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FII TRACKER SURVEY AND CONSUMER FOCUS GROUPS

WAVE 1 – FALL 2013

PRELIMINARY FINDINGS

EFinA Workshop
Lagos, Nigeria
4 March 2014

InterMedia – 20 years of people-focused research in more than 100 developing and transitional countries

Financial Inclusion Research Locations

Partners



What is the FII Program?

An applied research initiative in Africa and Asia to support digital financial inclusion, particularly among BOP and other underserved segments

Managed by InterMedia, the global research group

Supported by the Financial Services for the Poor program at the Bill & Melinda Gates Foundation

What will FII Data and Analysis Achieve?

Track demand-side market trends and market potential in mobile money and other DFS

Provide useful demand-side market information to a range of DFS stakeholders to inform product, technology, marketing and distribution strategies

Provide evidence for supporting policy and regulatory initiatives that drive expansion of DFS generally and among the poor specifically

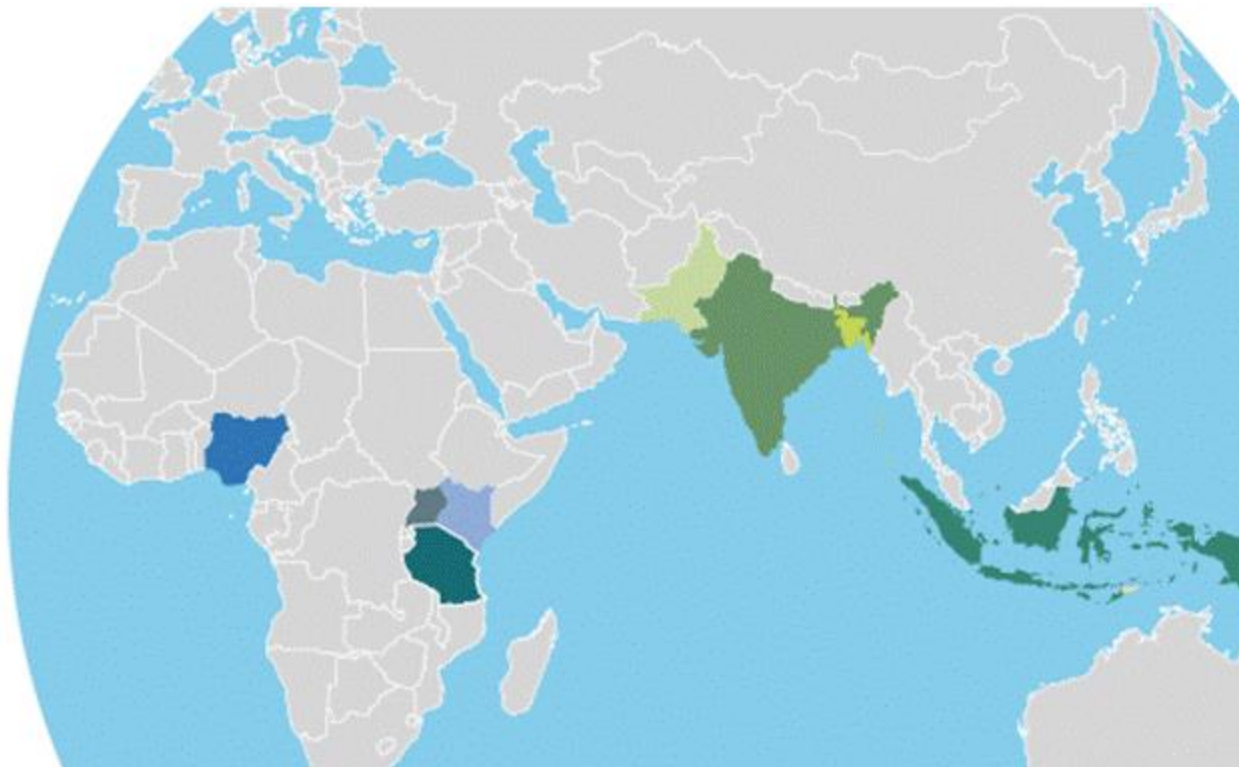
The FII Research Program Countries

AFRICA

Kenya
Nigeria
Tanzania
Uganda

ASIA

Bangladesh
India
Indonesia
Pakistan



A combined 2 billion-plus population representing a mix of advancing and early-stage DFS markets

FII Analytical Focus: Practical, Market-Focused Knowledge

I registered but there is no mobile money agent near me. So I never use it.



