

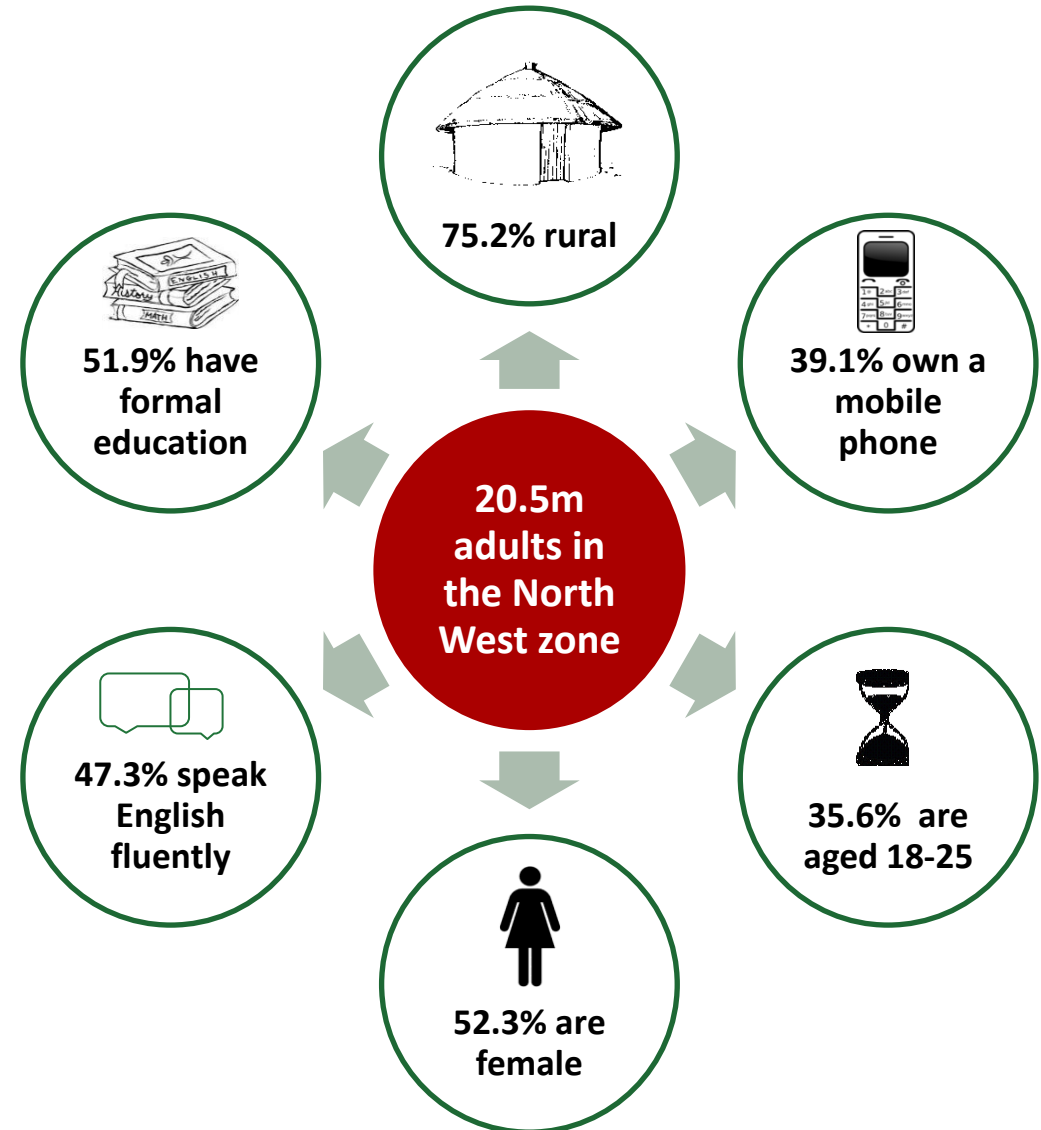
EFInA: Did You Know Series Six

EFInA Access to Financial Services in Nigeria 2014 Survey

Key Findings: Profile of Adults in the North West and North East Geopolitical Zones

Demographic Profile of Adults in the North West Zone

- Of the **20.5 million adults** in the North West geopolitical zone:
 - 47.7% (9.8 million) are male while 52.3% (10.7million) are female
 - 75.2% reside in rural areas while 24.8% reside in urban areas
 - 35.6% are between the ages of 18-25; 64.1% are between the ages of 18-33
 - 51.9% have some level of formal education (primary levels or higher)
 - 47.3% speak English fluently
 - 39.1% own a mobile phone
 - 75.3% are interested in financial matters
 - 56.7% say they are prepared to learn how to use new technology
 - 7.6% use the internet

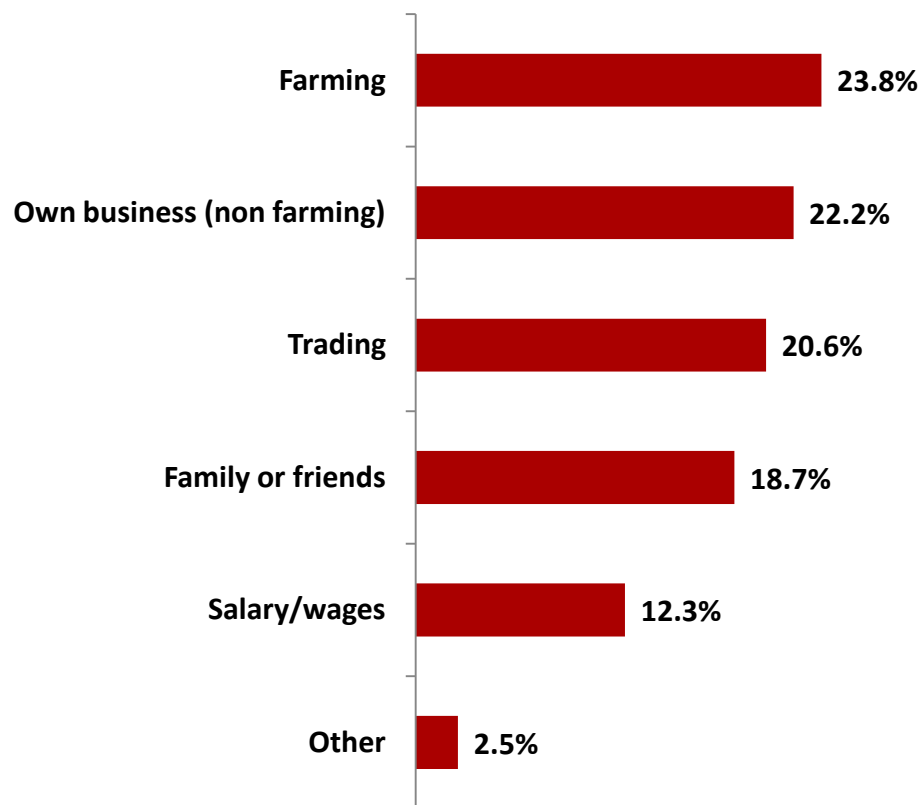


Income Profile of Adults in the North West Zone

- The primary sources of income in the North West zone are farming, own business and trading
- Of adults in the North West zone that are willing to disclose income levels, 40.2% earn between N3,001 – N20,000 per month

