

EFInA Access to Financial Services in Nigeria 2014 Survey

**Understanding the Credit, Savings and Payment
Patterns among Adults Who Rely on Informal
Financial Services Only**

- A. Research Objectives**
- B. Demographic Profile of Adults Who Use Informal Financial Services Only**
- C. Savings and Loans Patterns**
- D. Remittances among Persons Who Rely on Informal Financial Services Only**
- E. Mobile Financial Services Uptake and Usage**
- F. Potential of the Informally Served Population to adopt Formal Financial Services**
- G. Recommendations and Conclusion**

Research Objectives

Understand the characteristics of the adults who rely only on informal services in Nigeria

Know their savings and loans patterns

Identify if and how they send and receive money outside and within Nigeria

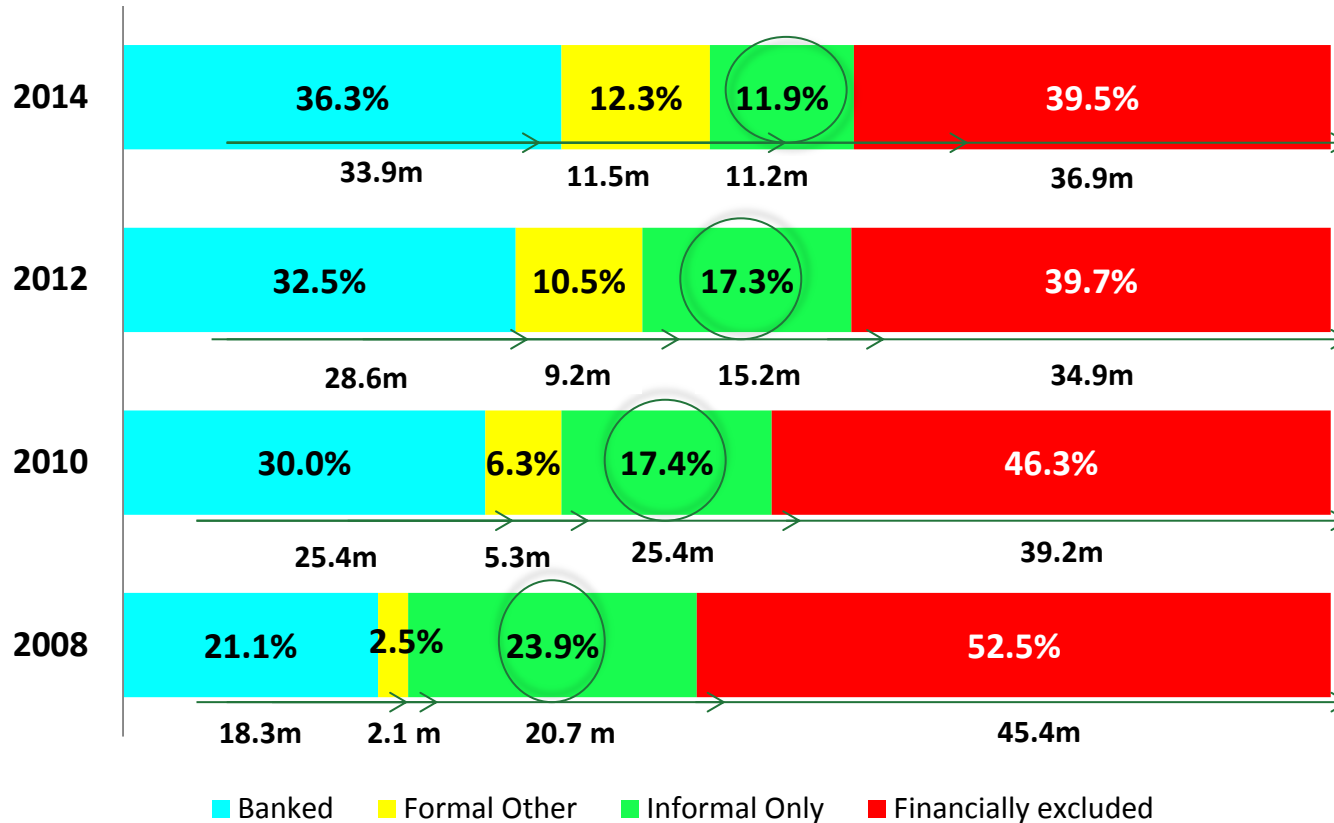
Understand their willingness to embrace mobile financial services

Highlight the potential of the informally served group to adopt formal financial services and opportunities for financial services providers.

Would they trust similar products/services from formal financial services providers



Financial Access Strand From 2008-2014

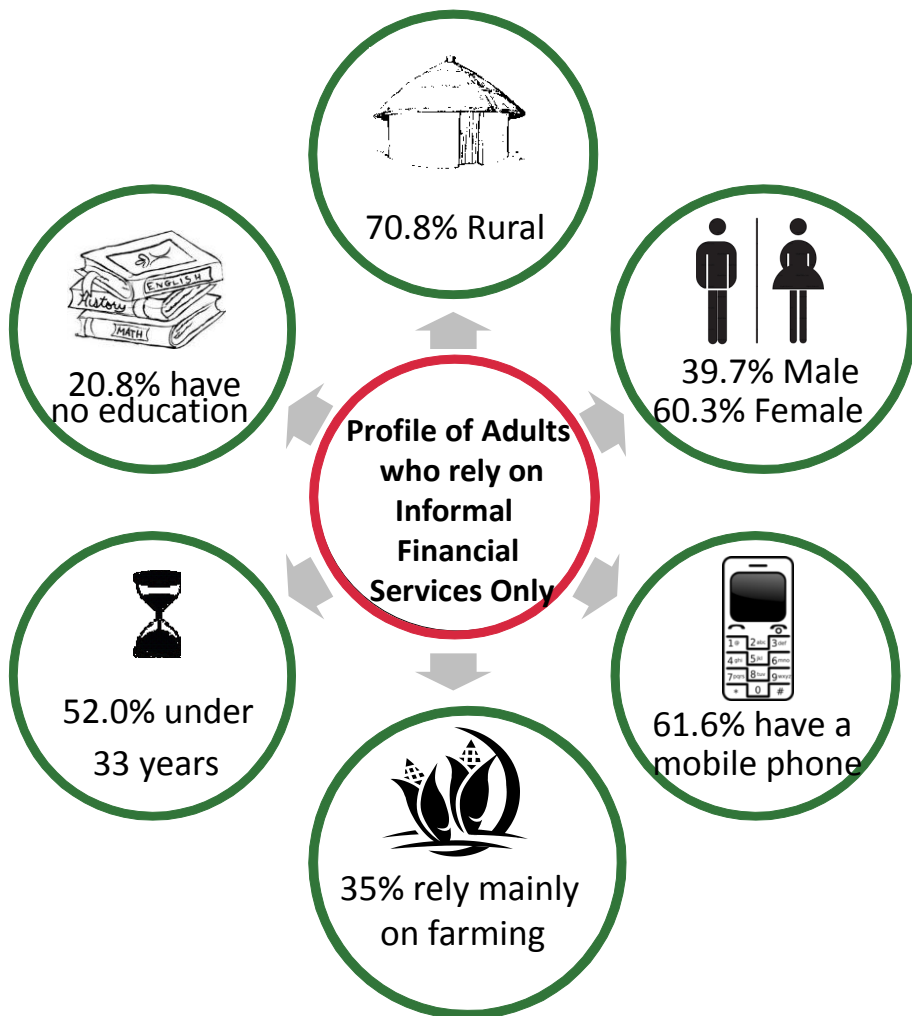


KEY COMMENTS

From 2008 to 2014:

