

Agenda for the Innovation Forum

1. Opening Address
2. EFInA: Introduction & Summary of Key Findings from our Access to Finance Survey - Chief Executive Officer, EFInA
3. Keynote Address - Governor, Central Bank of Nigeria
4. International Guest Speakers - Islamic Finance Council (IFC), UK
5. Panel Discussion
 - Chairman Non-Interest Banking Committee, CBN
 - MD/CEO, Lotus Capital
 - MD, Jaiz International Plc
6. Questions & Answers
7. Closing Remarks – Chairman, EFInA Board
8. Lunch & Networking



Enhancing Financial Innovation & Access

Modupe Ladipo

Chief Executive Officer, EFInA

Introduction

- EFInA – ‘Enhancing Financial Innovation & Access’ is an independent, professional, non-profit organization funded by DFID, Bill & Melinda Gates Foundation and Ford Foundation
- EFInA was set up in late 2007 and our mission is to make the Nigerian financial system work better, especially for the poor
- EFInA will focus on three distinct but mutually reinforcing sets of activities:
 - Providing credible market information on the Nigerian financial sector
 - Establishing and operating an Innovation Fund
 - Engaging in policy related advocacy to promote financial inclusion

Key Findings from EFInA's National Survey on Access to Financial Services in Nigeria 2008

Coverage and Methodology

- Target sample size canvassed = 22,200
- Total Achieved = 21,110 (Response rate = 95%)
- 36 States plus FCT Abuja covered
- Nationally representative based sample
- Household listing conducted by the National Bureau of Statistics
- 30 EAs canvassed for each State
- Random selection of eligible members in each household by Kish grid Table Method
- Fieldwork: May to August 2008
- The questionnaire was translated into Hausa, Yoruba, Ibo and Pidgin English

Sampling Methodology

- Sample drawn systematically with equal probability of selection
- Reporting domains of the survey are national, zones and states
- Sample based on National Integrated Survey of Households (NISH) Master Sample designed for five years period (2007/2012) developed by National Bureau of Statistics (NBS)
- Sample design and weighting conducted by NBS
- Sampling error - 5% margin of error (95% confidence interval).

The methodological framework underpinning this survey is based on the FinScope™ methodology which has been validated and proven to be credible and robust across Africa