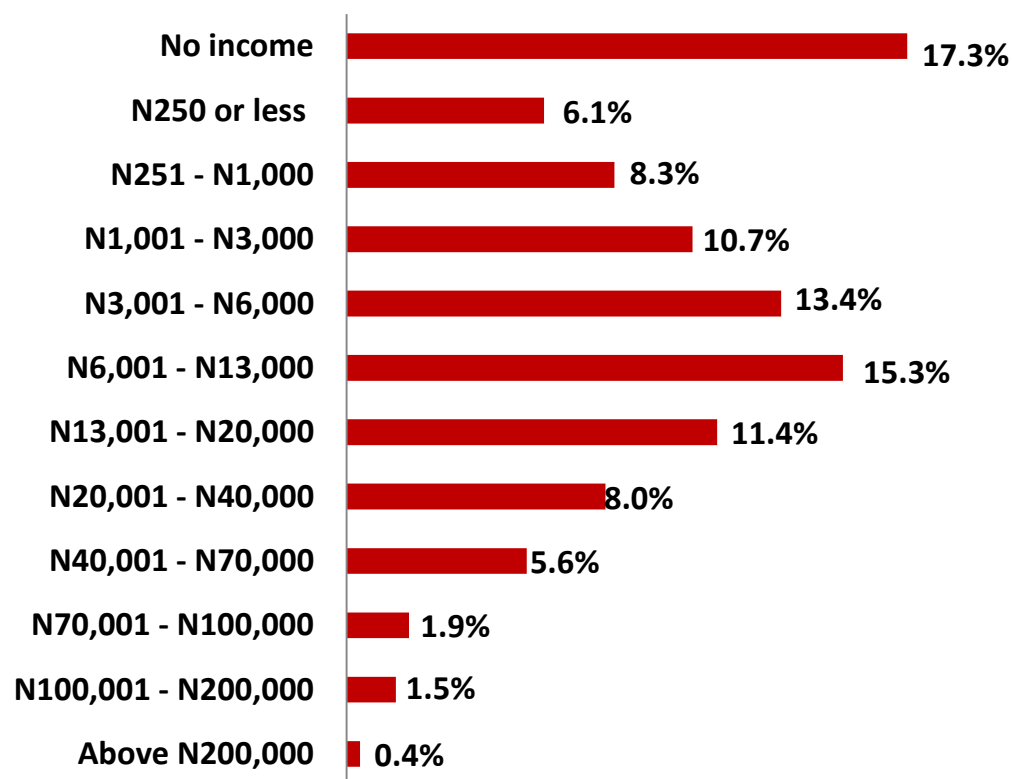
Main source of income

Percentage of adults in the North West zone that earn income



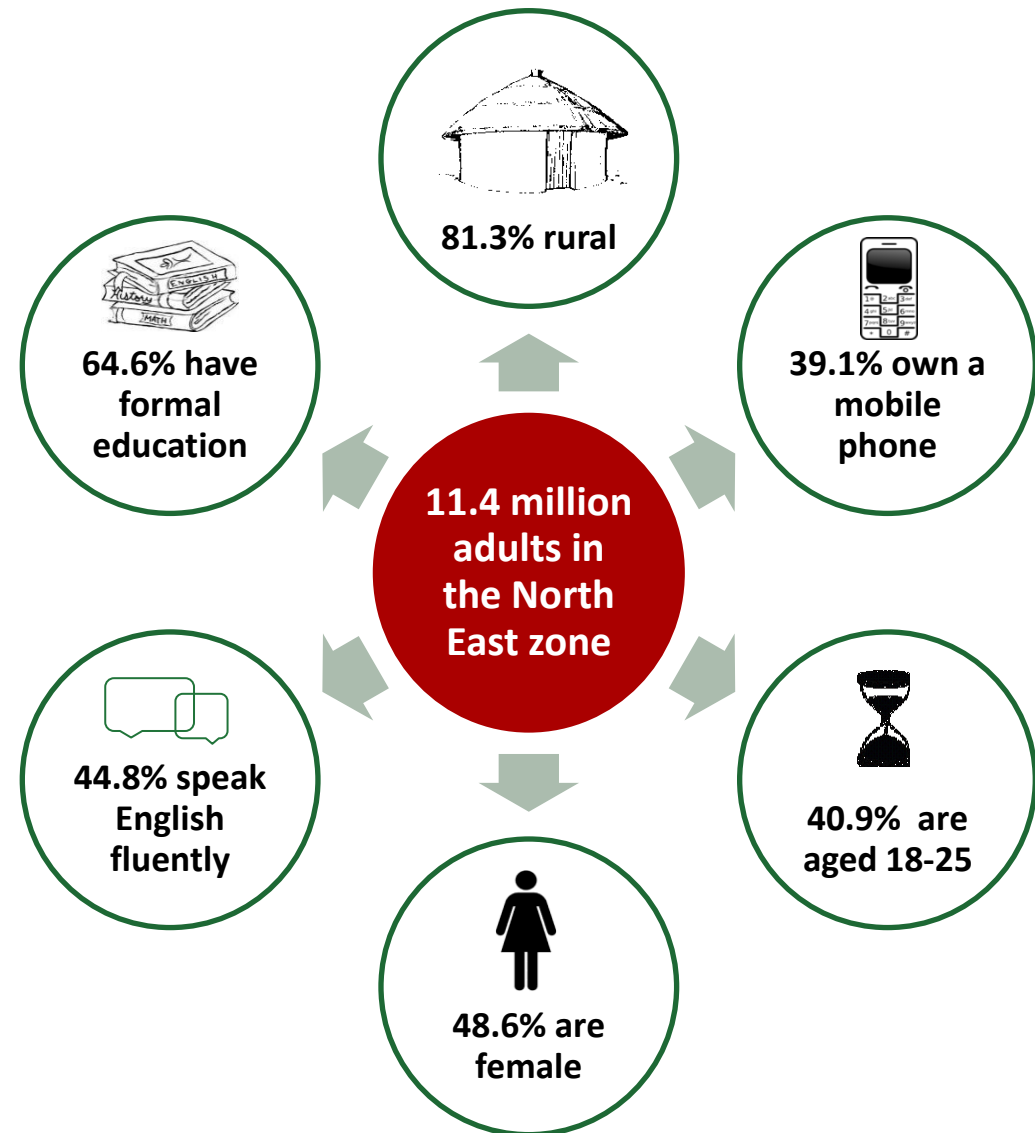
Average monthly income levels

Percentage of adults in the North West aware of and willing to disclose income levels



Demographic Profile of Adults in the North East Zone

- Of the **11.4 million adults** in the North East geopolitical zone:
 - 51.4% (5.9 million) are male while 48.6% (5.5 million) are female
 - 81.3% reside in rural areas while 18.7% reside in urban areas
 - 40.9% are between the ages of 18-25; 69.5% are between the ages of 18-33
 - 64.6% have some level of formal education (primary levels or higher)
 - 44.8% speak English fluently
 - 39.1% own a mobile phone
 - 68.0% are interested in financial matters
 - 49.1% say they are prepared to learn how to use new technology
 - 10.1% use the internet

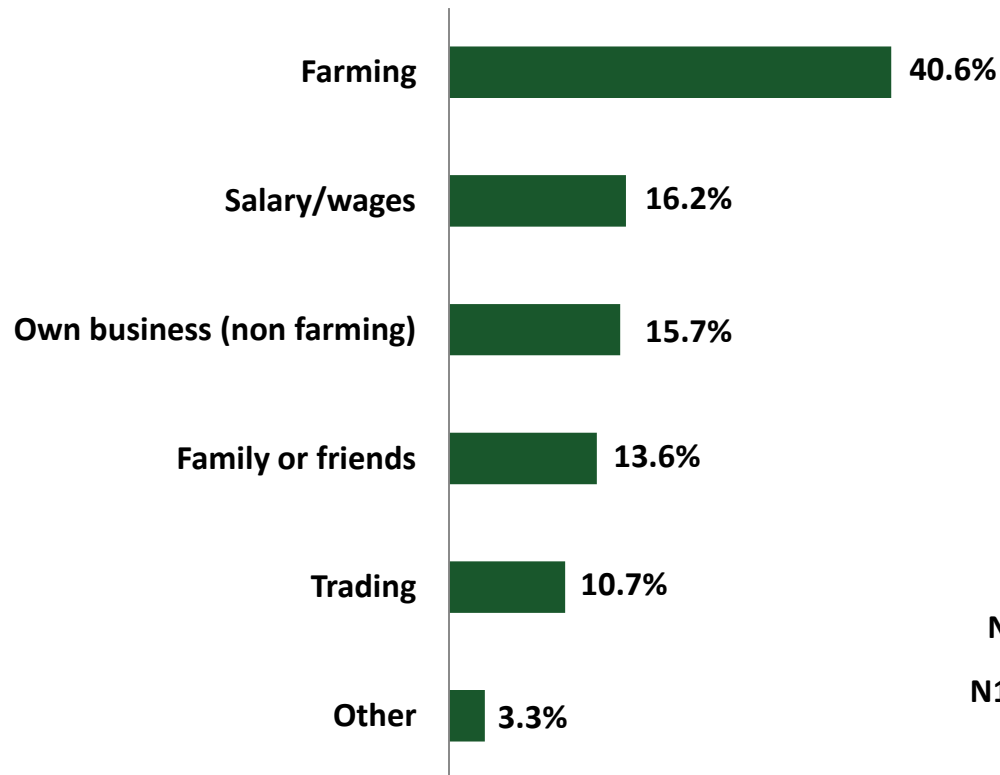


Income Profile of Adults in the North East Zone

- Farming is the most common source of income in the North East zone
- 30.2% of adults in the North East zone say that they have no income

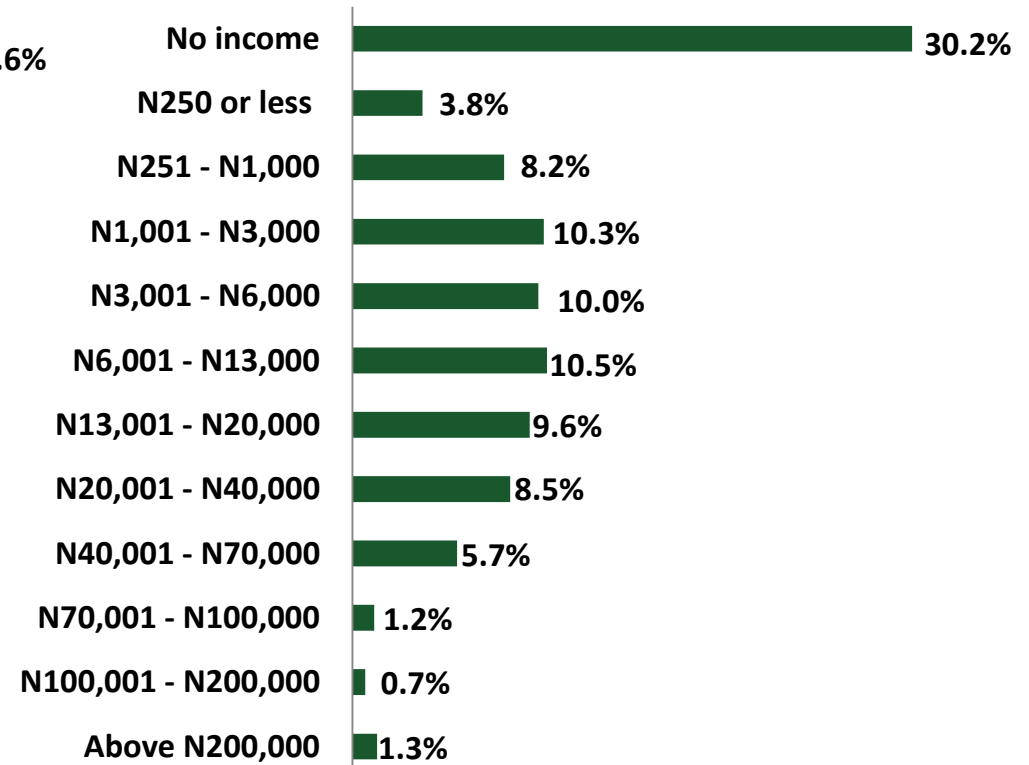
Main source of income

Percentage of adults in the North East zone that earn income



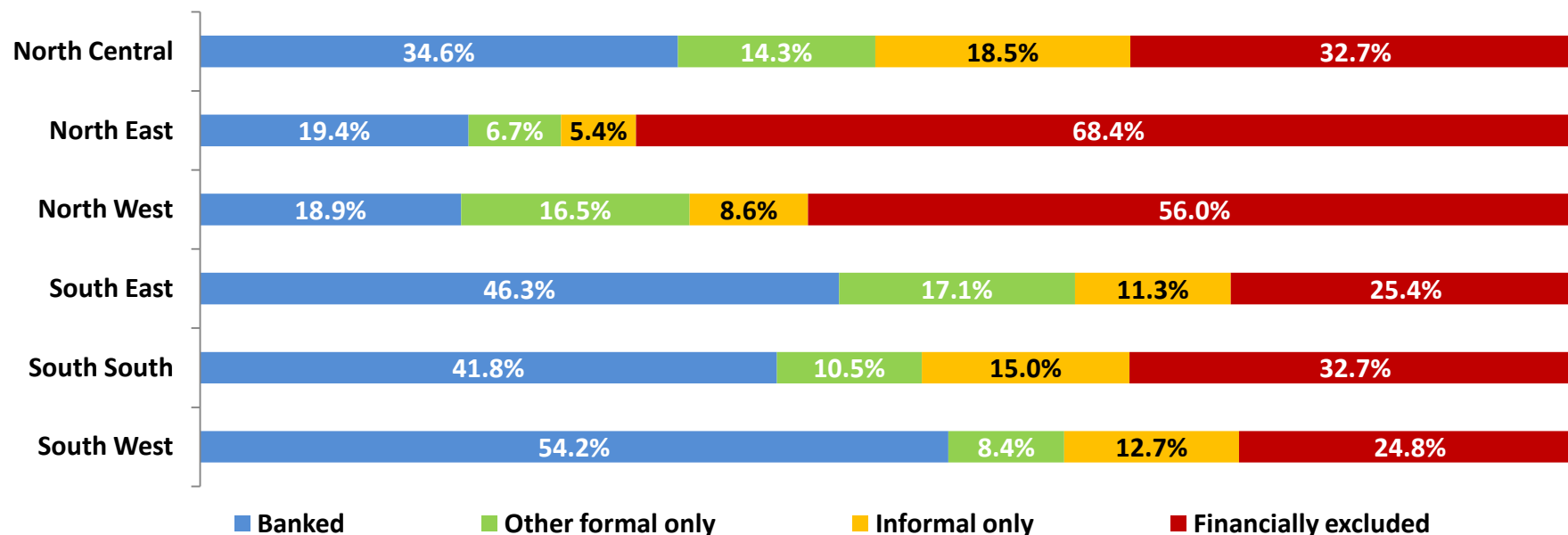
Average monthly income levels

Percentage of adults in the North East zone aware of and willing to disclose income levels



Financial Access by Geo-Political Zone

- 6.1 million adults in the North West and North East zones are banked
- There are 19.3 million financially excluded adults in the North West and North East zones. This accounts for slightly more than half (52.3%) of all financially excluded adults in Nigeria, despite the fact that the North West and North East zones only account for 34.2% of the adult population in Nigeria



