor understanding of customers due to insufficient data**, including:
 - Customer needs and anticipated usage patterns
 - Customer willingness and ability to pay and for which kinds of services
 - Size and distribution of segments
- **Provider costs and potential for cost savings through economies of scale**
 - To reach commercial viability, the prospect of serving these groups needs to be sufficiently attractive
 - The cut-off point for this will differ by provider, as their cost structures (including capital costs), commercial alternatives, and risk-return expectations will vary
 - However, a potential for cost savings may exist in the sector, which could be realised by collective investment or public/philanthropic incentives



Implications for supportive initiatives

- **Tap into existing research to highlight core findings**, for example, the recent work on The Human Account has identified and sized six different customer segments
- **Identify existing knowledge gaps and conduct research to close these**. This is likely to include:
 - Customer ability and willingness to pay and for which services
 - Geographic distribution of segments including assessments of density
 - Opportunities for collective cost savings (through industry/ public/philanthropic action)
- **In conjunction with FSPs, determine the cut-off point for commercial viability so as to:**
 - Determine which collective investments should be prioritised based on those that have a high likelihood of tipping the scale to viability
 - Help identify structural constraints that policy (such as G2P/ P2G digitisation at state and local levels) or regulation could overcome
 - Allocate FSP resources to assess their costs and business models and to demonstrate their investment in inclusion

Note: In order to assess commercial viability, FSPs may need to share commercially sensitive information. Therefore, appropriate safeguards will be required.

Source: Assessment of Women's Financial Inclusion 2019 – interviews

08

Recommendations



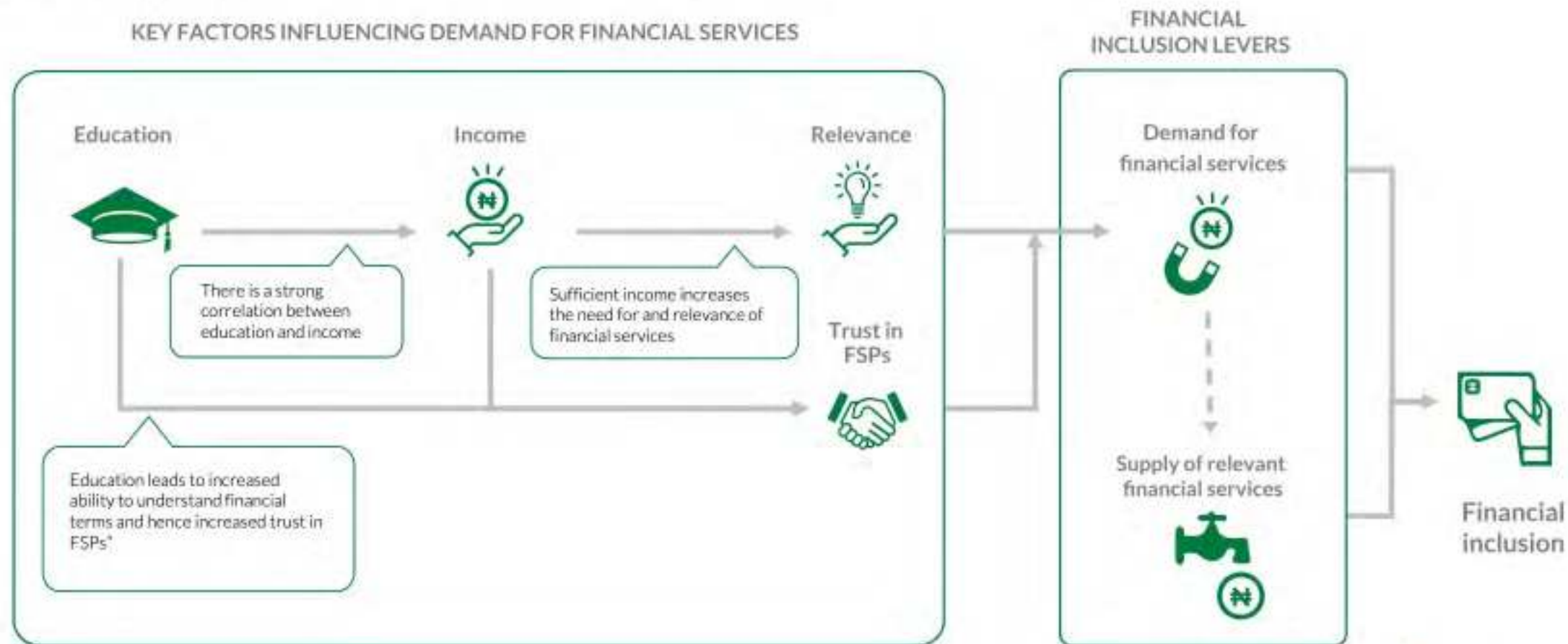
[Recap] A set of core levers drives the gender gap and differences amongst women in financial exclusion, informal-only inclusion and formal inclusion

