

# **Access to Financial Services in Nigeria 2016 Survey**

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**Key Findings from Focus Group Discussions  
with Mobile Money Users & Non-Formally  
Served, Mobile Phone Owners**

April 5, 2016

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## **Study Objectives & Approach**

## Study Objectives & Approach – 1 of 2

- As a forerunner to the EFInA Access to Financial Services in Nigeria 2016 survey, Ipsos was commissioned to conduct Focus Group Discussions (FGDs).

### Study Objectives

*The objective of this qualitative research was to explore & understand:*

- *the informal financial services used by individuals who are not formerly included*
- *mobile money (MM) in terms of barriers to uptake and usage advantages (what it is being used for and/or could be used for)*
- *and inform the questionnaire design for the quantitative phase*

### FGD Logistics

**9 Focus Group Discussions** were conducted across 4 key locations within Nigeria, viz:

- *Lagos urban*
- *Oyo urban (Ibadan)*
- *Port Harcourt urban*
- *Kano urban & rural (Ungogo)*

**Amongst 2 segments of participants:**

- **Active mobile money users**
- **Non-formally served** - *those who do not use formal financial services but own mobile phones*

**Age:** 18-45 years old (yo)

- *For homogeneity of responses, the age band was split into: 18-29yo, 25-45yo and 30-45yo*

## Study Objectives & Approach – 2 of 2

### FGD Logistics (cont'd)

- To ensure participants in Ibadan and Kano were comfortable sharing their views/experiences, and in compliance with Sharia law, separate male and female groups were convened in these 2 locations.
- Each FGD session was approximately 2 hours in length.

### The FGD sample split

		Lagos Urban (South West)	Oyo Urban – Ibadan (South West)		Port Harcourt Urban (South South)	Kano Urban & Rural – Ungogo (North West)	Total
Urban	Active Mobile Money Users	18-29 years English Mixed Gender					1
		30-45 years English Mixed Gender					1
		30-45 years English Mixed Gender			30-45 years Pidgin English Mixed Gender		2
	Non- Formally Served		25-45 years Yoruba Male	25-45 years Yoruba Female	18-29 years Pidgin English Mixed Gender	24-45 years Pidgin/Hausa Male	4
Rural	Non- Formally Served					25-45 years Hausa Female	1
# FGDs		3	2		2	2	9

## **How Respondents Manage Their Finances**

# Spending habits: beside the basics, ‘staying in touch/informed’ ranked as most essential for all

From personal proceeds, money at hand is cautiously disbursed on food, clothes, shelter and...

## Mobile data/Airtime top up

Making voice calls and conducting regular internet search is a must-do daily. The phone is seen as a viable platform that helps participants stay abreast of ‘global’ information and aids in skill acquisition that could generate more inflows

## Education

Tuition & reading materials for self or children

## Utility bills

PHCN, water supply, PAY TV (DSTV)

## Body care products

Toiletries and beauty products

## Transportation

Commuting by public transport or fueling of own vehicle

## Fueling

For cooking and powering generators

## Social outings

Incurred expenses at pastimes /‘hang outs’

# Means of payment: To some extent, this differs per participant segment – 1 of 2

Non-formally served



*'Third party'*

- The non-formally served rely more on this means of payment/funds transfer to business partners/individuals across the nation.
- Human relationship/contact makes this means of payment a contender with mobile money.



*Cash*

- The most acceptable means of payment for all.
- It is held as the most reliable and fastest means of making payment.



*Mobile Money*

- A major challenge levelled against this payment channel for non-formally served is that **most are uncertain about the safety of funds deposited, should their mobile phone along with their PIN be lost.**



# Means of payment: To some extent, this differs per participant segment – 2 of 2

## Active mobile money users



**Mobile Money  
(MM)**

- For the active users, uncertainty about the safety of mobile money makes some of them reluctant to commit large sums of money to this channel.



**Cash**

- Still the most acceptable means of payment for all.



**The Bank/ATM**

- Payment of tuition and utility bills are primarily made via this channel by the banked.