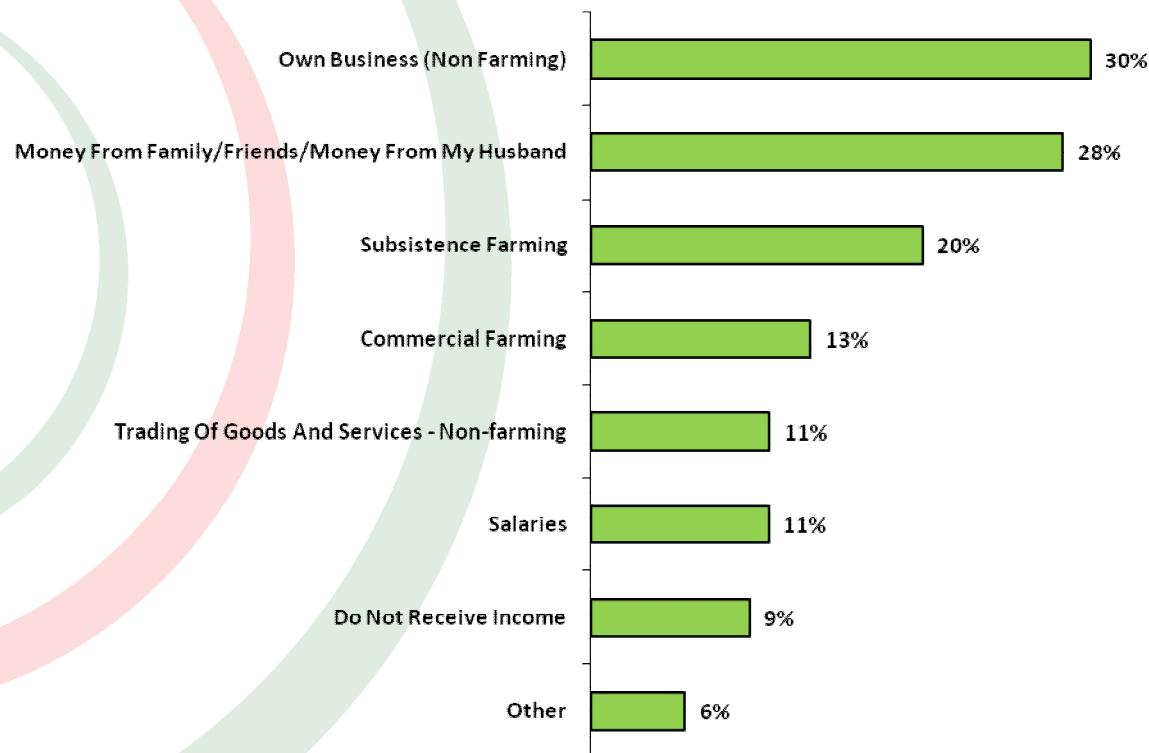


Overview of Sample Demographics



EFInA What are peoples regular sources of income?

- The main source of income for a third of the adult population is from their own business