Non-user/but registered

I use mobile money to pay my employees and to pay my bills.



Active user

My parents send me money every month for living expenses.



User, but only *receives* money

FII Program Elements – Tracker Surveys

FII Tracker Surveys

- Nationally representative surveys of individuals, conducted once or twice annually
- Sample sizes large enough to facilitate demographic and geographic analysis
- Surveys conducted face-to-face with participants
- Rigorous data quality control procedures
- Collection of participants' household GPS coordinates
- Datasets posted on online query tool and SPSS datasets available upon request
- First wave datasets available from January 2014

“Core” Data in Each Country

- Basic demographics
- Welfare measurement (Grameen PPI scale)
- Access/Use of mobile devices
- Access/Use of mobile money
- Access/Use of “formal” financial services (Bank Accounts)
- Satisfaction level with financial service providers and products

FII Program Elements – Tracker Surveys II

“Extended” Core in selected countries

- Use of “informal” financial services
- Use of digital/prepaid cards
- Use of savings instruments
- Use of insurance instruments
- Borrowing and lending habits

Optional Modules in selected countries

- **Trust in financial instruments**
- Influence and drivers of Mobile Money adoption
- Access/Use of newer DFS (i.e. savings or insurance products) in more advanced markets
- Perceptions/Opinions on consumer issues related to interoperability
- Perceptions of fraud in mobile money

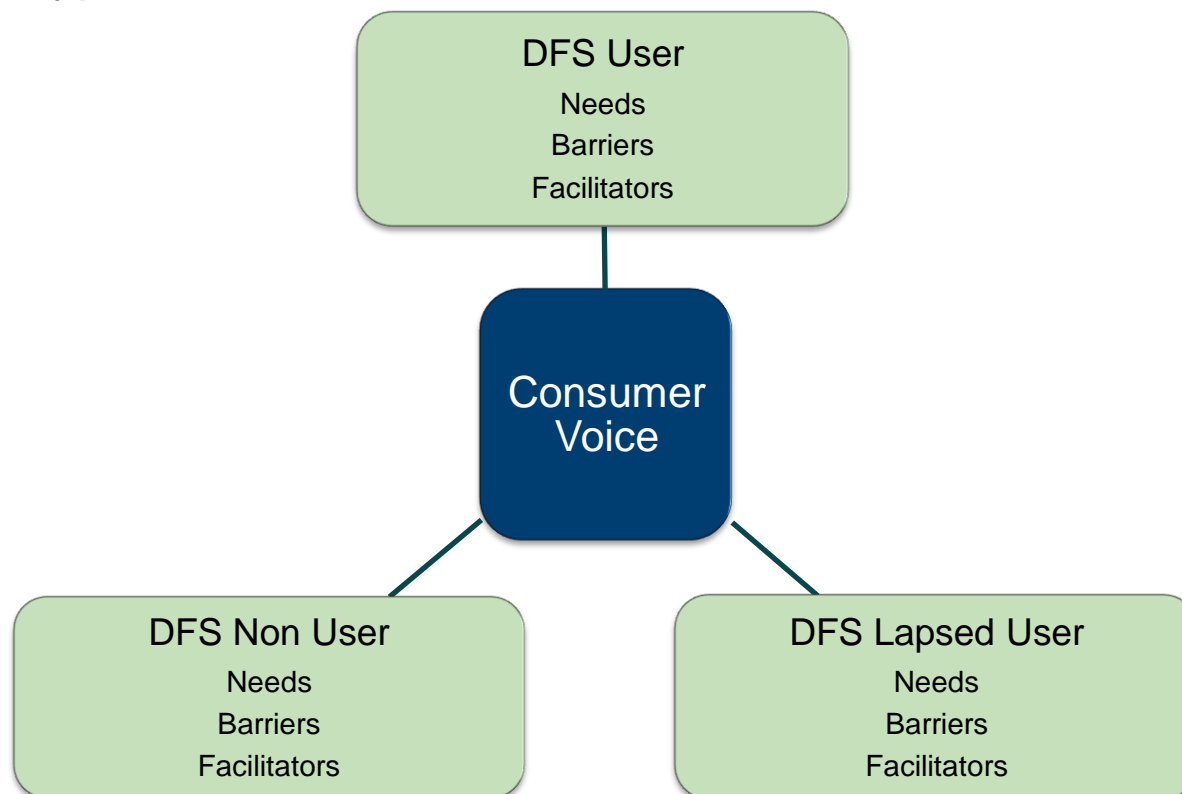
FII Program Elements – Consumer Experience Monitors