- The total adult population increased from 86.6 million to 97.5 million
- The proportion of adults who rely on informal financial services only decreased from 23.9% to 11.9%, which is a decrease of 9.5 million

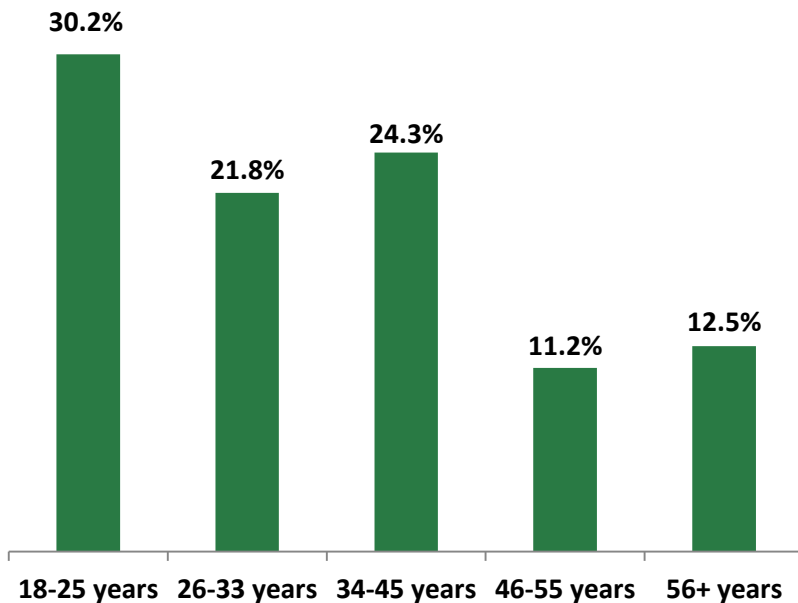
Demographic Profile of Adults who Rely on Informal Financial Services Only



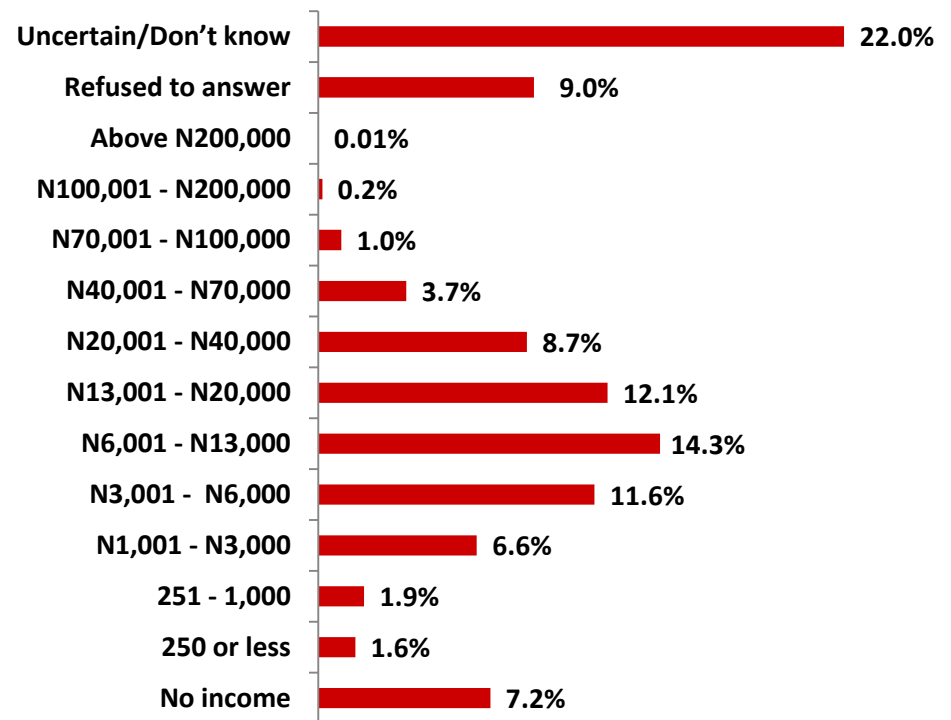
- Number of adults who rely only on Informal Financial Services is **11.2 million**
- 5.8m (52%) adults are under 33 years
- 3.6m adults (35%) get their main source of income from subsistence/commercial farming
- 4.1m adults (40.1%) are the main income earners in their household
- 7.1m adults (65.1%) are self-employed
- 6.8m adults (61.6%) own a mobile phone
- 2.3m adults (20.8%) have no education
- The adults who use only informal financial services use only cash to pay for goods and services

Age and Income Distribution

- Of the **11.2 million** adults who rely on informal financial services only, 3.4m (30.2%) are from the age group- 18 to 25 years
- Income levels are low among the adults who rely on informal financial services only, 43.2% earn N13,000 and below