See technical report for details on methodology

- **Low levels of income, education, and trust in FSPs are the most important factors driving financial exclusion** (explaining ~60% of the variation). The rural-urban differential in overall exclusion is equally explained by these factors. Rural populations are not excluded because they are rural, they are excluded largely because they have lower levels of income, education, and trust in FSPs.
- **Low levels of income, education, and trust in FSPs also strongly impact the gender gap in financial exclusion – yet they are gendered in nature.** For both genders, low levels of income, education, and trust in FSPs are dominant drivers for exclusion and since women have lower levels of income, education, and trust in FSPs than men, they are also important drivers of the gender gap. Although the impact of gender on financial inclusion is not statistically significant in and of itself, many of the factors that drive inclusion are generally known to be strongly gendered.
- **Income, education, and trust in FSPs remain significant but have lower impact on informal-only exclusion and other factors matter as well.** Jointly, income, education, and trust in FSPs explain 40-45% of variation in access to informal-only products. Key insights include:
 - **A greater proportion of women in monogamous marriages relies solely on informal services** when compared with single women
 - **Informal-only inclusion is not linearly related to income.** Whilst the lowest income category (probably too poor overall) and the highest income category (seldomly relying solely on informal services) are less likely to rely solely on informal services, there's no significant difference between the other income categories
 - **Informal-only inclusion is positively related to lower education levels**, which explains part of the gender gap.
 - **Women are more likely to trust informal FSPs than men**, explaining (along with the effects of lower education) why women have higher informal-only inclusion than men
- **Income, education, and trust in FSPs are even more significant drivers of formal inclusion, yet other factors also remain relevant.** Jointly, income, education, and trust in FSPs explain 70% of the variation in access to formal financial services. However, even after controlling for these factors:
 - **Women are more likely to be excluded** from formal financial services. Key drivers here may be conservative socio-cultural gender norms, which could also explain the higher likelihood of women in the North to be excluded compared to women in the South;
 - **Ownership of a mobile phone is a powerful predictor** of formal financial inclusion;
 - **Individuals living in urban areas** are significantly more likely to own a formal account.

The key levers must be addressed in order to build demand and, thereby, encourage supply of the products and services needed to drive inclusion

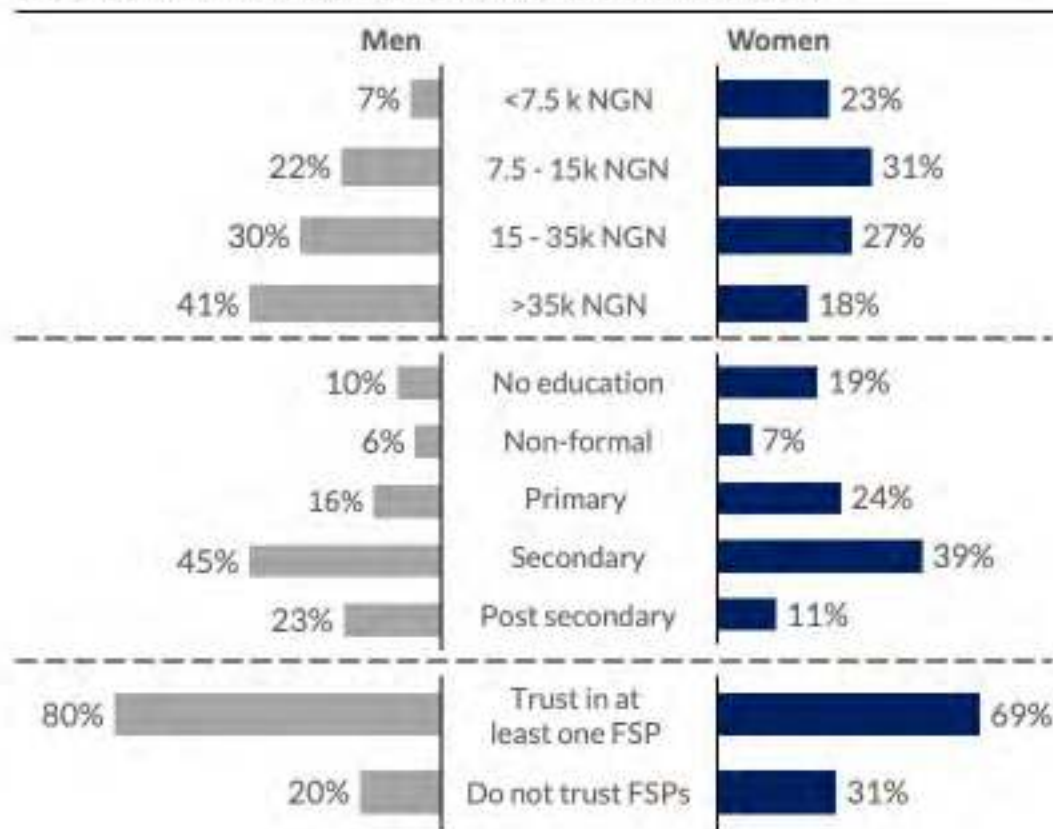
Addressing demand alone, or supply alone, will not deliver target inclusion outcomes. Education, income, and trust in FSPs must all be addressed to activate women's demand for financial services. Active demand incentivises the supply of products and services essential to financial inclusion.



Women have lower levels of income, education, and trust in FSPs than men, but we do not know why nor what it would take to viably serve them

See technical report for details on methodology

Women have substantially lower levels of monthly income, education, and trust in FSPs than men¹ (% of population¹)



What we do not know – and the key questions to be answered to design the right interventions

What are the underlying (gendered) drivers for the gap in education and income?

Given the unexpected findings, not all questions are answered. A deeper understanding of the factors driving women's lower income and education is required²

What drives trust in FSPs and why do women have lower levels of trust than men?