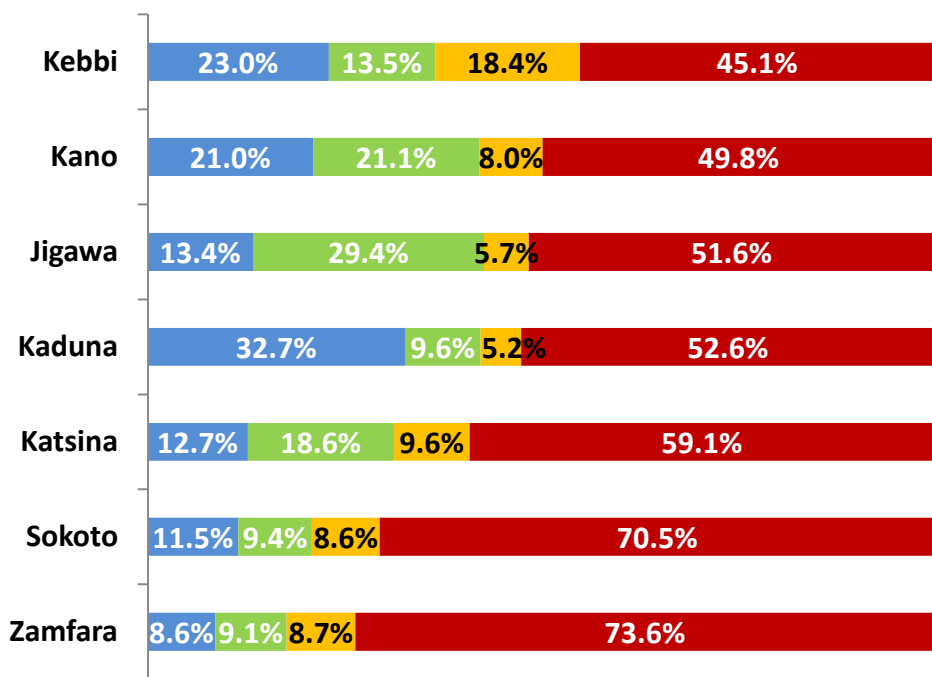
DEFINITIONS OF FINANCIAL ACCESS

- 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 State in the North West and North East Zones

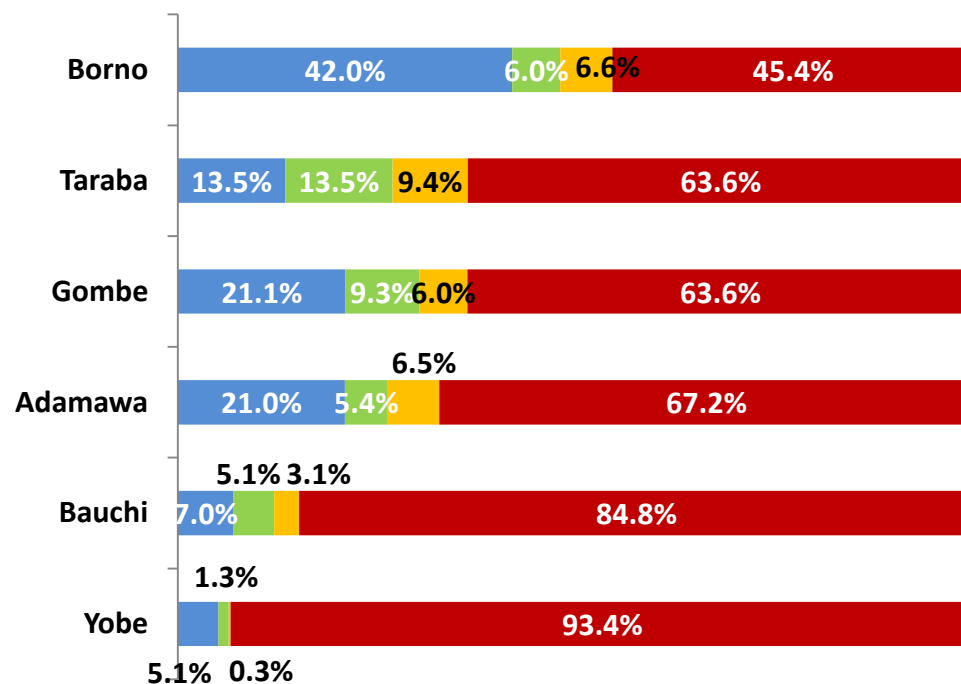
- In the North West zone, the states with the highest percentages of financially excluded adults are Zamfara and Sokoto States. Kano State has the largest number of financially excluded adults, at 2.5 million
- In the North East zone, the states with the highest percentages of financially excluded adults are Yobe and Bauchi States. Bauchi State has the largest number of financially excluded adults, at 2.1 million

Financial access by state in the North West zone



Banked Other formal only Informal only Financially excluded

Financial access by state in the North East zone

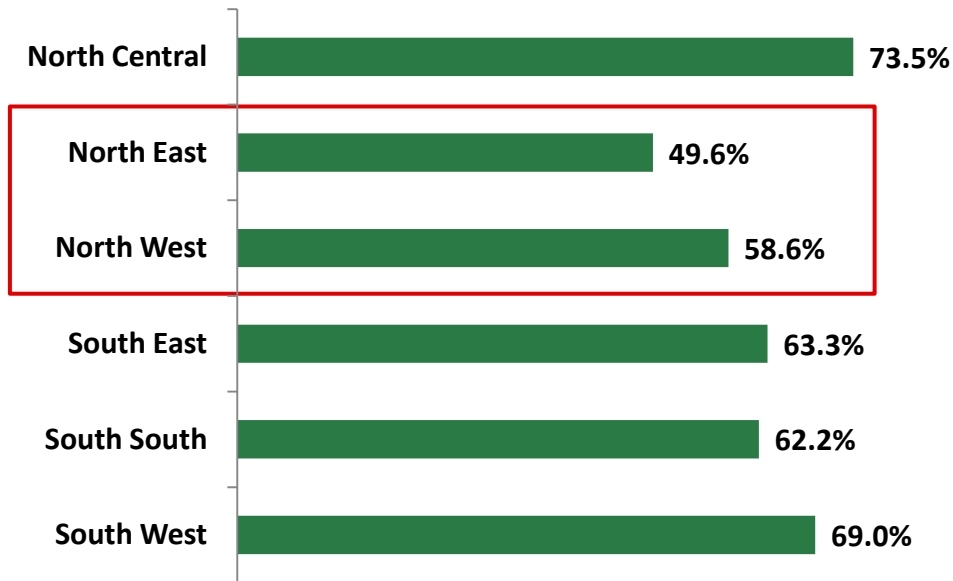


Banked Other formal only Informal only Financially excluded

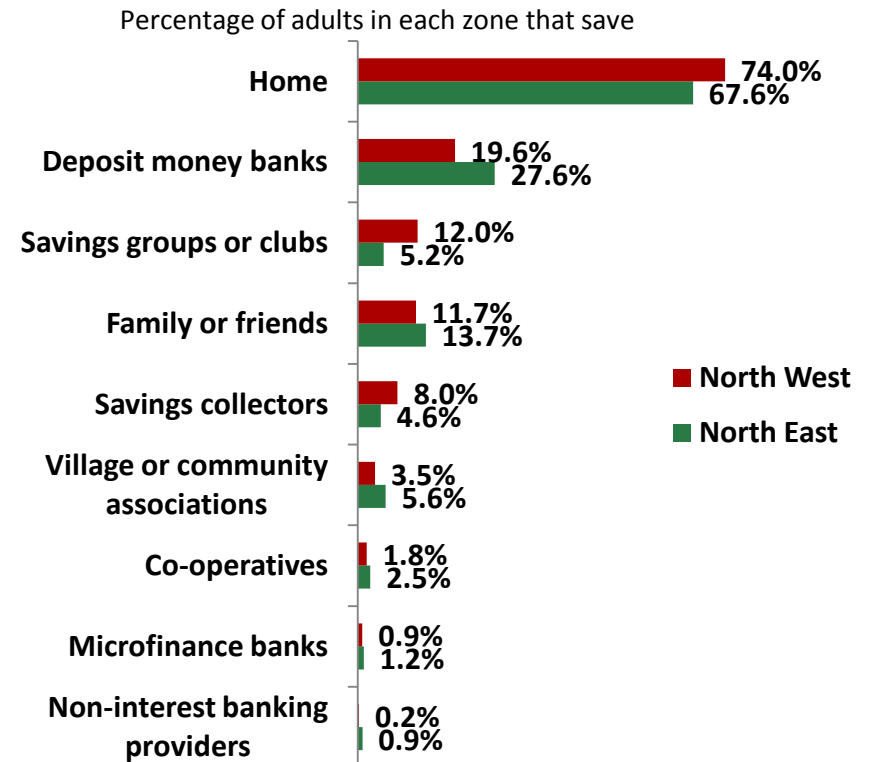
Savings

- Adults in the North West and North East zones are less likely than adults in other zones to report saving
- Compared to other zones, adults in the North West and North East zones are more likely to save at home or with family or friends, and less likely to save with banks, microfinance banks, savings groups, savings collectors, or village/community associations
- 12.7 million adults in the North West and North East zones save money at home, representing nearly half of Nigerian adults that are saving at home (12.8 million adults in the other zones save money at home)

Percentage of adults in each zone that save

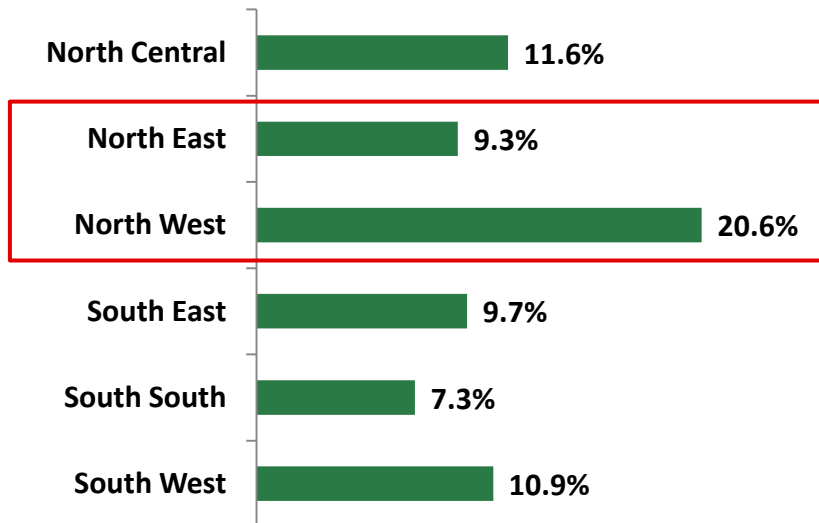


With whom or which institution do you have savings?