Age Distribution

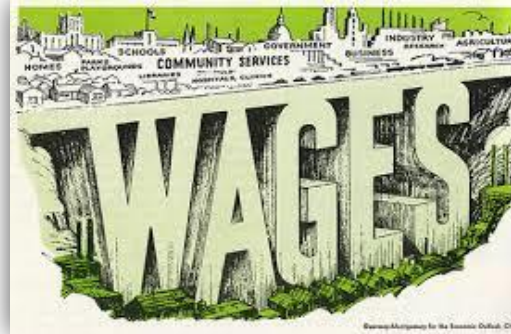


Income Distribution

Sources of Income



23.2%- Subsistence Farming



6.0%- Formal and Informal sources



10.2%- Family and Friends

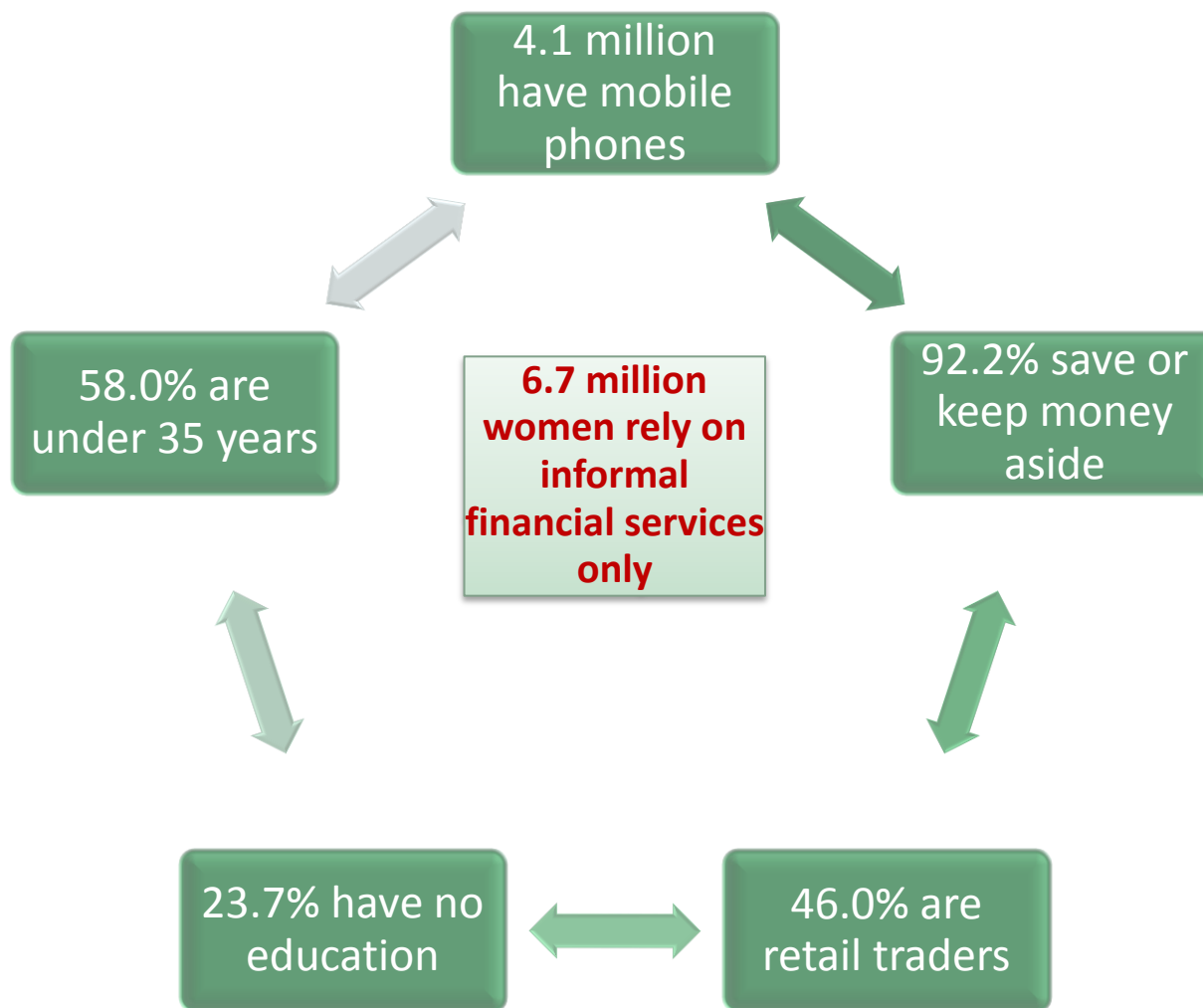


40.4%- Trading and Own business (non-farm produce)



11.8%- Commercial Farming

Gender Lens – Women who rely on Informal Financial Services



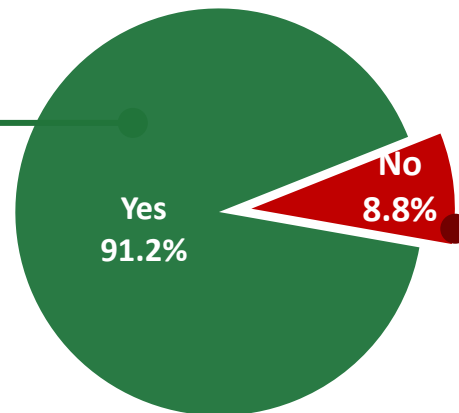
Savings: Potentials and Reasons

- 91.2% of the adults who rely only on informal financial services are predisposed to saving for planned and unplanned events

Are You Currently Keeping Money Aside?

Reasons for Saving

- Emergencies
- Day to day Expenses
- Personal Needs
- Old age
- Expanding my business
- Personal Needs

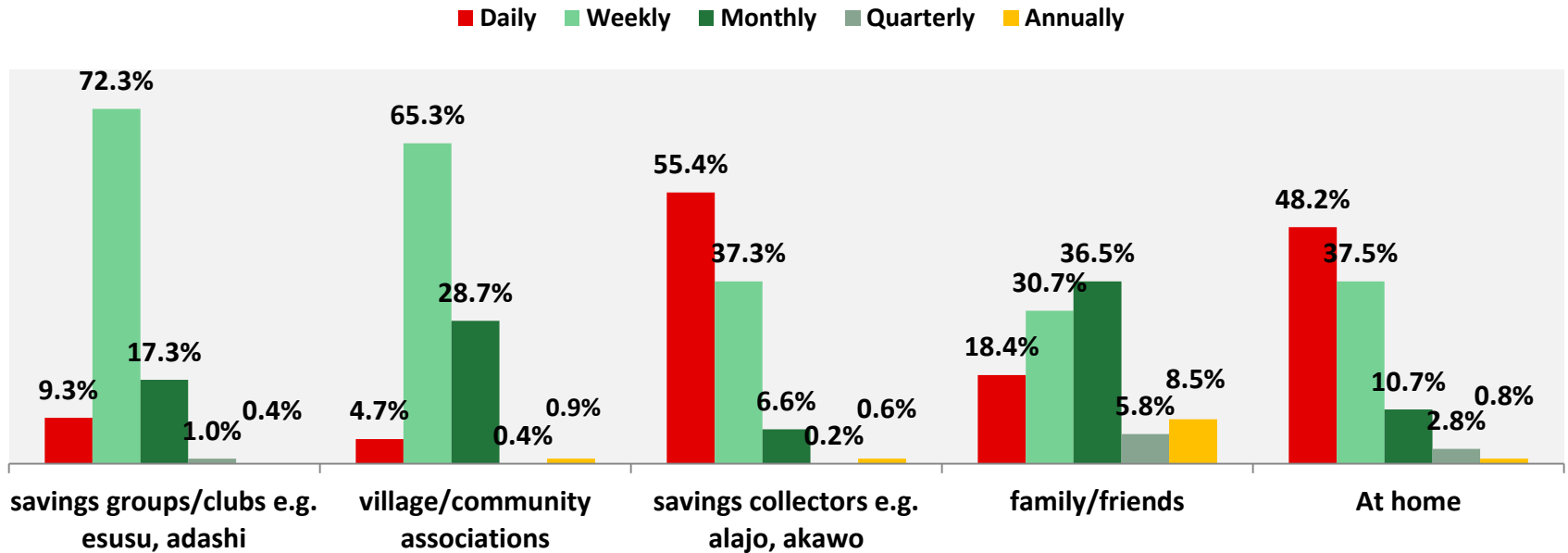


Reasons for NOT Saving

- Nothing to save
- Not employed
- Other reasons include lack of knowledge and trust of formal institutions