We know that one in three women do not trust any financial services, compared to one in five men and that people who rely solely on informal services, trust informal FSPs, while those who use formal accounts, trust formal FSPs. However, many questions remain. For example, is trust a precursor to usage or does usage result in trust? Given that the role of trust is particularly pronounced in access to and usage of financial services, further work is needed to understand how best to build and sustain trust in financial services

What are the effects of other significant factors such as mobile phone ownership and monogamous marriages? For example, are phone owners more comfortable with technology and the formal economy? Are monogamously married women more respected in the community and hence more able to access informal services? Further research is required to understand and interpret the interrelationships between such significant factors and financial inclusion in order to design the right interventions

1. Some percentages do not total 100% due to rounding. Respondents who did not know (27 cases) /did not disclose (14 cases) are not included – out of a total of 2457 surveys

2. Since this research was not designed to determine the drivers of income and education (and the gender gap within those), we cannot reliably establish what factors contribute to the gap observed. Attempts to make such deductions from the data collected in this research would lead to inaccurate results as we did not include a full range of possible drivers in the research.

Key interventions focus on creating demand and the viability of serving it, by improving income, education and trust & reducing cost-to-serve

1 2

- 1** **Priority intervention:** Undertake activities or interventions that will increase women's income, education level, and/or trust in FSPs¹. This is the first step in generating demand for financial services.
- 2** **In parallel,** explore options for improving the commercial viability of serving financially excluded women, even in the absence of improved income, education, and trust in FSPs². A concerted effort is needed to (i) determine the gap in commercial viability, (ii) understand the scope of the opportunity in terms of the sizes of different segments, their needs, their willingness and ability to pay, and what they are willing to pay for, and (iii) identify opportunities for cost reduction through joint initiatives and economies of scale.

As the answers to these questions will vary partially by FSP, given differences in cost structures and strategic alternatives, close collaboration with providers will be crucial. Taken together, an understanding of these aspects will enable stakeholders to: (i) determine the binding constraints (ii) prioritise interventions and innovations and (iii) determine what is sufficient to 'tip the balance' towards commercial viability (and if not, how much subsidy will be needed and/ or what increase in livelihood is needed to overcome that).

Such innovations and interventions may take the form of collective (industry) action, individual provider changes, or shifts in policy and regulation. For example:

- **Making regulation provider-independent** in order to allow MNOs to venture into DFS as more of a core activity
- **More appropriately aligning incentives** around agency banking
- **Fully digitising G2P and P2G payments** to provide anchor demand for DFS

1. One could also target income, education, and trust in FSPs across genders as a 'tide that rises all boats'. However, whilst increasing women's inclusion, this may also widen the gender gap because it may benefit men more than women. The highly-gendered nature of these elements makes it hard to develop effective interventions on income, education, and trust in FSPs that equitably benefit both genders unless women are the explicit focus from the start.
2. This would be for those stakeholders that choose to provide products and services immediately rather than target the underlying drivers of income, education, and trust in FSPs. As the explanation shows, we consider this to be less sustainable and possibly less effective but stakeholders may opt to do this given their mandate or their desire to not leave the current generation of excluded women 'behind'.

Key interventions focus on creating demand and the viability of serving it, by improving income, education and trust & reducing cost-to-serve

1 2

3

Immediate efforts to improve commercial viability will not reach all women. Some will remain excluded until bigger shifts in viability are realised through the increase in levels of income, education, and/or trust in FSPs; further innovation; or saturation of more attractive opportunities for FSPs. For **Stakeholders who choose to focus on providing financial services/products to these groups now or those that choose to focus on segments that are likely to remain excluded in the medium-term**, the following considerations are essential:

- **Continued subsidy** will be needed until these segments become commercially viable
- **Offerings must be relevant** to the unbanked female population (and not just be aspirational), meeting them 'where they are' with their low levels of education, income, and trust in FSPs
- **Designing for lasting impact is key:** where possible, products and services should be designed such that they contribute to increased levels of income, education, and trust in FSPs

The gendered nature of and interactions between income, education and trust in FSPs must be understood to optimise interventions



- 1. Develop an in-depth understanding of the drivers of the gender gap related to income, education, and trust in FSPs.** Our prevailing insights suggest that low income and education, and lack of trust in FSPs have a strong and strongly gendered effect on financial exclusion and are consequently the most important levers to pull when aiming to improve women's financial inclusion. However, this study was not designed to determine the drivers of income, education, trust in FSPs, or the gender gap within each¹



- 2. Pay special attention to the interaction between the various drivers and factors to appropriately identify which are the core elements to target.** Many of these factors and their drivers are interrelated and share complex interdependencies. This makes it hard to distinguish cause from effect and to understand which elements of the system to target. To optimise intervention design, it is crucial to properly understand the entire system at play. That will be critical to designing appropriate interventions that focus on the binding constraints



- 3. Develop data-driven interventions.** Using insights from the two steps above, develop appropriate interventions and tailor current efforts to specifically address women's needs. Where no data exists, collect evidence in order to optimise design before replicating or scaling up interventions

1. We only assessed drivers for trust in FSPs to a limited degree. As a result, we cannot reliably establish the impact of the factors that we *did* measure on income, education, and trust in FSPs. Because other potentially major factors were not measured, any assessment of this effect would be analytically incomplete and could lead to incorrect results.