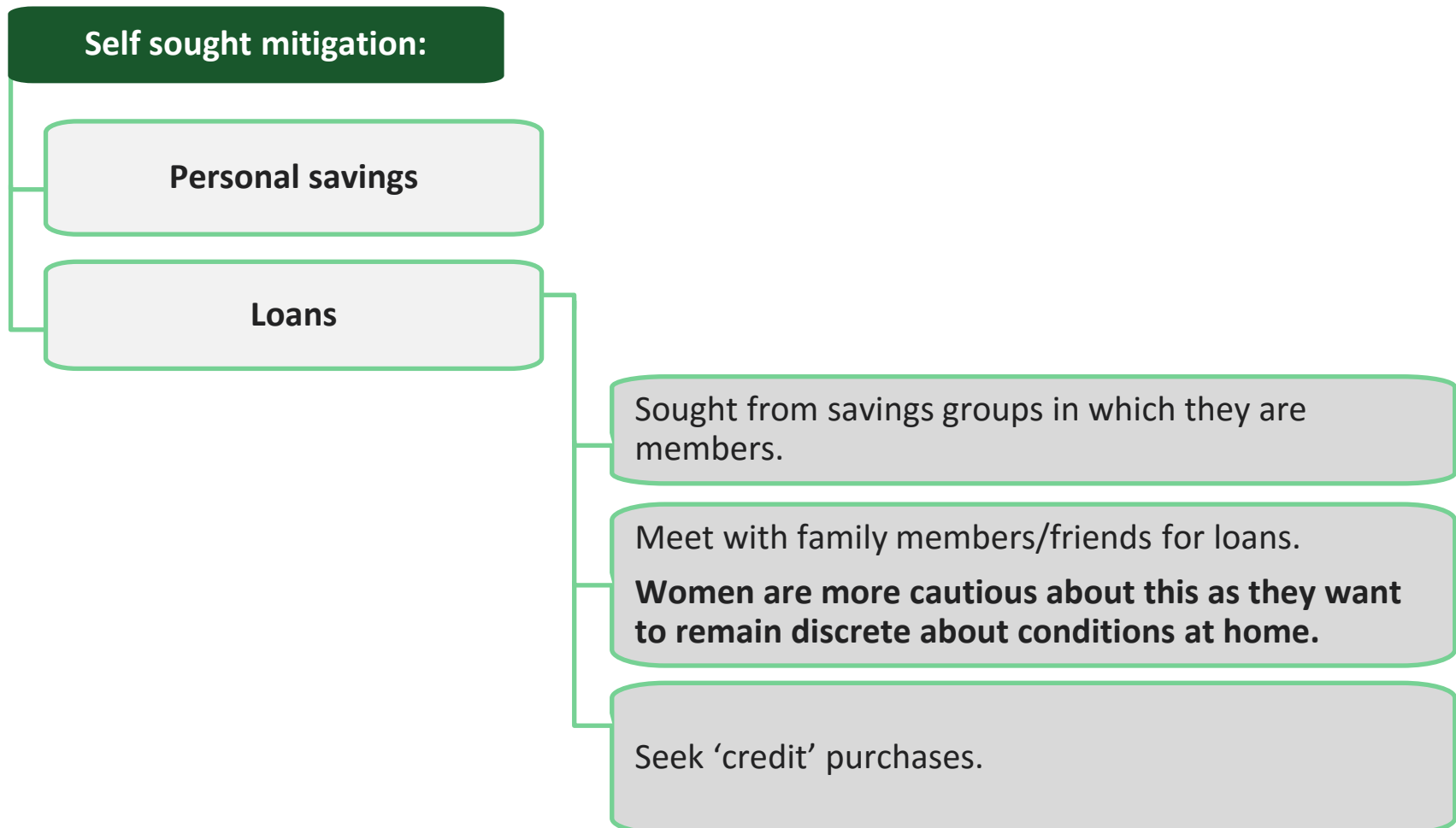
**POS**

- The bank linked participants are more likely to transfer funds via this channel given its direct bank-to-bank link.
- Plus, POS merchants are perceived to be more visible than mobile money agents, although in selected outlets.
- This channel is not totally trusted given the challenge with internet connectivity.

# Mitigating inadequate finances: participants dip into personal savings or take loans



*Loans are obtained from friends, family members, at the workplace, or at the bank (for bank-linked active mobile money users).*



## Unexpected expenses...

- Obtaining loans is inevitable for some private matters and unexpected expenses, such as:
  - **Medical expenses** - illness, surgical operation, workplace accidents
  - **Maintenance of work tools** - for artisans e.g. bakers, mechanics, etc.
  - **Untimely death**
  - **Gifting** - sending money to extended relations within/out of reach
- Therefore, participants prefer **flexible borrowing** and **payment terms**.