Frequency of Savings

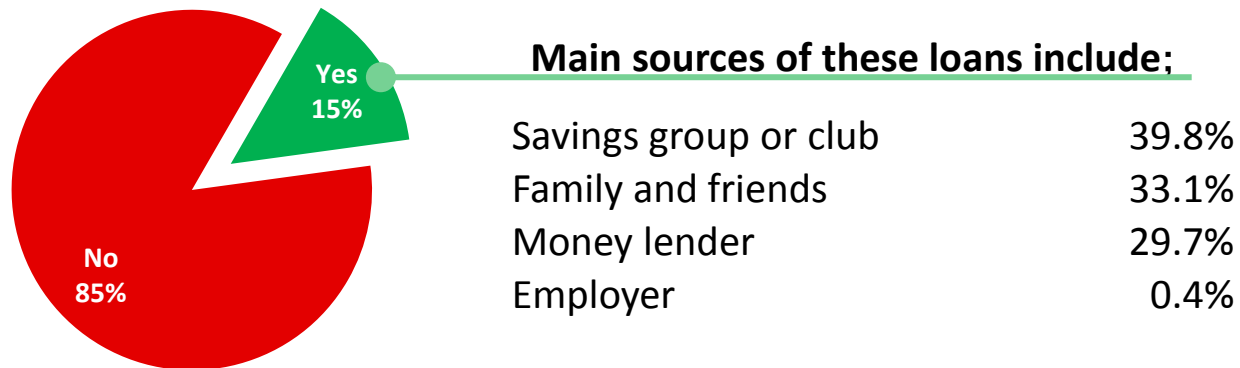
- Those that save at home or with savings collectors do so more frequently (mostly daily) than those who save with groups/ clubs and village associations (mostly weekly to monthly)



Loans and Credit Patterns (1 of 2)

- Only 15% of the adults who rely on informal financial services only have borrowed in the past 12 months. Majority of those that did not borrow (65.0%) claimed they did not need to borrow.

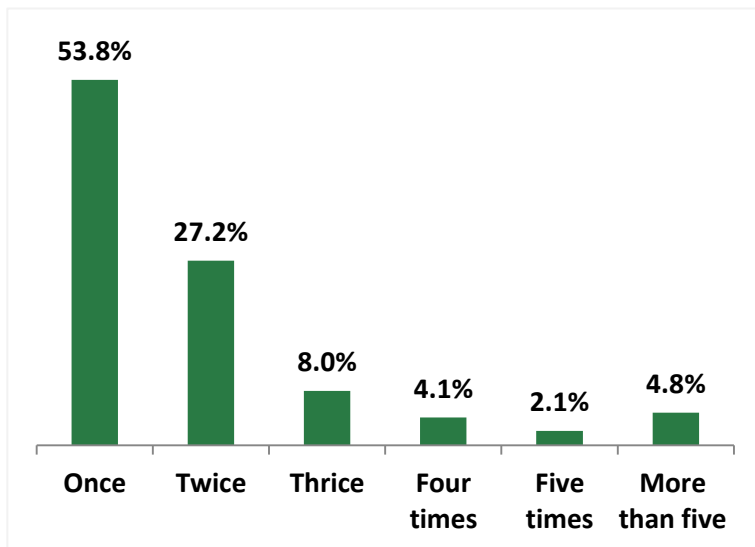
In the past 12 months, have you taken out a loan or borrowed money?



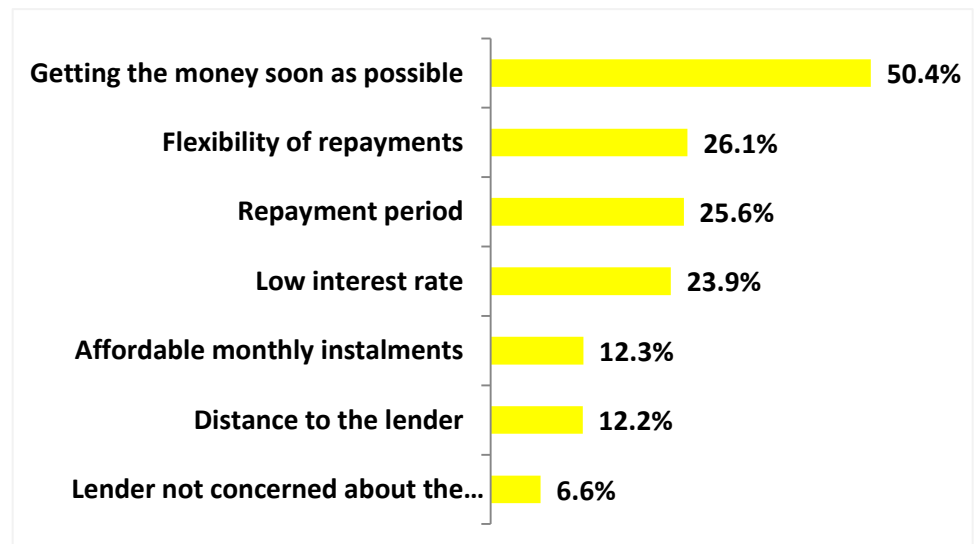
Loans and Credit Patterns (2 of 2)

- Majority of the adults who rely only on informal financial services who have borrowed money, did so up to 2 times in the past 12 months.
- About 50.4% of them consider the speed of accessing the loan as the most important factor in deciding where to access the loan from.

How many times have you borrowed money in the past 12 months



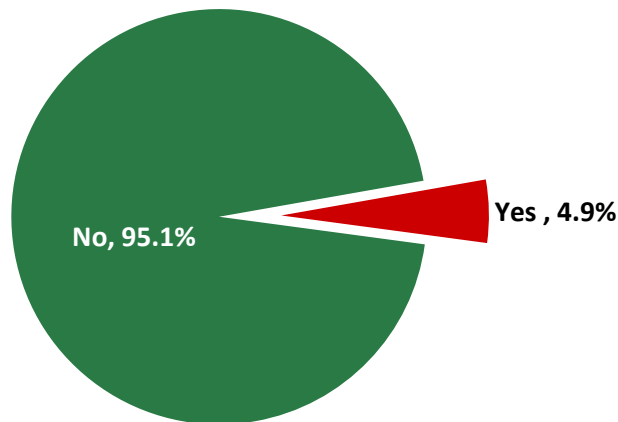
Factors considered when deciding where to borrow from



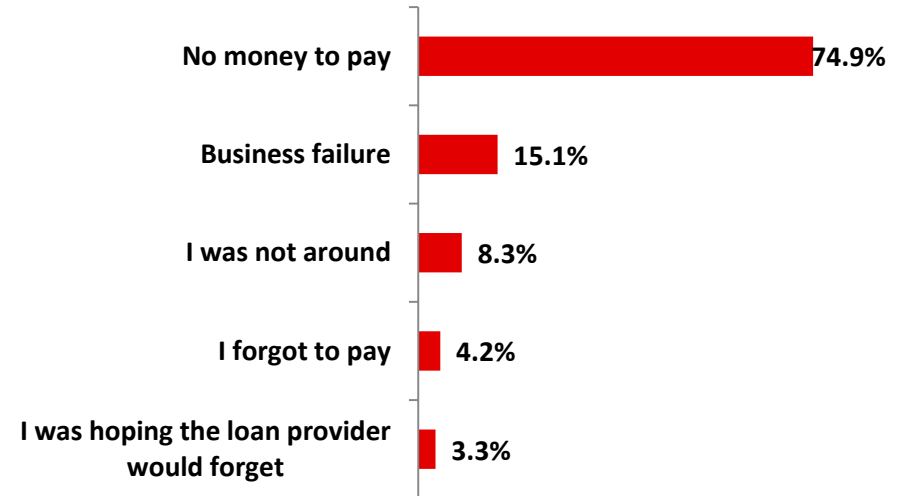
Loan Repayment Patterns

- Individuals who rely only on informal financial services and have borrowed money claim to meet their repayment schedules
- 5% who miss loan re-payments do so mainly because they had run short of money

Have you ever missed a loan repayment?

