

Access to Financial Services in Nigeria 2018 Survey

**Key Findings:
Pre-Survey Focus Group Discussions**

May, 2018

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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 2018 survey, Ipsos was commissioned to conduct Pre-Focus Group Discussions (FGDs) in April 2018.

Study Objectives

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

- *barriers to uptake and usage advantages responsible for changes in the levels of access to financial services - both formal and informal*
- *regulatory issues affecting perceptions and usage of formal financial services*
- *innovative inclusive financial products and new informal financial services used by formal users*
- *financial needs of the adult population*
- *attitudes and perceptions, as well as preference for different financial service providers*

FGD Logistics

9 Focus Group Discussions were conducted across 5 key locations within Nigeria, viz:

- *Lagos (urban & rural)*
- *Port Harcourt (urban & rural)*
- *Abuja urban*
- *Kano (urban & rural)*
- *Gombe (urban & rural)*

Amongst 2 segments of participants:

- *Banked/Formal & Unbanked/Informal*

Study Objectives & Approach – 2 of 2

FGD Logistics (cont'd)

Age: 18-45 years old (yo)

- For homogeneity of responses, the age band was split into: 18-29yo and 30-45yo
- To ensure participants in Gombe and Kano were comfortable sharing their views/experiences and in compliance with Sharia laws, 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 (South West)	Port Harcourt (South South)	Abuja (North Central)	Kano (North West)	Gombe (North East)	Total
Urban	18-29 years Mixed Gender, BC SEC Banked/Formal channel English group	30-45 years Mixed Gender, DE SEC Banked/Formal channel English group	18-29 years Mixed Gender, DE SEC Unbanked/Informal channel Pidgin & English group	30-45 years Female, DE SEC Banked/Formal channel English group	18-29 years Female, DE SEC Banked/Formal channel English group	5
Rural	30-45 years Mixed Gender, DE SEC Unbanked/Informal channel Yoruba group	18-29 years Mixed Gender, DE SEC Unbanked/Informal channel Pidgin group		18-29 years Male, DE SEC Unbanked/Informal channel Hausa group	30-45 years Male, DE SEC Unbanked/Informal channel Hausa group	4
# FGDs	2	2	1	2	2	9

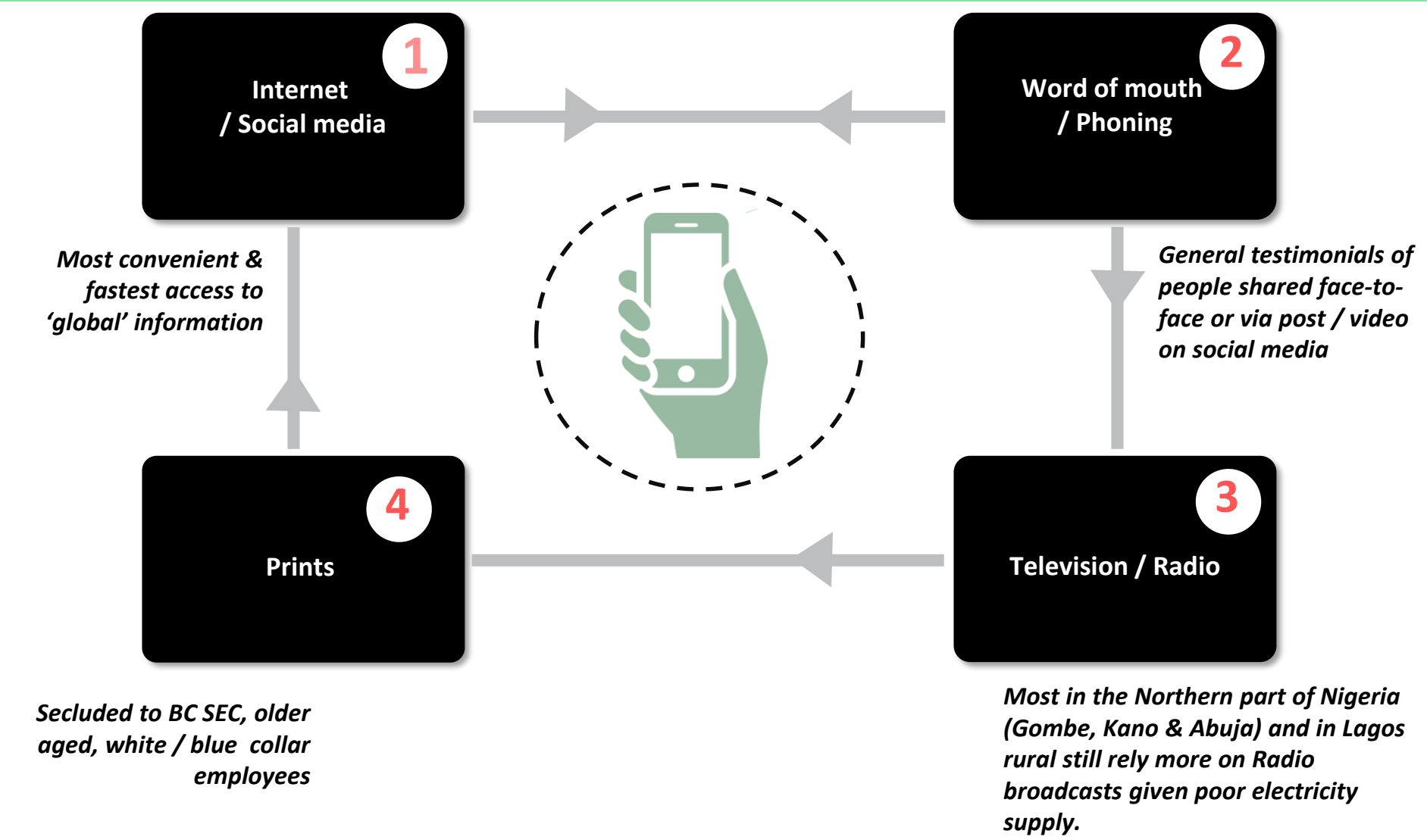
Profile of Respondents

Nigerians are resilient, hardworking and aspiring regardless of their literacy level and chosen vocation