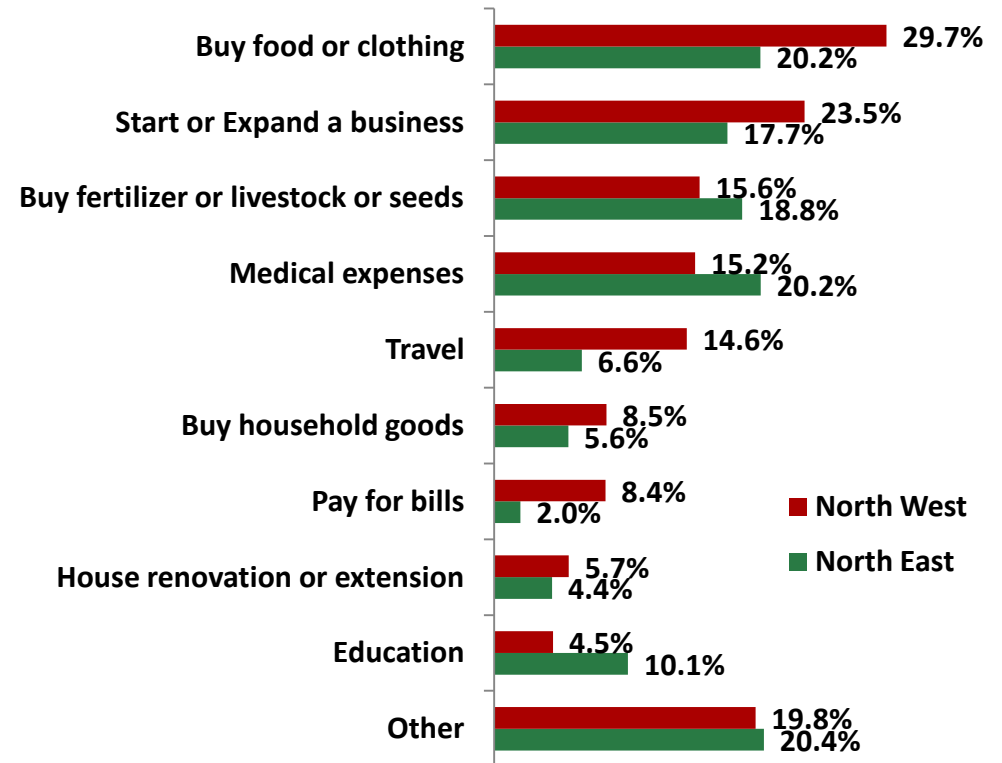
- Adults in the North West zone are more likely than those in other zones to report having taken out a loan in the prior 12 months
- The top reasons given by adults in these zones for borrowing are a combination of household needs (food/clothing and medical expenses) and investment in potential income-generating activities (starting/expanding a business or purchasing agricultural inputs)

Percentage of adults in each zone that have borrowed money in the prior 12 months



For what purpose did you borrow/take a loan?

Percentage out of adults per zone that have borrowed

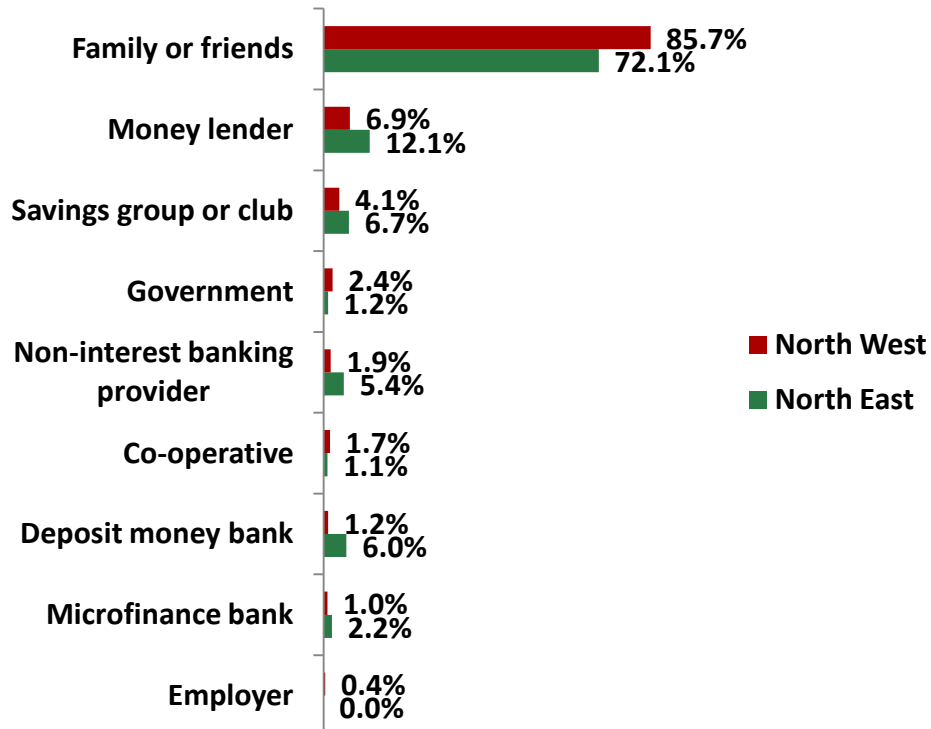


Sources of Credit

- Adults in the North West and North East zones are more likely than those in other zones to borrow from family or friends, and less likely to borrow from microfinance banks, co-operatives or savings groups/clubs
- The top reason given by adults in the North West and North East zones for choosing a lender is getting the money as soon as possible, followed by considerations related to repayment periods and flexibility of repayment. Adults in the North West and North East zones are less likely than those in other zones to take low interest rates and affordability of monthly instalments into account when selecting a credit source

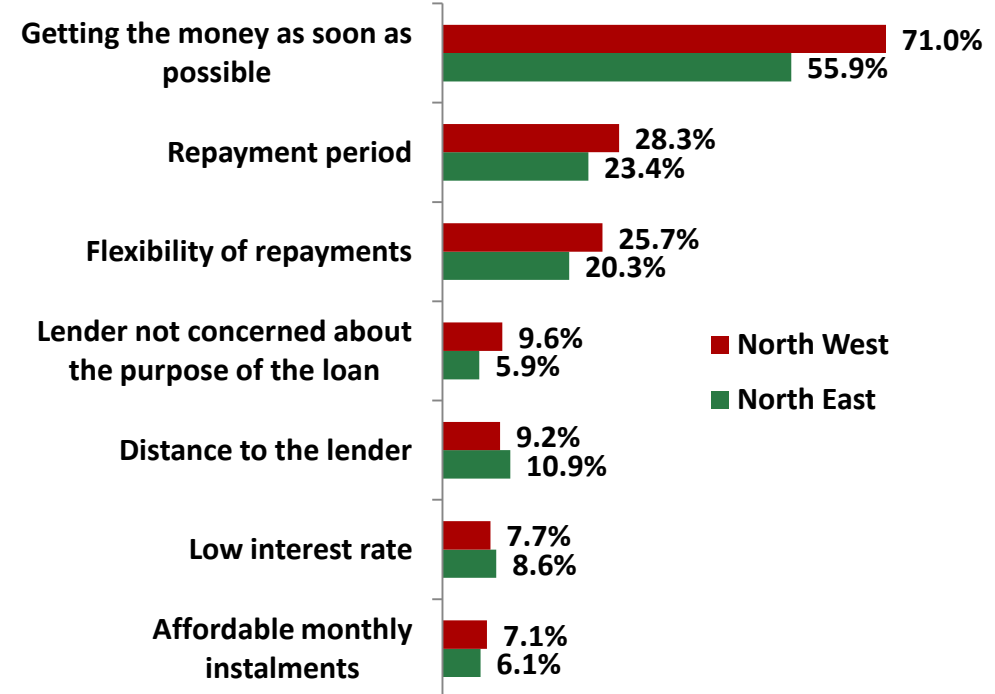
Sources of credit

Percentage of adults that have borrowed in the prior 12 months



Reasons for selecting credit source

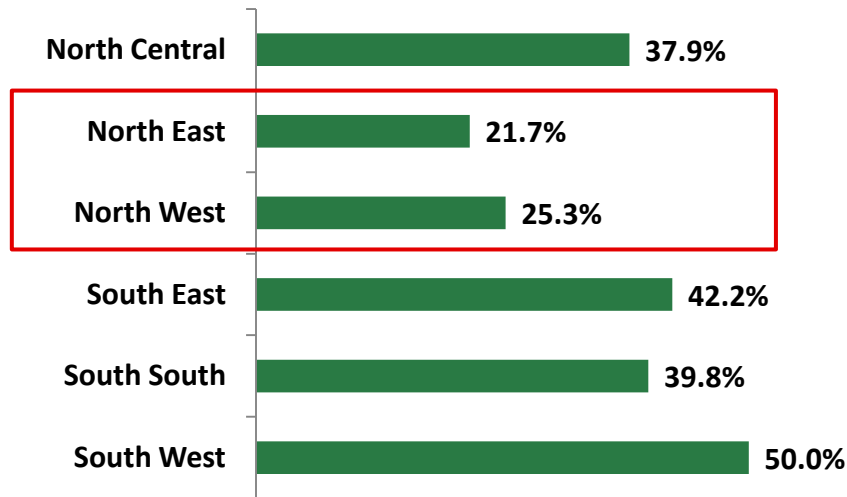
Percentage of adults that have borrowed in the prior 12 months



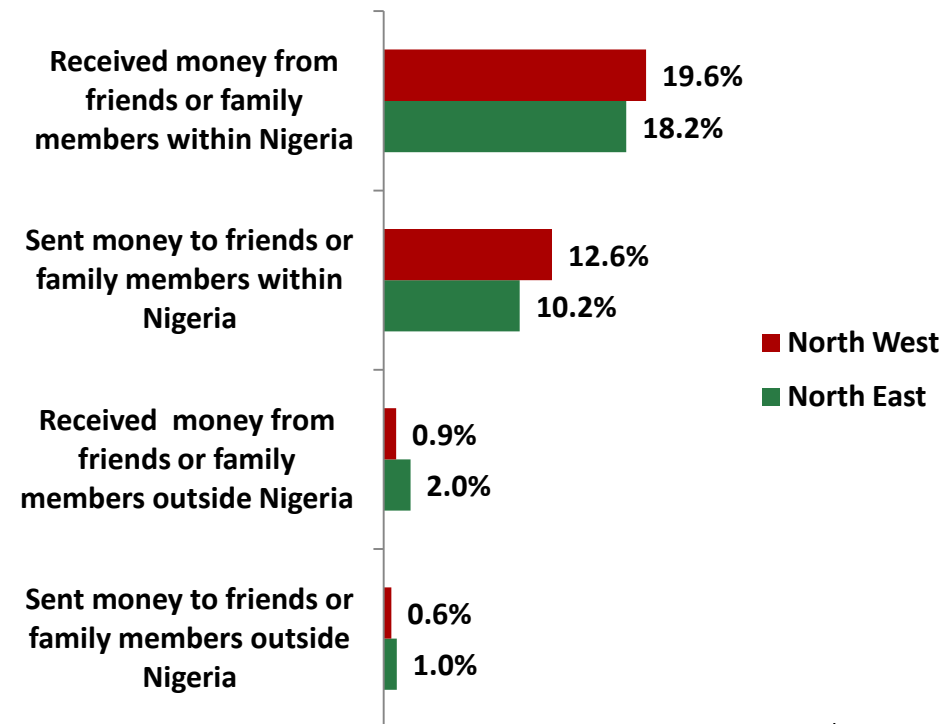
Remittances

- Adults in the North West and North East zones are less likely than adults in other zones to report having sent money to or received money from family or friends within the prior six months
- 4.0 million adults in the North West and 2.1 million adults in the North East report having received money from friends or family within Nigeria
- 2.6 million adults in the North West and 1.2 million adults in the North East report having sent money to friends or family within Nigeria

Percentage of adults in each zone that have sent money to or received money from family or friends in the prior six months



Percentage of adults that have:

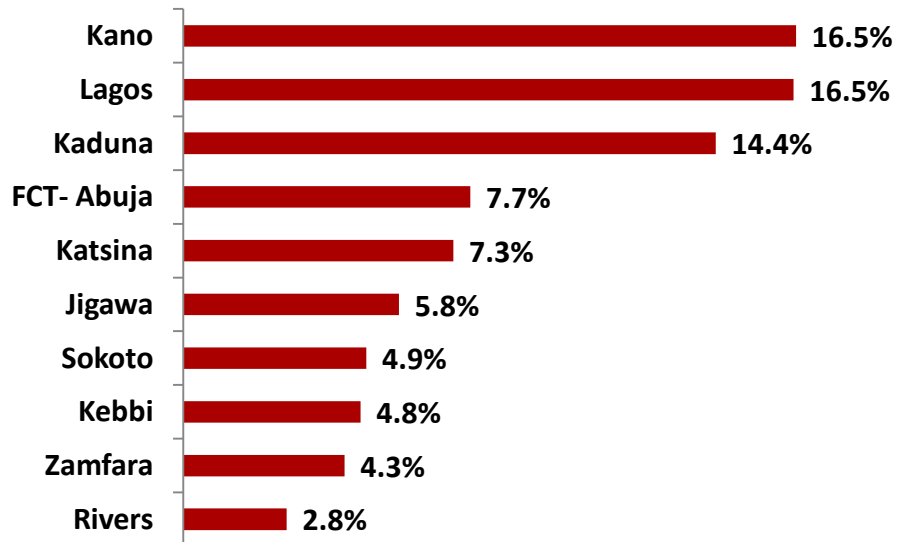


Remittances – Sources of Money Received

- Adults in the North West and North East zones tend to be most likely to send money to or receive money from friends or family members in their own states
- In terms of total remittance volumes for each zone:
 - In the North West zone, 0.7 million adults report having received money from friends or family in Kano State and 0.7 million adults report having received money from friends or family in Lagos State
 - In the North East zone, 0.4 million adults report having received money from friends or family in FCT- Abuja and 0.3 million adults report having received money from friends or family in Adamawa State

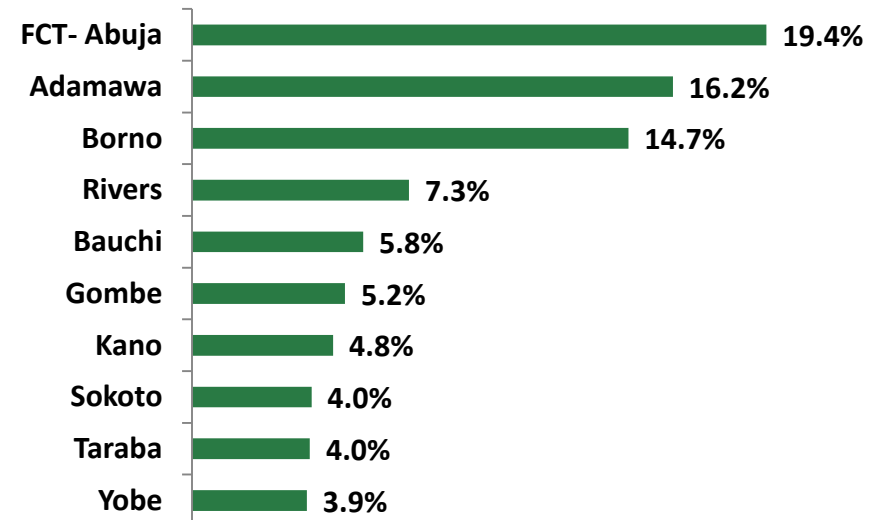
Thinking back to the last time you received money, which state within Nigeria did the money come from?

Percentage of adults in the North West zone that have received money from within Nigeria



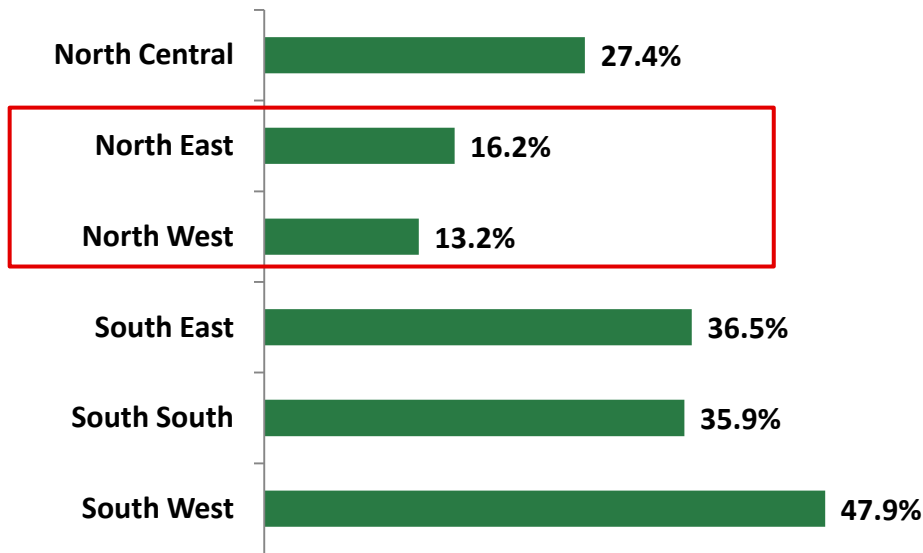
Thinking back to the last time you received money, which state within Nigeria did the money come from?

Percentage of adults in the North East zone that have received money from within Nigeria



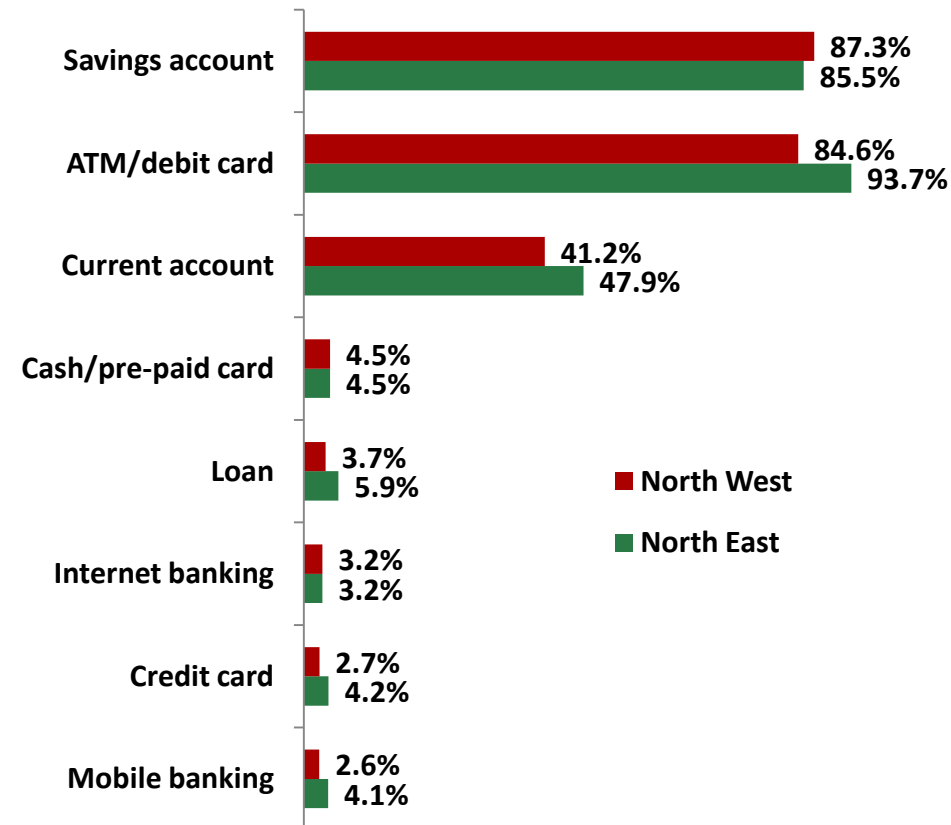
- 2.6 million adults (13.2%) in the North West and 1.8 million adults (16.2%) in the North East have their own bank accounts
- The most commonly held bank products in the North West and North East zones are savings accounts and ATM/debit cards

Percentage of adults in each zone that have a bank account



Bank products

Percentage of adults that have bank accounts

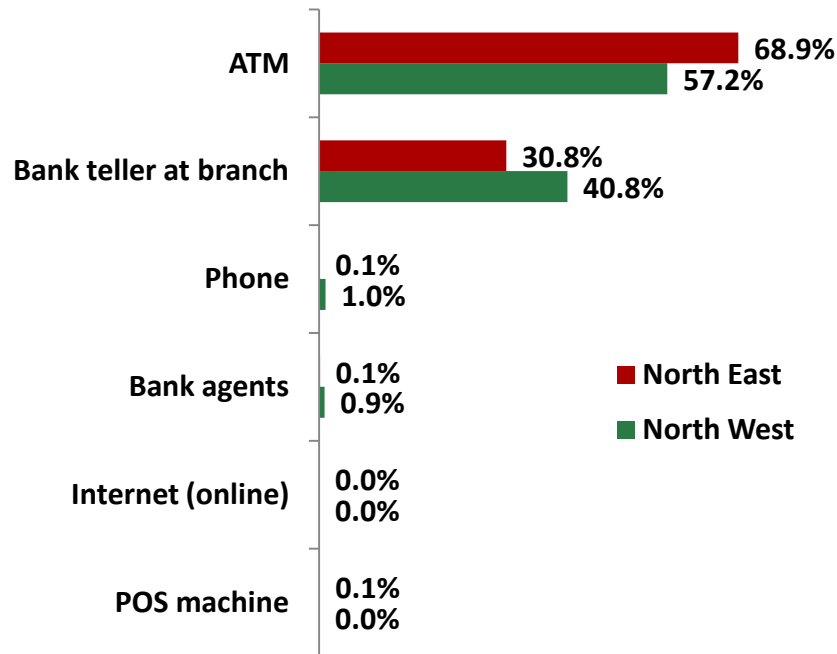


Banking Channels & Perceptions

- When asked which channels they use most commonly to conduct banking transactions, the highest percentage of adults in the North West and North East zones report using ATMs most frequently
- The majority of adults in the North West and North East say they are unsure whether they would get their money back if their bank were to collapse

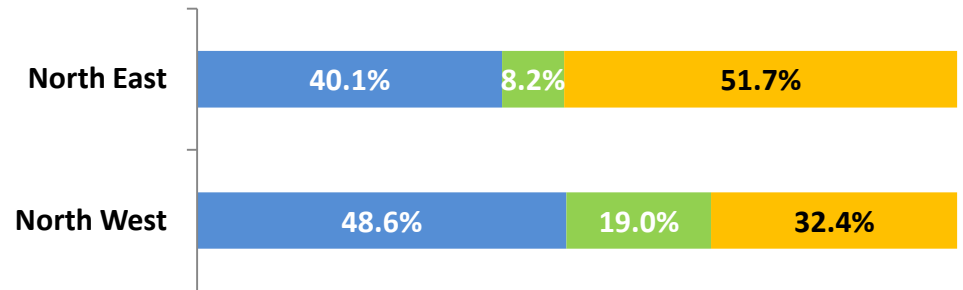
Which of these do you use most frequently to carry out bank transactions?

Percentage of adults that have bank accounts

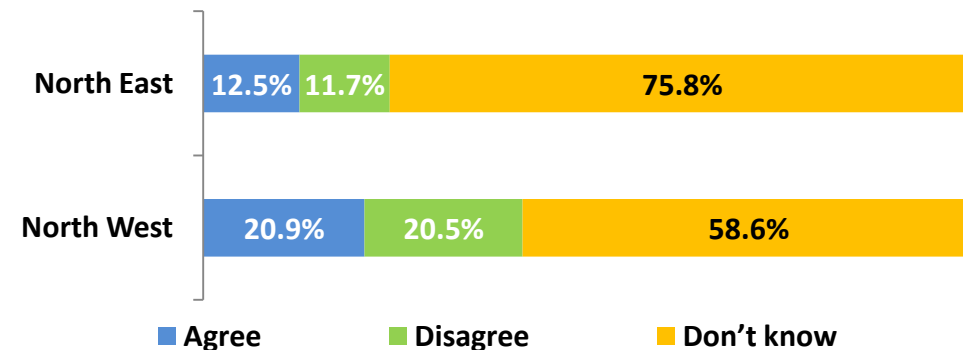


Do you agree or disagree with the following statements?

