

# **EFInA Innovation Grant**

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## **Round 7**

**Godwin Asimwe, Research Manager**

**August 23, 2016**

**Window 1**

Micro financial products  
for low income women  
nationwide and/ or any  
customer in Northern  
Nigeria

**Window 2**

Financial products for  
small scale agricultural  
producers and  
agricultural  
entrepreneurs

# Contents

04

About the EFInA A2F Survey

06

Profile of Nigeria's adult population

12

Overview of

- Female population
- Northern Nigeria (NE+NW)
- Agricultural producers and entrepreneurs

36

Summary

## About the EFInA Access to Financial Services (A2F) in Nigeria Survey



# About the EFInA A2F Survey

- Nationally representative of all adults (18+) across all 36 states plus FCT Abuja
- Survey has been conducted four times – in 2008, 2010, 2012 and 2014
  - 2016 is currently ongoing

## Objectives

**“Relevant and reliable data on the demand for and usage of a range of financial products, both formal and informal”**

- Input to evidence-based financial inclusion policies & reform
- Provide credible benchmarks & indicators
- Highlight financial access trends over time
- Analyse the market opportunity for the unbanked & low income segment

## Methodology in 2014

- The questionnaire was translated into and administered in Hausa, Yoruba, Igbo and Pidgin English
- Sample design was provided by the National Bureau of Statistics (NBS)
- Household listing and data collection was conducted from August to November 2014
- Results were weighted by NBS to provide the total adult population. This was also benchmarked to national population estimates for verification
- 22,044 questionnaires were completed (92.0% completion rate)

## Profile of Nigeria's adult population

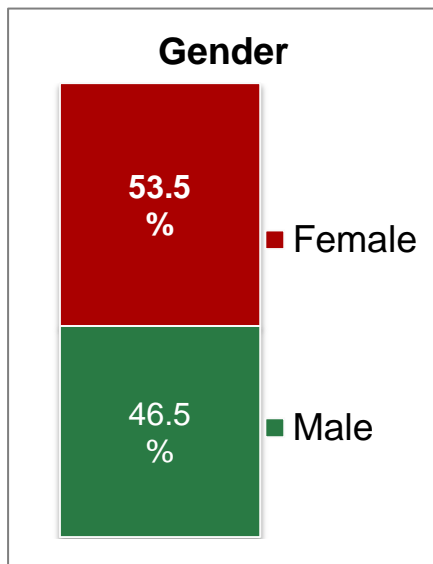
In order to expand the frontiers of financial inclusion in Nigeria, it is essential to have a good understanding of the target market.



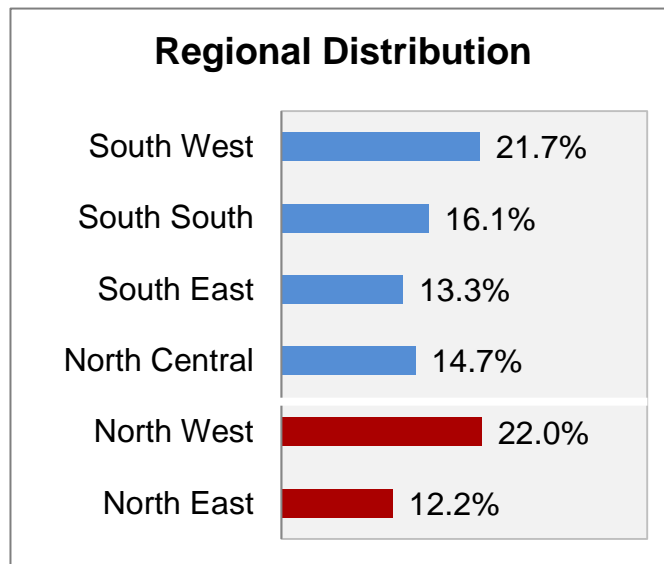
## Profile of adult Nigerians

Adult population of 93.5 million of which:

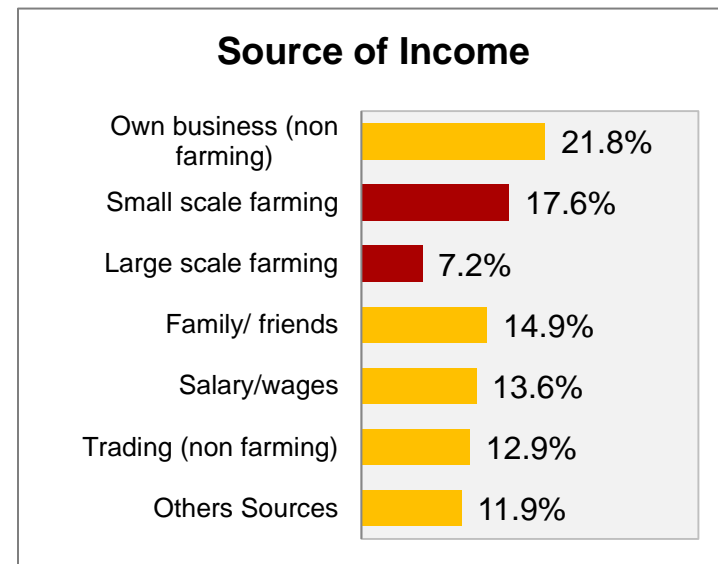
- 50.0 Million are Females,
- 31.9 Million are in the North East and North West geopolitical zones and
- 19.9 Million consider agriculture their main source of income



Women



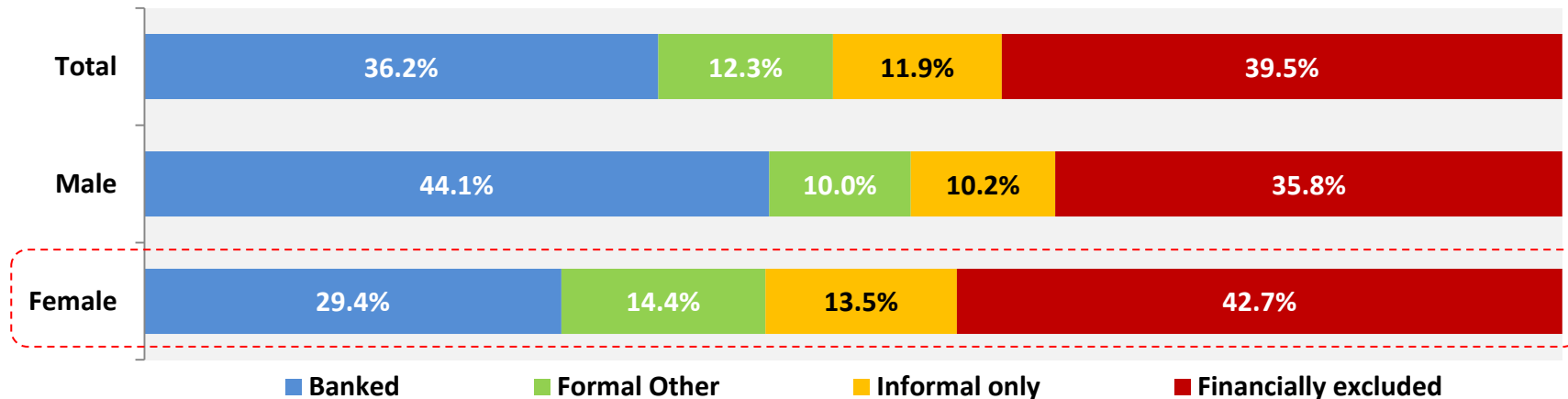
Northern Nigeria



Agriculture

## Financial Access by Gender

Financial access is skewed towards the male gender despite females making up a larger proportion of the adult population



