

Agent Networks: Opportunities for Mobile Money in the Distribution Value Chain

19 September 2012

**Modupe Ladipo
Chief Executive Officer, EFInA**



About EFInA

- ❑ Enhancing Financial Innovation & Access (EFInA) is a financial sector development organization that promotes financial inclusion in Nigeria.
- ❑ EFInA's vision is to be the leader in facilitating the emergence of an all-inclusive and growth-promoting financial system.
- ❑ EFInA is funded by the UK Government's Department for International Development (DFID) and the Bill & Melinda Gates Foundation.
- ❑ EFInA's holistic approach to expanding access to financial services for all, especially for low income households is based on the following pillars:
 - **Research:** Providing credible market information on the Nigerian financial sector.
 - **Innovation:** Catalyzing the development of innovative inclusive financial services for the unbanked and under-banked population in Nigeria, through our Innovation Fund.
 - **Advocacy:** Advocating for the development and implementation of policies that create an enabling environment for financial inclusion.
 - **Capacity Building:** Through workshops, study tours and fora, we trigger debate and stimulate discussions on pertinent issues in the financial sector and impart knowledge from organisations that have had success in developing new innovations and business models that drive financial inclusion.



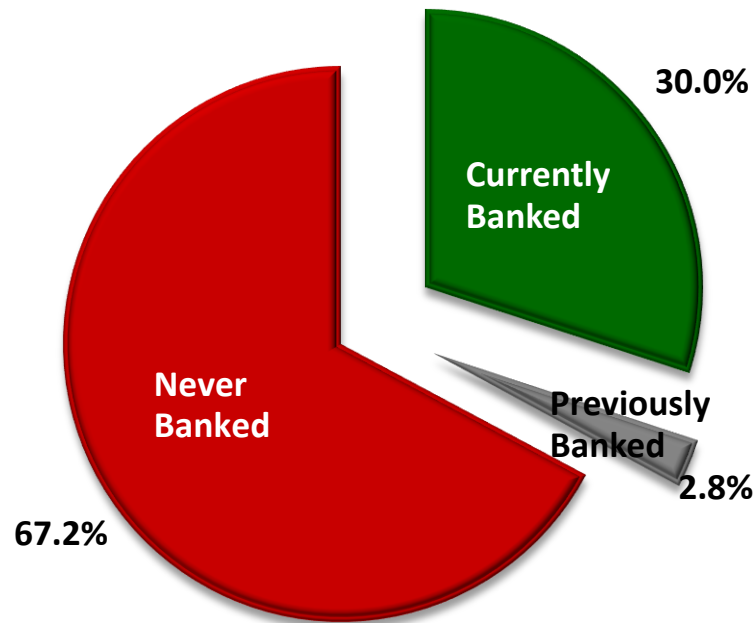
Why Agent Banking?

What is Agent Banking?

- Agent Banking refers to the delivery of financial services outside conventional bank branches, often using non-bank retail outlets that rely on technologies such as point-of-sale (POS) devices or mobile phones for real time transaction processing.
- Agent Banking is sometimes referred to as Correspondence Banking.
- Agent Banking will mean having more access points in Nigeria for the delivery of financial services. It means that customers can go to a retail shop, gas station, or pharmacy store - places that are not a typical bank - and conduct banking transactions.

Banking Profile of the Adult Population

- ❑ 63.5% of adult males were unbanked
- ❑ 76.8% of adult females were unbanked
- ❑ 78.8% of the rural population was unbanked