## Participants speak



*I get salary advance from my boss (office) whenever I'm in need of quick cash to take care of unexpected expenses...though I do save through Esusu...*

**Mixed gender, active MM user, 30-45yo, PH**



*I cut my coat according to my cloth, I don't go borrowing but try to save from what I have...I am a student*

**Mixed gender, non-formally served mobile phone owner, 18-29yo, PH**



*As for me I have one pride, I hate credit and disrespect, there was a day I told someone to lend me N100 and he had the money but did not give me, things like that make me feel bad*

**Male, non-formally served mobile phone owner, 25-45 yo, Kano**



*Whenever I don't have cash I can always borrow from anybody close to me even my mum*

**Mixed gender, active MM user, 18-29yo, Lagos**



*I don't like to borrow especially from my family because later they will make jest of you and tell people about it*

**Female, non-formally served mobile phone owner, 25-45yo, Ibadan**

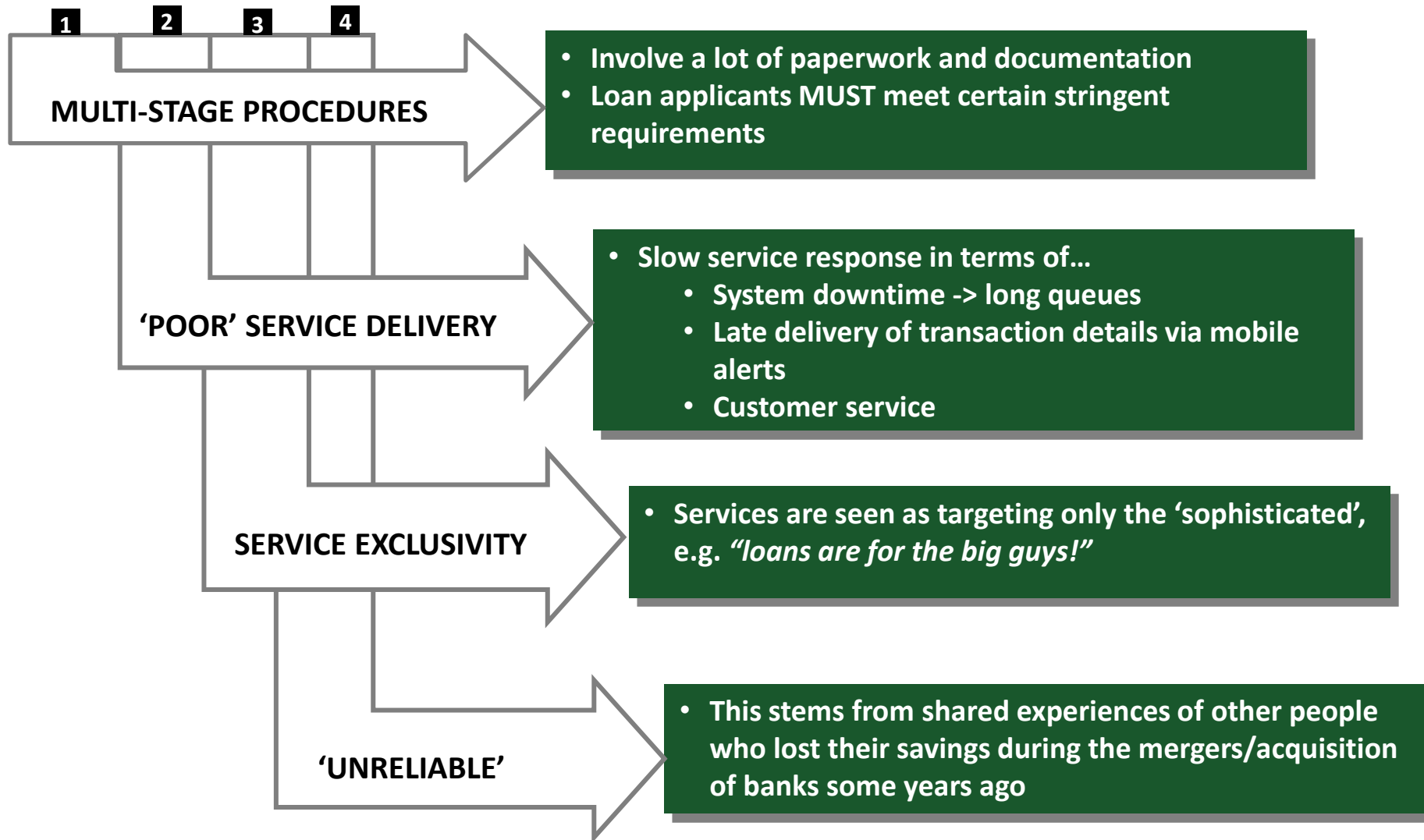


*I borrow airtime from MTN whenever I run out and need to make an urgent call... I pay back only at my next recharge...*