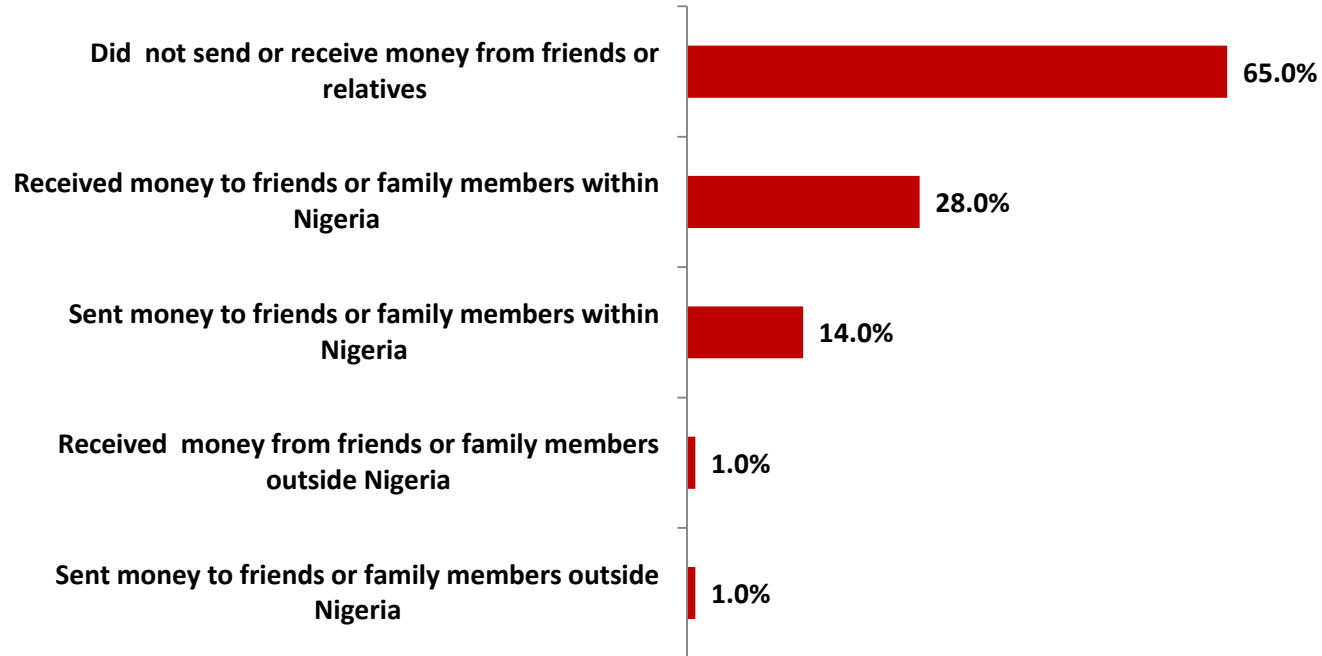


Reasons for missing a loan repayment

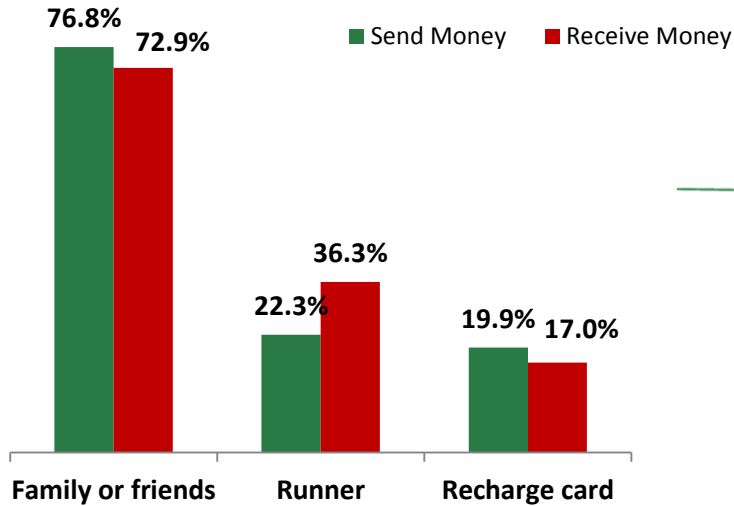


Remittances Behaviour

- About 65% of the adults who use only informal financial services do not send or receive money from friends and family
- For those who made remittances, most of money sent or received was within Nigeria

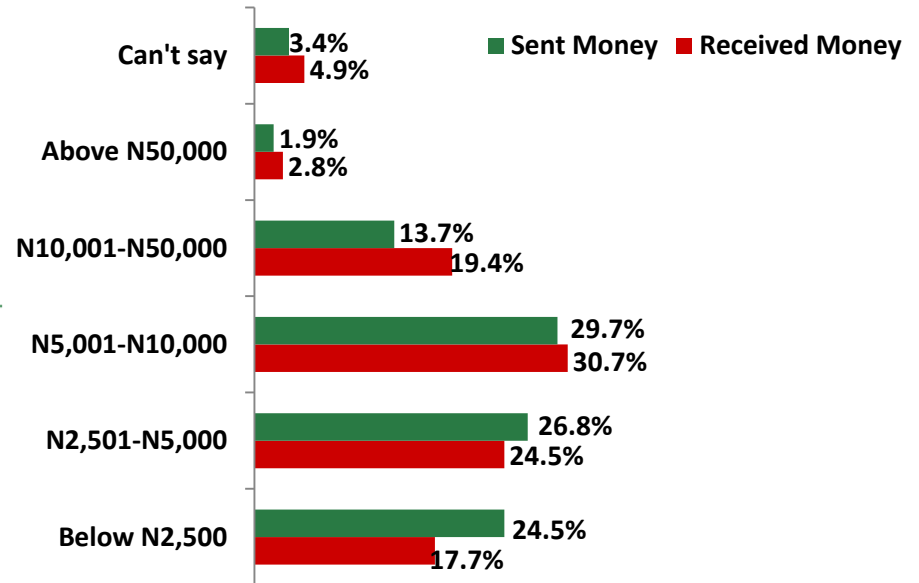


Money Transfer (1 of 2)



• Family and friends, runners and recharge cards are the only ways money is sent or received by the adults who rely on informal services only

