

Beyond the Next Billion: Unlocking Growth by Closing Nigeria's Inclusion Gap

Payments Transformation: Opportunities, Challenges and the Future

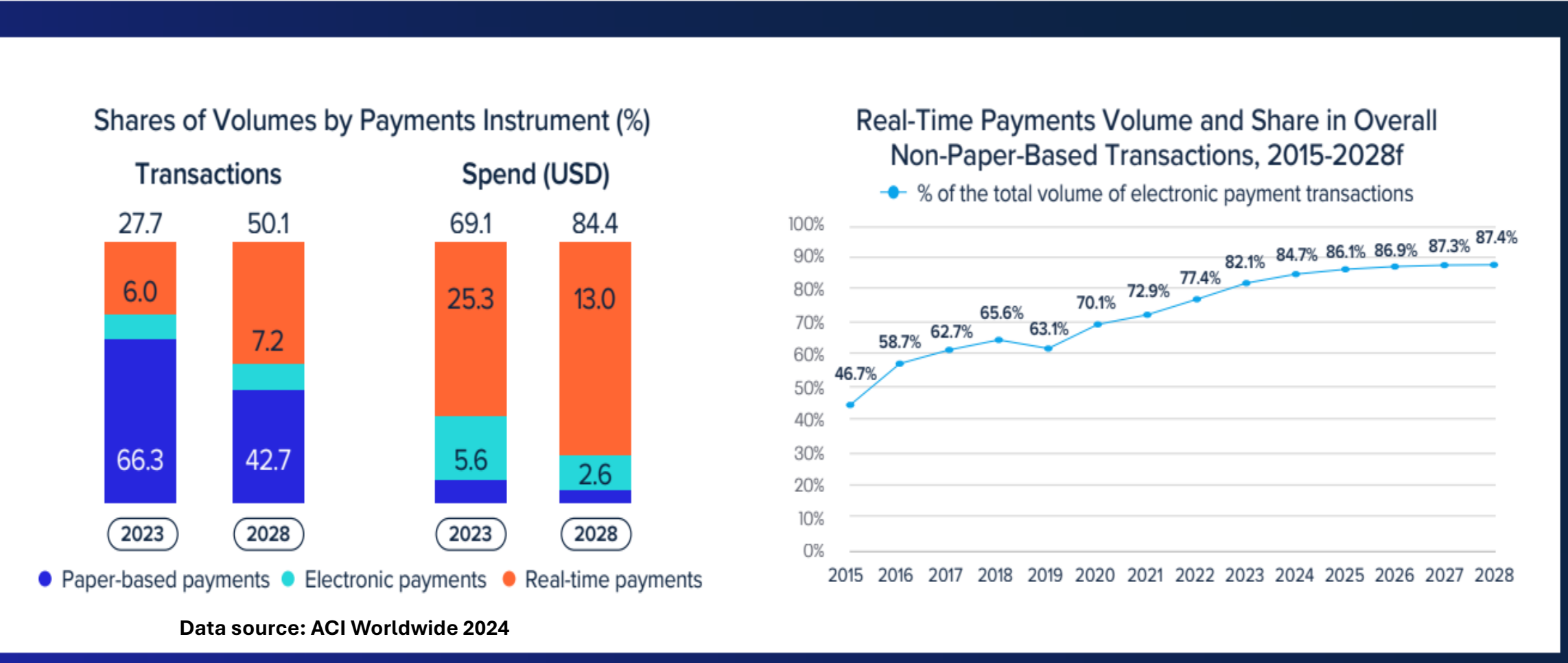
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EFInA, CEO

Nigeria is a leader in real-time payments volume, No. 1 in Africa...

With about 7.9 billion real-time transactions (~28% of all real time payments), Nigeria ranks 6th globally in 2023 for real-time payments volume

This is projected to reach 50% of all payment transactions in the next five years, as real time payments gains momentum as viable alternative to cash

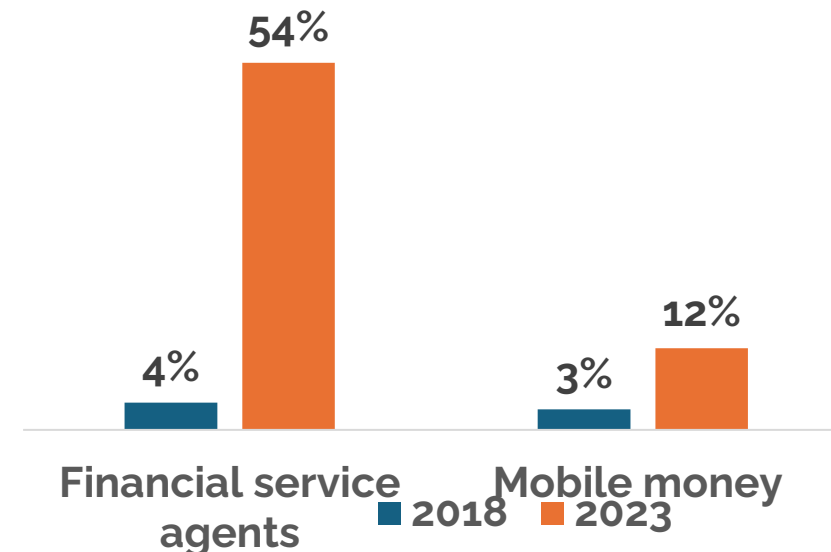


...Thanks to a fast-scaling Fintech ecosystem, expanding infrastructure and enabling regulations