**Mixed gender, active MM user, 30-45yo, PH**

## **Informal Financial Services**

# Inconsistency in service delivery and lack of transparency are barriers to uptake of banking among the non-formally served




## Participants speak




*I can never put my money in bank because my father did then and he regretted it, that was one of the causes of his death*

**Male, non-formally served mobile phone owner, 25-45 yo, Ibadan**




*How would someone be asking me to bring some evidences (credentials) when I need to keep my money with them...that is why I can never keep my money in the bank*

**Mentioned across the groups**



*What I love most is that with your friends or family, there's no interest on the money they borrowed you...even from the Esusu...they will only deduct one day out of your one month savings*


**Mixed gender, non-formally served mobile phone owner, 18-29 yo, PH**



*This country before you know it, they will tell you the banks have closed or merged and that is where you will start having problems in accessing the money you've saved*

*It is when you need money badly and very urgently that you'll start experiencing network failures both in the bank and with ATM...meanwhile if it is the merchant/Esusu, you can run to him/her to pick some money*

**Mentioned across the groups**



*I believe my money is not totally safe in the banks because there are so many news we hear about frauds....Banks are for educated people that make large money like government worker but we are illiterate and do not have money, moreover we don't have banks around here*

**Male, non-formally served mobile phone owner, 25-45yo, Kano**

# 'Saving' is common as it provides for immediate and unexpected expenses. Informal savings are attained via 3 methods:

1

## LONG TERM INVESTMENT



- Seen as a means of savings whereby financial gains are pumped back into own business or invested into another business/trade for a long-term yield.
- This type of savings is prevalent among males.

2

## TRADITIONAL MEANS OF SAVING



- Claim is that this is an 'insurance' that caters for immediate cash needs.
- Mostly engaged in by the females.

3

## SAVING WITH MONEY MERCHANTS



## SAVING WITH FRIENDS



*Some active mobile money users also engage in savings groups*

- The most preferred mode of informal savings.
- Preference is hinged on the system's transparency and instant cash availability.
- It is fondly referred to as...
  - 'Esusu'/'Ajo' (Lagos & Ibadan)
  - 'Akawo' (PH) &
  - 'Adashe' (Kano).
- This is often a friendship-linked means of savings.
- Occurs at workplaces or religious centres.
- Some refer to it as 'co-operative' or 'Ajo'.



# Advantages of saving with money merchants/friends – 1 of 2



*4 major factors are considered before deciding on where to save money: **CONVENIENCE, SPEED, RELIABILITY** and **VALUE/BENEFIT OFFERING**.*



*Participants affirmed that saving with money merchants/friends deliver on all aforementioned. This is because these savings schemes consistently offer:*

- **Convenient service**
  - **Savings contributions are made at a convenient time and place.** As well, **cash is reclaimed at ease.**
    - **‘Money merchants’ travel around to gather individual savings**
    - While bank-linked members in support groups simply make cash deposits into bank accounts of the members due for collection.
- **Less stringent procedures/rules**
  - Require **no formalities.**
  - No reliance on networks/digital systems that can fail.
  - No constraints on the amount required to open or maintain an ‘account’.
- **Speed**
  - **Quick response/service** - participants can access money at any given time with little/no pressure.