### DEFINITIONS OF FINANCIAL ACCESS

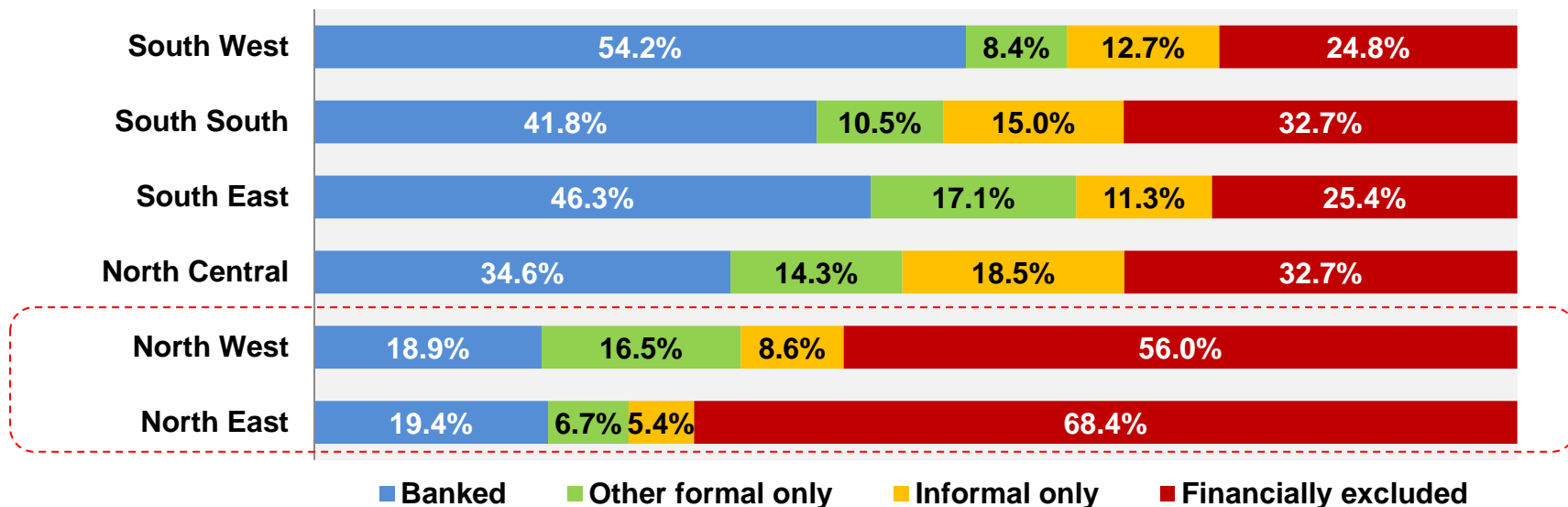
- **Banked:** all adults who have access to or use a deposit money bank in addition to having/using a traditional banking product, including ATM card, credit card, savings account, current account, fixed deposit account, mortgage, overdraft, loan from a bank, or no-interest banking product; including indirect access
- **Other formal only:** all adults who have access to or use other formal institutions and financial products not supplied by deposit money banks, including Insurance companies, microfinance banks, pension schemes or shares. It also includes remittances (through formal channels); including indirect access
- **Informal only:** all adults who do not have any banked or formal other products, but have access to or use only informal services and products. This includes savings clubs/pools, esusu, ajo, or moneylenders; as well as remittances (through informal channels such as via a transport service or recharge card)
- **Financially excluded:** adults not in the banked, formal other or informal only categories, even though the person may be using or have access to any of the following: loan/gift from friends or family and loan from employers, as well as remittances via a friend/family member



## Financial Access by Geo-Political Zone

The North East and North West zones have the highest levels of financial exclusion

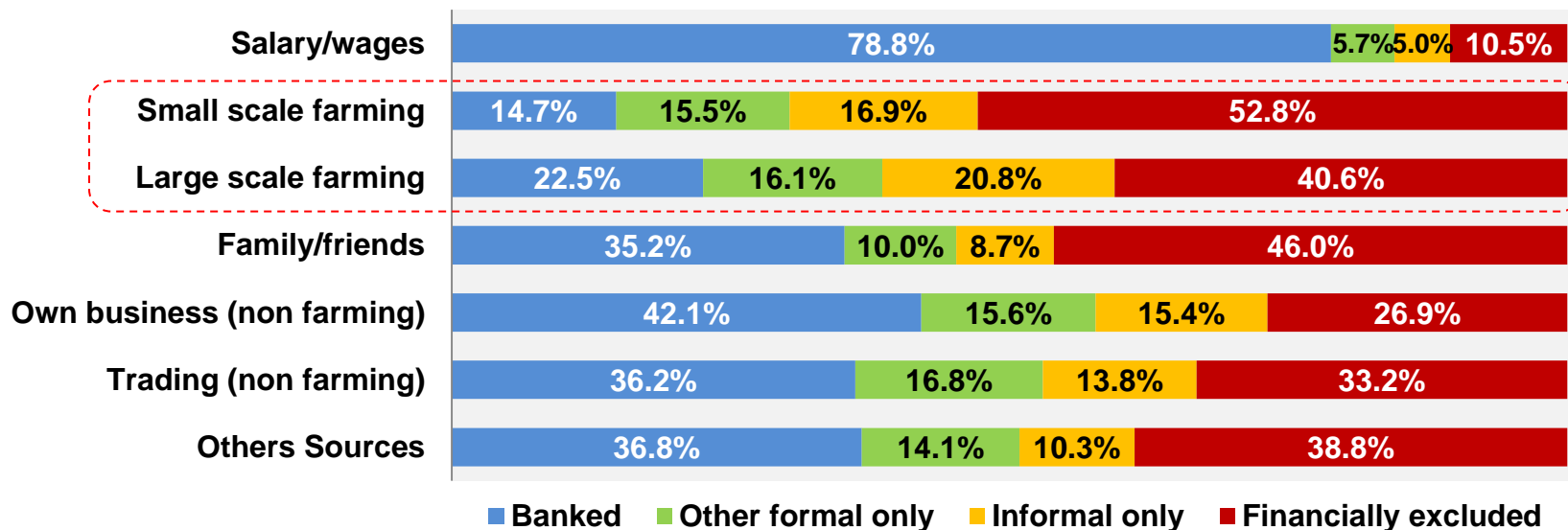
### Financial Access by Geo-Political Zone



# Financial Access by Main Income Source

Financial inclusion is lowest among those who earn from agriculture – both large and small scale agriculture

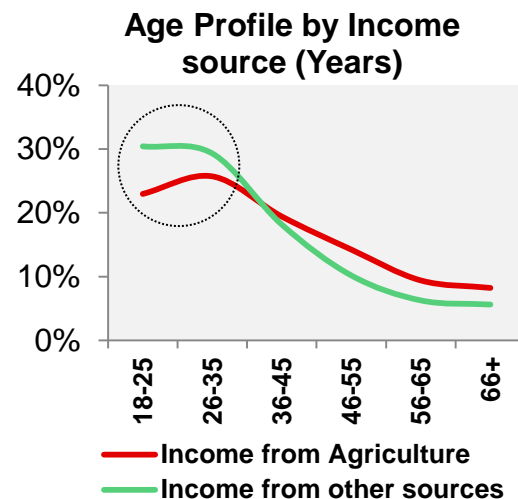
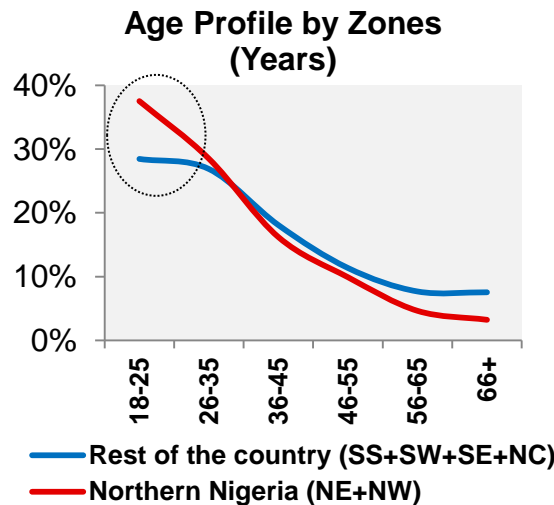
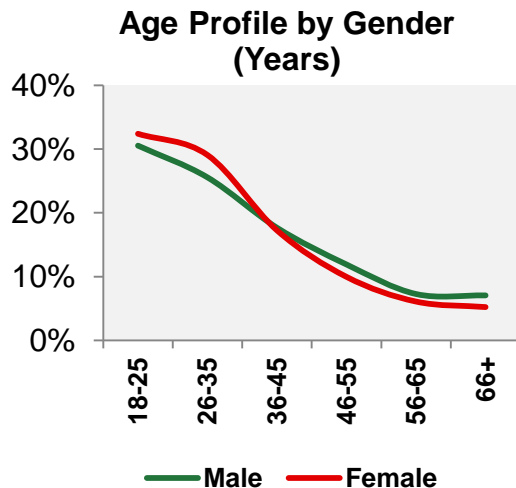
## Financial Access by Main Income Source