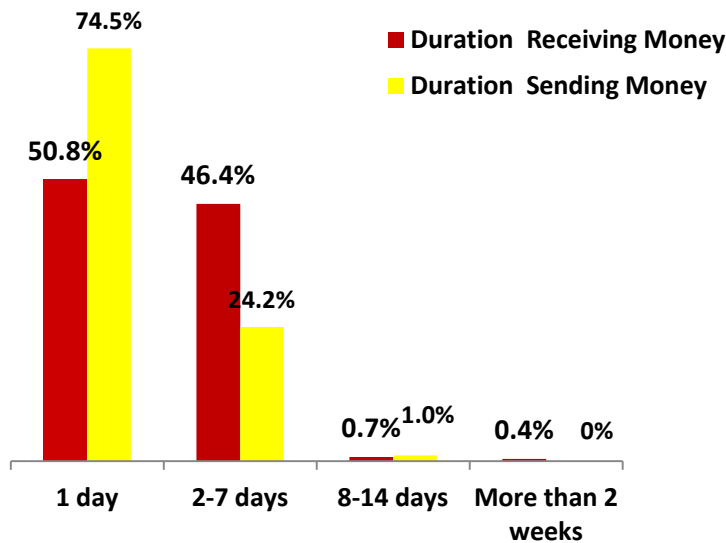
• Most of the money sent or received is in the range of N2,501 to N10,000



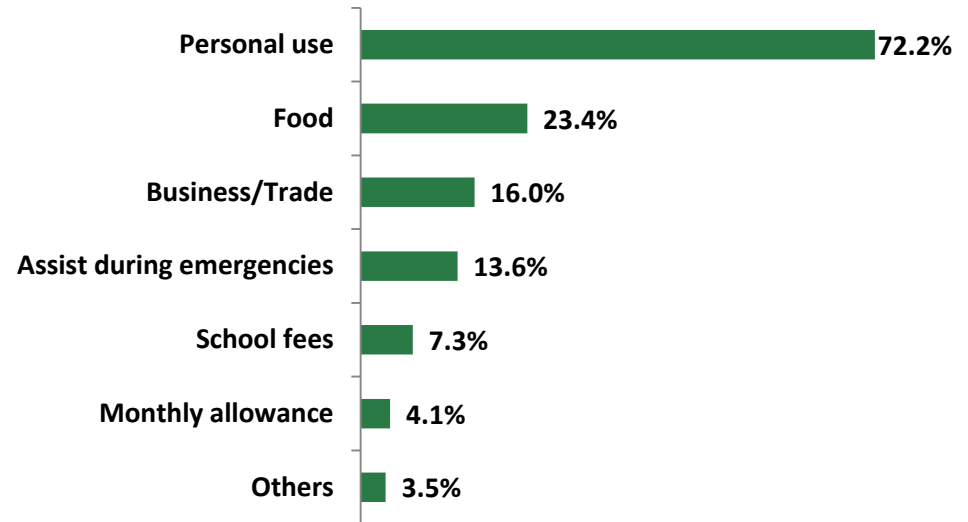
Money Transfer (2 of 2)

- The average time taken for receiving or sending money is 1 to 7 days, (most is within 1 day)
- Majority of the adults who rely on informal financial services only received money for personal use and to buy food

Time Spent in Sending and Receiving Money

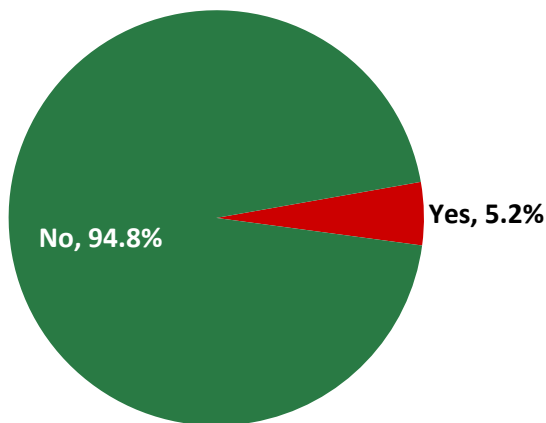


Reasons for Receiving Money from Family and Friends



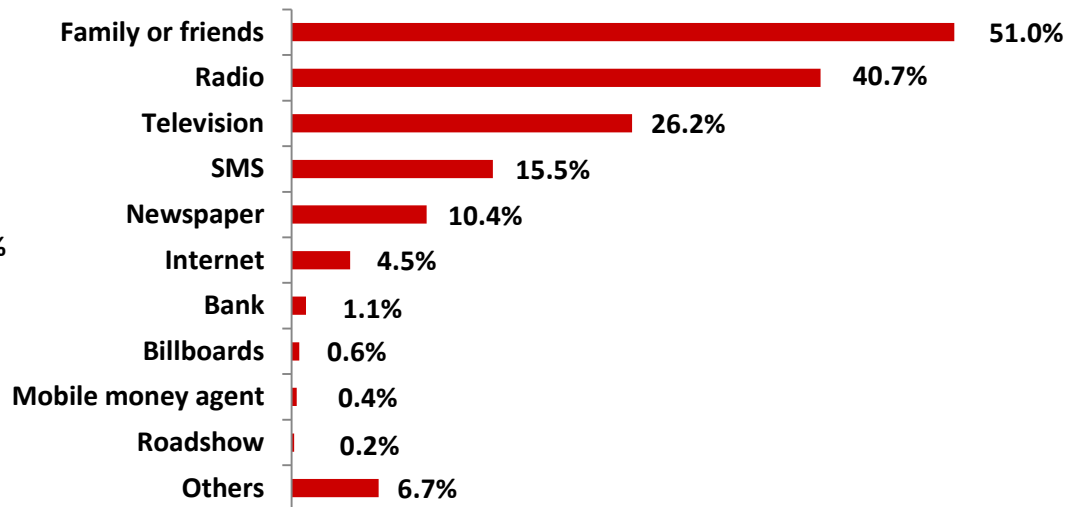
Mobile Financial Services

Have you heard of mobile money?



- Only 5.2% (0.58m) of the adults who rely on informal services only, have heard of mobile money

How did you hear of mobile money?

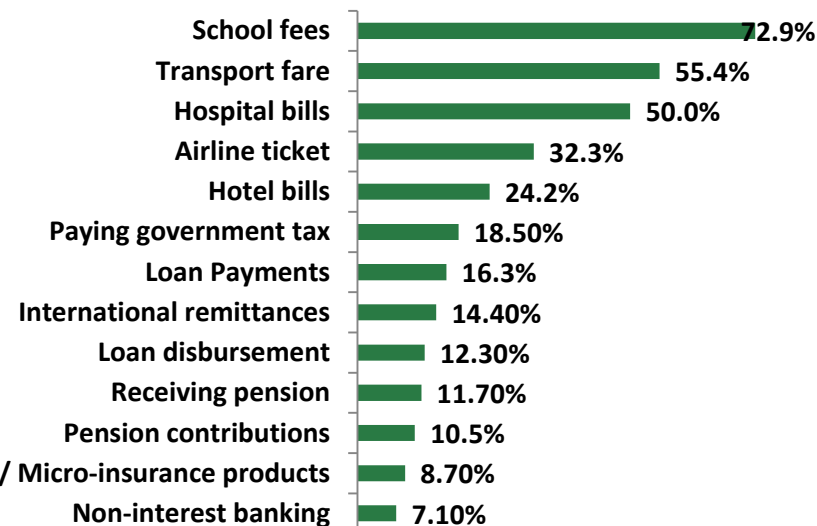


- Of the 0.58m who have heard about mobile money, 51.0% heard about it through family or friends