- Participants cut across all facets of works and life. Some are into small scale businesses / petty trading, artisans, unskilled labour while some are employees in blue/white collar enterprises.
- Notably, many have 'side jobs or hustles' to augment overall income, e.g. a trader owns a farm, a few in Lagos urban are involved in Forex trading, student engages in tailoring skills, 'Kunu' seller double as a domestic help on weekends, students ushering at social events, etc.
- They expressed **common concerns** about bad economies, high cost of living & quality education, unrest from ethnic clashes, poor infrastructure (erratic electricity / internet connection), unemployment, 'Godfatherism' in Government and ill health
- They are generally communal people – all about **sharing and bonding**. This informs on the **trust in informal financial services** in most cases.

In spite of erratic internet connection, keeping abreast of general themes is mainly through the mobile phone (internet, social media platform) in the urban, most especially amongst the younger aged participants. Television cuts across all, as it is held that ‘seeing is believing’



The mobile phone is central and a trusty “all day” companion regardless of where the individuals resides BUT especially so for the younger aged urban participants. It is worthy to note that, virtually all are unaware of mobile money

- Virtually all owns a mobile (Feature / Smart phone) that they mainly use to transact businesses or stay connected with family & friends across the globe
- While majority in the rural areas use their mobile to call/receive calls only, participants in the urban are more explorative. Beyond making/receiving calls on their mobile, urban participants...
 - message using SMS and email
 - pay bills – use of QuickTeller to offset PAY TV subscription
 - surf the internet – download movies, research via search engine Google
 - socialize on WhatsApp, Facebook, Instagram
 - transact mobile / internet banking



... is an expedient platform for communicating (news, events postings), working (exchange of ideas) and socializing (video & picture share, group chat / comments).

The quest for improved lifestyle (technology, convenience) is on the rise.

PARTICIPANTS SAY....



Can we do without social media again? No....you have access to all sorts of news and info on the internet. It's so much that when you hear some 'gist' from people, you will quickly go and confirm on the net first

18-29yrs, Mixed gender, Unbanked, Abuja Urban



We get information mostly from radio, I am always with my radio and sometimes town crier. You also hear from people...

30-45yrs, Male, Unbanked, Gombe Rural



I don't listen to radio and I am not on social media but I get information through my friends and colleagues. They update me on news that is broadcast on daily basis so I get updated...

30-45yrs, Mixed gender, Unbanked, Lagos Rural



There is something called 'grapevine' news and you don't need to have a formal way of getting it. It is everywhere except you don't talk to people...

18-29yrs, Mixed gender, Banked, Lagos Urban



Before you get some information it is already on social media, WhatsApp, Facebook, Instagram...we are all there and we get information from what is happening in another state before you blink your eyes. We like to watch TV too...cable TV like DSTV, GOTV...

Mentioned across study locations



We have townhall meetings here when it has to do with the community...sometimes the NGOs will come to talk to women. Last week, people gathered to talk about their wages...

30-45yrs, Mixed gender, banked, PHC Urban



Money Matters & Management

Key issues or Challenges of the day

Across board, **economic downturn, political unrest / upcoming election, insecurity and quality education** are general uncertainties often discussed face-to-face or across social media platforms (WhatsApp & Linda Ikeji Blog in particular)

Recession

Crude oil value decline is affecting business activities.

The recession had adversely increased prices of goods and services.

Hence, participants claimed to spend more and income remains the same.

Unstable political terrain

Most are uncertain about the processes and outcome of the forthcoming government elections.

Insecurity

A few concerns about insecurity due to the ceaseless news about terrorism across the nation, especially within the rural areas.

Most in Kano and Gombe mentioned they worry less about insecurity nowadays given the withdrawer of Boko Haram / violence from their States..

Quality education

The young participants talked about self development - returning to school - and opportunities to earn more money to address their future ambition.

Education is seen as the last route out of poverty for many youths.

Other issues / challenges cited but at a lower level...

'Porous' borders

- "...rice, frozen chicken, even palm oil & sugarcane are now **imported from neighboring countries...Niger...**" 18-29yrs, DE, unbanked, PHC rural mentioned in Abuja, Gombe and Lagos

Air and water pollution - mention of **soot discharge** in Port Harcourt

Recouping debts / credit sales

- Many small business owners across the board complained they **do not get paid on time for services rendered or goods sold**
- "A lot of my customers are owing me, they will eat and tell me no money. So, I will have to go source for money elsewhere so I can have something to sell the next day..." 18-29yrs, DE, unbanked, PHC rural


Cash borrowing

- An upshot of **economic crunch majorly affecting the informal service users**. Perceived 'shortage' of cashflow has seemingly affected how people borrow or lend cash to each other


Emergencies

- Even as participants deal with own indispensable expenses, they also worry about emergencies – **weddings (mostly for aged parents), ill health, death & burial rites or financial succor** (when friends or family have their emergencies)


PARTICIPANTS SAY....