When seeking to understand these gendered and sociocultural factors, their explicit contextual nature needs to be understood in-depth

- **Gender is a sociocultural construct.** Unlike biological sex, gender is a social construct that determines the tasks, roles, and functions attributed to men and women. For example, 'sex' means that women give birth to children; 'gender' means that women are the primary childcare providers
- **Gendered social and cultural norms are highly contextual.** Two thirds of the 781 million illiterate adults in the world are women. In some cultures, obstacles such as early marriage and pregnancy force girls to drop out of school. In others, 'religious extremism' prevents girls from attending school. For example, in the past, the Taliban has stated that girls education is contrary to Islamic law. In January 2019, it issued an ultimatum to the Afghanistan government to remove all male teachers from girls' schools. To date, 400 schools have closed for 'security reasons'. Meanwhile, in Uganda pregnant girls cannot attend schools (by law) and despite national legal challenge, South African individual school governing bodies have also banned pregnant schools from attending school or writing exams
- **The specific gender norms and drivers of these norms impacting women and girls in Nigeria are not fully known.** For example, in Nigeria 44% of girls are married before the age of 18 and 18% are married before the age of 15. We know that early marriage interrupts girls' education and ability to realise income generating opportunities. A number of programmes aim to address the specific sociocultural obstacles to girls' education in Nigeria. For example, the Girls Education Program works within schools to address infrastructure challenges and works in the wider community to raise awareness of the synergies between girls' education and poverty alleviation
- **Addressing gendered norms is a complex process that requires an inclusive approach to address multiple symptoms and context-specific root causes.** Stakeholders must understand the spheres of influence that drive lower income and education for women including context-specific community norms, household norms, financial markets characteristics, and policy choices. Interventions must then be developed that are fact based and relevant across these spheres of influence. Specific, contextual understanding is needed to identify and understand the gendered norms at play in Nigeria^{1,2}

1. Relevant data can be found, amongst others, in <https://giwps.georgetown.edu/wp-content/themes/giwps/images/Index-2017.pdf> which includes comparisons with other countries. This source provides data yet not a more in-depth understanding of interconnections and drivers.
2. Given the fact that this research has effectively questioned fundamental assumptions, these are not necessarily all replaced with a new set of 'answers'. A more in-depth understanding is needed of some of the factors and their effects and specifically of some of the underlying, gendered drivers of these primary factors.

Source: Swiss Agency for Development and Cooperation; National Bureau of Statistics and UNICEF 2016-17; Women Advocates' Research & Documentation Centre; The Girls' Education Programme (GEP) is delivered by UNICEF in partnership with the UK Department for International Development (DFID) and the Government of Nigeria, *Girls Education in Nigeria 2014*, The British Council; New York Times, May 2019, <https://www.nytimes.com/2019/05/21/world/asia/taliban-girls-schools.html>.



Design & execution of existing programmes should address core binding constraints to commercial viability or deliberately choose to subsidise

From...

Invest in the development of rural financial services infrastructure to overcome lack of access



To...

- Recognising that rural financial services infrastructure projects are not "silver bullets" to unlock financial inclusion and that the fundamental constraints of low education, income, and trust in FSPs must first be addressed before the benefits of interventions such as rural infrastructure can be fully realised
- Understanding the degree to which innovations in rural infrastructure can overcome the lack of commercial viability without increases to levels of income, education and trust in FSPs and identifying the extent to which these factors are binding constraints and how such constraints could be overcome to structurally shift viability by:
 - Innovating to unlock opportunities to lower the cost of serving financially excluded women, for example, through DFS, which would likely require a significant shift in the current regulatory landscape in Nigeria or
 - Realising social impact (as opposed to commercial viability) by subsidising investment in rural financial services infrastructure in areas where evidence confirms that lack of infrastructure matters as a core binding constraint (i.e., where women trust FSPs and, hence, would use them if they were available in close proximity)
- Choosing NOT to prioritise rural financial services infrastructure where it is not a core binding constraint or where no realistic amount of investment can drive commercial viability

Example

For specific stakeholders, we offer insights into offerings that create value-add for excluded women given their ambitions, needs, and preferences

Types of stakeholders

Commercially minded providers that want to focus on serving excluded women once these segments sufficiently (commercially) attractive for them to focus on

Philanthropic providers that want to focus their resources on serving these women now

Examples of relevant financial products and services for excluded women (based on expressed need but not tested for commercial viability)

- **Family oriented financial products and services.** For example, joint family accounts for household spending or savings, particularly where multiple people have a stake in household finances
- **Structured savings solutions** to support women to save effectively as they meet their competing daily needs
- **Formal payments systems** as a means of formalising prosocial payments in a way that enables the tracking of contributions and the creation of transparency to help ensure participants receive some return on their contributions
- **Financial products that enable widows and traders** to manage business purchases and savings
- **Structured group finance services that link farmers and traders to capital and markets** so they can expand their businesses, increase revenue, and access efficiencies
- **Offerings that leverage existing community structures** to build trust and rapport between women and FSPs by promoting and delivering financial services and teaching the corresponding skills needed to utilise them

These ideas are based on human-centred research and are inspired by the needs and ambitions of excluded women but they have not been tested for commercial viability.

CBN, EFinA and others can guide/manage the FI ecosystem *and* generate knowledge to identify & address the underlying drivers of the gender gap

Manage the ecosystem for optimal synergies

Map the current drivers, interlinkages, and interventions across stakeholders

Generate and manage knowledge to develop a baseline of information required to address the gender gap

Promote and drive learnings across interventions and stakeholders to improve alignment and encourage collective action

Guide stakeholders who are looking to address the gender gap by implementing new interventions/expanding existing interventions including but not limited to innovative FSP offerings and government/regulatory initiatives

Connect initiatives and stakeholders to improve synergies and scalability

Generate knowledge and promote learnings

- **Deepen understanding of the link between women's (economic) empowerment and financial inclusion**, to ensure a focused approach to addressing the interplay between barriers at a sociocultural, market, and infrastructure level
- **Expand upon the deep and nuanced understanding of factors driving financial exclusion**, specifically, the gender gap in income, education, and trust in FSPs. Regularly refresh the data
- **Quantify the key elements, for both supply and demand, that determine the viability of serving excluded/underbanked women, such as:** customer needs, segment characteristics, customer ability and willingness to pay, and FSP costs (both capex and opex, including opportunities for economies of scale and joint savings)
- **Build and expand a case library of insights and a catalogue of interventions** linked by financial exclusion factors and impact
- **Propose and build metrics and methods for measuring impact**
- **Build a knowledge base regarding what data to collect and how to collect it** in order to understand exclusion, drivers thereof, and to design interventions
- **Identify priority interventions** with differing levels of funding, appetite, and perspectives on commercial viability for public, philanthropic, and private actors seeking to address the gender gap

To advance financial inclusion, stakeholders need to improve income, education, and trust in FSPs; understand how to address other significant factors such as mobile phone ownership; and identify new approaches to determine and improve the commercial viability of serving excluded/underbanked women.