# Advantages of saving with money merchants/friends

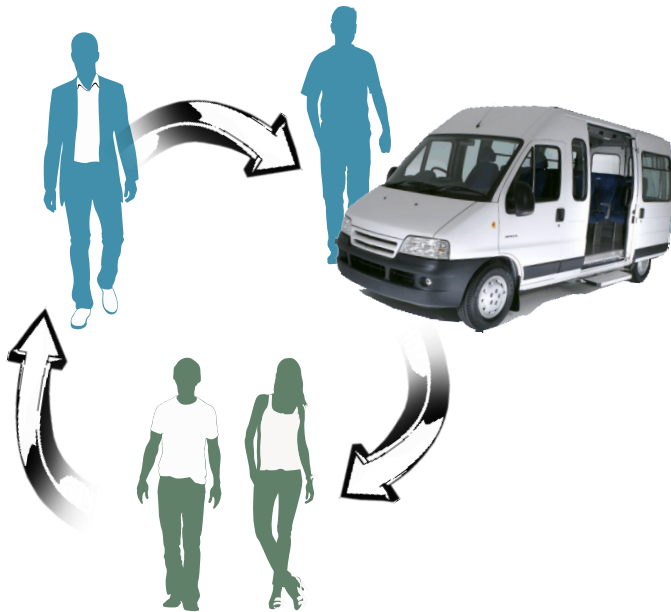
## - 2 of 2

- **Stability**
  - **System's transparency and** possibly **the informal mode of operation** is also a strength, as this translates to **consistent service delivery** for members.
- **Flexible loan facility**
  - Realistic access to loans with little/nil collateral.
  - In addition, **interest rates are minimal and payment terms are negotiable.**
- **Personalised transactions**
  - Services are provided by credible acquaintances.

## Informal fund transfers – 1 of 3

*The mobile phone plays an important role as a mode of communication while sending/receiving money for the non-formally served. Cash is often transferred through...*

### 1 Commercial transport personnel



- An inter-state driver is paid the cost of a seat in his commercial bus/cab in exchange for cash delivery. The driver simply calls the recipient on getting to the destination.
- This is fondly called 'hand-to-hand' Or...
- A sibling travels/visits after receiving a call to pick up the anticipated funds.

#### The challenge:

- The medium restricts the amount to be sent, given that cash may be lost or not get delivered to the recipient.

## Informal fund transfers – 2 of 3

2

### Banked individual/agent



- Kano participants mentioned that there are 'agents' of Bureaux De Change who specialize in both domestic and international fund transfer services.
- Some of these 'agents' are said to use internet mobile banking platforms to perform 'local' fund transfers on-the-spot.
  - The agents making 'local' transfers are mostly seen within the marketplace.

### • No concerns raised.

3

### Airtime resale



- A medium mostly used by and for students.
- Airtime value is received on mobile and resold. The proceeds are used to cover expenses.
- **The challenge with this informal fund transfer is that due to pressure of urgent needs, airtime may be sold at a loss.**

## Informal fund transfers – 3 of 3

4

### Commodity resale



- Family member(s) living abroad often will send goods of value e.g. TVs, refrigerators, bags, clothes, laptops, etc. for resale.
- The money realised from this sale is later distributed among the family members at home.
- This method was cited by the male non-formally served group in Ibadan.
- **No concern/s raised.**

## Cashless Innovations

## Cashless innovations – 1 of 2



***For security reasons, virtually all respondents are averse to carrying cash although it is the most widely accepted mode of payment. Many thus embrace the concept of cashless solutions.***



**Vs**



- The general understanding is that Nigeria is a cash funded society: *“that is the only means of payment most Nigerians **understand**...you can’t go to the market without holding cash with you unless you don’t intend to buy anything ...” - mentioned across the groups.*
- Nevertheless, aspiration to conform to the outside world along with recent national emphasis on cashless has evoked the interest of many in cashless innovations.
- **Adapting to this ‘new’ technology is a major concern for most in the non-formally served segment.**

## Cashless innovations – 2 of 2



*The following concerns must be addressed to encourage non users of mobile money so as to boost service uptake.*