Our discussion always centered around what we are going to do after school to make money, not just money but good money because I feel most graduate are suffering these days because they are not employed and don't know what else they can to do
18-29yrs, Mixed gender, Banked, Lagos urban




I am happy now because we have peace of mind...at least small, compared to two years ago where you hear bomb here and there killing. It has not stopped but it has reduced. Before we cannot gather like this...
18-29yrs, Female, Banked, Gombe Urban




Most worries we have is about money and survival and also what will become of this country because everything is not moving well, no business, no money
30-45yrs, Female, Banked, Kano Urban



Customers don't pay their debt on time because times are so hard and there is nothing you can do about it but to be patience...
Mentioned across the locations



We talk mostly about this recession period, prices of things are increasing day by day
Mentioned across the locations



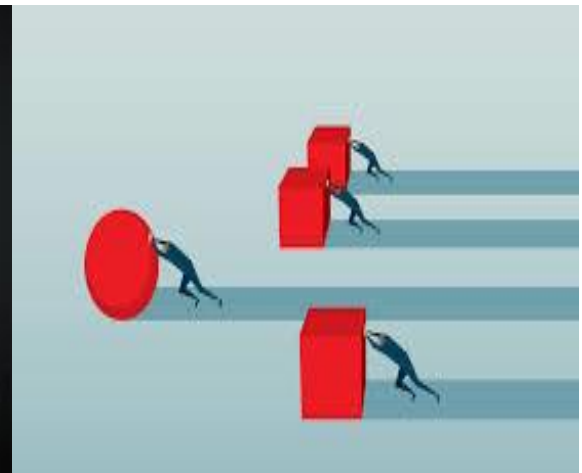
When you move around, you will see that our air is not clean...if you put clothes outside (laundry) ...just wait for a while you will see that the clothes are covered in soot coming from the oil companies
30-45yrs, Mixed gender, banked, PHC Urban

Efforts to Combat 'real' issues drive the quick adoption of innovative ideas



- Considering that income cycle of most fluctuates (economy crunch), budgets are squeezed by personal needs and that of their families.
- This scenario plays with nearly all, although different attitudes and emotions mean participants respond to this challenge in various ways.
- Many continue to proactively cut back on spend and **often consider services with less / nil charges. E.g. Liking for mobile banking over cheque book**

Identify & develop
**INNOVATIVE &
CONVENIENT FINANCIAL
SERVICES** that are subtly
diffused through the
mobile / social media
platforms.



Most convenient means by which many manage overall increase in cost of living is by...



Living within
'own' income

OR

Comparing prices of
product & services
to get the best deals



Brand Switching



Shift from premium
To Value For Money

OR

Periodic stock up
during income 'boost'




OR


Participants are aspirational in nature thus desire top notch items / services, which may be beyond their financial capability.

Only a few would get a loan from friends or family members to purchase needed household items (e.g. refrigerator). Others would rather not have such an item.

PARTICIPANTS SAY....




I changed my children's school to a more affordable one...where we (with hubby) can afford the tuition. For me, I don't have a driver any longer. By not having a driver, my husband & I will spend that money that is meant for the driver on something else for the home
30-45yrs, Mixed gender, banked, PHC Urban




...reduce hanging out...giving out food or cooking anyhow for people to just eat has stopped in my house


18-29yrs, mixed gender, Unbanked, Abuja Urban



These days you don't spend lavishly like before, now you have to cut down on clothing like I buy cloth every month before but now I buy only when it is needed, you have to plan well now
30-45yrs, Mixed gender, Unbanked, Lagos Rural



Money is the solution! Sometimes when you don't have money (wherewithal) you can fall sick (ill) ..."
18-29yrs, Mixed gender, Banked, Lagos Urban



I keep transport, food, electricity, school pocket money for children, I do all that every month, if not you will not be able to plan...
30-45yrs, Male, Unbanked, Gombe Rural

Household income vary based on the number of people/adults contributing & job type. In most cases, stable income accounts for more than three quarter of total income generated

**Salaries / Wages
/ Sale profits**

Regular proceeds are from...

- Paid jobs; businesses; skilled jobs- tailoring, teaching, trading, hairdressing, barbing, mechanic, etc.
- Unskilled / menial jobs - labourer work at building sites
- Petty trading - phone accessories, recharge card sales, etc.
- Sale of farm products and livestock/poultry