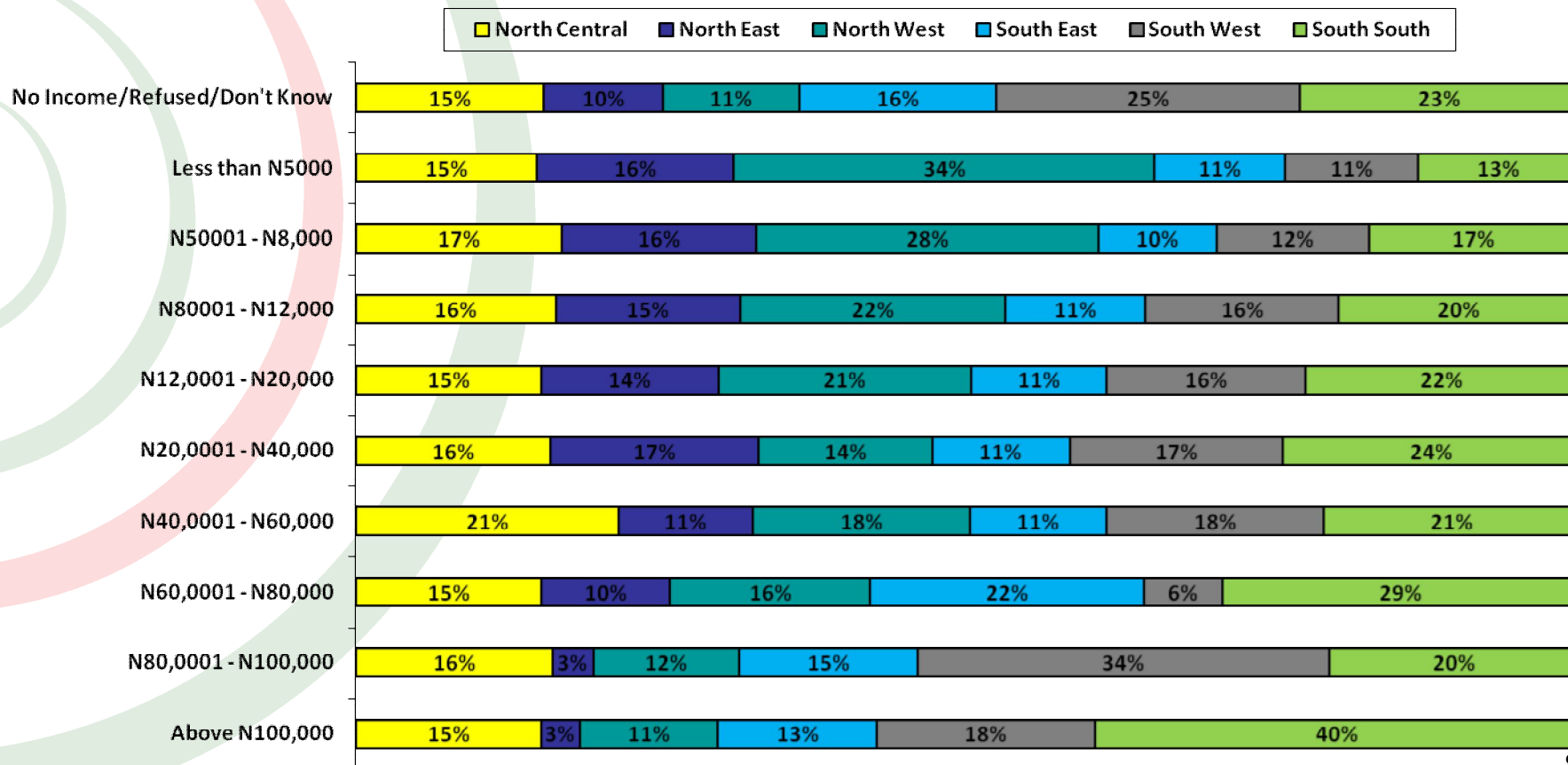




Enhancing Financial Innovation & Access

EFInA Personal Monthly Income By Geopolitical Zones

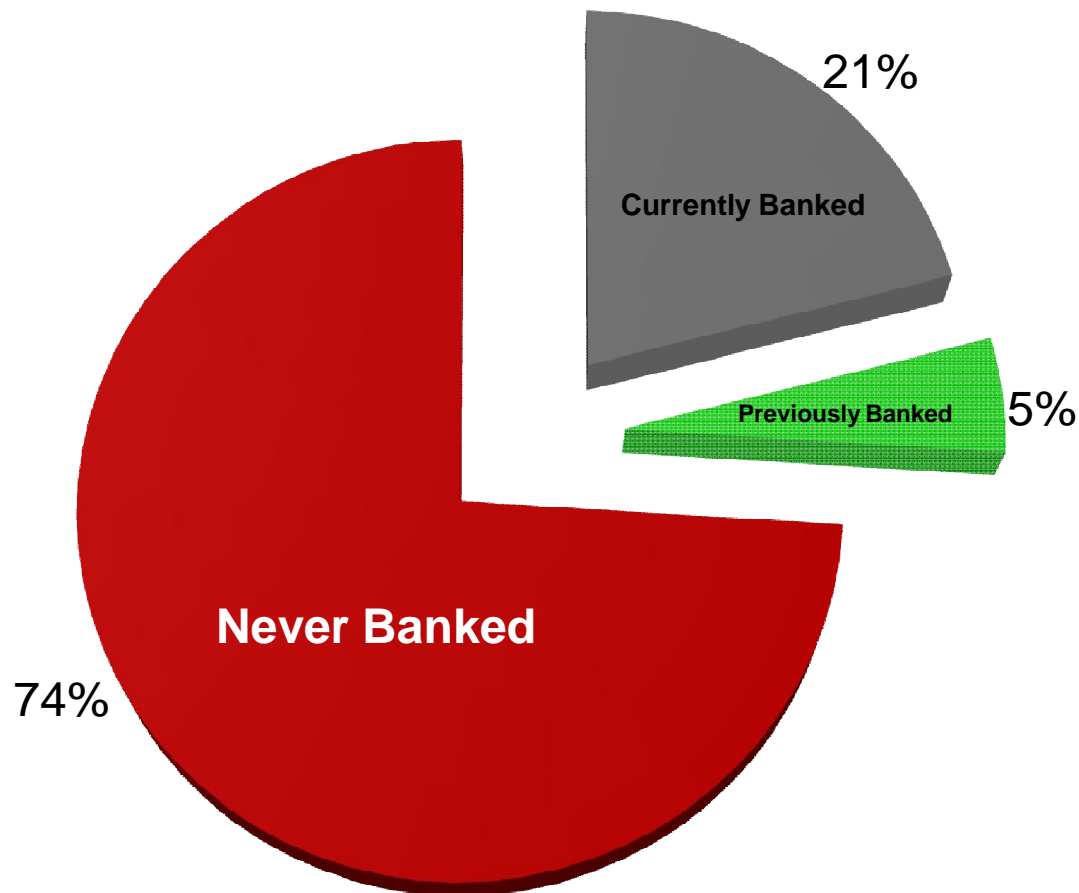
- The average monthly income is less than N8,000 per month
- 39% of the population either indicated 'no income' or 'refused to answer'
- 34% of those who earn less than N5,000 per month are from North West
- 40% of those who earn above N100,000 per month are from South South