The Agent Experience – triangulating CICO agent dynamics



FII Program Elements – Consumer Experience Monitors

Consumer Voices – Bringing the client front and center through targeted focus group-type discussions



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NIGERIA FII WAVE ONE – WHAT DID WE DO?

Quantitative survey

- A biannual national survey (N=6,002) representative of Nigerian individuals aged 15+ living in 33 of the 36 states in Nigeria (excluding Borno, Yobe and Adamawa), and the federal capital territory of Abuja.
- Face-to-face interviews lasting 45 to 120 minutes
- First survey (Wave 1) conducted from 9/24/2013 to 11/27/2013

Consumer focus groups

- 24 consumer focus groups with both users and non-users of mobile money
- Focus groups conducted in Lagos, Abuja, Kaduna, Enugu
- Balanced mix of participants based on gender, poverty level, area (urban vs. rural)
- Focus groups conducted from 1/21/2014 to 2/07/2014

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NIGERIA FII 2013 – COMPARISON TO EFInA 2012

FII Quantitative survey

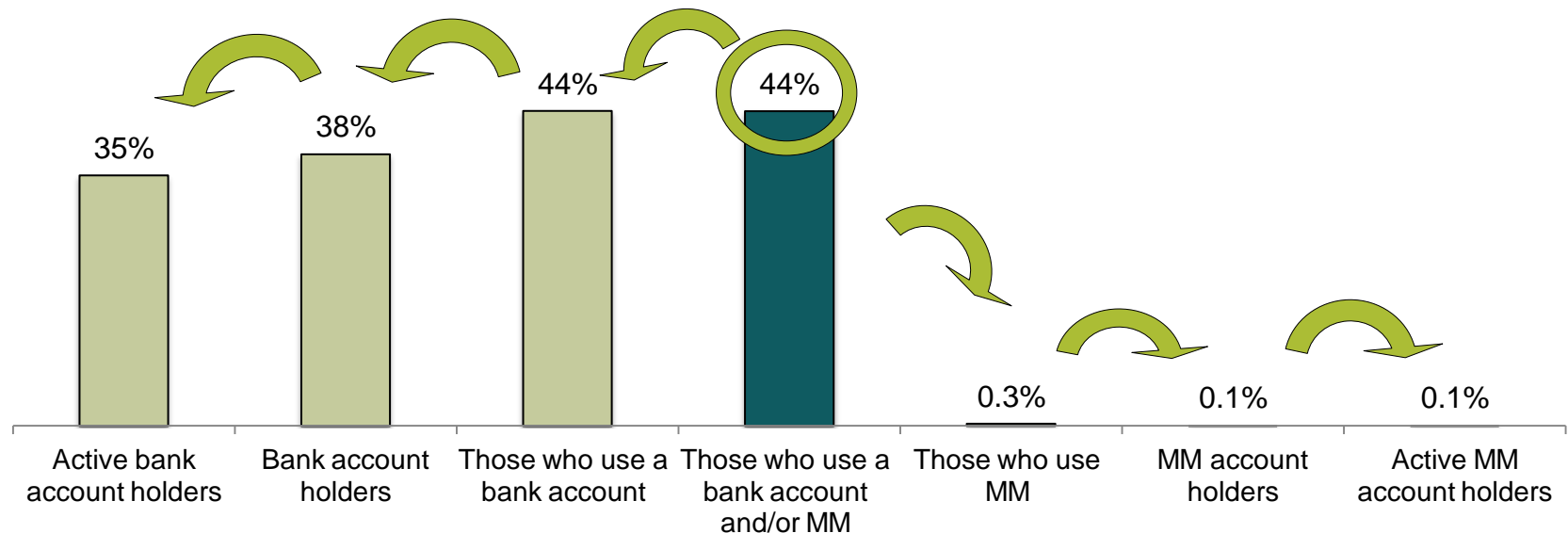
- A biannual national survey (N=6,002) of Nigerians aged 15+ living in 33 of the 36 states in Nigeria (excluding Borno, Yobe and Adamawa) plus FCT Abuja.
- Wave 1 (first) survey conducted from 9/24/2013 to 11/27/2013
- Based on FII Methodology developed with Gates FSP