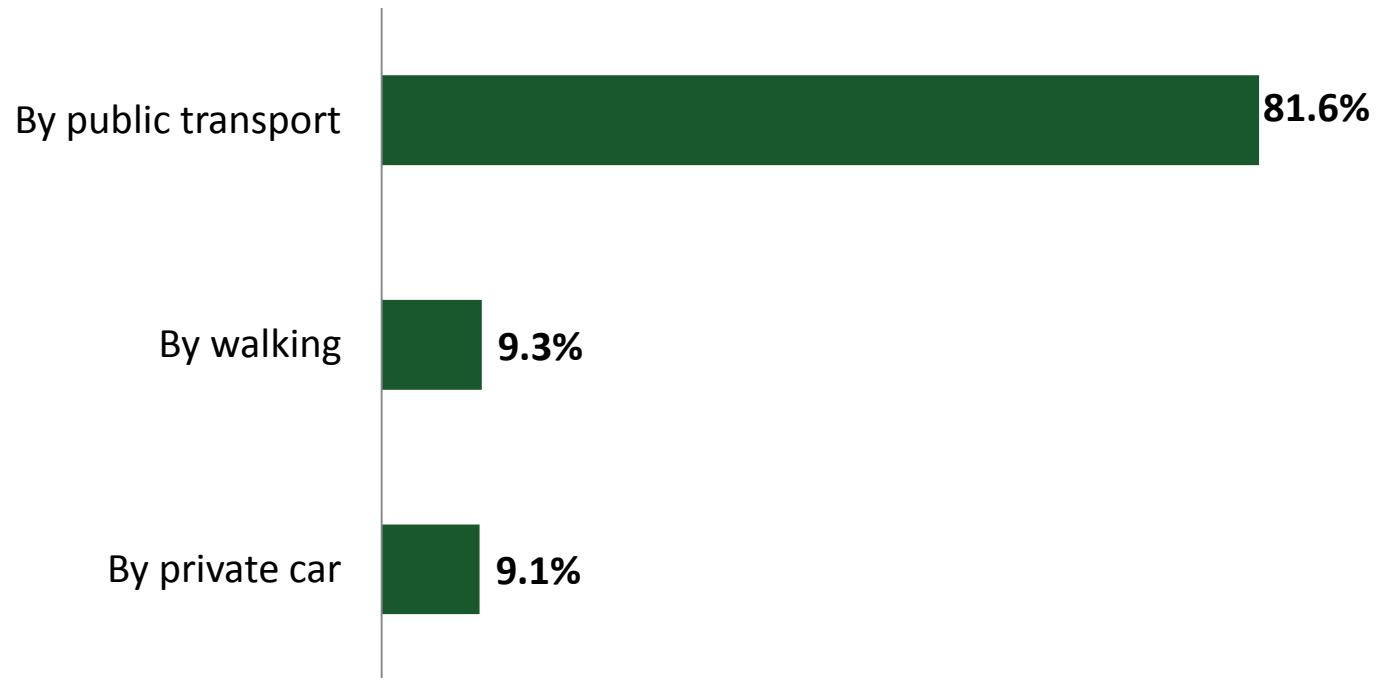
- ❑ Only 30.0% of the adult population had a bank account, which is equivalent to 25.4 million people
- ❑ 67.2% of the adult population had never been banked, which is equivalent to 56.9 million people
- ❑ 2.8% of the adult population were previously banked, which is equivalent to 2.4 million people

Banked definition:

Currently have access to or use a deposit money bank, in addition to having any of these products: ATM card, credit card, savings account, current account, fixed deposit account, mortgage, overdraft, loan, or Islamic banking product