Banking

Banking Profile of the Adult Population

- Banking penetration is relatively low
- 85% of adult females are unbanked
- 86% of rural population are currently unbanked



- Only 21% of the adult population has a bank account, which is equivalent to 18 million people
- 74% of the adult population have never been banked, which is equivalent to approximately 64 million people
- About 4 million other adults are previously banked, in other words, have left the banking system

Banked definition:

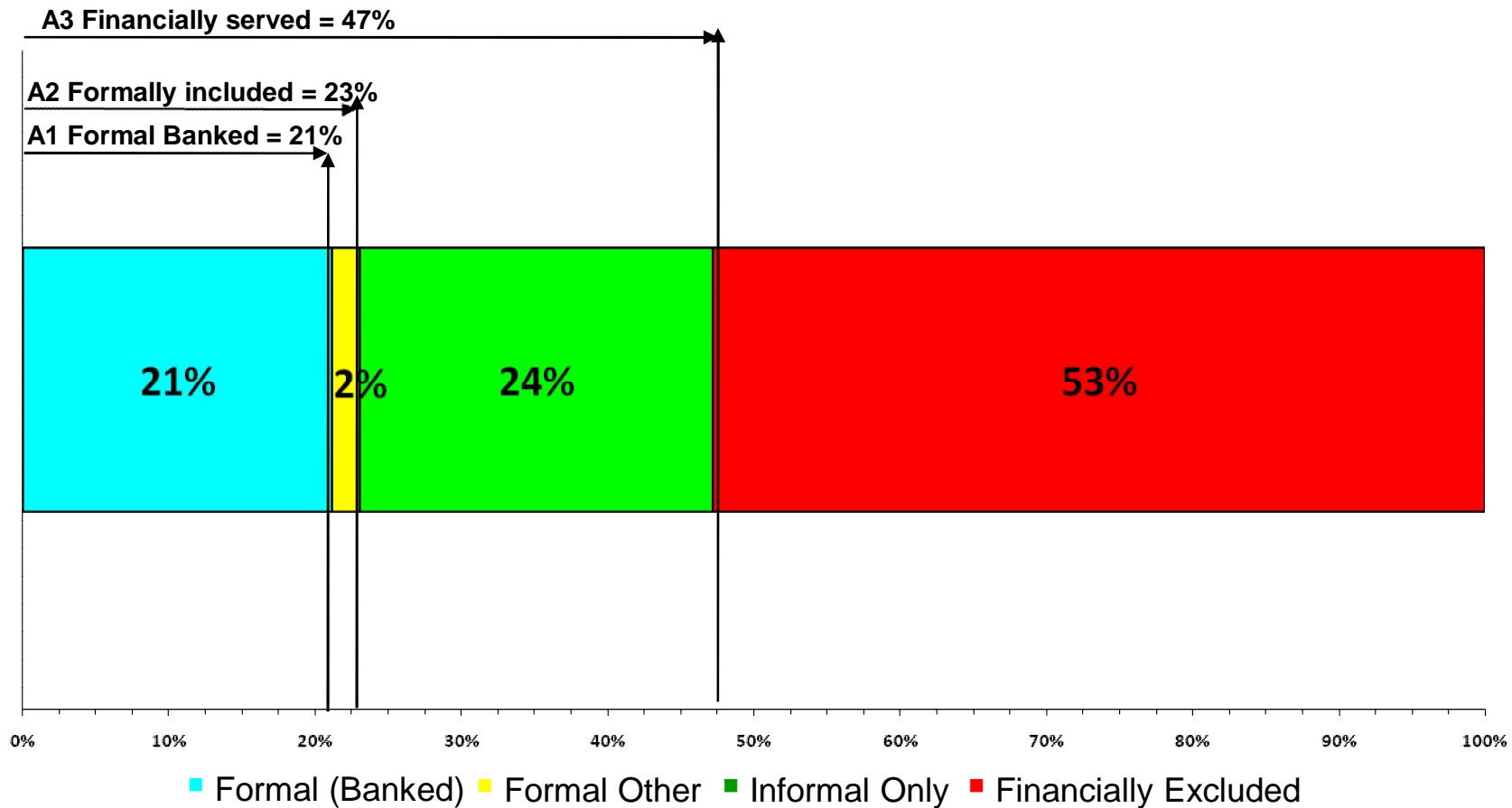
currently have any of these: ATM card, debit card, valu card, credit card, savings account, current account, fixed deposit account, mortgage loan, overdraft, Islamic loan or Islamic financing investment.