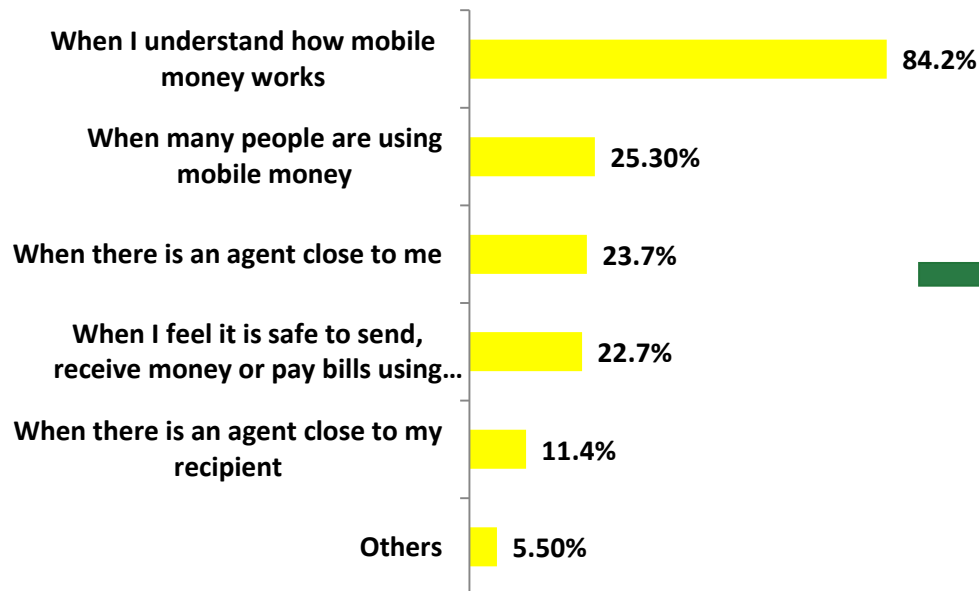
Mobile Financial Services

Which of the following would you consider using Mobile Money for?

- Majority - stated that they will like to use mobile money to pay for school fees, transport fare and hospital bills



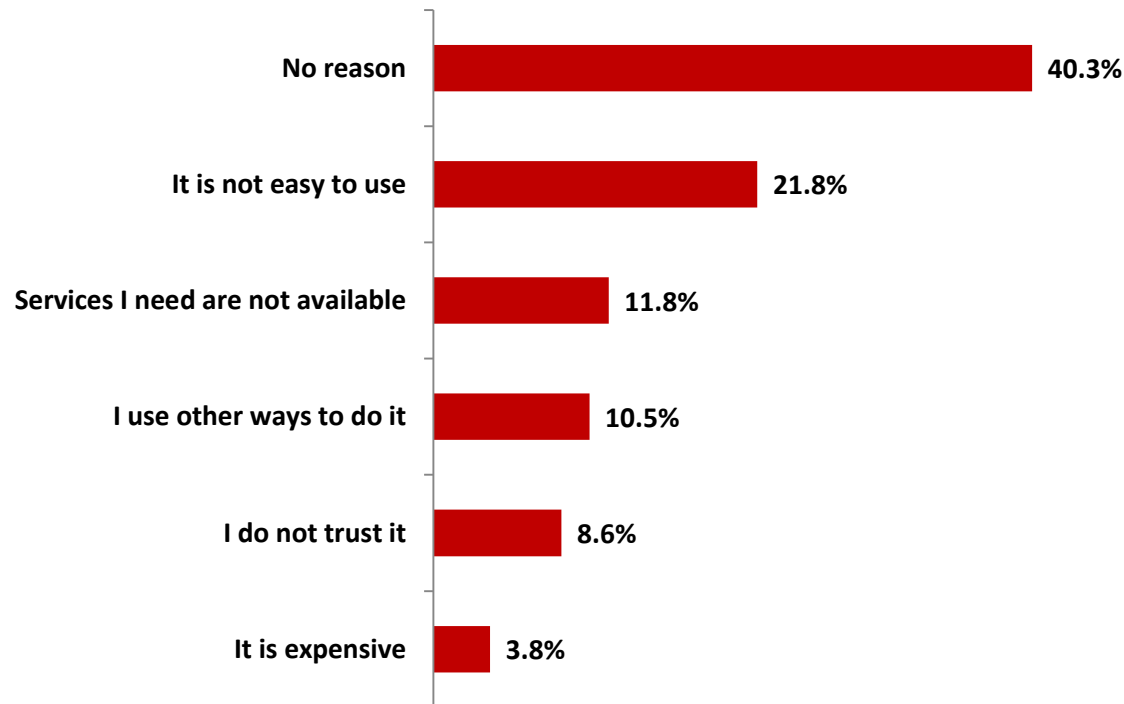
What would encourage you to use Mobile Money?



- 84.2% said they will use mobile money when they understand how it works

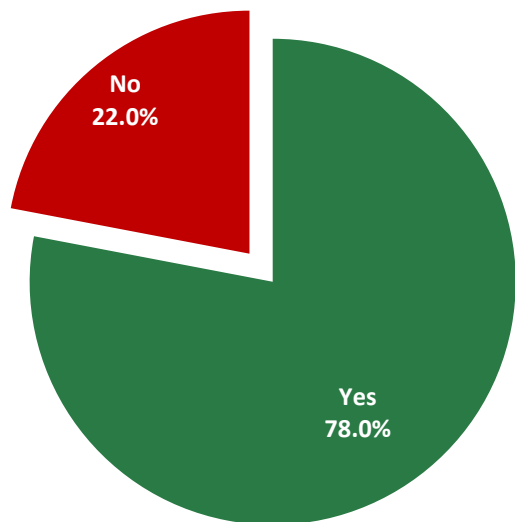
Reasons for Low Adoption of Mobile Money

- Majority of the persons who rely only on informal financial services who do not use mobile money had no reason for not using it and many believe it was not easy to use

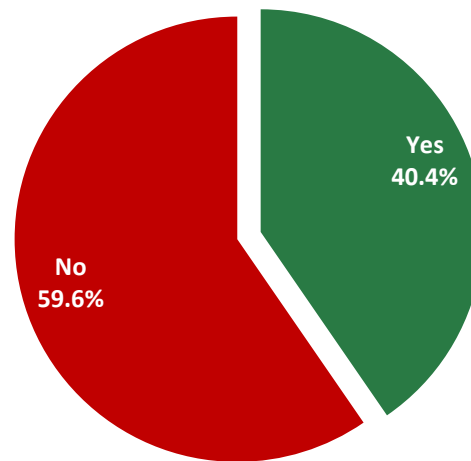


Desire To Embrace Formal Financial Services

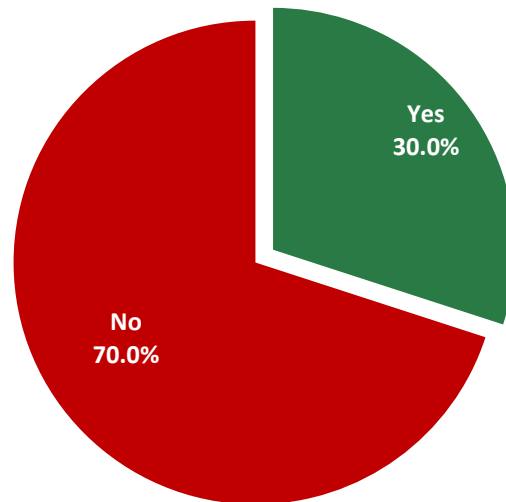
Would you like to have a bank account?