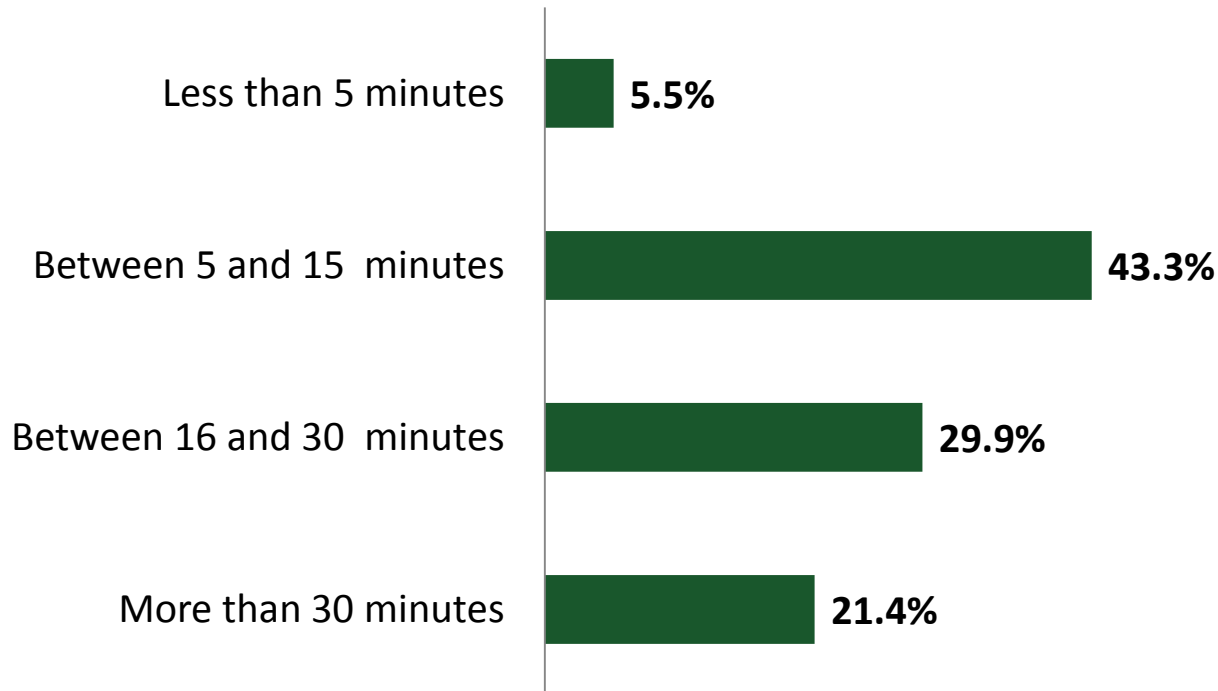
Means of Transportation to the Main Bank

- ❑ Of the 25.4 million adults that were banked; 20.7 million (**81.6%**) used public transportation to get to their main bank