Banking Status by North Central States and Gender

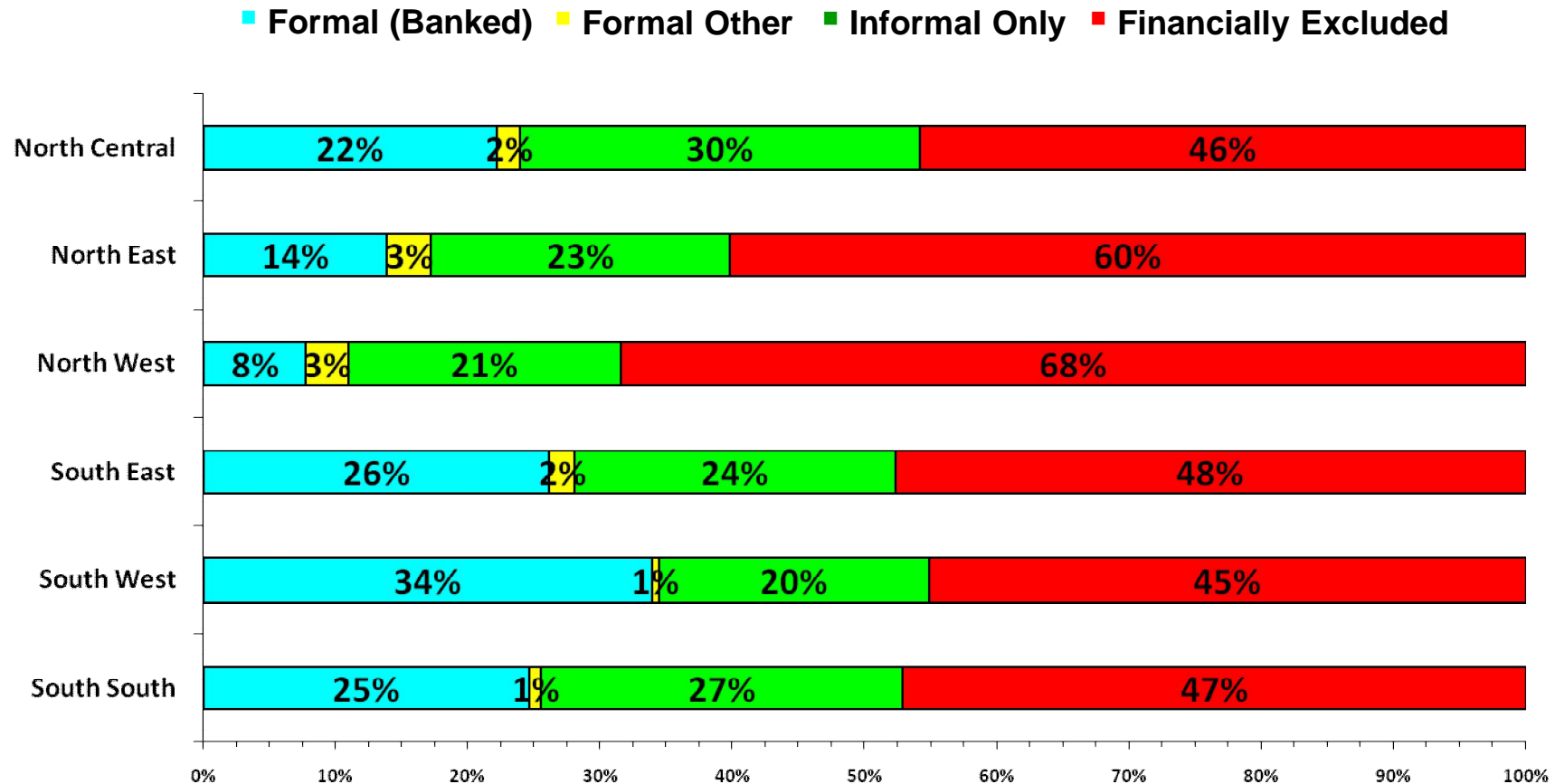
	% of the adult population banked		
	Total %	Male %	Female %
Abuja (FCT)	41	47	34
Benue	15	20	9
Kogi	34	42	27
Kwara	17	18	15
Nassarawa	16	23	8
Niger	16	19	13
Plateau	22	27	16
Total	21	27	15