1

**Mobile network connectivity**

*How fast will it work?*

2

**Format presentation**

*Will it be in the form of an **app** or **what**?*

*Will there be **language options**?*

3

**On-line fraud**

*What if I lose my phone?*

*How **safe** is it? How **legitimate** is it?*

4

**Phone type compatibility**

*Will it **work with my 'small'** (feature) phone?*

5

**Interfacing agent**

*Who would we **meet when issues** arise?*

6

**Procedure**

*What is the **interest rate on savings/soft loans**?*

*Hope there will be **no hidden charges**?*

7

**General reception**

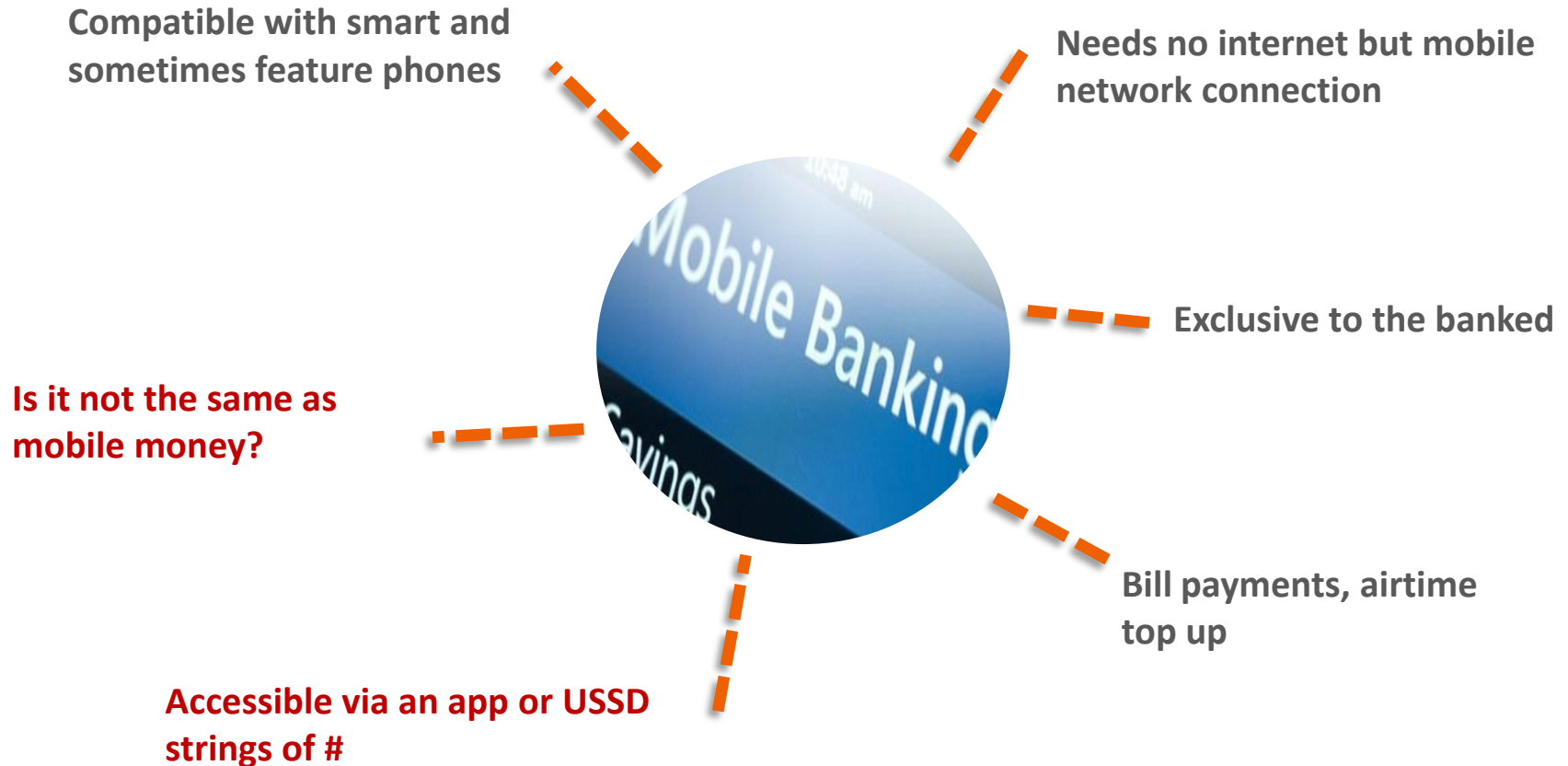
*Would the market women accept it?*






# **Mobile Banking Vs. Mobile Internet Banking**

# Associations with Mobile Banking




## Participants speak




*It sometimes needs a smart phone to work or even if it's a small phone*

**Mixed gender,  
Active bank linked MM  
user,  
30-45 yo, Lagos**




*Is it legal, I hope it is not like wonder bank or mustard seed that will end one day*

**Mixed gender, active MM  
user, 30-45yo, PH**



*All you need for mobile banking is the USSD code  
if there is mobile network or internet failure you cannot go with the goods you've bought until that is sorted...I think it is for small amounts only, how would the agent keep large amount like millions*

**Mentioned across the  
groups**




*I think you need to be given a token from the bank before you use it*

**Mixed gender,  
Active bank linked MM  
user,  
30-45 yo, Lagos**

# Associations with Mobile Internet Banking




## Participants speak




*It is like having a branch of the bank with you everywhere you go...you can solve all money matters on your own as long as you have access to the internet*

**Mixed gender, active MM user, 30-45yo, PH**




*The charges are fair when you compare with banks...N100 is okay but ATM will charge you N65 for each transaction you made*

**Mentioned across the groups**



*I am always an African, first and foremost...some time ago my husband's friend's account was hacked because he uses this internet banking*