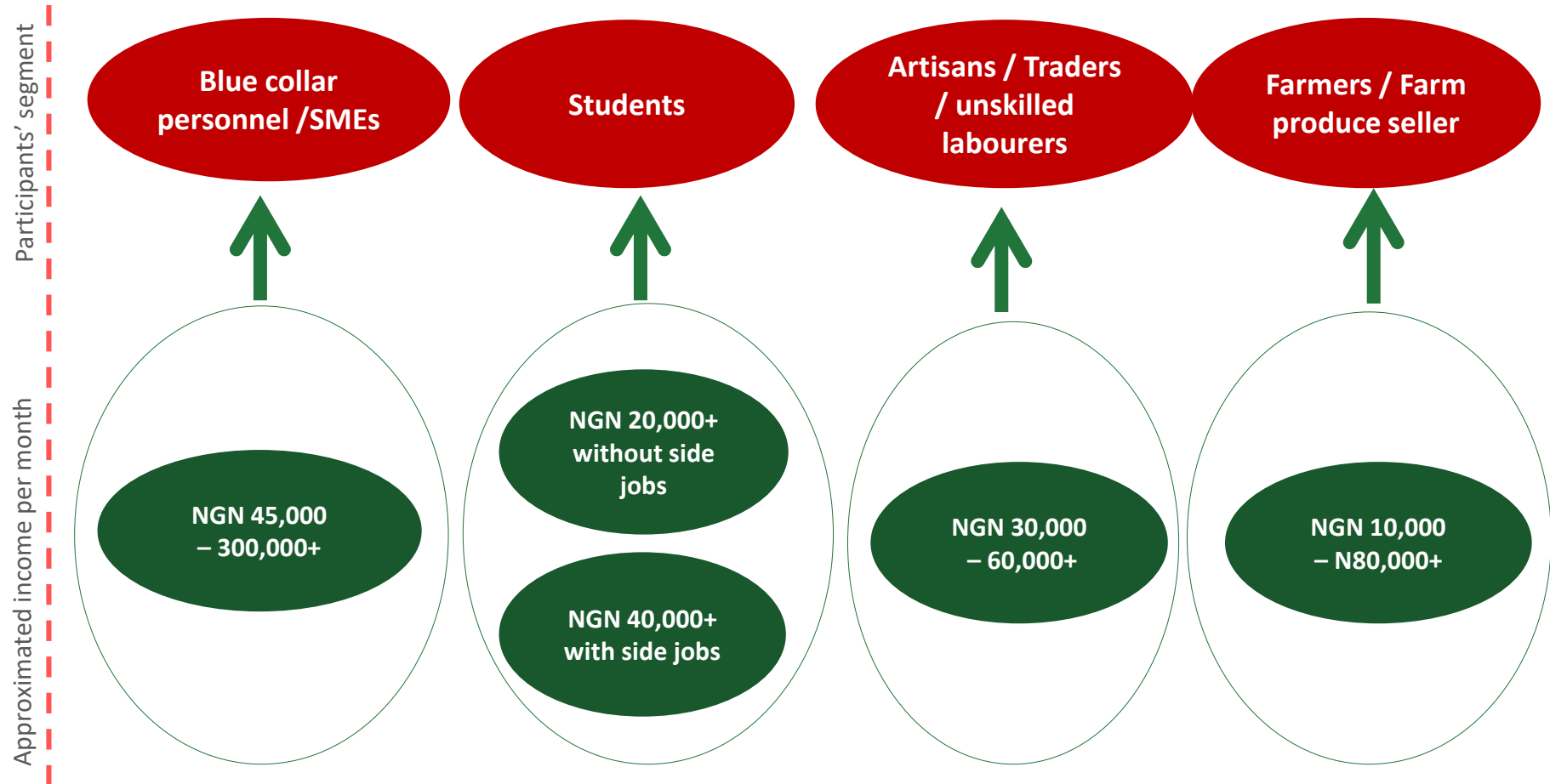
**Irregular
Income**

- Money from parents/family members/older siblings for students, unemployed and younger adults
- Stipends from husbands
- Cash from 'side jobs or hustles', e.g. unskilled work at building sites

Income is received via cash (hand to hand) for users of informal services while the Bank remains the preferred by the formal services users.

This has remained constant over the past 2 years.

Average monthly income for the participants across the study locations



PARTICIPANTS SAY...



As an 'Okada' rider, I make between NGN500 to 1,000 daily. It is less than before since people trek more now saying there's no money.

*Mine is NGN40,000 and when my husband gets to work, maybe it will be NGN60,000 in a month
18-29yrs, Mixed gender, Unbanked, Abuja Urban*



*Prices of goods and services are so high unlike 2 years ago and this keeps increasing everyday in the market... this is because of dollar rate as even yam sellers tell us high dollar on transportation (**petroleum products**) affects the price they sell yam in the market these days
18-29yrs, Mixed gender, Banked, Lagos Urban*



People don't dash (give) so much again....for example, uncles that will visit and give money don't give that much again.

*Business was booming when we had many companies in this community but now most of the companies (oil servicing companies) have closed saying there is no money again (contract terminated)
18-29yrs, Mixed gender, Unbanked, Rural, PHC*

The monthly income seem to have decreased over the past 2 years; currency devaluation (FOREX) by Government policies are blamed for high cost of living – current times seem harder to bear vis-a-vis 2016.

Expenses are regular occurrences that are duly planned. The illustration below indicates that basic needs are prioritized

Bulk purchases are made every fortnight or on monthly basis

'Top ups' is as the need arises or as the money is available

'Must Have'

- Basic household needs that cannot be skipped. These include food, personal grooming and beauty care products, cleaning products and recharge cards (airtime)

'Good To Have'

- According to participants, the 'Good to have's' can be substituted and are not frequently required. Examples are snacks, top brand clothing, shoes &/or bags and choice mobile phones

Luxury

- Automobiles, overly smart gadgets / brands, landed properties and possessing a house are seen as treats and futuristic

Financial Decisions: 'Tough' times are stated to be periodic hence most are prepared, BUT not for emergencies. This is given that virtually all lack in-depth understanding of Insurance

- On financial guidance, most will **approach family members (partner), close friends, colleagues, informal financial groups or religious leaders on ideas as to the decision making**
- The banked participants will further consult with their Customer Care personnel at the bank. Although they are ignorant about existing or new Government regulations as their unbanked counterparts. **Everyone however seems to know the Dollar to Naira exchange rate and how it translates to high costs.**
- **When there is no money to pay for goods and services or emergencies occur, most would...**
 - dip into their savings
 - approach close family members, religious leader for loan
 - obtain goods & services on credit



Financial decisions: Tough Periods

- January appeared to be the toughest month in the year given the 'heavy' expenses incurred to celebrate the end of the year
- And, by the 3rd week in a month many would be 'broke'
- Besides, farmers in Kano and Gombe rural stated the dry season is the toughest since stored up produce would have diminished
- Whereas, the rainy season is the toughest period for cold drink sellers: "who wants to buy cold drinks or 'Kunu' when the weather is cold?"
- Participants often celebrate consorted efforts at the end of the year ("Piggy bank is broken"). Other ceremonies (wedding, baby christening, burial, house warming, etc.) are also scheduled around December period. This is more so in the West & Eastern parts of Nigeria.