# Nigeria's adult population is dominated by young adults (under 35 years of age)

This creates a substantial generation of digital consumers with lower incomes and a view of banking that may differ significantly from prior generations

## Age profile of adult population

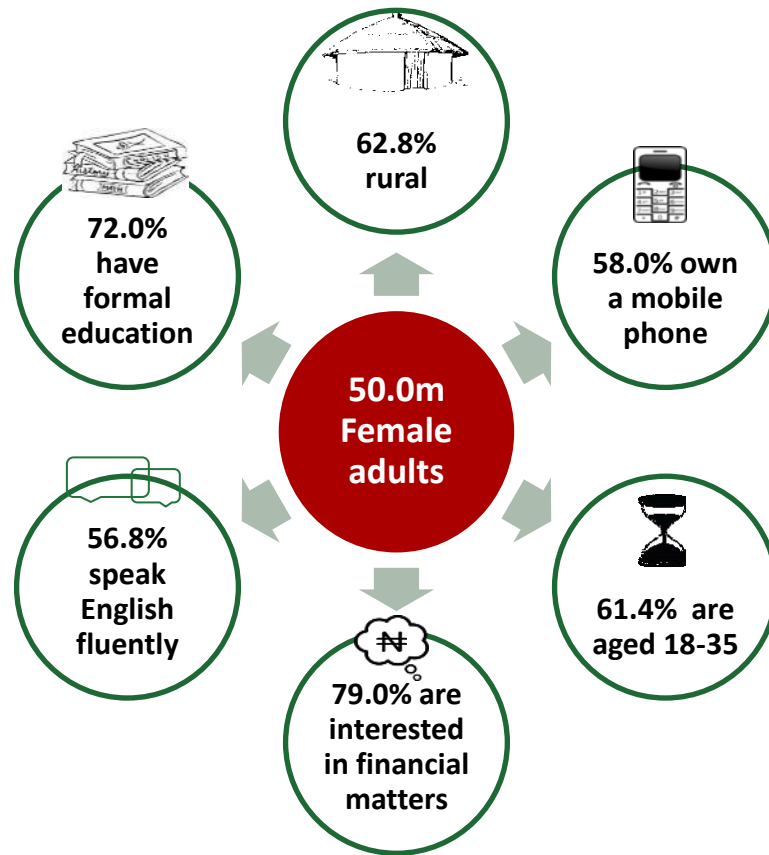


## Overview of Female adults in Nigeria



## Demographic Profile of Female Adults

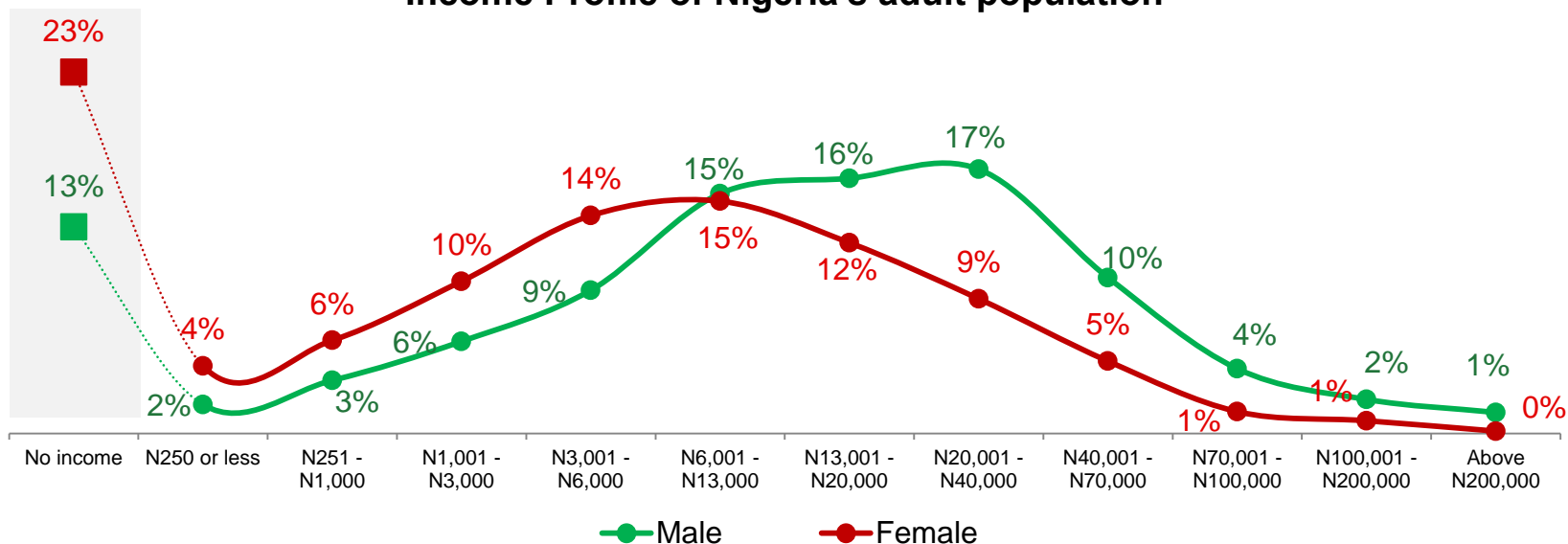
- Of the 50 million female adults:
  - 62.8% reside in rural areas while 37.2% reside in urban areas
  - 61.4% are between the ages of 18-35
  - 72.0% have some level of formal education (primary levels or higher)
  - 56.8% speak English fluently
  - 58.0% own a mobile phone
  - 79.0% are interested in financial matters
  - 64.9% say they are prepared to learn how to use new technology
  - 10.1% use the internet



# 74.5% of the adult female population earn less than ₦70,000 per month

Income levels for the majority are still low (less than ₦70,000 per month) with females more likely to earn less than their male counterparts

## Income Profile of Nigeria's adult population

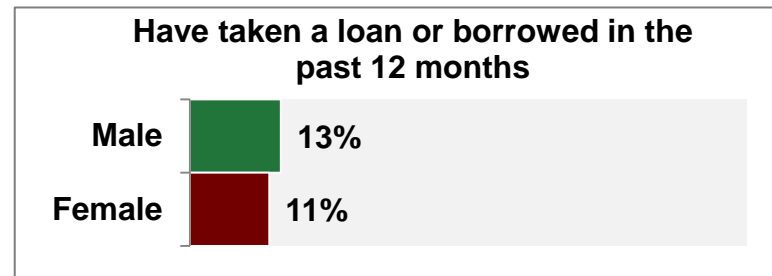
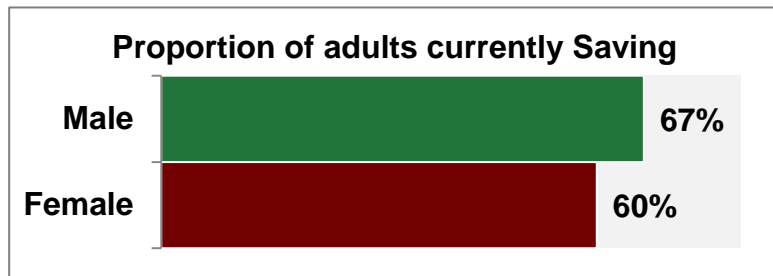