Nigeria Financial Access Strand

- 53% of adult Nigerians which is equivalent to approximately 46 million people are financially excluded

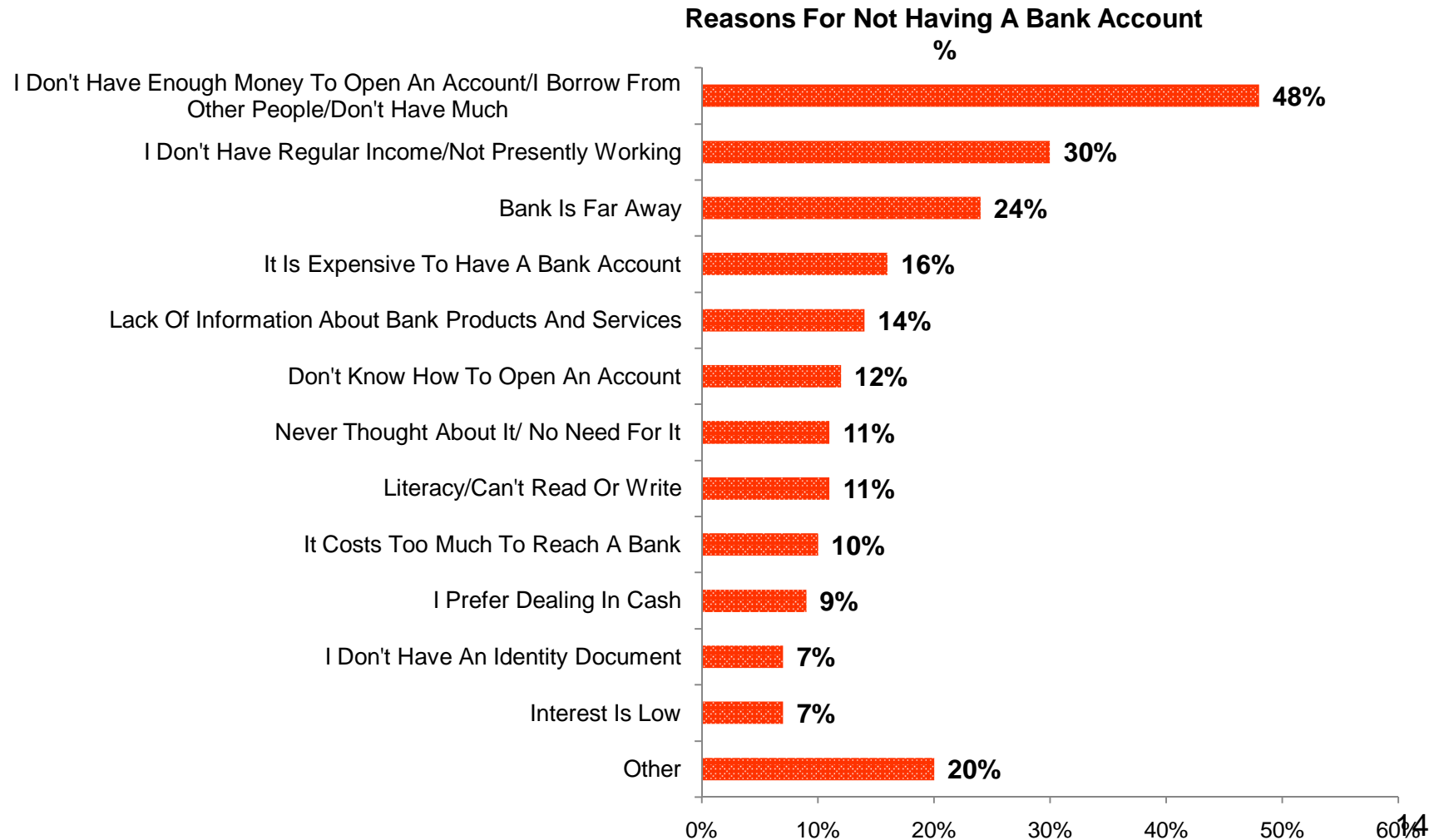


Access Strand by Region



Reasons for not having a bank account

- ☐ For the unbanked, the main barriers for not having a bank account are lack of money, no regular income and distance to the bank



Financial Literacy

Knowledge of Financial Terms By Region

% OF THE POPULATION "NEVER HEARD"	Total %	NC %	NE %	NW %	SE %	SW %	SS %
Bank	6%	6%	7%	14%	3%	3%	3%
Islamic Banking	78%	76%	66%	76%	85%	78%	86%
Interest on Savings	36%	33%	44%	59%	23%	25%	28%