Would you like to have a microfinance bank account?

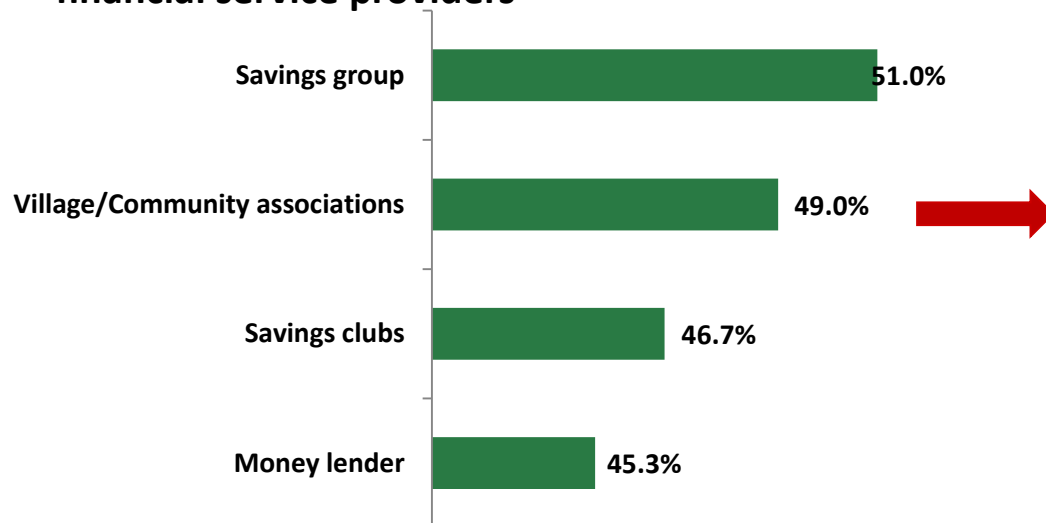


Would you like to use mobile money?



Level of Satisfaction

Percentage of persons who are very satisfied with the service received from informal financial service providers



- The informally served population generally seem very satisfied with their informal financial services providers

Reasons why these products have the biggest impact on how you manage your money

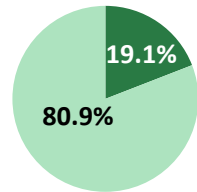
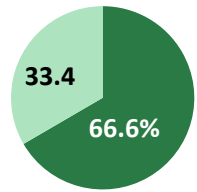
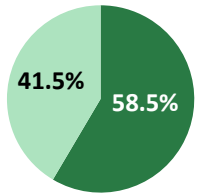
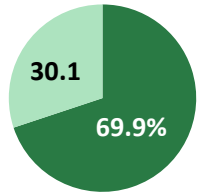
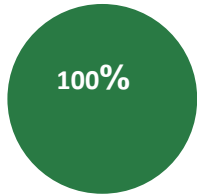
	Which of these is your most important financial product ?				
	Savings with savings group	Savings with village/comm unity association	Savings with savings collector	Loans with moneylender	Loans with savings group
Ease of access	62.7%	59.5%	64.8%	47.0%	65.9%
Safety of funds	40.5%	50.9%	33.8%	18.5%	23.4%
Convenience	45.7%	51.4%	44.2%	19.6%	39.8%
Cost of product,service	6.4%	5.9%	8.9%	26.5%	20.6%
Availability	43.4%	42.1%	43.8%	40.0%	36.6%
Other	1.4%	3.3%	1.1%	0.0%	0.0%

Potential Locations for Agent Banking

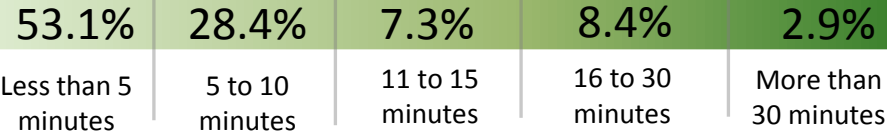
- The persons who rely on informal financial services only, have provision stores, pharmacies and restaurants close to them, which are potentials for agent banking

Awareness of location

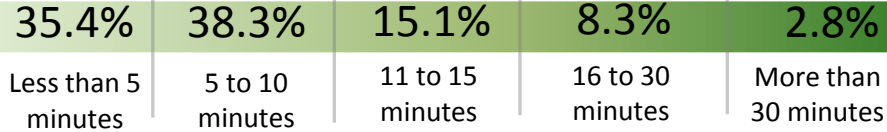
■ Know ■ Don't Know



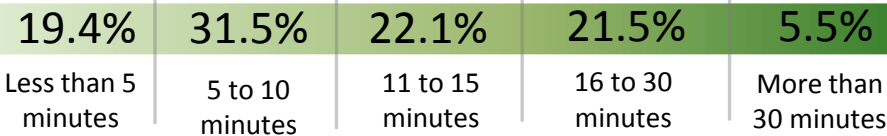
Provision shop



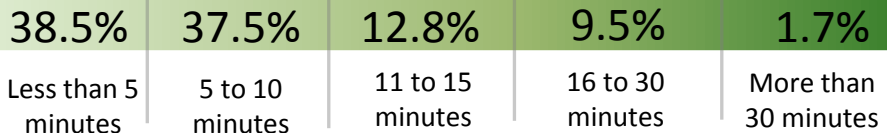
Pharmacy



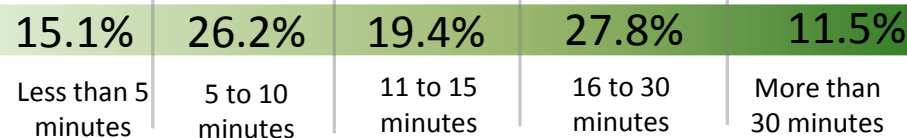
Petrol station



Restaurant



Post Office



Key Findings

- Most of the adults who rely on informal financial services save; majority of them save up to N2,500 and they save with Savings groups or clubs, collectors or community associations
- Those who save at home or with savings collectors save more frequently than those who save with Savings groups or clubs and community associations
- A large proportion of this group do not borrow. Most state that this is because they don't need to borrow. Among the 15% who have borrowed, only 4.9% ever missed a loan repayment
- The main mode of money transfers among the persons who use only informal financial services are family and friends, runners and recharge cards
- Majority of these adults do not know about mobile money and also do not know where the nearest bank agent is located

Conclusions and Recommendations

- There is a huge opportunity among the informal group for adoption of formal financial services, with most of them saying that they would like to own a bank account
- General awareness and understanding of mobile money is very low within this group
- The informally served population generally seem satisfied with their informal financial services providers

In the design of Credit, Savings and Payments products for the informal sector, providers should:

- Consider the current savings behaviour of the informal sector
- Design products which mimic the current ones being utilised by this group
- Place a lot on emphasis on Ease of access, Convenience, Safety and Availability
- Leverage on the Savings groups or clubs, Collectors, Community associations and Co-operatives to push awareness

THANK YOU