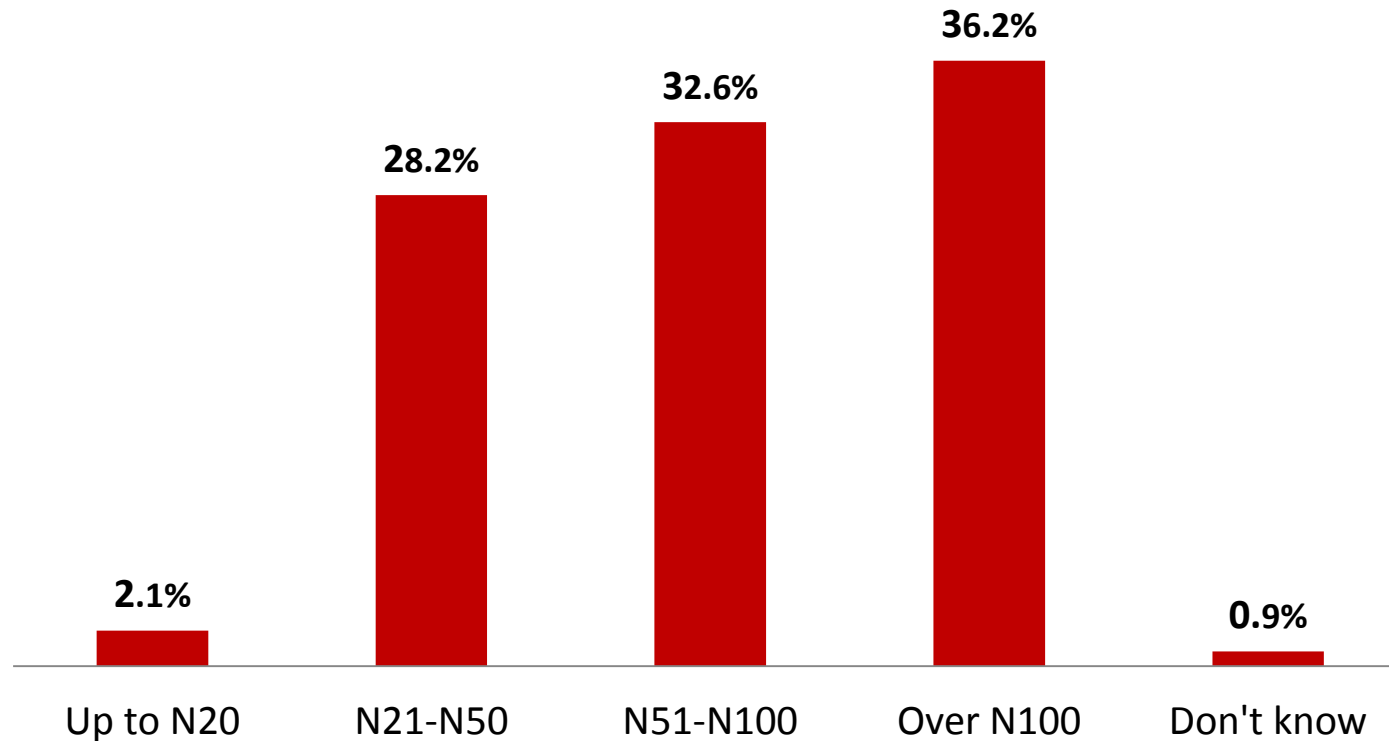
Time Taken to Get to the Main Bank

- ❑ Of the **25.4 million** adults that are banked:
 - 43.3% took between 5 and 15 minutes to get to their main bank
 - 29.9% took between 16 and 30 minutes to get to their main bank
 - While 21.4% spent more than 30 minutes to get to their main bank