Financial Instruments & Products

Most common methods of payments is still cash for virtually all. Nonetheless, the banked participants have embraced the use of debit cards / mobile banking for payments wherever it is acceptable



Cash

Most trusted (fast & no network failure) and most used means of payment for virtually all



Mobile banking

Gaining more awareness and acceptance

Relatively trusted

Very convenient – can be done at the comfort of one's location

Works with a USSD code with feature or android phone

Less technical, user friendly



POS/Debit card

Used mainly among urban participants as it is deemed convenient & safe - no need of carrying cash around

Works with bank network hence sometimes have glitches

Acceptable only in few sales outlet

Participants who remits money to rural unbanked recipients employ the following informal channels that does not require technicality or paper work

Via Transportation / Driver

Commonly use among the unbanked rural participants.

Known transport brands commuting known terrain are employ to do this.

Telephone numbers are exchanged while the transport company / driver is paid a token for the delivery either by the sender or the receiver.

Through a family/friend traveling to another town

This is also commonly use among this segment

When any family/friend is around they seized that opportunity to send to another relation that abound in the same area/town with such person

In such occasion no charges is paid

Airtime sale

Popular among rural dwellers / participants

When in dare need of money, airtime codes are shared via the telephone.

Recharge codes are then traded for cash but at a reduced rate, e.g. sale of NGN 100 airtime for NGN 80.

PARTICIPANTS SAY....

You can't go to the open market and say you want to pay with card...do the market women have POS or what?...Card is good but it has limited places you can enjoy it

18-29yrs, Mixed gender, Banked, PHC Urban

I pay with cash and also receive cash, Ibo boy does not understand transfer and when you even have to do that you have to wait until the person receives alert so who has that time

30-45yrs, Mixed gender, Unbanked, Lagos Urban

The cashless policy actually makes life easier and more convenient, you don't have to carry large sum around, you can pay with your card or transfer using code, and we also receive payment by this means

18-29yrs, Mixed gender, Banked, Lagos Urban

I still prefer my cash any day. i cant say to the driver of a bus that I am in to take card...that I want to pay with a bank card, he will laugh and think I am crazy

18-29yrs, Mixed gender, Unbanked, Abuja Urban

What we understand better is money so we do cash hand to hand, I don't believe in all this transfer but I do when I have no choice because if the money gets hung to resolve it is always a problem so I prefer you pay me cash

30-45yrs, Female, Banked, Kano urban

We can send money through transport and I have sent money to my brother before by buying airtime worth five thousand, he will sell it to the person selling airtime at N80 for N100...and this person will pay him the money only that he will loose some change on it

18-29yrs, Male, Unbanked, Kano Rural

The Key drivers and Challenges expressed in the use of formal Products & Services (P&S)

P&S	Positives	Negatives
Savings Account	<ul style="list-style-type: none"> • Flexible – zero balance in banks • Receive regular update on account status - transactional alerts via SMS • Receipt of birthday messages to account owners – emotional connection 	<ul style="list-style-type: none"> • No justification for charges as it generates nil /low interest rate • Some banks insist on minimal amount to keep the account functional • Experience poor network which denies access to money
Current Account	<ul style="list-style-type: none"> • Huge sum of money (for business transactions) can easily be transferred • Allows for third party withdrawal - cues on convenience • Opportunity for loan(s)/occasional overdrafts • Receive regular update on account status - transactional alerts via SMS 	<ul style="list-style-type: none"> • Becoming extinct - use of cheque book • Loans are not easily accessed – require stringent collateral & terms of payment vis-à-vis informal services • COT charge is ‘too’ high • Tedious requirements to open & operate
Corporate Account	<ul style="list-style-type: none"> • Ease business transactions • Makes tax analysis easy to follow • Flexible – zero balance • Allows for 3rd party cheque 	<ul style="list-style-type: none"> • nil
Domiciliary Account	<ul style="list-style-type: none"> • Exact exchange rate / value on deposits - better than Western Union 	<ul style="list-style-type: none"> • Restricted service – cannot operate using mobile app

The Key drivers and Challenges expressed in the use of formal Products & Services (cont'd)

P&S	Positives	Negatives
Fixed Deposit	<ul style="list-style-type: none"> Long term savings Higher interest rate than other products and services 	<ul style="list-style-type: none"> Disallow urgent withdrawals
Mobile Banking	<ul style="list-style-type: none"> 24/7 easy transactions - not time bound 	<ul style="list-style-type: none"> Unstable internet connectivity Fear of being hacked Excessive charges
POS	<ul style="list-style-type: none"> Physical transactions but cashless - no cash theft 	<ul style="list-style-type: none"> Do experience poor network from the bank thus not totally reliable

Below formal channels of sending / receiving money are seen as most convenient. However, the unbanked & rural participants found them distant and complex

Banks

High awareness but nil patronage by the unbanked given its 'formal procedures'.

Perceived to be 'too sophisticated' by some formally served as it was alleged that banks are not transparent enough

Equally, banks provide multiple products and services and state-of-the-art channels for easy cash transfer or receipt – mobile banking, POS, ATM.


Bank agents

A growing number of agent outlets are stated to be in Lagos rural

But outlets attracts low patronage given poor infrastructure (no signboard, shortage of cash) and nil understanding of agent services


Awareness and accessibility is also low in the other study locations visited – both in urban and rural areas.

PARTICIPANTS SAY




*I know they **keep my money for me** and I am aware of the N65 they charge when you use your ATM on another bank 3 times but there are some other charges on the account which is not accountable...that is not acceptable*

18-29yrs, Mixed gender, Banked, Lagos Urban



We hear insurance everywhere and we know they are there for people when there is a disaster

18-29yrs, Male, Banked, Kano Rural



I don't know any regulation because I don't use bank the only thing I know very well about banks is that when they need money the ATM is always not having money so I don't know the essence

30-45yrs, Male, Unbanked, Gombe Rural



I have kids account...