Stakeholders seeking to realise social impact by serving excluded women before their segment becomes commercially viable must:

- recognise that such efforts will **require subsidisation** until these groups become viable and understand that viability is dependent on increased levels of income, education, and trust in FSPs and reduced costs-to-serve
- ensure that the offering is **relevant** given the segment's low levels of income, education, and trust in FSPs



THANK YOU

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Annex: product opportunities and considerations and additional details on methodology

Details on product opportunities and considerations

Additional details on study methodology



The opportunity areas, presented in the next few slides, were developed through our discussions with excluded women. As noted earlier, most of the women we met lacked awareness of financial services and so found it challenging to suggest solutions. The identified opportunity areas are suggestions only, based on our understanding of women's financial pain-points and needs. We make no claim that these opportunities are based on specific or explicit demand, have been rigorously tested with potential users, or are commercially feasible/viable.

Family oriented financial products and services

Key insight

Men lead household financial decision-making, but women are knowledgeable about family finances

Women's financial identities, behaviours, and environments are strongly rooted in and driven by the family unit. There may be opportunities to engage the family unit more directly in order to drive women's use of new financial services and products. Examples of family oriented initiatives include:

- **Joint family accounts:** For families in which men are the primary financial decision-makers, there may be ways to formalise women's financial involvement without disrupting existing hierarchies, for example, by creating joint or sub-accounts for household spending and saving. The value proposition for this solution could be strongest for those in polygamous marriages where multiple people have a stake in household finances
- **Funeral remittances:** Funeral costs in Enugu (and likely other Christian areas) are high, often hundreds of dollars. Extended family and friends are expected to contribute to these costs, though they often live in different parts of the country. As such, there may be some opportunity to set up simple and/or temporary accounts to send or receive contributions. Such products could potentially be enabled through mobile money
- **Farm loans:** Most farming families lack sufficient credit to buy quality inputs or to delay sales of their produce until times when they can get higher prices. While such loans are likely to be accessed by the male head of household, they can still improve the financial health of the household as a whole. Financial solutions alone are likely to be insufficient - quality inputs need to be available and farmers need to have the right knowledge to achieve higher yields and higher prices for their goods

Behaviour change approach

People are irrationally comfortable with the status quo. We propose using existing networks and financial structures to engage women whose financial behaviours are largely intertwined with those of their husbands and families (including additional wives).

Note: These observations emerged through human-centred research that was not conducted on a nationally representative sample but is helpful in exploring issues that are specific to excluded women. The identified opportunity areas are suggestions based on our understand of women's financial pain-points and needs. We make no claim that these opportunities are based on specific or explicit demand, have been rigorously tested with potential users, or are commercially feasible/viable.

Source: Assessment of Women's Financial Inclusion 2019 - human-centred design research and analysis.



Structured savings solutions for women

Key insight

Women struggle to save effectively while trying to meet their competing, daily needs

Women often save some money at home (in a box or drawer) to deal with larger costs or emergencies. However this approach is not typically guided by specific savings goals or regular contribution plans. Most women say they would like support to save in a more intentional and structured way. They hope this would allow them to achieve longer-term financial goals like paying school fees for their children or saving to buy a cooking pot to avoid high pot rental costs. They believe more intentional and structured solutions would realise tangible improvements to their existing savings behaviour (rather than requiring them to learn new financial concepts or access new services). Moreover, such improvements could lay a path toward more sophisticated financial products, both by improving financial literacy and by providing a more formal data point on which to conduct credit scoring. Examples of products designed to structure and improve women's financial behaviours are:

- **Structured savings training and tools:** We recommend bundling and sequencing financial training with corresponding goal-setting, commitment and tracking tools. Eventually, offerings like layaway savings products could encourage women to actively direct and sustain their savings behaviour in ways that are relevant to their needs
- **Mobile wallets:** Mobile wallets could enable convenient cash transfers as well as third-party credit scoring. Interactive Voice Recognition (IVR) might be used to support and encourage illiterate women as they navigate and use such products

Behaviour change approach

Poverty and income scarcity drives present bias: an over-valuation of today's needs and desires over those of tomorrow. By enhancing basic saving behaviour, women can meet their most pressing and salient short-term goals whilst maintaining the intrinsic motivation required to sustain the use of more sophisticated financial products for longer-term goals.

Note: These observations emerged through human-centred research that was not conducted on a nationally representative sample but is helpful in exploring issues that are specific to excluded women. The identified opportunity areas are suggestions based on our understand of women's financial pain-points and needs. We make no claim that these opportunities are based on specific or explicit demand, have been rigorously tested with potential users, or are commercially feasible/viable.

Source: Assessment of Women's Financial Inclusion 2019 - human-centred design research and analysis.