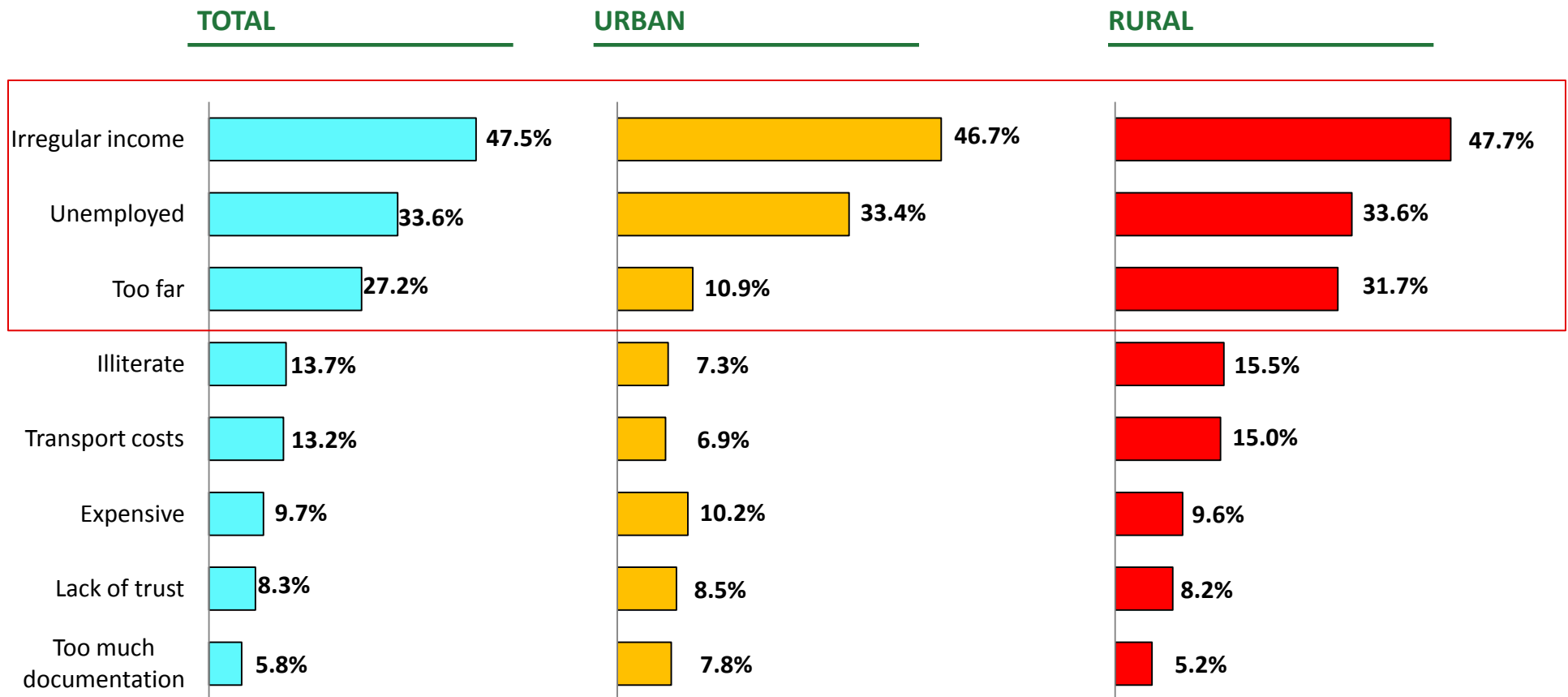
Cost of a One Way Trip to the Main Bank

- ☐ Of those 20.7 million adults who were banked and used public transport to get to their main bank:
 - **36.2%** spent more than **N100** for a one way trip to their main bank
 - **32.6%** spent between **N51 to N100** for a one way trip to their main bank



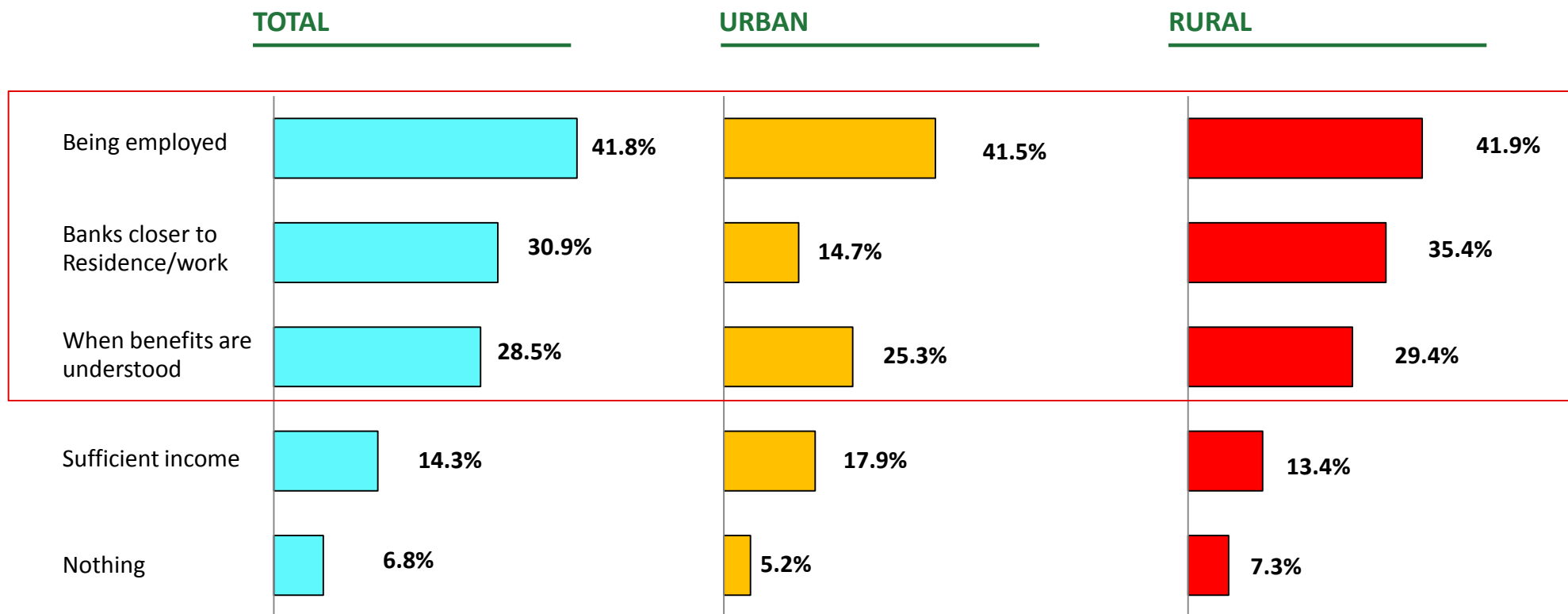
Reasons for not Having a Bank Account

- ❑ The main barriers to having a bank account were irregular income, unemployment and **distance to the bank branch**
- ❑ Bank proximity was of greater concern to the rural population