And there are some product that will allow you to save towards a particular project, there are so many things you can insure

18-29yrs, Mixed gender, Banked, Kano Urban

Participants want lower charges, improved quality of service and better interest rates

Perceptions of Users about Financial Institutions

Commercial and Microfinance banks are the most familiar financial institutions and many are oblivious of any NEW financial regulations impacting financial services or/& its experience

Financial Institutions

- **Only the banking industry is readily associated with financial institutions**
- At a lower level, Insurance and Pension received mention in Lagos and PHC urban
- Participants perceived the banking industry has become more tech sophisticated and this alienates the rural unbanked illiterates. These set of people are unable to comprehend the products and services on offer
- It was generally perceived that other financial institutions (Pension Fund Administrators, Insurance, etc) are 'too' distant from the people - **low communications**.

Regulations aware of

The below policies are mainly associated with the banking industry and are **seen as guiding principles that sets the industry ahead of 'others'**, viz:

- **"Cashless policy"**: a few claimed this policy precedes the e-banking intro.
- Most are aware of **ATM withdrawal tax** using competition machine - NGN 65 charge on withdrawals made more than 3 times.
- Some of the formally served in PHC urban are aware of policies associated with **limits on daily withdrawal** and **loan receipt** (cannot receive above monthly income)
- Lastly, there was a mention of the **BVN regulation** across the board..

Most are familiar with Insurance BUT only a few urban participants have in-depth knowledge of the industry and its processes



- Aid in time of 'serious' need/(s)

Participants' understanding...

- Most are familiar with 'insurance' and they could describe relatively, the services insurance offer. Especially in Lagos, participants know that insurance is all about saving against unforeseen hazards in life
- However most would save (formally & informally served) for the unknown/emergencies in a bank instead of giving premium to Insurance, as oftentimes the fund is 'lost' in the absence of any emergency that will possibly warrant making a claim
- A few affirmed that they will consider Insurance IF they have better/improved knowledge of its processes
- Participants in Lagos, PHC, Kano and Gombe (urban only) could recall names of some insurance companies - **IGI, AIICO, Mansard, Lead Way, Alliance, IBTC, Capital Express** - and some insurance schemes on health, assets, life and children's education.
- A few of the participants in Lagos & Kano working at Government establishments and blue collar organisations claimed to be under the health insurance scheme like NHIS & Life, while a participant in Lagos urban mentioned that she insures her children's education.



Concerns

- Premium amount is perceived to be high
- Processes seem 'too' formal, meaning the target audience are the educated & elites
- Not totally transparent – always hidden T&Cs
- Saved fund is 'lost' in the absence of any emergency that possibly will warrant making a claim

PARTICIPANTS SAY....



Insurance is for raining days but only when you have money because you have to be contributing good amount so that you can gain it later
30-45yrs, Mixed gender, unbanked, Lagos rural



I don't know anything about insurance because in Islam, it is forbidden to be foretelling what will happen, whatever comes to you, you should take it, it is Allah's doing
30-45yrs, Female, Banked, Kano Urban



Insurance is like security or an assurance but I cannot do it because I have a small business and the risk is low but when I venture into a big business I can start doing it because by then the risk is higher
18-29yrs, Female, Banked, Gombe Urban

Safe keep of money, Convenience & Perception of being the “most regulated sector” stood out as Key Drivers for Banks



Formal channels / institutions aware of	Positives	Negatives
Commercial banks <i>The “upscale tech-savvy banks”</i>	<ul style="list-style-type: none"> • Convenient banking, given its technology inclusion via the intro of ATM, BVN, e/mobile banking and guiding policies • For now, e-banking is perceived as the most convenient means of money transfer and accessing ‘own’ account 	<ul style="list-style-type: none"> • Inconsistent connection challenge – network failure results in long queues & sometimes denial to ‘own’ money • Perceived hidden & ‘unnecessary’ taxes / charges • Lacking wider coverage
Microfinance Banks (MFBs) <i>The “bank for the masses”</i>	<ul style="list-style-type: none"> • Small sized and targeting specific audience (SMEs) • “Easy” access to short and long term loans for SMEs • Charges on loan repayment are perceived ‘moderate’ • Friendly disposition towards customers 	<ul style="list-style-type: none"> • Scanty outlets and ATMs hence withdrawal is commonly restricted to the banking hall • Institution MAY be short-lived – could close down without warning • Involves the Police when members default in repayment (resulting in public embarrassment)

Perceptions about Loans: Many respondents will not take loan except there is need to address a calamity

- Most respondents are **more comfortable receiving loan/(s) from family member or trusted friend**. This is because such loans **comes with no anxiety and sometimes may be written off**.
- Only a few will dare to access loan IF terms & conditions are favourable and flexible. This is considering the emotional and physical pressure that goes with servicing loans
- Participants were not particularly interested in discussing about loans, especially in rural Kano and Gombe where payment of interest on loans is seen to be against **Islamic tenet**
 - A few in Gombe and Kano rural asserted they have benefited from **'loans with no interest' from Bank of Agriculture**: *"I am currently servicing a loan of NGN 50,000 received from Bank of Agriculture"*



Some commercial banks & GSM network providers are adopting the 'small scale' loan routes

- Few participants in Gombe (urban and rural) mentioned they received loan via their mobile phone ('**Access Money**' by **Access bank**)
 - SMS is randomly sent to customers and receiver is asked to dial a USSD code (e.g. *901*11#) to access '**small**' loan without physical appearance
 - The loan is granted upon procedure completion
- Two recipients of such loan claimed to have **received NGN 5,000 each** with an **interest of about 5%**, which is deemed "**too high**"
- Also, a few in Lagos rural cited they have received loan from Microfinance Banks (MFBs) – LAPO, etc. but felt MFBs are a bit strict and not transparent enough
- Lastly, '**Bank One**' by **Sterling bank** also received mention as targeting & offering practicable loan salary earners.