Don't know or refused to answer

- Male: 15.9%
- Female: 15.0%

## Uptake of financial products – Savings and Loans

**Females trail male counterparts on all products, with more females likely to save at home rather than with any formal institutions**

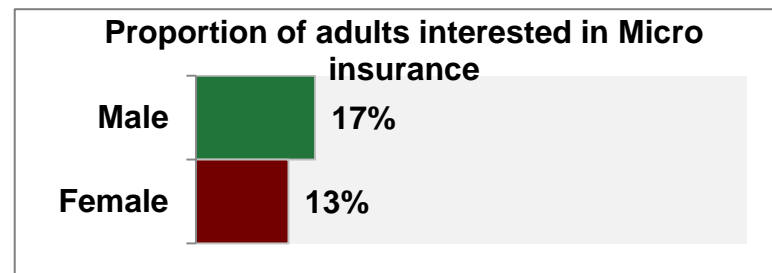
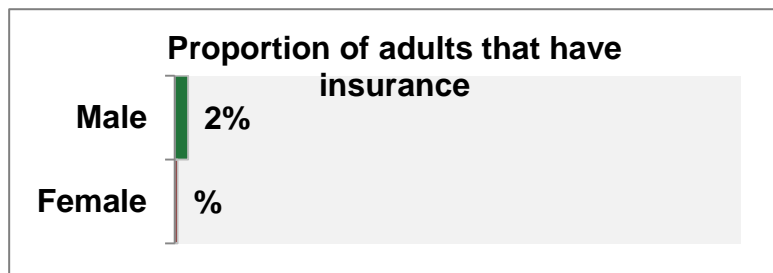


Institutions saving with		
	Male	Female
Home	41%	45%
Deposit money banks	47%	32%
Savings groups or clubs	15%	18%
Savings collectors	12%	20%

Institutions borrowed from		
	Male	Female
Family or friends	61.8%	51.9%
Savings group or club	11.7%	18.2%
Money lender	10.2%	11.1%
Co-operative	8.9%	10.2%

## Uptake of financial products - Insurance

Very low levels of insurance uptake however interest in micro-insurance is significantly higher than current usage of insurance



Risks with highest impact		
	Male	Female
Serious illness	31.4%	35.6%
Death	27.2%	26.8%
Failure of business	7.6%	7.3%
Theft of crops /livestock	7.8%	7.0%

Micro products interested in		
	Male	Female
Business/ goods/ stock	49.6%	57.0%
Health	39.0%	40.7%
Life	38.3%	39.9%
Agriculture - crops	45.5%	35.0%
Household	33.0%	32.8%

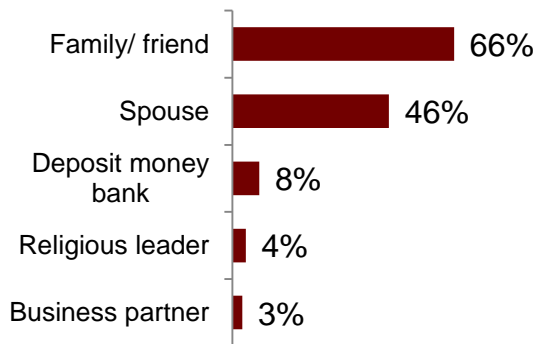


# Financial matters for adult females are largely shaped by their immediate circles of influence

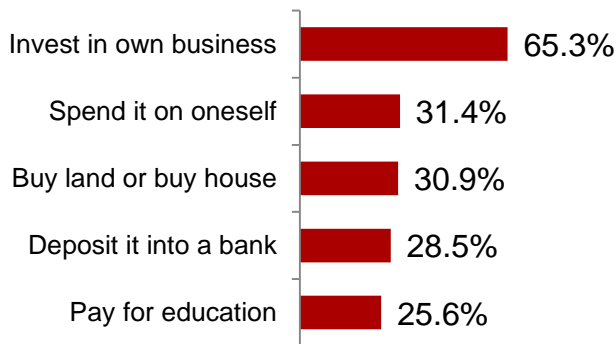
Winning over the female consumer requires products that are acceptable to them, their immediate circles of influence and offer personal rewards

## Financial matters for adult females in Nigeria

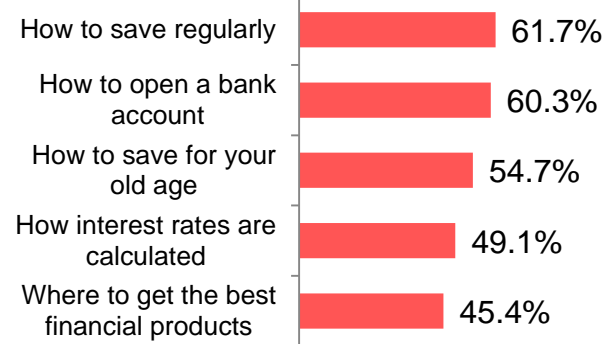
### Sources of financial advice



### What they would do with a large sum of money



### What would you like to learn more about?



## Barriers to Access for Female Adult Non-Users

Deposit Money Bank	Microfinance Bank	Non-interest Banking	Mobile Money	Insurance
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### Demand side

Irregular income					
Can't read or write					
Not aware what products and services are available					
Do not understand the products					
Do not know the benefits of having it					
Do not know where to get it from					
Use other ways to do the same transactions					

### Supply side

Banks are too far from where I live and work					
Cannot afford it					
Services I need are not available					
Lack of trust					
It is not easy to use					

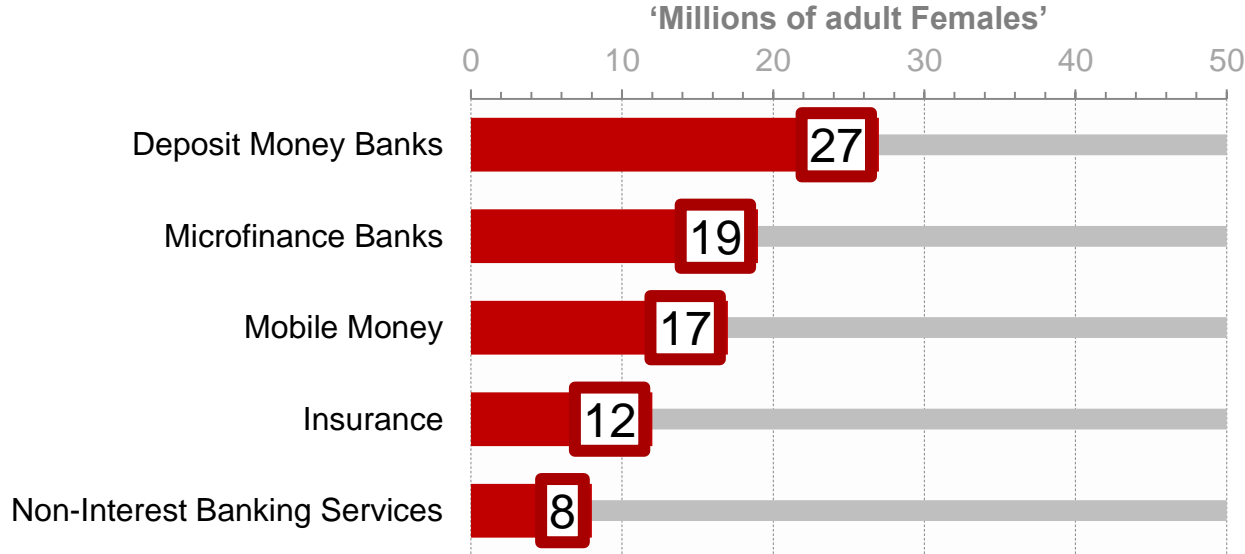
## Opportunity for Financial Inclusion among adult females