You would prefer to save money at a bank



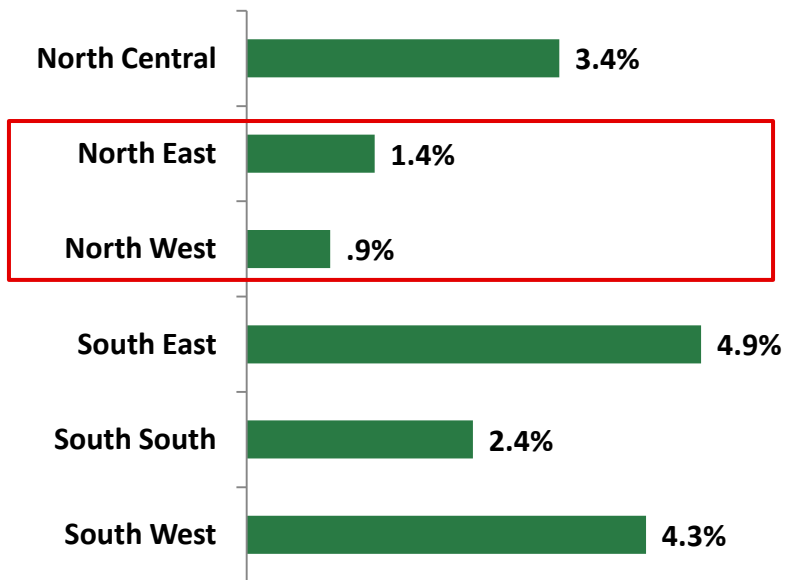
You will get your money back if your bank collapses



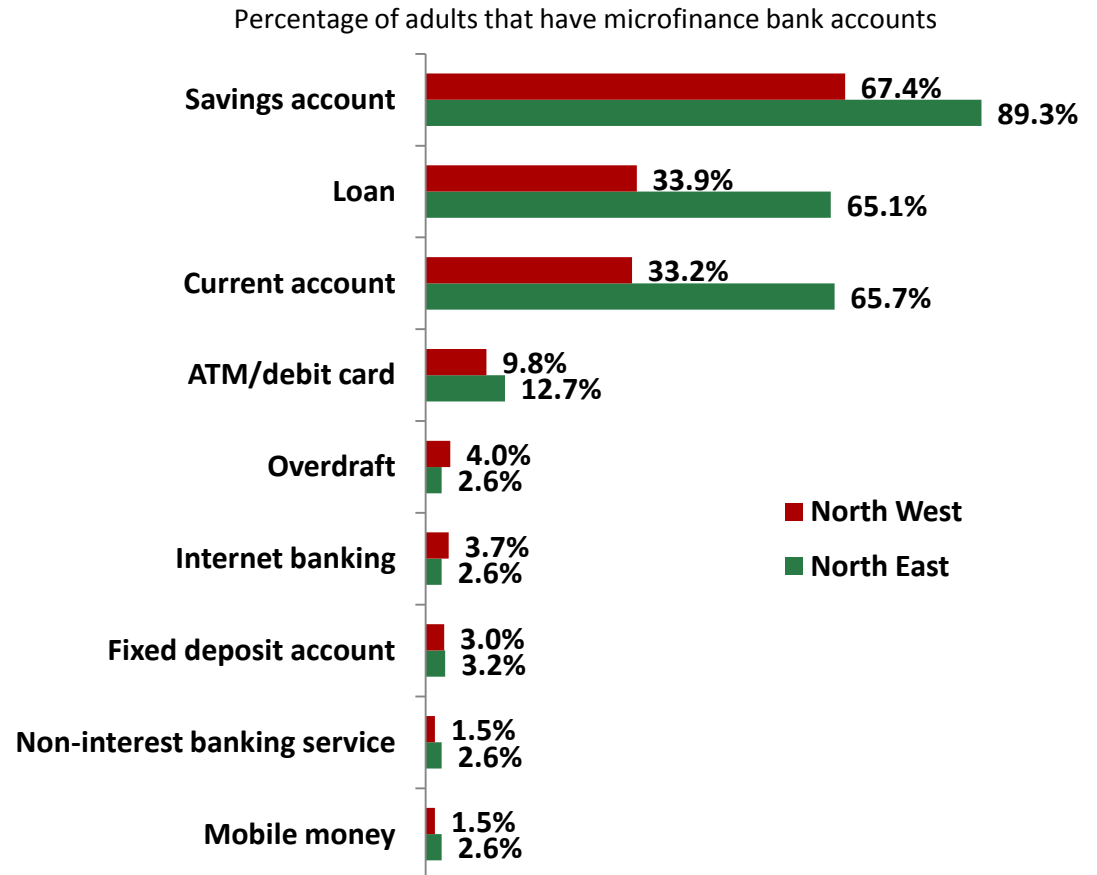
Microfinance

- 0.2 million adults (0.9%) in the North West zone and 0.2 million adults (1.4%) in the North East zone have microfinance bank accounts
- The most microfinance bank users in the North West and North East zones report having savings accounts, followed by loans and current accounts

Percentage of adults in each zone that have a microfinance bank account



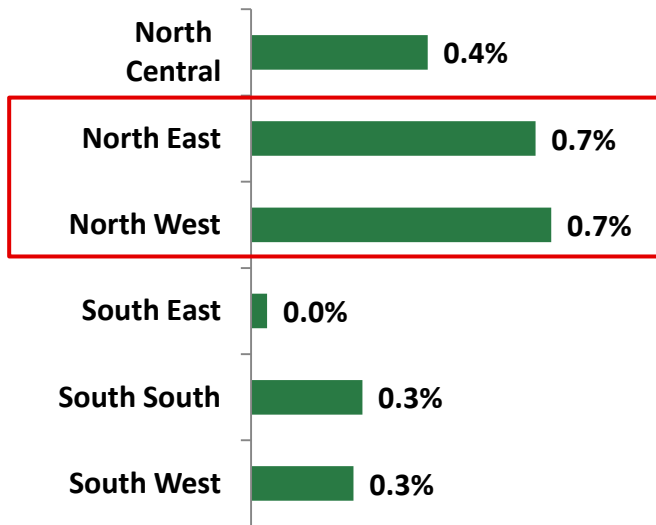
Microfinance products



Non-interest Finance

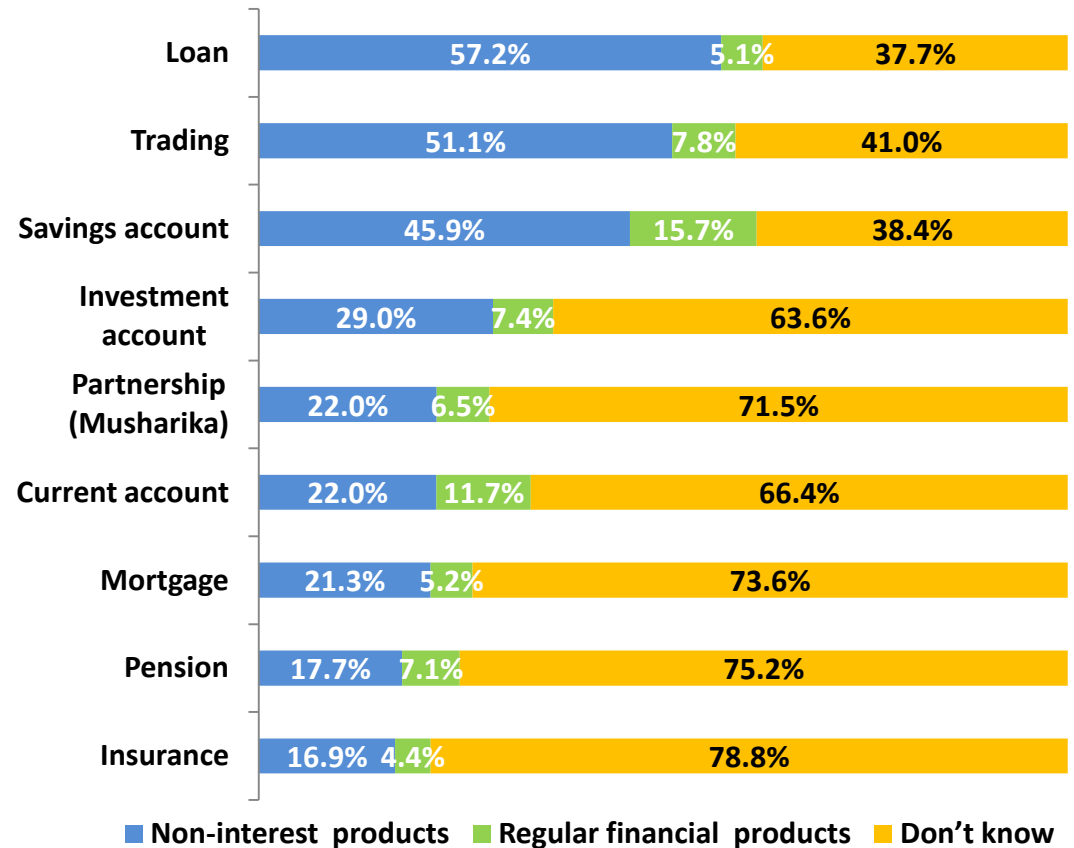
- Less than 1% of adults (0.2 million adults) in the North West and North East zones use any non-interest banking service

Percentage of adults in each zone that use non-interest banking services



Preference for conventional vs. non-interest products

Percentage of adults in the North West and North East zones that use or are likely to use non-interest products