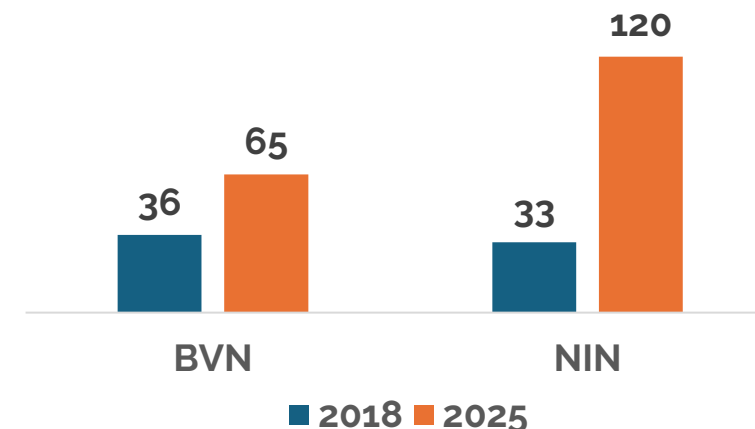
- NIP Expansion / upgrades, and NQR Code Payments, powered by NIBSS
- (Wallet to Bank) Interoperability
- Expansion of Agent Banking into rural and underserved areas
- Increasing BVN and NIN coverage enabling account opening with low documentation, aided by Tiered KYC regulations
- Contactless & Tap-to-Pay Solutions
- Banking-as-a-Service (BaaS) and Embedded Finance (payment) models
- Over 250+ active Fintechs in Nigeria as of 2024
- Over \$1 billion in fintech investment between 2019 and 2023 (varies by source)
 - The **largest share** of Africa's fintech startup activity (~35%) is in Nigeria
 - ~ 2 to 5 Unicorns

Source: Industry Aggregates, EFINA 2023 Access to Financial Services in Nigeria

Growing usage (% of adults)



Identity ownership (no. of adults in millions)



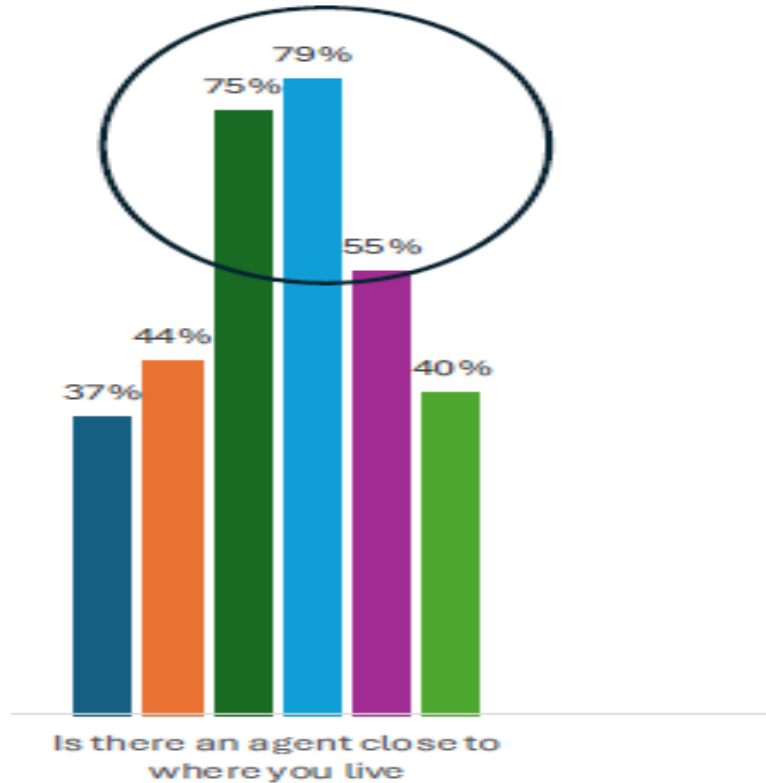
However, gaps remains...

- 64% of Nigerian adults use formal financial services (Payments = 52%), 45% use DFS, primarily through agents (74%)
 - DFS use lags in Northern Nigeria, rural areas, among women, youth and business owners
- ~29 million Nigerian adults are completely excluded - by geography (northern, rural), gender (mostly women), education, type of device (though phone ownership / usage is ubiquitous, lowest in NW) trust, or product relevance. These are human beings unable to take advantage of formal services to improve their lives and livelihoods, and value left on the table for FSPs

Segment	Formal Inclusion rate	DFS Use
Women	59%	39%
North	57%	37%
Youth (18-35 years)	62%	41%
Business Owners	69%	49%

Inclusion therefore is not CSR. It can be a lever for growth

Agent Expansion beyond the SW region can be a game changer



~52% have agents close to where they live (analysed by region on chart below), this reinforces **agent proximity as a driver to FSA patronage** which was measured as 54%



Saturation in urban digital finance is on the horizon, where will *your* next billion come from?