EFInA 2012

- Biennial national survey since 2008 (n=20,841) of Nigerians aged 18+ across all 36 states plus FCT Abuja.
- Latest survey conducted July-September 2012
- Based on FinScope Methodology

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Less than half of Nigerian adults use either a bank or mobile money account, or both. The vast majority of these only use bank accounts



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TERMINOLOGY – YOU SAY “TOMATO”

Key Concept	EFinA 2012 Definition	FII 2013 Definition
Banked	All adults who have access to or use a deposit money bank + having/using a traditional banking product	All adults who have a bank account or have access to a bank account
Financially Included	All who are either banked or access/use “formal other” institutions	TBD: All who are active bank account holders and/or active mobile money account holders?

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FII VS. EFINA – SOME KEY FIGURES

Data Point	EFInA 2012 (Adults 18+)	FII 2013 (Adults 15+)	Comments
Bank Account Use	32.5% had access to or used a deposit money bank + had/used a traditional banking product	44% have access to a bank account 38% have a bank account 35% are “active” bank account holders	Active = actively used bank account in past 90 days
Mobile Money Awareness	5.5% are aware of MM products	12% are aware of MM products	Small increase!
Mobile Money Use	0.5% of adults are registered with a MM operator	0.1% of adults are registered 0.3% use MM	Statistically insignificant