What Would Encourage the Unbanked to Open a Bank Account

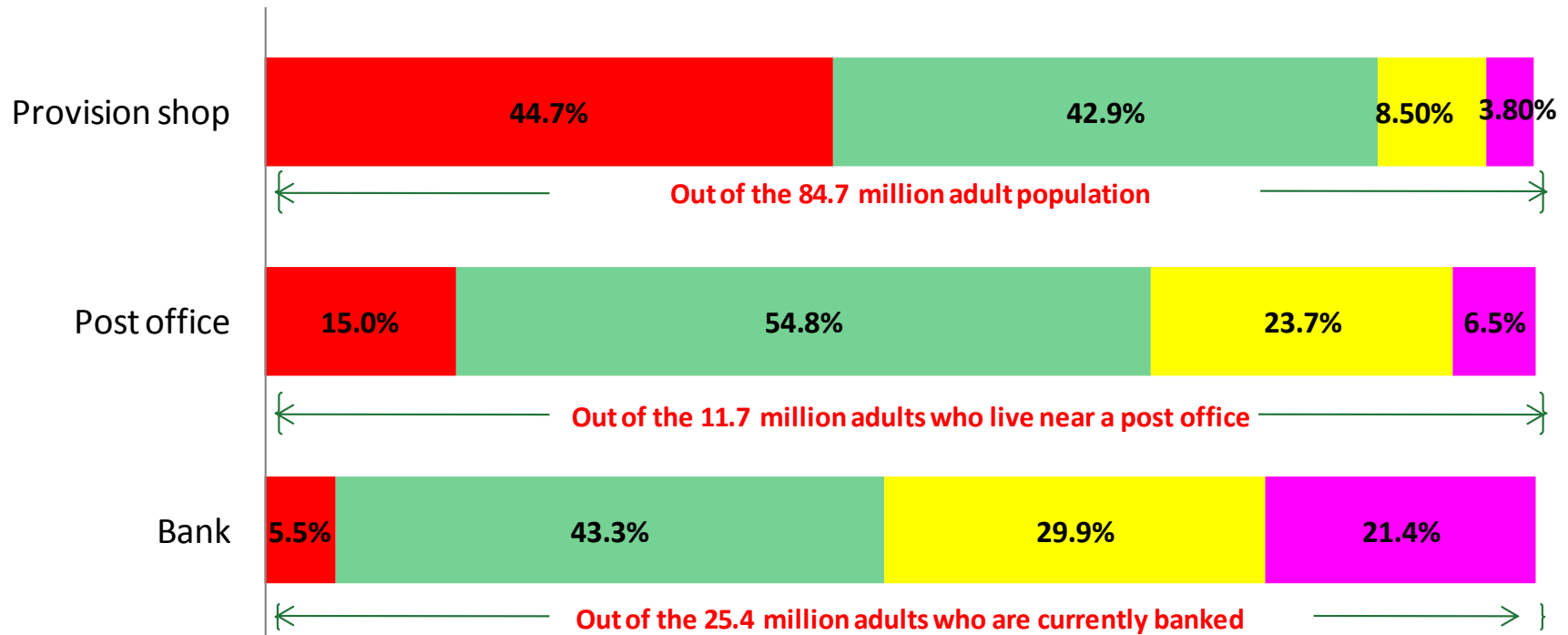
- ❑ 42.4 million adults which represented 74.0% of the unbanked population would like a bank account
- ❑ The factors which would have encouraged the unbanked to open a bank account were being employed, **having a bank closer to residence/work** and understanding the benefits of being banked