### Why Women?

Females represent 53.5% (50 million) of Nigeria's total adult population:

The sheer size of this consumer segment makes them hard to ignore

Number of female non-users that could be encouraged to use various financial services

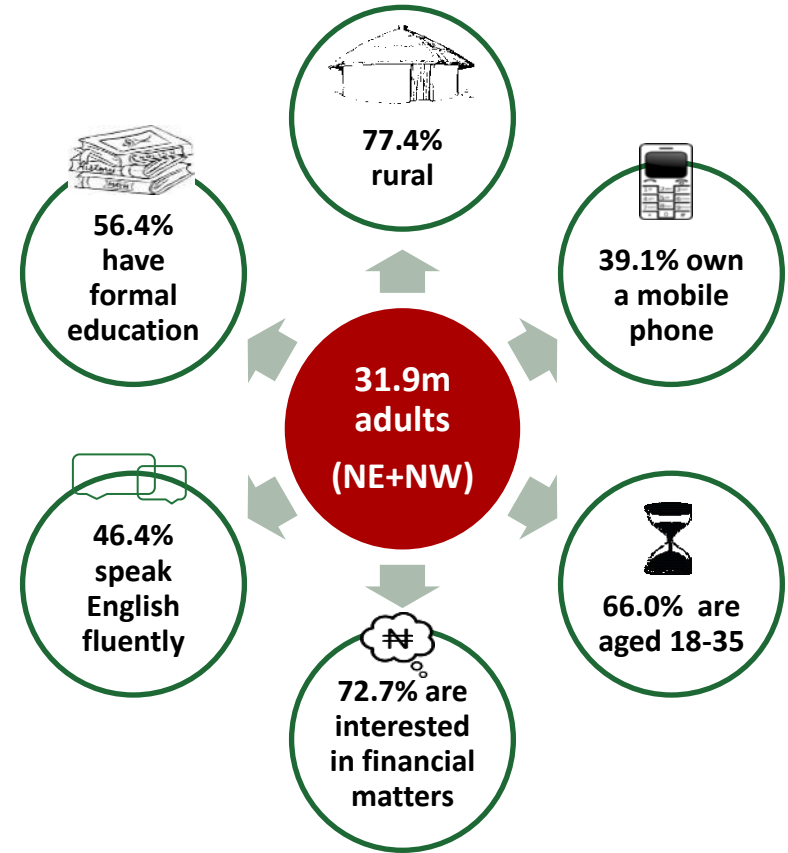


## Overview of adults in Northern Nigeria (North West and North East)



# Demographic Profile of Adults in North West and North East Nigeria

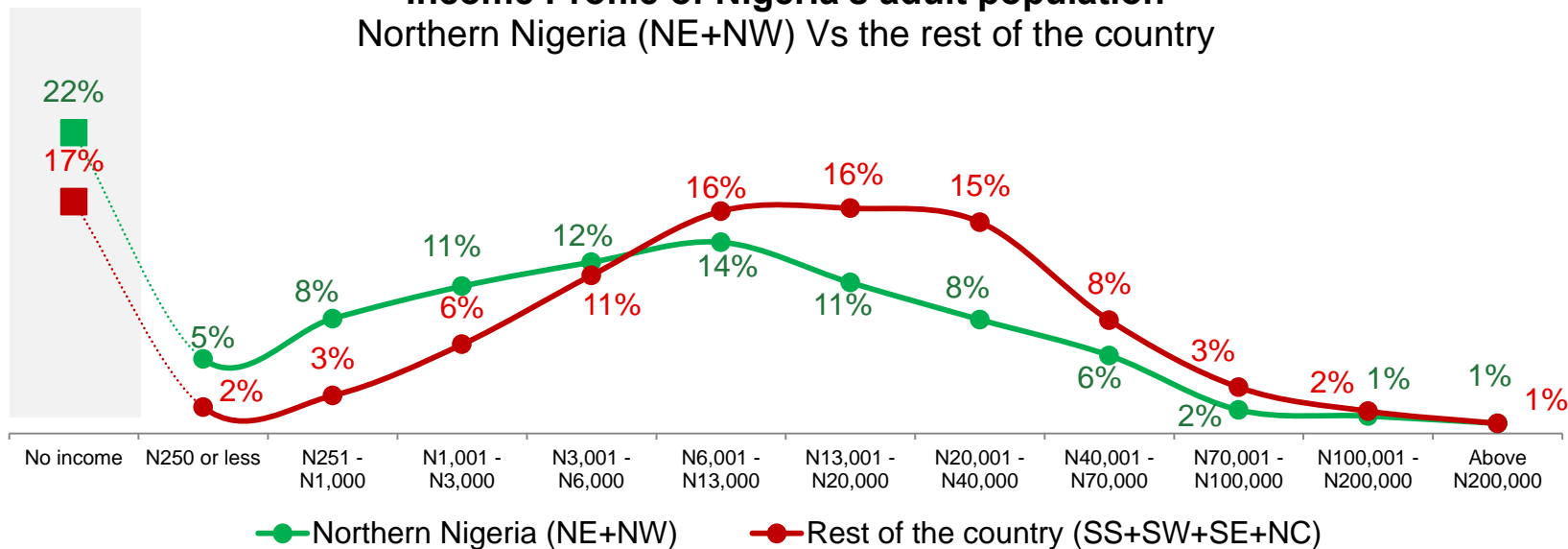
- Of the **31.9 million adults in the NW and NE**:
  - 77.4% reside in rural areas while 22.6% reside in urban areas
  - 66.0% are between the ages of 18-35
  - 56.4% have some level of formal education (primary levels or higher)
  - 46.4% speak English fluently
  - 39.1% own a mobile phone
  - 72.7% are interested in financial matters
  - 54.0% say they are prepared to learn how to use new technology
  - 8.5% use the internet



# 74.8% of the adult population in Northern Nigeria earn less than ₦70,000 per month

Income levels in the northern regions are generally lower than other regions of the country

**Income Profile of Nigeria's adult population**  
Northern Nigeria (NE+NW) Vs the rest of the country



Don't know or refused to answer

- Northern Nigeria: 12.3%
- Rest of the country: 17.3%

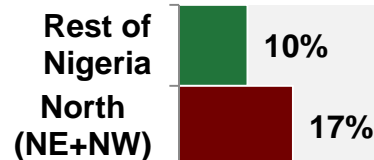
## Uptake of financial products – Savings and Loans

In comparison to the rest of Nigeria, a higher proportion of adults in the North have borrowed or taken a loan in the past 12 months and friends or family are the dominant channel for borrowing

Proportion of adults currently Saving



Have taken a loan or borrowed in the past 12 months



Institutions saving with

	North	Rest of Nigeria
Home	72.0%	31.0%
Deposit money banks	22.2%	46.5%
Family or friends	12.4%	6.0%
Savings groups or clubs	9.8%	19.6%
Savings collectors	6.9%	19.7%

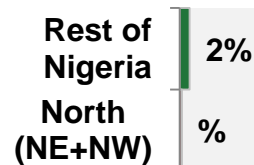
Institutions borrowed from

	North	Rest of Nigeria
Family or friends	83.0%	34.3%
Money lender	7.9%	13.0%
Savings group or club	4.6%	23.8%
Non-interest banking providers	2.6%	2.0%

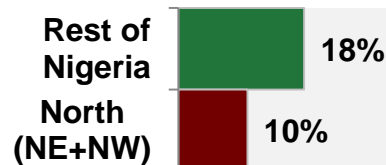
## Uptake of financial products - Insurance

Very low levels of insurance uptake however interest in micro-insurance is significantly higher than current usage of insurance

Proportion of adults that have insurance



Proportion of adults interested in Micro insurance



Risks with highest impact

	North	Rest of Nigeria
Serious illness	43.8%	26.4%
Death	23.4%	29.5%
Theft of crop/livestock	9.1%	6.2%
Crop/ livestock destruction	6.0%	6.1%