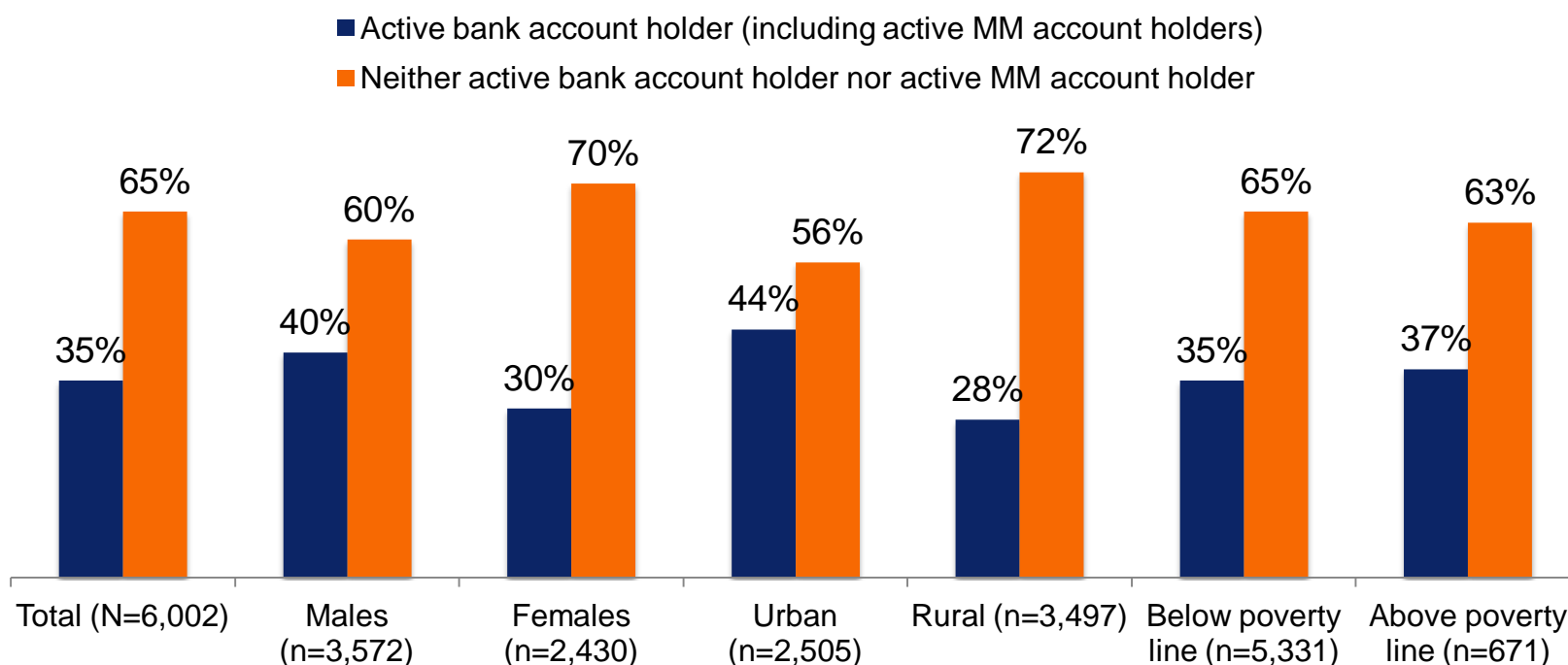
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FII Cross-Country Comparison: Nigeria leads on bank use (%)

Country	Have Access to a Bank Account	Have a Bank Account	Active Bank Account Holders	Aware of MM Products	Use MM	Registered MM Account Holders	Active MM Account Holders
Nigeria	44	38	35	12	0.3	0.1	0.1
Kenya	29	27	21	97.2	76	68	62
Uganda	14	12	10	90.2	43.3	29	26

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Active bank account holders: Gender, urban/rural gaps



Due to the fact that all active mobile money account holders are also active bank account holders, only the percentage of active bank account holders is reported.

Categories are mutually exclusive

Source: InterMedia Nigeria FII Tracker survey (N=6,002, 15+) September-November 2013

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Alternatives to a Bank Account: Other Financial Tools

Percent of Nigerian adults who ever used the mentioned services

	Have you ever used any of the following? (n=6,002)	%
	A bank account (for comparison purposes)	44
1	Esusu (a fund to which a group of people make monetary contributions at fixed intervals; the total amount collected by the group is then assigned to individual members in rotation)	10
2	Cooperatives (businesses owned and run by and for their members to meet specific economic goals)	6
3	An account at a post office	5
4	Village-level savings groups	3
5	Savings collectors (individuals making daily or weekly visits to their clients to collect excess cash; the contributions are not fixed and depend on the saver. After an agreed period, collectors return the saved amount, less an agreed fee, to the saver)	2

Esusu use = 10%

**EFInA 2012:
17.3% had used any
“Informal” service:**

- Esusu**
- Savings clubs/pools**
- Ajo**
- Moneylenders**
- Informal remittance channels**

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Trust in Banks and Mobile Money

Banks (state-owned, private and foreign/regional) are the top-three most trusted financial institutions. Mobile money came in much lower.