Formal payments systems as a means of formalising prosocial giving

Key insight

Women actively engage in prosocial giving to family and community members in times of need

In various Nigerian communities, it is common for men and women to engage in prosocial giving, making contributions to pay for social events such as funerals, births, and weddings, despite having very low incomes. These prosocial customs are prevalent in most financially excluded women's lives and therefore could be leveraged to increase formal inclusion, for example, by:

- **Formalising prosocial giving:** Given that financially excluded women rely heavily on community members for advice and welfare, there may be opportunities to formalise giving through community welfare funds or digital payment platforms that allow participants to make or receive contributions. This has the benefit of tracking giving and creates transparency to help ensure that participants see some returns for their contributions. In addition, through research and prototyping, such products could be tailored to focus on the giving/receiving activities in which financially excluded women most engage

Behaviour change approach

The communities that excluded women live in are complex in that, despite their lack of disposable income, people are intrinsically motivated to contribute to social events such as funerals, births, and weddings. As such, we recommend formalising these contributions to: (i) track payments so as to build trust between participants and help ensure reciprocity, and (ii) engage excluded women.

Note: These observations emerged through human-centred research that was not conducted on a nationally representative sample but is helpful in exploring issues that are specific to excluded women. The identified opportunity areas are suggestions based on our understand of women's financial pain-points and needs. We make no claim that these opportunities are based on specific or explicit demand, have been rigorously tested with potential users, or are commercially feasible/viable.

Source: Assessment of Women's Financial Inclusion 2019 - human-centred design research and analysis.



Financial products that target widows and traders directly

Key insight

Widows and traders often make household and business decisions independently of their husbands

Widows are the primary decision makers in their households and women traders can generally manage business purchases and savings without the approval or participation of their husbands. These two profiles have a uniquely high level of financial agency compared to other excluded women. This presents an opportunity for direct engagement in financial services, with examples including:

- **Mobile wallets or micro-accounts for widow-led households:** Widows are typically the sole financial decision-makers in their households. As such, products such as mobile wallets or (micro) bank accounts may appeal to them. Furthermore, due to their relative financial agency, financial products marketed toward this profile will likely gain more traction than those aimed at other excluded women
- **Digital payment systems for traders:** Micro-traders currently rely on cash to buy and sell goods. This can be insecure and difficult to track. Digital payments, supported by mobile wallets, could present a good value proposition for such women

Behaviour change approach

People are more likely to build trust and confidence in products or services that address their specific personal needs. Because people are likely to think positively about the groups with which they associate, there are opportunities to harness the power of personalisation, self-identity, and agency to drive uptake.

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Source: Assessment of Women's Financial Inclusion 2019 - human-centred design research and analysis.

Structured group finance for farmers and traders

Key insight

Women traders and farmers lack capital and market linkages to grow their businesses

Many women traders and farmers lack capital to expand their businesses and/or access efficiencies to increase revenue. Their lack of buying power often translates into relatively high unit costs. Furthermore, smallholder farmers are typically unable to attract larger buyers to purchase higher quantities of produce. There could be opportunities to address these issues in parallel by supporting women farmers and traders to form groups with which to save, access credit, buy in bulk, and/or sell to new customers. Two examples of this approach are outlined below:

- **Formal savings and credit to support women traders' bulk purchases:** As trading is one of the most common income-generating activities for women, there may be opportunities to support the formation of buying groups (trading groups 'Esusu') that: (i) buy in bulk together to realise economies of scale, (ii) attract group liability loans, and (iii) collectively save to purchase group-owned machinery, e.g., food processing or by-product machinery, allowing them to capture a higher proportion of the final product value
- **Co-op savings and/or payment accounts for women farmers:** Cooperative farmer groups, particularly those targeting women, could enable savings gained through bulk buying and could potentially access larger buyers through aggregation. Such cooperatives could also attract credit through group liability loans or could formalise savings and payments through digital payments and group savings accounts

Behaviour change approach

People underestimate the time, cost, and risk associated with adhering to savings plans. Due to their low incomes, excluded women find it difficult to save while trying to keep up with competing household costs. We recommend using an approach that combines familiar financial practices ('Esusu' savings) with group networks. This approach would increase women's solidarity, ease the burden of individual planning, and increase the effectiveness of savings.

Note: These observations emerged through human-centred research that was not conducted on a nationally representative sample but is helpful in exploring issues that are specific to excluded women. The identified opportunity areas are suggestions based on our understand of women's financial pain-points and needs. We make no claim that these opportunities are based on specific or explicit demand, have been rigorously tested with potential users, or are commercially feasible/viable.

Source: Assessment of Women's Financial Inclusion 2019 - human-centred design research and analysis.

Promotion and delivery of financial services and corresponding skills through existing community structures

Key insight

Women often rely on in-person communication for information, which is typically channelled through religious institutions and community meetings

Because group identity can have a direct impact on decision making and behaviour, we recommend communicating and building a rapport with the most marginalised women through their existing community structures and trusted community influencers. Two examples are outlined below:

- **Religious institutions:** For many women, one of the few places outside of their immediate community that they regularly visit, is the church or mosque that they attend at least once per week. They trust these institutions and the people in them and often go to them for advice. While the feasibility of community-enabled solutions needs to be explored more deeply, women were interested in seeing religious institutions act as platforms from which they could learn about and potentially access financial services, e.g., Islamic banks, church savings groups, etc
- **Community meeting-based financial literacy training:** As a popular channel, community meetings could be used to develop financial literacy across large populations of excluded men and women. Indeed, training modules could focus on women's inclusion specifically by sensitising men and other stakeholders to the benefits and practical steps required

Behaviour change approach

Group identity can have a direct impact on decision-making and behaviour. We recommend reaching the most marginalised women through the social groups that they trust and with which they are most familiar.