**Etisalat's KwikCash
Mobile Loan
Solution**

kwikcash
Instant loans to your bank account

***561#**


Available on 9mobile

PARTICIPANTS SAY....




Loan has both its advantages and disadvantages, if you are going to invest the loan in a good business that will yield money then you can get the loan but if not it is not worth it

18-29yrs, Female, Banked, Gombe Urban




I wanted a loan sometimes ago and I learnt a microfinance bank can help me so I approach them and was asked to be saving N500 for like two weeks after which I can receive the loan but they are crooks, because I didn't receive the loan nor the money I saved with them

30-45yrs, Mixed gender, Unbanked, Lagos Rural




I can only accept a loan if there is no interest because Islamically, loan with interest is not lawful

30-45yrs, Female, Banked Kano Urban



I opened account because that is the only means by which you can benefit from loan. Bank of Agriculture is giving but I have not been opportune to get it

30-45yrs, Male, Banked, Gombe Rural

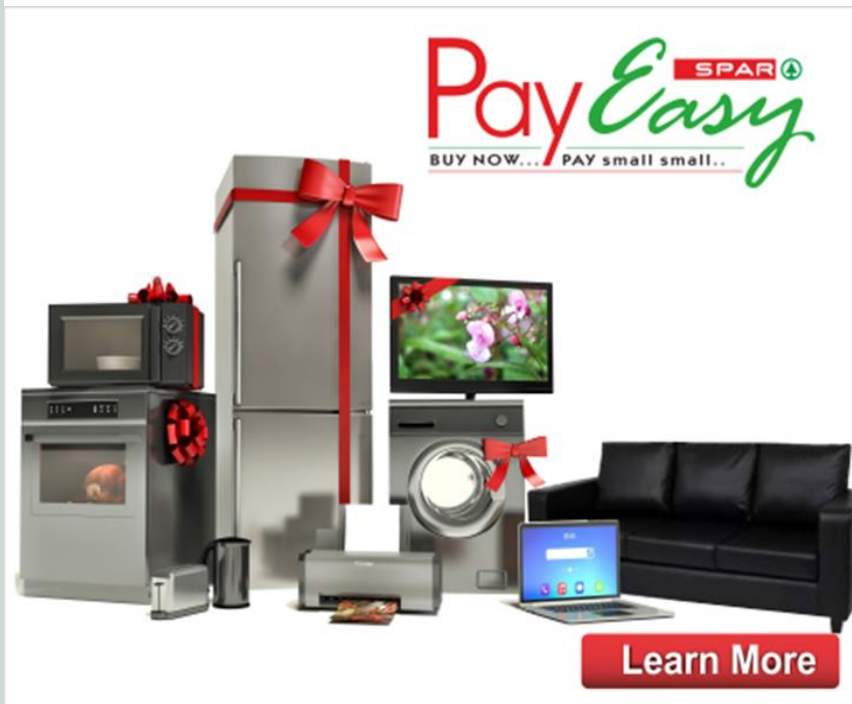


I have received a loan from Access Bank before, I just received a sms on my phone and I followed the process and got N5,000 but immediately the money entered your account some deduction was made

30-45yrs, Male, Banked + Unbanked, Gombe rural

Hire Purchase: With the same tenacity for loan, most decline this idea unless presented with flexible payment plan and moderately inflated rate

- As earlier mentioned, certain household gadgets are perceived as luxurious by some hence, **work tools or food items can be acquired on hire purchase**
- **This is because both will respectively bring about added income and sustain lives**
- Only a few younger aged in Lagos urban, Abuja urban and Kano rural are open to the concept of hire purchase, **IF** presented with flexible payment plan and moderately inflated rate.



Extremely low awareness of Mobile Money even as some urban brands have endorsed the concept

- Mobile money still has low awareness and is often **misconstrued as mobile banking**.
- It is of **less interest to the formally served participants** given multiple alternative provided by the **formal sector** but the **unbanked found the idea fascinating** and **would want to subscribe to it if “transparent”**.
- **A major appeal for mobile banking is that it requires no formalities associated with formal institutions – no identification card needed but a mobile phone number.**
- Mobile money agent/s are not known except in Lagos urban where a few are aware of PAGA. **“MTN agents” in Gombe and ‘Baxi Box’ in PHC are seen as formidable and innovative oppositions to PAGA.**



Anything I want to pay for is done right on my seat in my office...I even get commissions when people approach me to help them pay their PHCN bills or any other using the Baxi Box

30-45yrs, Mixed gender, Banked, PHC urban



Your Digital One-Stop-Shop



There is a need to project other value added services on Mobile Money to encourage uptake

Strengths

Easy procedure:

- Similar to banking **but** with no bank accounts or paper work. no identification card needed but a mobile phone number

Proximity:

- Agents are accessible in the neighborhood

Discreet / private:

- Each persons has code to protect his/her account

Dependable

- *"What is kept is what is received"*
- *At the theft of mobile phone, money is not lost...not prone to theft like the piggy banks"*

Issues / Concerns

- *In the advent of theft, what happens to the money?*
- *When the agent is no longer available, what happens to my money / account?*
- *Can the money be withdrawn without an agent?*
- *How does the money enter the phone?*
- *Would people or businesses accept it?*
- *Who (which brand) is offering it?*