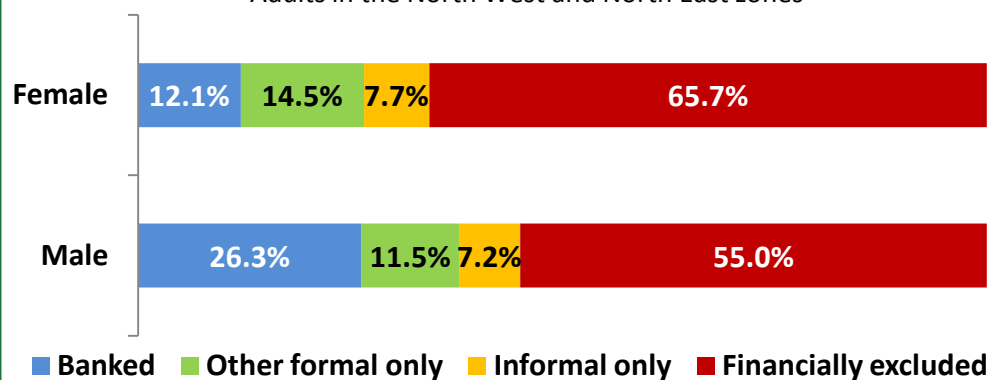


Profiles of Select Demographic Groups in the North West & North East Zones

Women in the North West and North East Zones

Financial Access by Gender

Adults in the North West and North East zones



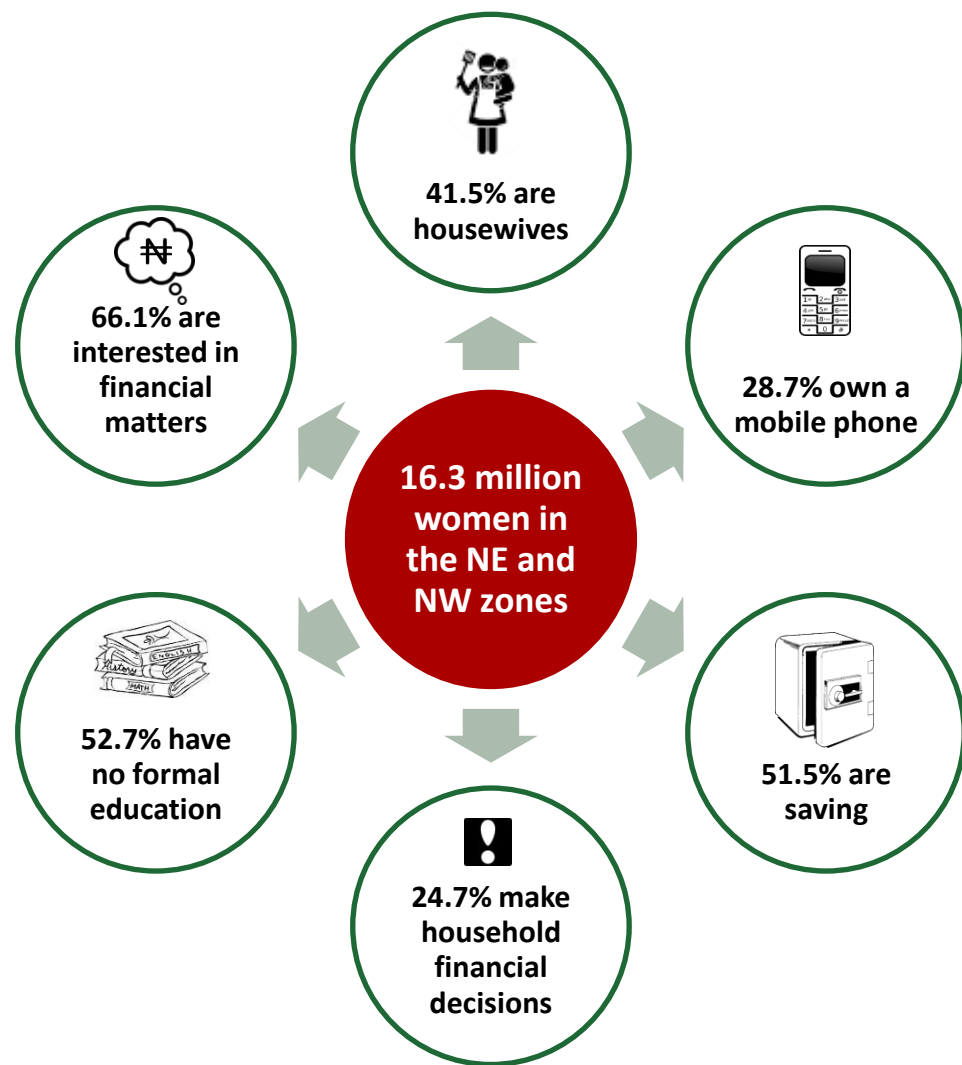
Opportunities for deepening financial inclusion among women in the North West and North East zones

9.0 million could be encouraged to open a bank account (60.8% of those without bank accounts)

5.6 million could be encouraged to use microfinance banks (34.9% of those that do not use microfinance banks)

4.9 million could be encouraged to use mobile money (30.4% of non-mobile money users)

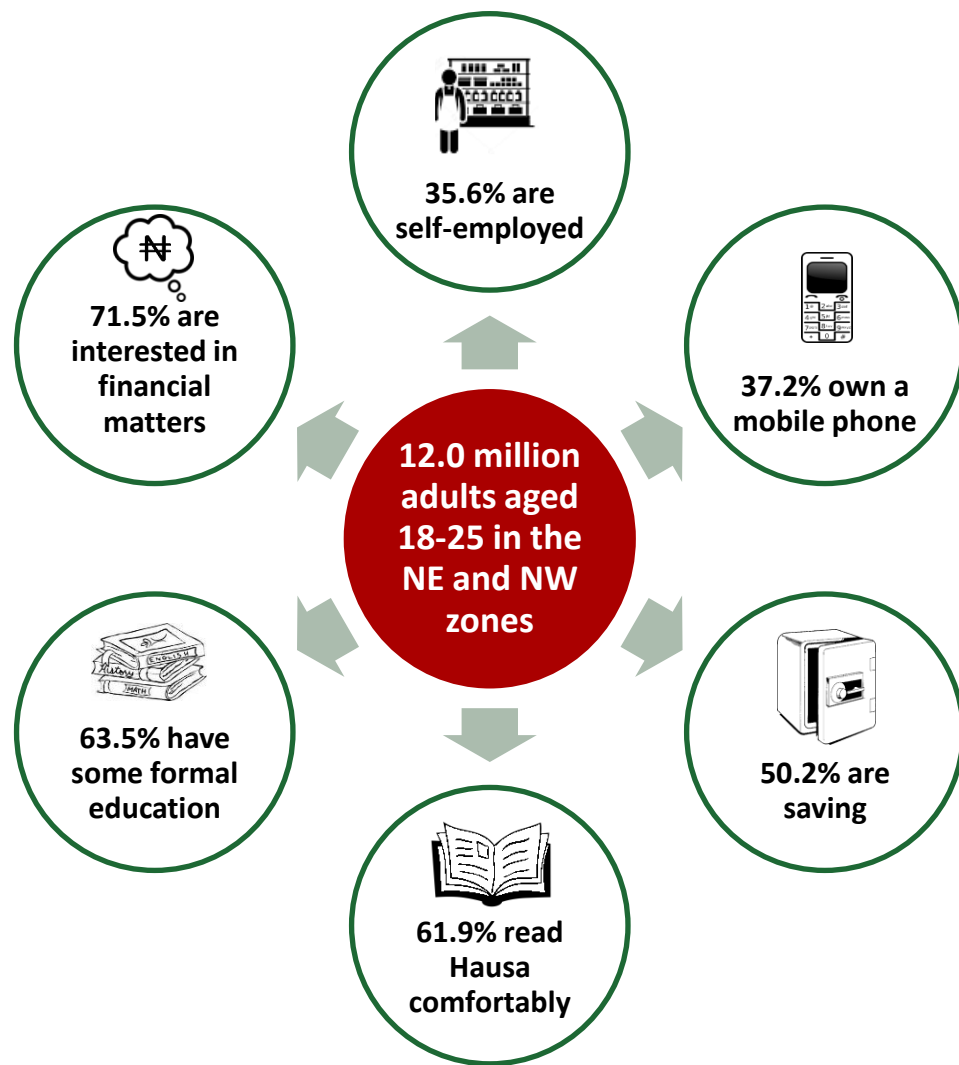
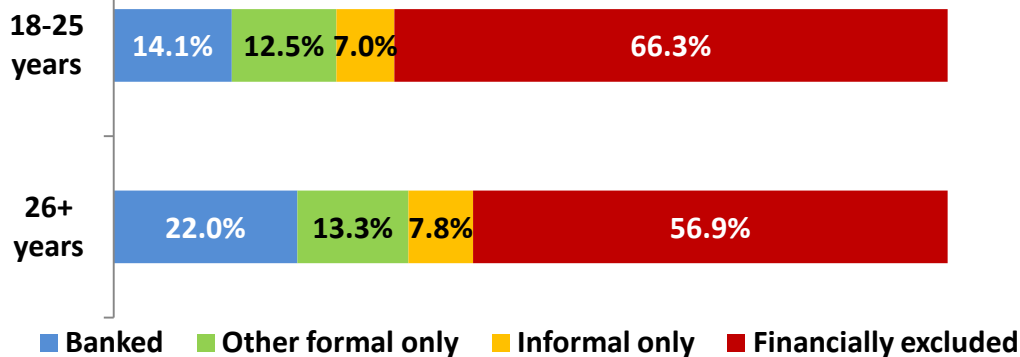
3.9 million say that they would likely use non-interest banking services (24.2% of those that do not use non-interest banking services)



Young Adults (Ages 18-25) in the North West and North East Zones

Financial Access by Age Group

Adults in the North West and North East zones



Opportunities for deepening financial inclusion among young adults (18-25) in the North West and North East zones

7.4 million could be encouraged to open a bank account (69.6% of those without bank accounts)

4.7 million could be encouraged to use microfinance banks (39.5% of those that do not use microfinance banks)

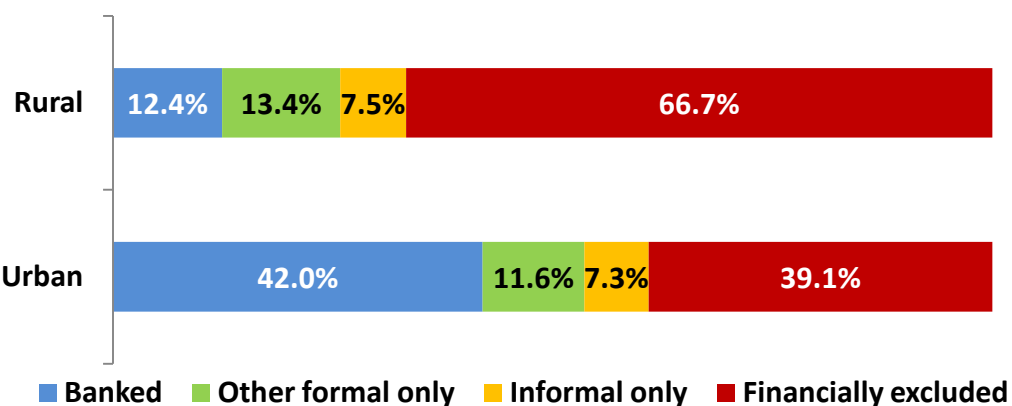
4.3 million could be encouraged to use mobile money (35.8% of non-mobile money users)

2.9 million say that they would likely use non-interest banking services (24.3% of those that do not use non-interest banking services)

Rural Adults in the North West and North East Zones

Financial Access by Urbanisation

Adults in the North West and North East zones



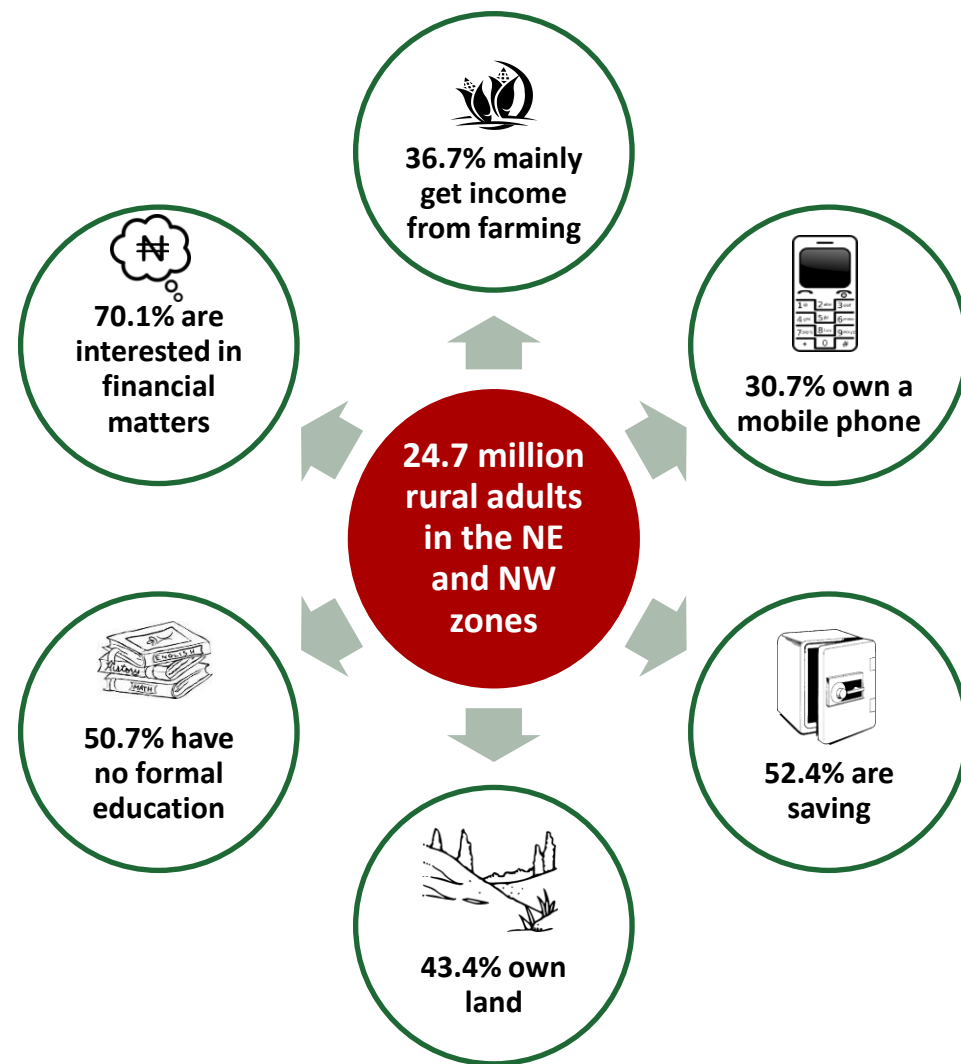
Opportunities for deepening financial inclusion among rural adults in the North West and North East zones