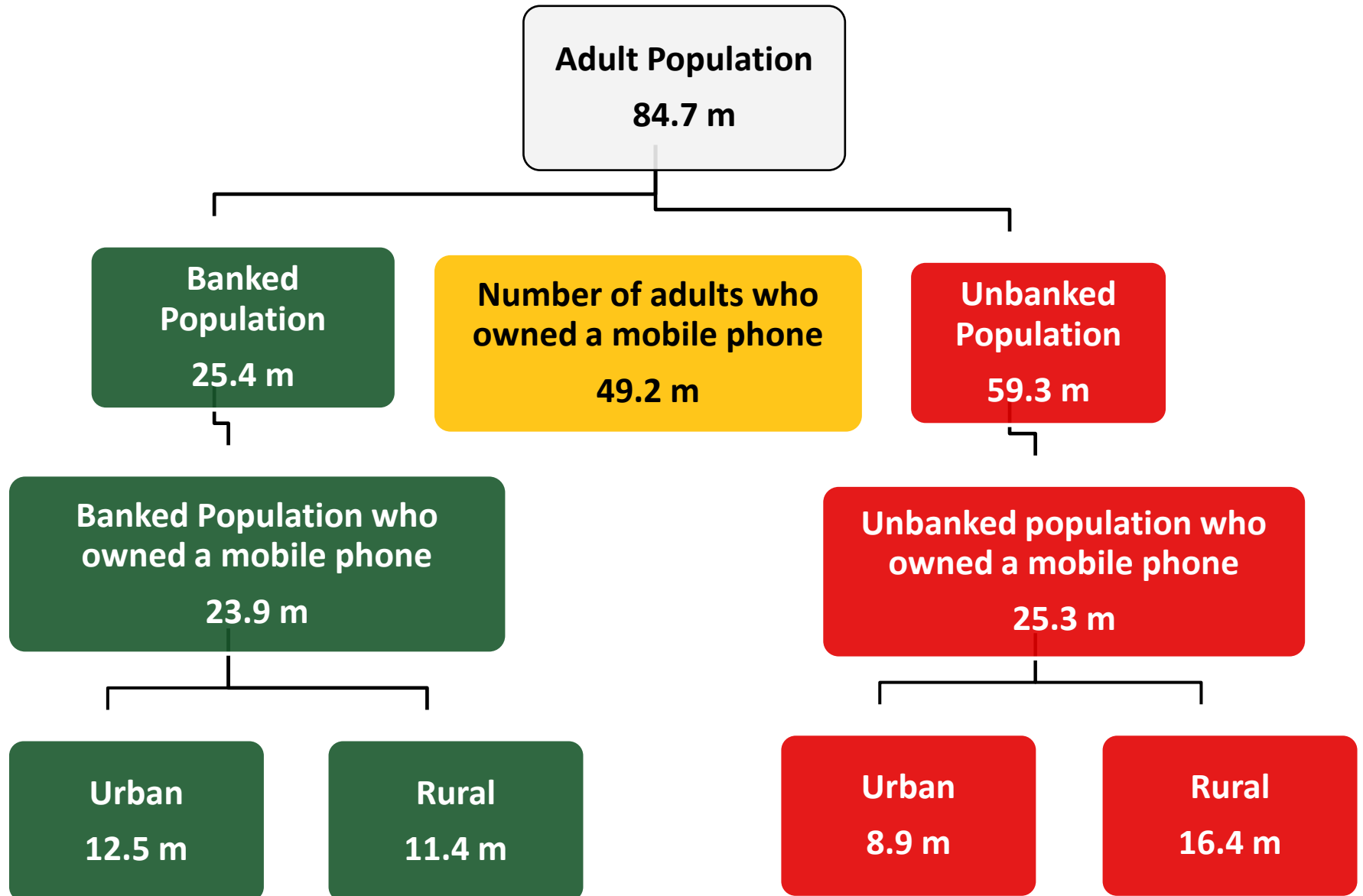
Potential Access Points in Nigeria

- ❑ 37.9 million people (44.7% of the adult population) say it took them less than 5 minutes to get to their nearest provision shop
- ❑ Out of the 11.7 million people (13.8% of the adult population) that live near a post office, 15.0% took less than 5 minutes to get to their nearest post office
- ❑ Out of the 25.4 million (30.0% of the adult population) who were banked, 5.5% took less than 5 minutes to get to the bank

■ < 5 mins
 ■ > 5 mins but < 15 mins
 ■ >15 mins but < 30 mins
 ■ Over 30 mins



The Potential for Mobile Money in Nigeria



Coming Soon!
**EFInA Access to Financial
Services in Nigeria 2012 survey**

Thank you

www.efina.org