ATM Card	63%	59%	76%	84%	56%	50%	51%
Debit Card	75%	70%	87%	90%	71%	66%	66%
Credit Card	76%	71%	88%	89%	71%	64%	70%
Microfinance/Community Bank	46%	41%	53%	68%	34%	30%	44%
Profit	21%	19%	25%	28%	13%	16%	19%
Stock Exchange	68%	65%	82%	87%	56%	56%	61%
Loans	22%	19%	27%	33%	14%	18%	19%
Savings Account	41%	39%	55%	72%	24%	28%	26%
Current Account	49%	46%	62%	77%	34%	37%	33%
Pension	23%	20%	28%	36%	15%	19%	19%
Insurance	48%	47%	58%	71%	32%	36%	39%
Mobile Phone Banking	78%	74%	90%	90%	73%	70%	70%

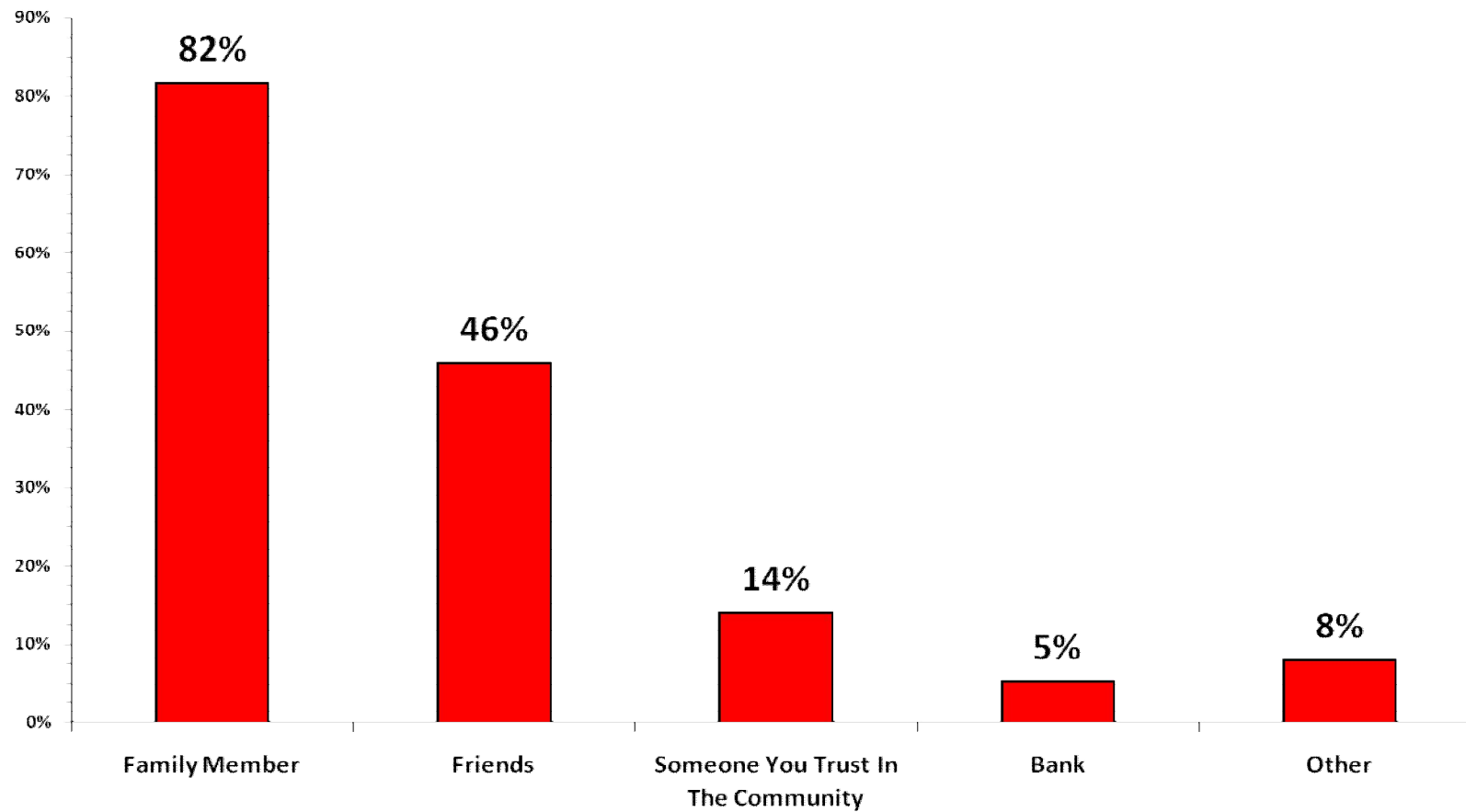
Level of Interest in Financial Matters By Region