If for any reason you were not able to use cash, what financial instrument would you use for a financial activity?

	Top 5 most trusted financial institutions	% of adults
1	State-owned bank	57
2	Private bank	53
3	Foreign bank/regional rural banks	42
4	Public sector banks/Cooperative banks	37
5	Post office account	36

	Top 5 preferred alternatives to cash (any activity)	% of adults
1	Bank	58
2	Savings collectors	11
3	Village-level savings groups	9
4	Mobile money	5
5	Physical assets	4

FII NIGERIA FOCUS GROUP RESEARCH – SELECTED EARLY FINDINGS

MOBILE MONEY PERCEPTIONS

POTENTIAL USE TRIGGERS AND BARRIERS

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Positive Perceptions: convenience, easy access, safety and hygiene compared to cash

- Saves time and stress by avoiding queues at the bank
- Can easily access/send money from the comfort of your home
- Can be safer than carrying cash e.g. can not be robbed on the street
- More hygienic than carrying cash
- Can be useful if need to transfer or withdraw money urgently

“...if you go to ATM to withdraw money, you see a lot of people queuing up, like more than thirty people. You sometimes wait three hours to withdraw money, but it’s much easier with mobile money” (Male non-user, Abuja)

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Negative Perceptions: security, easy to overspend and network problems

- System is not secure, can be hacked and used by fraudsters
- Can easily overspend due to easy access and no control
- Poor mobile network connection can cause delays or result in money to getting lost
- Can be restrictive as not a lot of places accept mobile money
- Charges can be too expensive

“My problem with it is that it is too easy to access money, there is no control over money. Before you know it, you will be spending money that you are not supposed to spend” (Female non-user, Abuja)

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Awareness: Most focus group participants were aware of mobile money services offered by banks, less so other MM brands

- **Banks:** GTB mobile money, First Money, UBA mobile money top awareness list
- Many also mention MTN mobile money
- Fewer respondents mention Paga



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Mobile money brands promoted by banks seem to generate more trust than independent brands. Some general Impressions:

- ✓ **First monie**: reliable and secure as part of an old bank which earned trust of customers but does sometimes delay transactions
- ✓ **U-mobile**: part of an international bank with local and international customers, BUT high charges
- ✓ **GTB mobile money**: trusted as reliable (top Nigerian bank), secure and good services with no network issues but some high charges for app installation
- ✓ **Ecobank mobile money**: trusted as part of a large banking group, and don't charge high fees

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Marketing: Ads with simple, self-explanatory visuals and messaging were well received by respondents

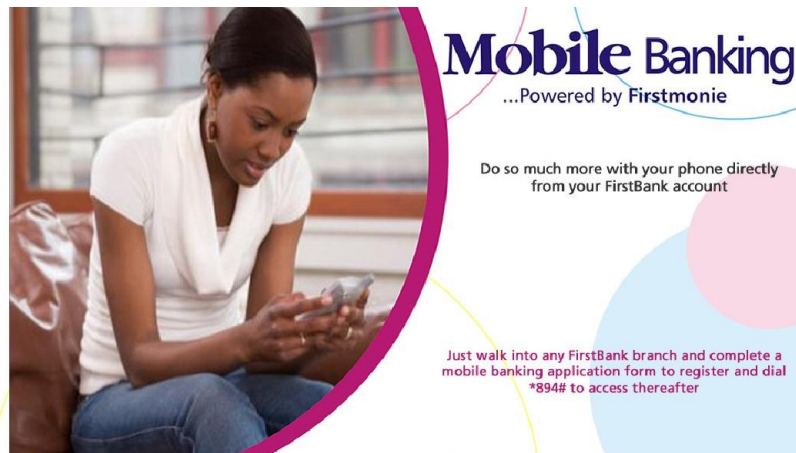
Narratives that resonated:

- Responsibility, duty, caring for others (e.g. son sending money to mother)
- Ads emphasise both emotional (e.g. MM brings people closer) and practical value of mobile money
- City vs. countryside



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Marketing: Participants say women increasingly play active financial roles and ads targeting females are relevant



Mobile Banking
...Powered by Firstmonie

Do so much more with your phone directly from your FirstBank account

Just walk into any FirstBank branch and complete a mobile banking application form to register and dial *894# to access thereafter



Send and receive money with eaZymoney

- ✓ Send money to friends and loved ones
- ✓ Transfer money to any bank in Nigeria

LEARN MORE

Dial *966# to register now




paga

nairami Nigeria

www.nairami.com

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Mobile Money Users: money transfer, phone top up and paying utility bills were services used often

- Sending or receiving money quickly/urgently, even at weekends or on public holidays
- Topping up phone, paying utility bills (e.g. DSTV), paying school fees, purchasing goods, buying online tickets
- People who used MM less frequently tended to use MM for money transfers only, and were not aware of additional services available

“I use it about 6 times a week because I pay a lot of utility bills, like DSTV subscription” (Male user, Lagos)

“No bank is open on Saturdays, so you can’t transfer money. I was once stranded in Lagos, so I asked someone to send me money urgently. They said they had sent me money straight away. I thought they were joking, but I did received it.” (Male user, Enugu)

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Positive user experience: respondents cited convenience, flexibility, speed and security as key advantages

- Saves time and money – avoid queues at the bank and no transport costs
- Flexible – can be used anytime and anywhere, even when banks are closed at weekends or during public holidays
- Speed – useful when need to send or receive money urgently or during an emergency, such as riots or civil unrest
- Security and privacy – no need to carry cash and can transact in private

“...if you go to ATM to withdraw money, you see a lot of people queuing up. You wait three hours to withdraw money, but it’s much easier with mobile money” (Male user, Abuja)

“It is a secure application. Nobody knows what you are doing – you just enter your code. Nobody knows! Nobody will dupe you.” (Male user, Enugu)

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Negative user experience mirrors negative perceptions by non-users: network problems, security, overspending and high fees

- Network failures can cause delays or failure in transactions
- Scams and errors experienced in transferring money
- Encourages overspending as cannot physically see how much money is left
- High transaction charges

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Overcoming Barriers: There is a clear need for better educating potential consumers about MM services

- Lack of basic knowledge among respondents who never used MM before
- As a result, people have a lot of fears about MM:
 - I'm going to lose my money if I lose my mobile phone
 - I can lose money due to mobile network failures
 - It is expensive to use MM
 - Hackers and scammers can break into my account and steal my money

"I prefer going to the bank because I am not okay with charges and the mobile money services. I don't know much about it and I don't want to lose my money" (Male non-user, Enugu)

"I am scared of being a victim of internet fraud, because somebody can just take my money... Or you can just misplace your phone and somebody can transfer your money. That's why I want to learn about it and be sure about it" (Male, Non-user, Non-poor)

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Overcoming Barriers: More information and reassurance on security measures against fraud and hacking may be beneficial

- People want to be reassured that the system is safe to use
- More emphasis on security is needed in marketing and advertising
- More information on security measures against hacking, scams and frauds will be beneficial to reassure potential customers

"I think this mobile money is just a 50/50 thing, because hackers these days are really getting good at it. You just have to be careful when using it (Male user, Lagos)"

For more information, contact:

Aibek Iliasov, FII Nigeria Research
Manager

iliasova@intermedia.org

Peter Goldstein, FII Program Director

goldsteinp@intermedia.org



www.finclusion.org | Twitter: @finclusion_FII

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