Note: These observations emerged through human-centred research that was not conducted on a nationally representative sample but is helpful in exploring issues that are specific to excluded women. The identified opportunity areas are suggestions based on our understand of women's financial pain-points and needs. We make no claim that these opportunities are based on specific or explicit demand, have been rigorously tested with potential users, or are commercially feasible/viable.

Source: Assessment of Women's Financial Inclusion 2019 - human-centred design research and analysis.

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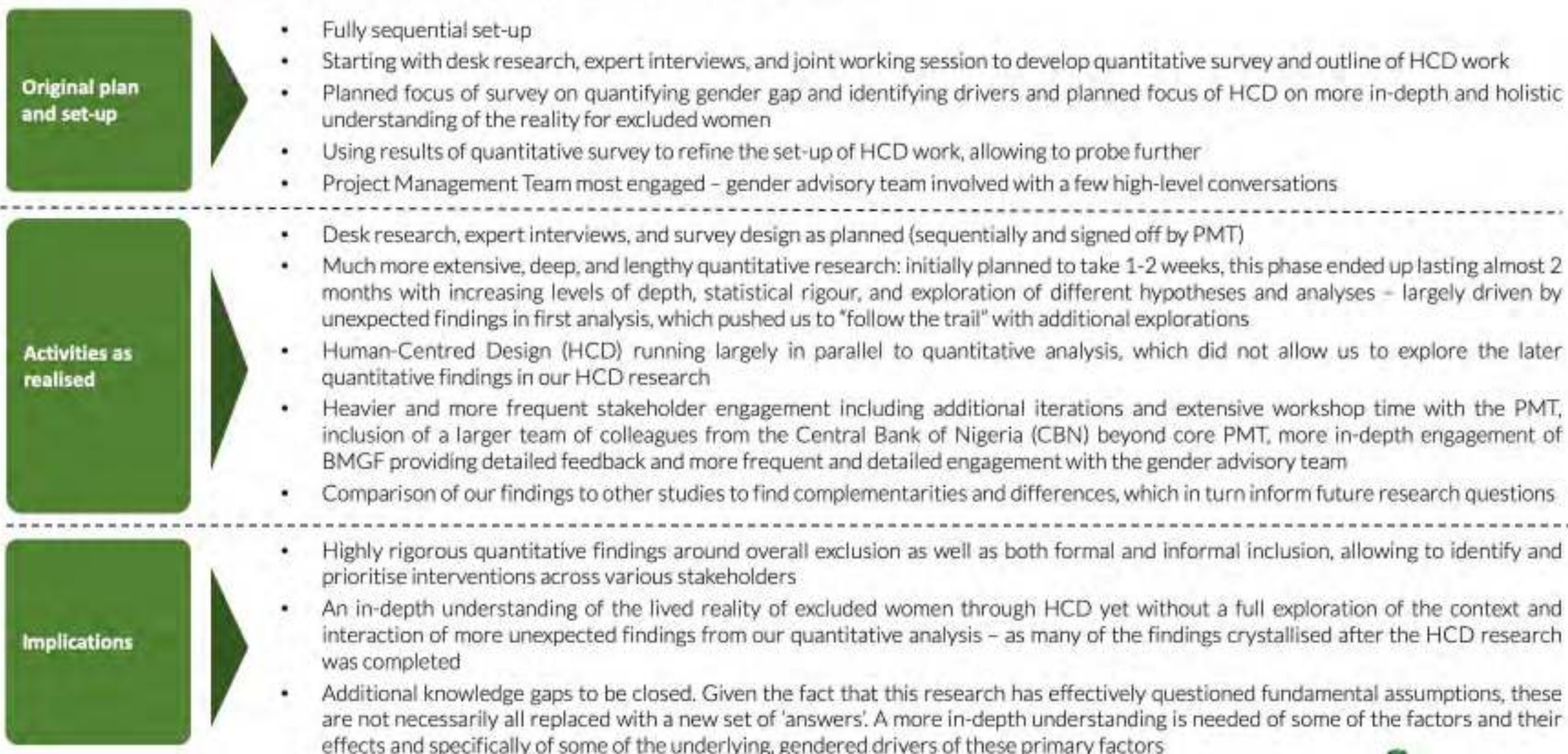
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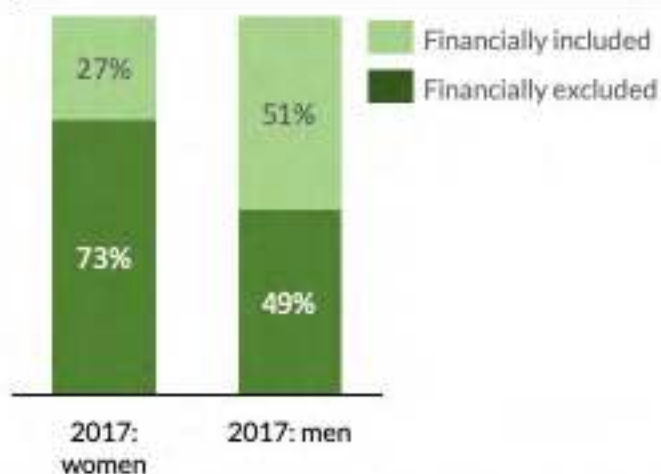


Through our quantitative research, we made discoveries that question fundamental assumptions and provide implications for next steps