Micro products interested in

	North	Rest of Nigeria
Agriculture - livestock	50.6%	27.0%
Business/ goods/ stock	47.8%	54.7%
Health	39.3%	40.0%
Agriculture - crops	35.8%	42.0%
Household	30.0%	33.9%

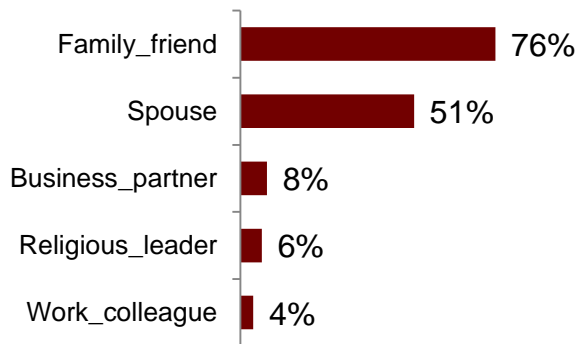


## Financial matters for adults in Northern Nigeria (NE and NW)

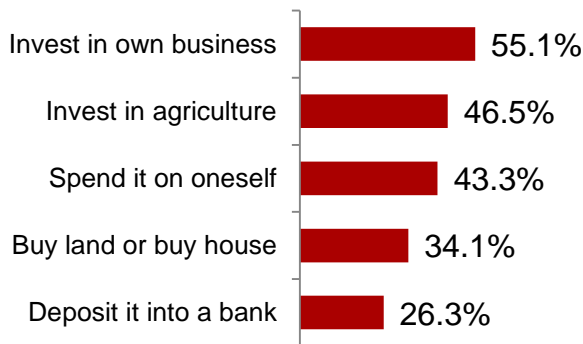
This target group is similar to the rest of the country in that they also rely on family and friends for financial advice and if they came across a large sum of money, most would start by investing in their own business

### Financial matters for adults in Northern Nigeria (NE and NW)

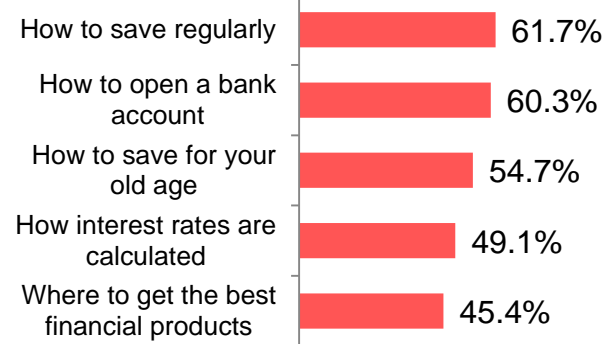
#### Sources of financial advice



#### What they would do with a large sum of money



#### What would you like to learn more about?



# Barriers to Access for Non-Users in the North West and North East Zones

Deposit Money Bank	Microfinance Bank	Non-interest Banking	Mobile Money	Insurance
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## Demand side

Irregular income				
Unemployed				
Can't read or write				
Not aware what products and services are available				
Do not understand the products				
Do not know the benefits of having it				
Do not know where to get it from				
Do not believe in it or religious reasons				
Use other ways to do the same transactions				

## Supply side

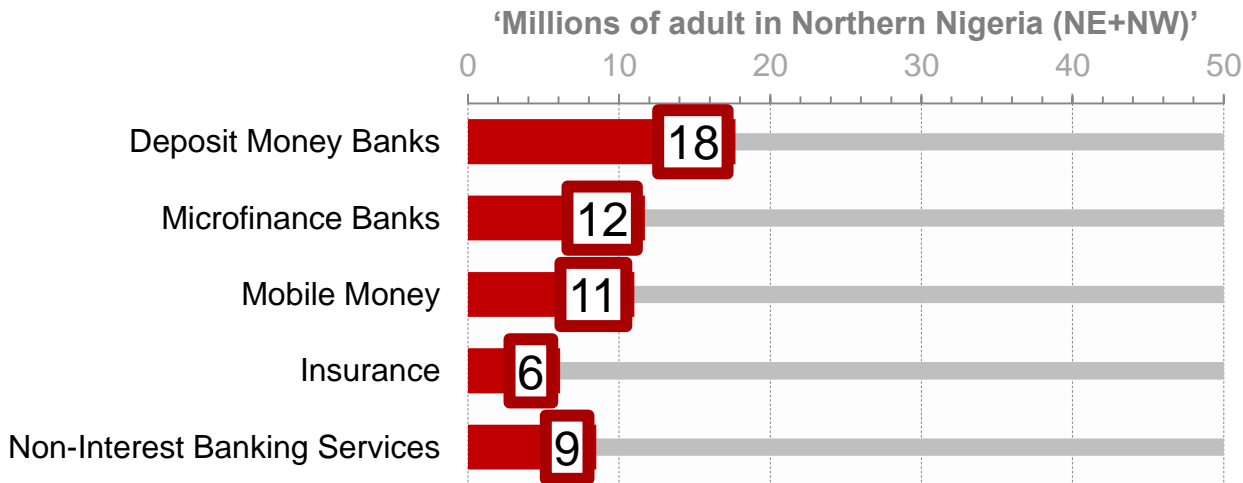
Banks are too far from where I live and work				
Cannot afford it				
Services I need are not available				
Lack of trust				
It is not easy to use				

# Opportunity for Financial Inclusion among adults in Northern Nigeria (NE+NW)

## Why Northern Nigeria?

Out of an adult population of 31.9 million in the NW and NE regions, 19.3 million (60.4%) are financially excluded which is significantly higher than any other region of Nigeria

Number of non-users that could be encouraged to use various financial services



## **Overview of Agricultural producers and entrepreneurs.**

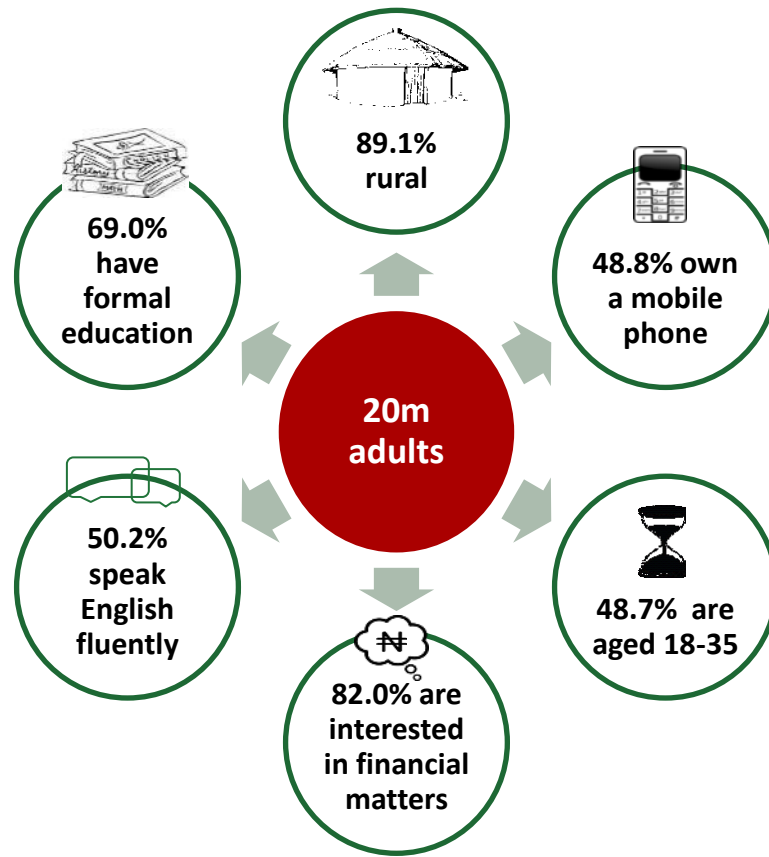
All adults whose main source of income is agriculture