**Mixed gender, active bank linked MM user, 30-45 yo, Lagos**



*The process of mobile internet banking can be long and boring, you may even need your BVN to be able to use it*

**Mixed gender, active bank linked MM user, 30-45 yo, Lagos**

## In summary...



***Spontaneous associations between the two platforms revealed that participants could not differentiate between mobile banking and mobile internet banking.***



***This is basically because nearly all the features are shared by the two.***



***Nonetheless, mobile internet banking is seen as the most secure and user friendly banking service. Active mobile money users in particular have a liking for the 'D-I-Y' features offered by mobile internet banking.***

# Mobile Money

## Mobile Money (MM) – 1 of 9

*Consensus among both segments convened for study is that mobile money is a platform that encompasses all and sundry, particularly the unbanked.*

### *General Understanding*

- First encounter with **mobile money is often initiated by the urgent need to transfer funds to an unbanked individual.**
- Most repeated transactions made thereafter include:
  - Funds transfer
  - Utility bill payments
  - Airtime top up
  - Checks on transaction history or/and account balance
- It is suggested that the number of mobile money transactions offered be expanded.
- Many active users understood MM does not require having a bank account, smart phone or internet connectivity BUT a functional mobile SIM and a feature/smart mobile phone.
  - Users of 'Paga' stated their brand needs internet to function.



## Mobile Money – 2 of 9

***General  
Understanding  
(Cont'd)***

- Majority of non-formally served across study locations **are oblivious of/are unclear on mobile money.**
- **Conversely, positive accolades streamed in from the active mobile money users.**
- Many also claimed that mobile money providers can either be...
  - 1) Bank-led or
  - 2) Non bank-led e.g. Paga, GSM mobile service providers.

## Mobile Money – 3 of 9

### Usage (what it is being used for and/or could be used for)

#### Current transactions on MM

- *Purchase of airtime & data bundles*
- *Payment of utility bills – PHCN, waste bills, Pay TV*
- *Funds transfer & cash receipt*
- *Service fun hobbies – sports betting*
- *Purchase transport tickets – LagBus*


#### Desired transactions

- *To pay for all purchases in the open market and neighborhood stores*
- *Pay for tuition*
- *Pay for cabs*
- *Soft loans*

*“We should be able to use it to pay for everything...even pay for cabs or buy pepper in the open market”*


*Mentioned across the groups*

## Participants speak




*It requires no bank account...as in it's meant for those who do not have account in the bank...someone like me...I believe it's for everybody that has a mobile phone...can read and type on the phone*

**Mixed gender, active  
mobile money users, 30-  
45yo, PH**




*They do advertise it (mobile money) so I have heard about it and one of my bosses uses it...he does his transactions within the comfort of his home...he has even paid my salary through this means*

**Male, non-formally served  
mobile phone owner,  
25-45yo, Ibadan**



*Registration is not compulsory of all users....and it requires no app...only Paga have I noticed that you need internet to operate....All you need for mobile money to function is a registered SIM card and a mobile phone.*

**Mentioned across the  
groups**



*Any type of phone can be used with mobile money, even if it's Nokia torchlight phone ...*

**Mixed gender,  
active bank linked MM  
user, 18-29yo, Lagos**

## Mobile Money – 4 of 9

***Would incentives encourage MM uptake?***

- Only a few across board had received free airtime and gift items such as umbrellas and pens after patronising mobile money.
- Some users in Lagos claimed to have been encouraged to register for MM after receiving an SMS from their mobile service provider which promised access to loans if they would patronise mobile money services.
- *“I have been waiting for this loan to come but it’s all lies...” - mixed gender, active mobile money user, 30-45yo Lagos*
- While some users in Kano and Port Harcourt **hope to receive free airtime and soft loans someday** for using MM, others advise that **its awareness be intensified to drive uptake.**

### *Mobile money Registration*

- Active users **said that mobile money registration is not compulsory for all users**; only one registered user of MM is adequate for many others to benefit from the service.
- It was unanimously agreed that mobile money **targets the 'sophisticated'**. This is not unconnected with the language of communication (texting) - English - which most see as a barrier for non-literates.
- Active users, both in the rural & urban areas, claimed the registration procedures can become tiresome when there is erratic mobile network connectivity.