Unlocking growth requires *more users and not necessarily more features*

■ North West ■ South East ■ South South ■ South West ■ North Central ■ North East

With Tremendous Opportunity

Inclusion is Scale and Scale is Power. Serving excluded populations is how you build scale

- **Untapped Markets:** 53.8 million payments-excluded adults = ~\$130b (Est.) in latent value (*payment/transfer fees only*) - Fast-moving fintechs are capturing this—what's your strategy?
 - Estimated annual informal financial flows^a
 - Rural: \$24–36 billion
 - Northern: \$12–18 billion
 - Women: \$18–28 billion
- **Stickier Growth:** "Fast-mover advantage"
- **Risk Mitigation:** Broader customer base
- **Ecosystem Health:** Inclusion strengthens agent networks, wallet liquidity, and shared rails.

^a – estimated using data for A2F 2023 Survey Data

Inclusion isn't just about access. It's also about relevance, value and trust

The drivers of exclusion

Cost: Services priced for urban elites, not mass-market use - High transaction costs on small-value payments hurt low-income users

~ 50% of unbanked adults cite income related barriers

38% of formally served Nigerians do not agree that bank fees or charges are affordable

Infrastructure and Connectivity gaps: Especially in Northern Nigeria, even USSD is unreliable

Proximity to FAP – SW(79%), NE(40%), SE(44%)

Reliable network = Urban (85%), Rural (60%)

User experience: Many platforms assume digital literacy but interface complexity still deter millions—especially women and low-literacy users.

Low Smartphone ownership - SW(51%), NW(15%)

Low comfort levels on smartphone use – Male (43%), Female (36%)

Regulatory barriers: ID requirements still excluding some in harder to reach communities

ID/Documentation barriers (% of unbanked) – South (15%), North (11%)

Trust deficit: Failed transactions, fraud, and poor redress channels breeding reluctance

~ ₦17.7B lost to fraud | ₦1.3T failed transactions in 2023

Fragmentation in infrastructure and partnerships: Banks, MFBs, fintechs, and mobile money operators often operate in silos

Challenges are real but so is the opportunity. Build smart and with the right partners



Design for USSD and Offline-first Channels

Core services (onboarding, transfers, balance checks) should be driven on USSD/SMS

Ensure lightweight apps that function in low-bandwidth environments



Partner with Local Agent Networks

Collaborate with cooperatives, mobile money agents/FSAs, MFBs and with local Fintechs to extend reach

Incentivize agent expansion and beyond-payment services with shared commission models, agent financing, or digital merchant support tools



Leverage Telco Infrastructure

Strike infrastructure-sharing deals with telcos for rural connectivity, using existing towers or POS deployments

Explore Zero-rating for key app functions (free access to services without data)



Decentralize Operations

Use zonal hubs or field teams for onboarding, field testing, training, and customer support

Employ field sales/activation teams with community ties to build trust and familiarity



Bundle Financial Services with Daily Use Cases

Scale embedded payments, savings, or credit into Agri-based value chains, informal trade, market places or cooperative platforms

What Else Needs to Change

Inclusive Digital finance based on a stack that is interoperable, adaptive, and human

Shared rails

- Interoperability between banks, wallets, telcos, and Fintechs must be seamless
- Need to leverage the National Payment Stack to build low-cost, interoperable services that reduce friction for all users

Risk-sharing models

- Partnerships (such as with Donors, DFIs) to de-risk entry into excluded markets

Product fit

- Build services for USSD-level access, low literacy, and less-regular income patterns
 - Prioritize inclusive design: Build products that consider gender, language, literacy, and trust
 - Collaborate with Fintechs and MFBs to co-create solutions, especially for last-mile customers

Strengthen consumer protection

- Reinforce dispute resolution and fraud prevention mechanisms to build trust

Contribute to national measurement

- Support the proposed Digital Financial Inclusion Index & Observatory for real-time, segment-level insights

Ways EFInA can support

As a financial inclusion catalyst and knowledge leader, EFInA stands ready to:

- Provide granular data insights and TA to inform inclusive product design and strategy.
- Partner on a *Digital Financial Inclusion Index & Observatory* for better tracking, benchmarking, and impact measurement
- Facilitate public-private dialogue on inclusive DFS regulation and interoperability.
- Potentially co-fund innovation pilots targeting women, youth, and rural users
- Amplify private sector voice to shape enabling regulation





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Enhancing Financial Inclusion & Advancement
...Evidence Driven, People Focused

*To unlock growth, you must solve for
the last-mile, not just the last-click*