## Demographic Profile adults earning from agriculture

■ Of the **20 million adults** whose main source of income is **Agriculture**:

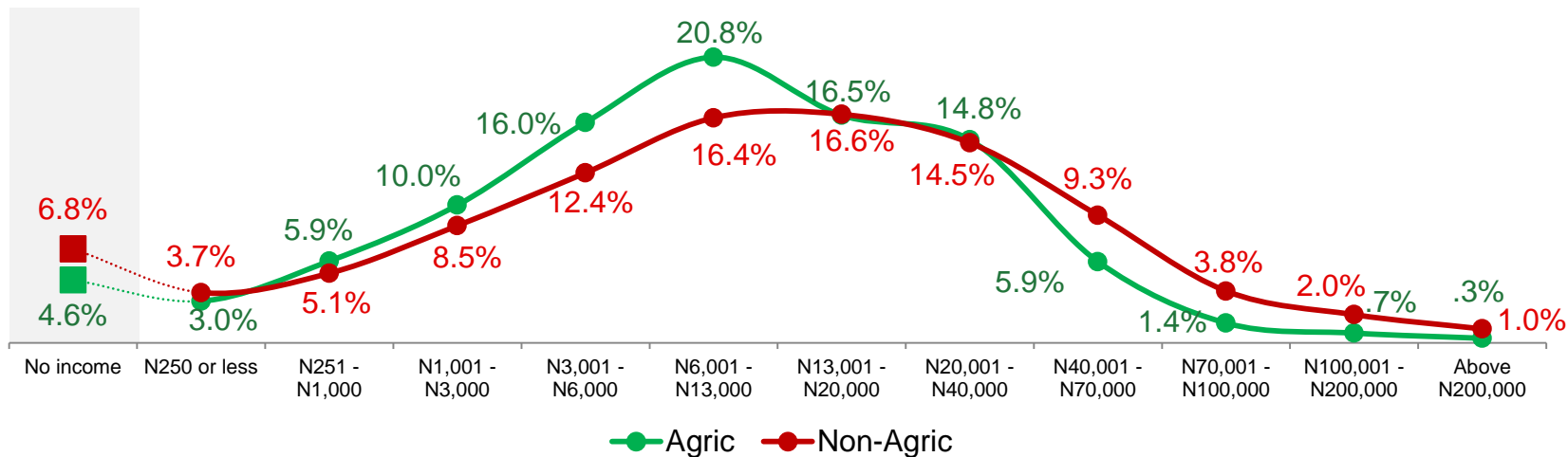
- 14.1 million (70.8%) earn from small scale agriculture
- 56.6% say they are prepared to learn how to use new technology
- 2.8% use the internet



# 93.0% of the adult population whose main income is from agriculture earn less than ₦70,000 per month

In comparison to other sources of income, a bigger proportion of those earning from agriculture fall within the lower income bands

**Income Profile of Nigeria's adult population**  
Agriculture Vs Other sources

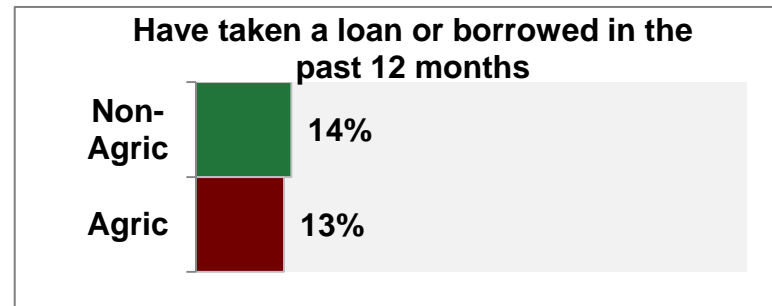
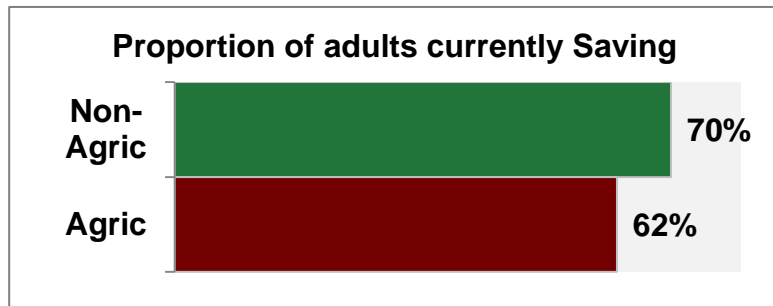


Don't know or refused to answer

- Agric: 14.0%
- Non-Agric: 17.6%

## Uptake of financial products – Savings and Loans

Those earning from agriculture are more likely to save at home and borrow from savings groups or clubs

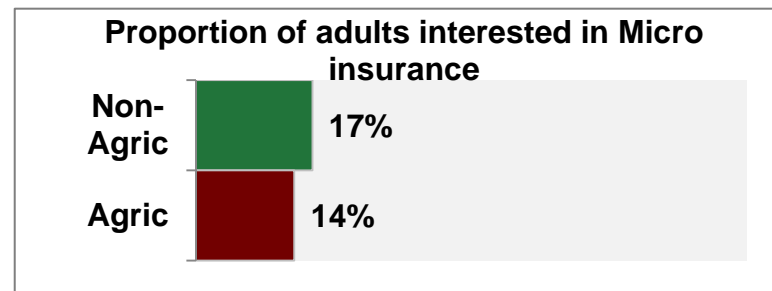
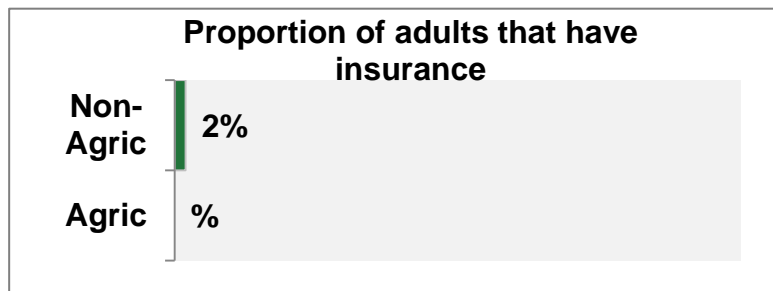


Institutions saving with		
	Agric	Non-Agric
Home	54.8%	39.1%
Deposit money banks	14.8%	47.4%
Savings groups or clubs	20.1%	16.2%
Savings collectors	12.3%	17.2%
Village/ Community associations	16.4%	6.4%

Institutions borrowed from		
	Agric	Non-Agric
Family or friends	55.2%	56.1%
Savings group or club	22.9%	12.5%
Money lender	14.9%	9.8%
Co-operative	5.8%	11.2%
Microfinance bank	2.2%	6.7%

## Uptake of financial products - Insurance

Very low levels of insurance uptake however interest in micro-insurance is significantly higher than current usage of insurance



### Risks with highest impact

	Agric	Non-Agric
Serious illness	32.9%	34.1%
Death	26.8%	26.3%
Failure of business	3.7%	9.3%
Theft of crops /livestock	11.4%	5.8%

### Micro products interested in

	Agric	Non-Agric
Agriculture - crops	78.2%	30.6%
Agriculture - livestock	46.7%	29.1%
Business or goods or stock	39.0%	58.1%
Health	37.0%	40.8%
Life	36.0%	39.2%