## Mobile Money – 6 of 9

### *Transacting on mobile money*

- A large number of active mobile money users are bank-linked. For them, this makes funding their mobile money accounts a lot faster & less complicated.
- The opinion of many is that ‘self’ funding - funding from one’s bank account - is much easier than asking a mobile money agent to provide the same service. According to these participants, mobile money **agents are not easily located or readily available**, although **most are helpful where and when available**.
- The bank-linked users stated they make use of mobile money services less often, since **making transactions via mobile internet banking is more convenient and secure for them**.
- The daily transaction limits on mobile money are unknown to **most**, but a few have noticed that the mobile money platform does not allow them to complete transactions involving large sums of money.
- **For this reason, some users are reluctant to commit large sums of money to their mobile money accounts. Likewise, the fear of losing their mobile phone along with the PIN deters others from keeping large sums of money on the platform.**

## Mobile Money – 7 of 9

### ***Mobile money transaction charges***

- A service charge of between NGN100 - 150 is perceived to be fair in comparison with what is obtainable from internet mobile banking or mobile banking.
  - Buying airtime and/or making cash deposits (storing money in an e-wallet) were mentioned as the only transactions that do not attract any fees.
- 

### ***Support for mobile money***

- **Virtually all active users affirmed the platform is simple to operate.**
- **Many sought assistance with the MM agent during the first time they tried to access the service and whenever they needed to fund their MM account.**

## Mobile Money – 8 of 9

### ***Awareness Creation:***

***Most recalled awareness is via the TV & Radio.***



TV & Radio advert



Visual ads on ATM



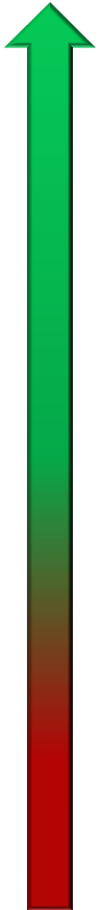
Mobile money agents



Road Shows



Bank official /Tellers





# Mobile Money – 9 of 9

## Users personified



### **'Registered' mobile money user**

- **Male or female**
- **Mobile phone owner**
- **Young**
- **Modern**
- **Educated/sophisticated**
- **Smart**



### **Mobile money user**

- **Male or female**
- **Mobile phone owner**
- **All ages**
- **Modern**
- **Literates or non-literates**



**Mobile money services can be used by all even if not registered. Those that are not registered have to interface with the agents.**

## In summary, drivers and barriers to mobile money uptake...

- Virtual cash, Cash on-the-go
- Inclusion of the unbanked
- 'DIY' ability
- Compatibility with varying phone types - feature/smart phones
- Unlike the banks, no hidden charges
- Internet access not required for many providers



- Not easy to operate at inception
- Language barrier - makes mobile money unpopular given that users must be literate in order to access/make use of service. This results in low awareness/ acceptance
- Agents lack visibility - not easily reached
- Agents have varying commissions which may or may not be standardised - not the official recommended charges. This often discourages potential users from approaching the agents
- Erratic mobile network connectivity



## **Conclusions & Recommendations**

## FGD Conclusions & Recommendations – 1 of 3

1

### Awareness & knowledge of MM is still very low

- *Intensify awareness to increase MM usage/uptake.*
- *Emphasise its benefits.*
- **Increase agent footprints** within semi-urban & rural areas where it will be most beneficial.

2

### Partner with money merchants/supportive groups

- *Given the influence of money merchants on the non-formally served, consider reaching out through these money merchants on the non-formally served segment.*

3

### Limited transaction availability

- *Expand transaction offerings in tune with users' lifestyles.*
- *E.g. pay for tuition, use within open market to pay for food, etc.*

## FGD Conclusions & Recommendations – 2 of 3

**Providers should address the following in order to encourage uptake and usage of mobile money:**

***Information  
requested by the  
non-formally  
served***

***Make the user interface simple & clear***

- *Will it be in the form of an app or what?*
- *Will there be language options?*

***Allay fears about on-line fraud***

- *What if I lose my phone?*
- *How safe is it? How legitimate is it?*

***Educate potential customers about MM procedures***

- *Are there hidden charges?*
- *Will it work with my 'small' phone?*
- *What is the interest rate on savings/soft loans?*

***Information  
requested by the  
non-formally  
served***

***(cont'd)***

***Equip the agents - information, visibility, etc.***

- *A major complaint among active users is the scarcity of agents*
- *Easy accessibility to mobile money agents will enhance awareness*
- *“Who can we meet when issues arise?”*

***Be transparent with pricing***

- *The providers should clearly show their fees on their platforms.*
- *This could be in the form of ‘pop ups’ on the menu or have signs showing the price list at the outlets*

***Can mobile money be utilised end-to-end  
without an agent's input?***

*Thank You*