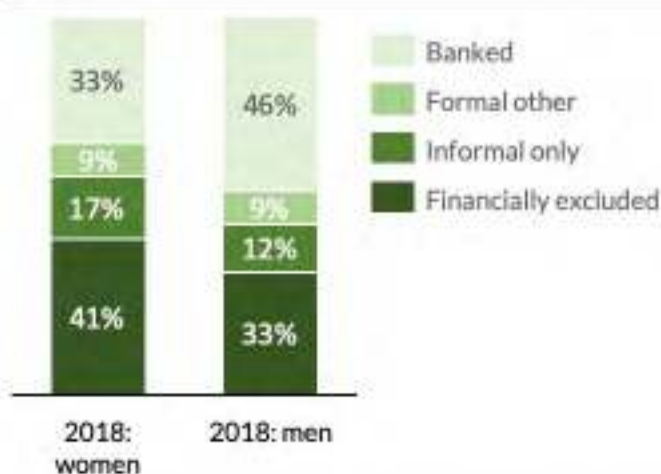


Global Findex, EFINA A2F survey, and this study show some different findings for which an exact rationale has not yet been identified

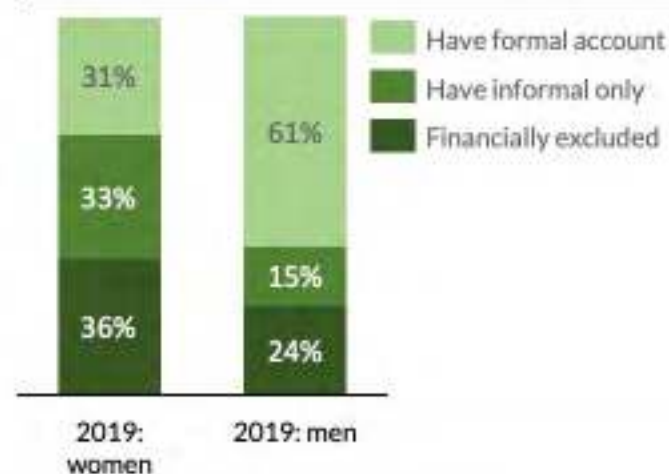
Global Findex findings by gender
(% of population)



EFInA Access to Financial Services survey findings by gender
(% of population)



Assessment of Women's Financial Inclusion survey findings by gender
(% of population)



Differences are likely due to differences in questions and classification which needs further exploration.

- Global Findex included only some categories which other surveys classify as informal inclusion, as part of inclusion¹ and has some other categories classified as excluded
- We have considered a number of factors to try and explain the differences between A2F and Assessment of Women's Financial Inclusion Survey 2019:
 - Sampling methodology and weights computation was aligned with the Nigerian Bureau of Statistics (NBS) in both surveys
 - Labelling or categorisation of financial providers did not cause any bias between the two studies
 - A breakdown of the data by zone and gender shows that formal and informal access as well as exclusion are either consistently lower or higher in our study across all the geopolitical zones. Since the direction of the difference across the geographies is consistent, the difference is not driven by the data from any one zone in particular
 - A breakdown of the language in which the questionnaire was administered. A2F and our survey were administered in various languages – in roughly similar proportions. Thus, differences in language proportions between the surveys is not likely to have caused a difference in understanding of certain concepts or terms in the questionnaire between men and women, and therefore unlikely to have influenced the levels of financial inclusion between men and women

1. Global Findex measures "account ownership", referring to having an account at a bank or at another type of financial institution, such as a credit union, a microfinance institution, a cooperative, or the post office (if applicable), or having a debit card in their own name.

As part of our work, we also sought to understand how our findings relate to other relevant studies

Other relevant studies taken into account

World Bank: Poverty Reduction in Nigeria in the Last Decade, 2016



Various **CGAP reports/articles**, including:

- Fintechs and Financial Inclusion, 2019
- Enhancing Financial Inclusion for Women in Nigeria, 2016



Various **GSMA reports/articles** including:

- The Mobile Gender Gap Report 2019
- Spotlight on Nigeria, Delivering a digital future, 2018
- GSMA Highlights Policy Reforms to Lift Nigeria's Economy, 2018



Harvard Kennedy School: A Tough Call: Understanding barriers to and impacts of women's mobile phone adoption in India, 2018



Key insights and challenges

- We have drawn a few insights from the World Bank report, as further evidence of women's lower income and education, particularly for North vs. South Nigeria
- However, since our findings did not evidence the drivers of women's lower income and education and because the drivers identified by the World Bank for women's lower income and education did not focus on those drivers as they relate to financial inclusion, we refrained from quoting their findings
- These resources covered a different scope from our work, making it hard to incorporate findings directly. CGAP work focused primarily on the opportunity of DFS to drive greater financial inclusion
- Our findings are largely aligned with CBN's findings (quoted in the Enhancing Financial Inclusion for Women in Nigeria, 2016, article)
- Note: We were not able to find the report containing 'a review/synthesis of global evidence about financial inclusion'
- These resources covered a different scope from our work, making it hard to incorporate findings directly. Specifically, they focus on the mobile gender gap and opportunities for digital (not financial inclusion)
- In particular, the Mobile Gender Gap Report is limited in terms of how well the specific gaps are understood, as the study does not distinguish between barriers by gender or by strength of (statistical) association and interaction
- This employs a quantitative approach using correlation/association analyses and control variables in order to make sure the right conclusions were drawn (for example, 'empowerment matters, even after accounting for income')
- However, it is not specifically related to financial inclusion nor Nigeria, making it hard to identify the degree to which our findings align and/or how to incorporate their findings