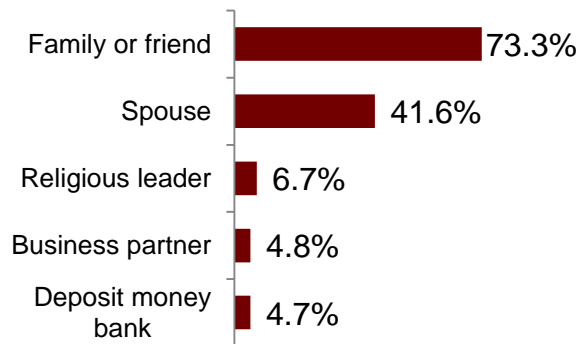


## Financial matters for adults earning from agriculture

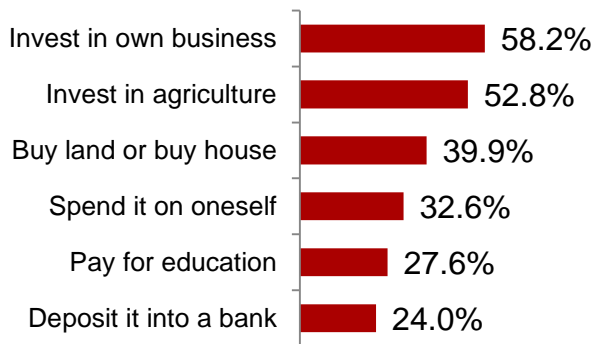
Family and friends play an important role in shaping financial knowledge among those earning from agriculture. Growing their business would a priority if they came across a large sum of money

### Financial matters for Nigerian adults earning from agriculture

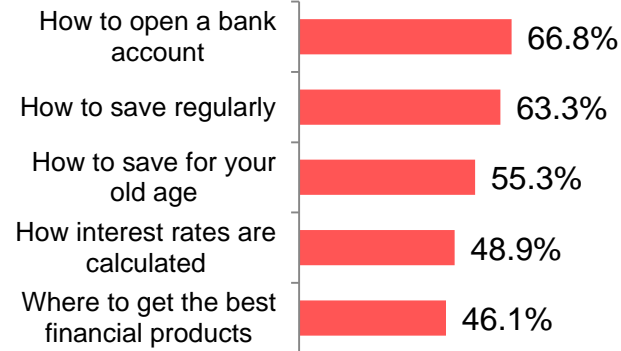
#### Sources of financial advice



#### What they would do with a large sum of money



#### What would you like to learn more about?



# Barriers to Access for adults earning from agriculture

Deposit Money Bank	Microfinance Bank	Non-interest Banking	Mobile Money	Insurance
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## Demand side

Irregular income					
Can't read or write					
Do not know the benefits of having it					
Do not know where to get it from					
Interest earned on deposits is low					
Interest on loans too high					

## Supply side

Banks are too far from where I live and work					
It is expensive					
Services I need are not available					
Too much corruption					
Have to keep minimum balance in the bank					
It is not easy to use					
Don't understand non-interest banking products					

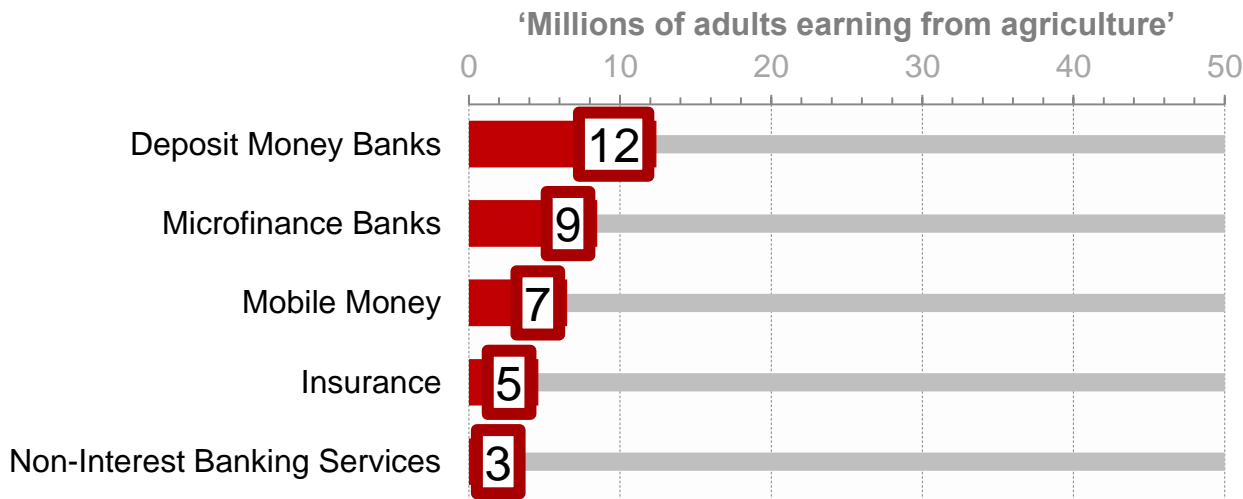
# Opportunity for Financial Inclusion among adults earning from agriculture

## Why Agriculture?

With a population of 20 million adults, they represent a large consumer segment

Despite earning fairly lower income, more than half would like to invest in their businesses if they had money

Number of non-users that could be encouraged to use various financial services

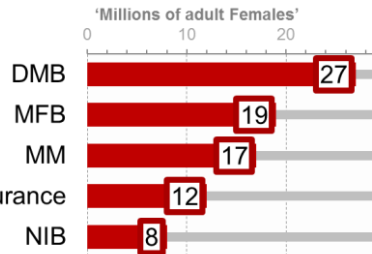


## Overall summary

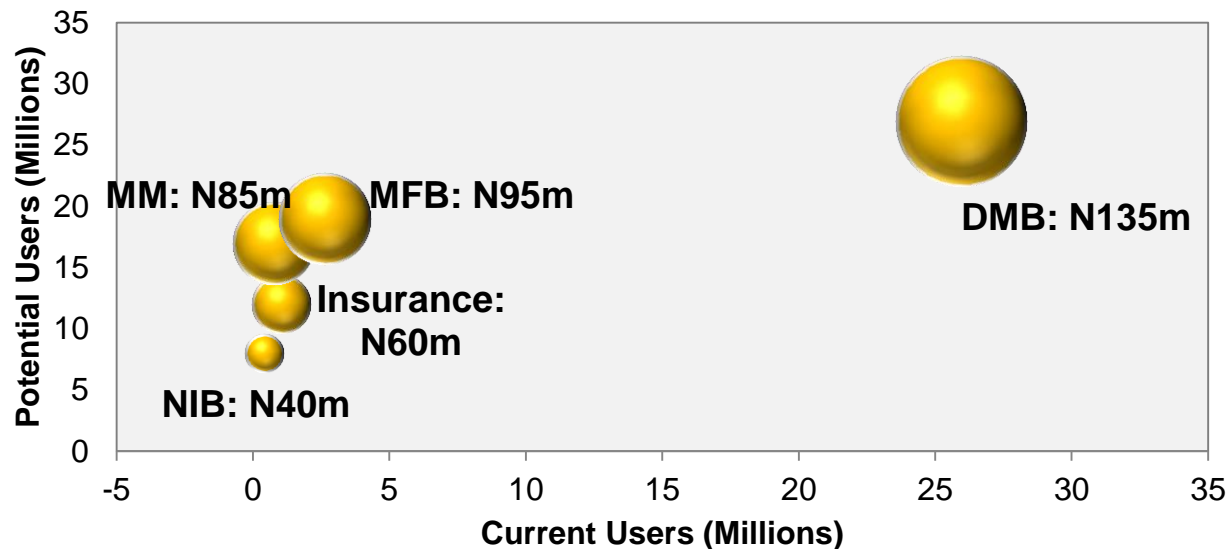


# Revenue potential at N50 per transaction

An example of adult Females only



← 10% of target population charged N50 per transaction



Bubble size represents estimated revenue in Naira that will be earned if 10% of potentials users are brought on board and charged N50 per transaction – multiple transactions would directly result in additional revenue

## Overall Summary

Three traits are common across all target groups;

### Entrepreneurial spirit

Given a chance, most would invest in their own business

### Family and Friends

Key influence on financial decisions

### Low Incomes

Majority earn less than 70,000 Naira per month

Connect with them by offering **relevant** financial products that provide;  
**Value, Convenience and Ease of use**

The higher proportion of young adults across all target groups provides a solid platform for long term growth

# Thank You