Level of Interest in Financial Matters	Total %	NC %	NE %	NW %	SE %	SW %	SS %
Strongly Interested	20	20	28	14	19	19	22
Interested	54	51	60	48	66	59	48
Neither Uninterested nor Interested	13	15	5	17	7	11	16
Uninterested	7	8	3	11	4	7	6
Not interested at All	6	5	3	11	4	4	8

Desired Financial knowledge by Region

Desired financial knowledge: % of those who say 'Yes'...	Total %	NC %	NE %	NW %	SE %	SW %	SS %
How to invest your money	80	87	77	82	77	81	74
Learn about the various ways in which you can save	77	83	73	79	73	78	73
Learn about the advantages and disadvantages in putting your money in the bank	76	85	72	77	73	79	70
The different fees that banks and other financial service providers charge	75	84	70	76	71	79	71
How to prepare and manage a budget effectively	75	83	70	77	72	79	71
How interest on a bank account is calculated	75	83	71	76	73	77	72
How to make effective use of technology, such as mobile phones or ATMs, to better manage your finances	75	85	69	76	70	78	71
More about government policies relating to finance	75	84	67	73	72	80	70
How to better use financial services and products	74	86	67	75	70	80	70
What the actual interest you have to pay on the loan is	73	82	69	71	68	73	71
How to open a bank account	68	73	71	76	62	59	63
How to withdraw or deposit money in an account	67	74	68	78	60	58	63
None of the above	7	5	8	6	9	8	8

Sources of Financial Advice



Innovation Fund

The Innovation Fund

Purpose of the Innovation Fund

- The Innovation Fund is a special facility within EFInA that seeks to promote innovation in the development of financial services and thus expand financial access to the underserved population in Nigeria
- EFInA will share the risk of developing and implementing new innovations by providing a grant subsidy (up to 50%) for new commercial projects

Seed Grants (launched in March 09)

- Seed grants are given at an early stage to provide support for projects in design, development or pilot phase. These projects are to be implemented within six months of the grant being awarded

Innovation Grants (1st RFP launched in May 09 and closed on 10 July 2009)

- Innovation grants, provide larger funding for projects in the implementation phase and will be available for projects in sectors defined by our Request for Proposals. These projects are to be implemented within two years of the grant being awarded

Key Focus Sectors

- Branchless banking including mobile banking
- Savings
- Payment Services

Thank You

Additional information can be found on our website www.efina.org.ng