13.9 million could be encouraged to open a bank account (62.7% of those without bank accounts)

8.9 million could be encouraged to use microfinance banks (36.4% of those that do not use microfinance banks)

7.5 million could be encouraged to use mobile money (30.4% of non-mobile money users)

6.0 million say that they would likely use non-interest banking services (24.6% of those that do not use non-interest banking services)



Access to Financial Services for the North West and North East Zones: Barriers & Opportunities

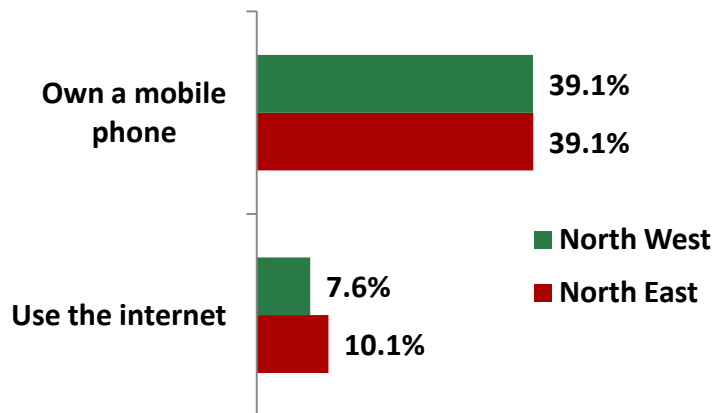
Barriers to Access for Non-Users in the North West and North East Zones

	Deposit Money Bank	Microfinance Bank	Non-interest Banking	Mobile Money	Insurance
Demand side					
Irregular income	X	X			
Unemployed	X	X			
Can't read or write	X	X			
Not interested			X		
Not aware what products and services are available			X		
Do not understand the products			X		
Do not know the benefits of having it					X
Do not know where to get it from					X
Do not believe in it or religious reasons					X
Use other ways to do the same transactions				X	
Prefer cash	X	X			
No reason	X	X	X	X	X
Supply side					
Banks are too far from where I live and work	X	X			
Cannot afford it				X	X
Services I need are not available				X	
Lack of trust		X		X	
It is not easy to use				X	

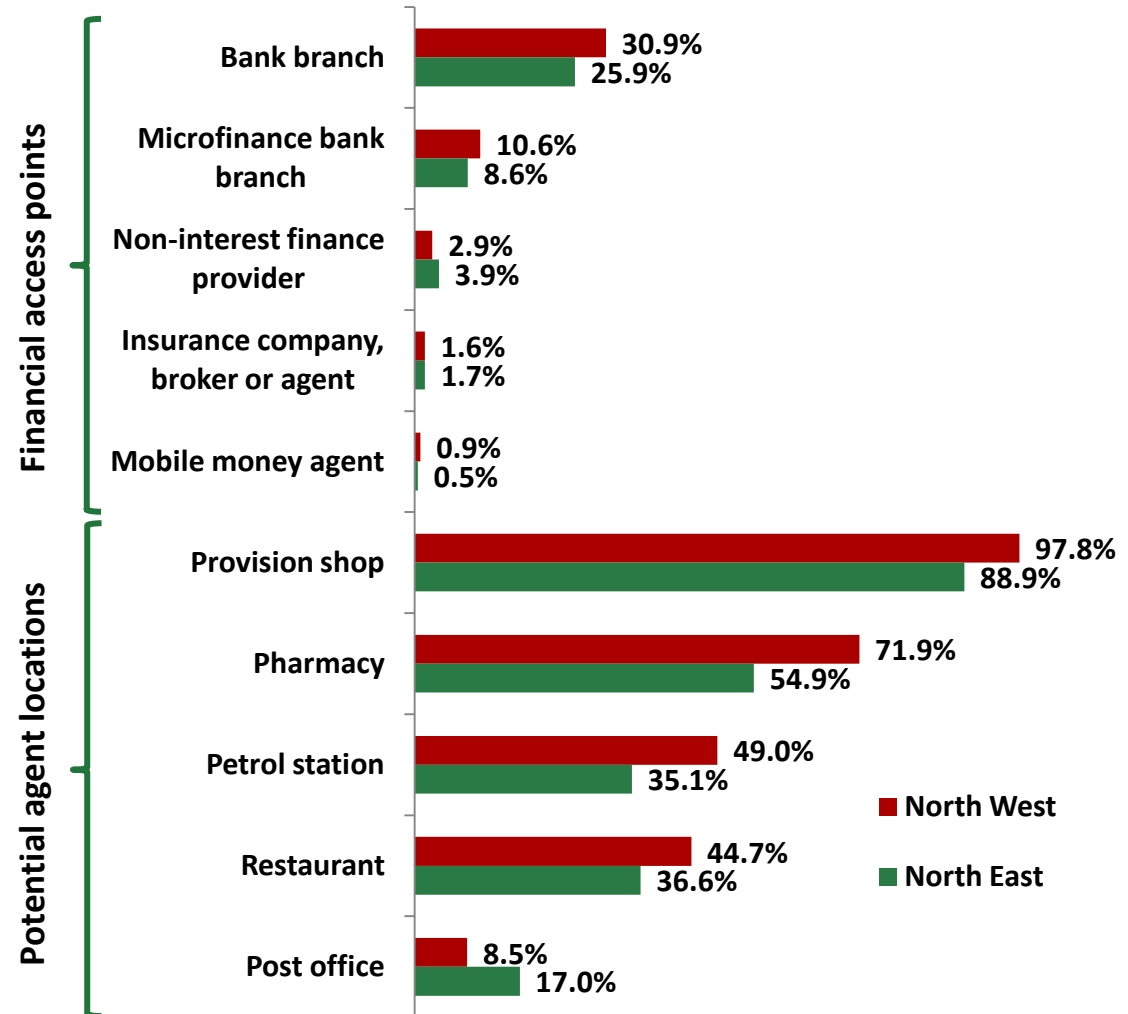
Financial Access Points

- Less than one third of adults in the North West and North East are aware of and live within 30 minutes of a nearby bank branch; fewer are aware of and live near other financial access points
- Significantly more adults in those zones are aware of and live within 30 minutes of provision shops, pharmacies, petrol stations and restaurants, indicating the opportunity for agent banking

Percentage of adults that:



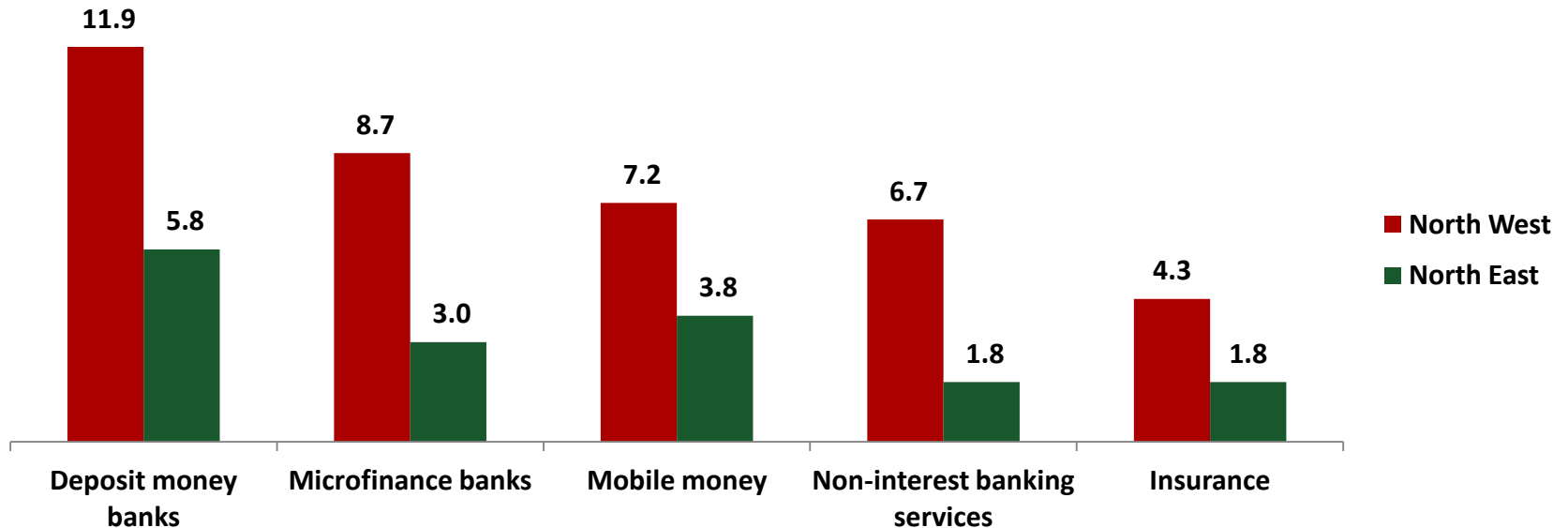
Percentage of adults that are aware of the location of, and live within 30 minutes of, the nearest:



Opportunities for Deepening Financial Inclusion

- Across all six geo-political zones in Nigeria, the North West zone contains the largest number of non-users that could be encouraged to use: deposit money banks, microfinance banks, mobile money and non-interest banking services
- 68.1% of those without bank accounts in the North West zone and 61.9% of those without bank accounts in the North East zone say they could be encouraged to open a bank account
- 33.5% of those that do not use mobile money in the North West zone and 35.3% of those that do not use mobile money in the North East zone say they could be encouraged to use mobile money

Number of non-users that say they could be encouraged to use various financial services (millions)



Factors That Would Enhance the Uptake of Financial Products Among Non-Users in the North West and North East Zones

	Deposit Money Bank	Microfinance Bank	Mobile Money	Insurance
Demand side				
When I understand the benefits	X	X		X
When I have a job or income	X			
When I understand how it works		X	X	X
When I feel it is safe to send/receive money or pay bills using my phone			X	
When many people are using mobile money			X	
Supply side				
When banks are closer to where I live or work	X			
When I know where to get the product				X
When I can afford the product				X
When I trust the provider of the product		X		
When I trust the provider to settle claims				X
Better loans available		X		
When there is an agent close to me			X	
When there is an agent close to my recipient			X	
When the products meet my needs		X		

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