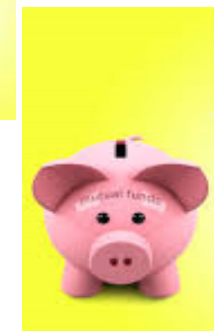
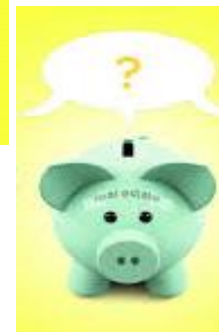
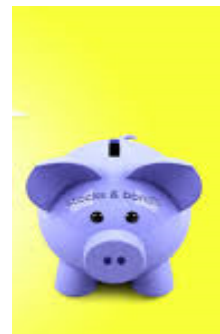
Savings, Co-operatives & Savings Groups

Savings (putting money aside): There seems to be reduction in savings habit vis-à-vis 2016

- Given the current economic state in the country, most affirmed that it is **difficult to save large sum**. Yet, it is important to save so as to have backup at any given time
- No new informal means is identified among the formal / banked participants however this segment seem to **adopt more of the monthly contribution** - merry-go-round - more than before as this allows them to be more **disciplined and save towards a bigger target**
- Unlike in 2016, participants had multiple channels through which they save but **this time around, it seems most save via a single channel (with or without piggy bank)**.

The Piggy Bank: a common practice among the participants

- Piggy bank remains an **‘indoor bank’** for almost all respondents
- Except that this time around, the **saver does not need to have a piggy bank but a ‘keeper’ – grannies / mothers or a trusted friend handle the saving**
- This person will not only ensure the money is kept but he / she restrains untimely collection hence help to avoid unnecessarily spending
- Piggy bank savings is flexible – saver is not compelled to save a specific amount (unless by choice) or at a given period of the day or week
- Access to money is often quick and almost certain (if not lost or stolen)



COOPERATIVE SOCIETIES

Semi-formal, popular but minimally use in spite of its ‘access to loan’ mantra. Entails LONG PROCEDURE to join or exit; a bit RESTRICTIVE given its AFFILIATED REGULATIONS / POLICIES WITH MFBS OR COMMERCIAL BANKS for members to abide with



Cooperative societies
The “obscure”

Positive

- Small sized with target audience
- Motive for joining is often to access loan or grants from the government - Gombe rural
- More organized given that defaulters are penalized
- Awareness is majorly hinged on low interest on borrowings

Negative

- Targets people with sustainable income and similar interest thus perceived alienates some sect
- Definite number of members are required
- Default in payment prevent other members from benefitting from accessing loans
- Scanty / sparingly spread outlets - not easily accessible across the rural areas.

SAVINGS GROUPS - 1 of 2

MORE TRUSTED, given the opportunity it gives to **BOND** with **PEOPLE OF SIMILAR INTEREST**. **EQUAL OPPORTUNITY** for members to access **QUICK CASH** with **NIL TAX/ INTEREST** for **TIME BOUND** project. Plus, group is **LESS CUMBERSOME** to join or exit

'Merry-go-round' with friends

- The most common savings group **among friends with similar goal** - majority of participants (**both formally & informally served**) confirmed that they belong to this group.
- Short term & quick access to large sum
- Savings is often on a weekly or monthly basis to an agreed sum.
- Flexible means of savings whereby places may be switched if a member is in dare need
- Contribution **among friends is deemed the most secured** because each recipient receives contribution 'on-the-spot'.

With a 'merry-go-round' collector

- This informal saving is **common amongst business owners or individuals** who own / have a store/(s) or stall in the **open market or people living close by**.
- Fondly referred to as 'Ajo' (Yoruba) / 'Adashe' (Hausa) / 'Esusu' (Igbo). Savings is earmarked for re-invested into own business.
- Often a daily or weekly affair where contribution is made to a collector.
- Contributions, which may be as low as **NGN 100** may be collected at the end of the month or left until needed.
- **Only a day's contribution (out of 30 days in a month) is forfeited as profit / payment for the collector's service.**
- **In gratitude, the collector share gift items to faithful members at the end of the year.**

Village / community association

- Description is close to cooperative but some of these groups are not compelled to contribute money regularly.
- Not popular in the urban given the members must come from the same ethnic group or religion background
- The farmers in Kano and Gombe rural stated that they formed an association to enable them benefit from government grants or loan
- Where savings is involved, they save for long term projects / celebrations, e.g. Xmas, Eid-Kabir (Kano)
- Members are more disciplined - defaulters are not encouraged
- Organizes end-of-the-year party where all merry & dine from the proceeds realized from loans that were serviced throughout the year.

PARTICIPANTS SAY....



You save when you have eaten and satisfied, the money is not enough for me to save these days
30-45yrs, Male, Unbanked, Gombe Rural



To avoid withdrawing my money anyhow, I opened another bank account and I did not collect ATM card but I keep depositing money into it
18-29yrs, Male, Banked & Unbanked, Kano Rural



When you are in a saving group and God forbids something happens to the person like death, the group will locate the persons family to give the money but if the money is with bank, they will ask for next of kin and keep giving excuses until you are no longer interested and the money will be lost
30-45yrs, Mixed gender, Unbanked, Lagos Rural



I have a lot of project I want to do and I know if I save in the bank I can withdraw at any time that is why I joined a group savings it helps
18-29yrs, Female, Banked, Gombe Urban

Comparing 2016 with 2018: Are there any behavioural changes?

Unchanged Views

- Participants stated that hike in cost of living still remains, hence most still prioritize and are mindful of their spending
- Financial products and services usages still remain the same – depositing, withdrawal, savings and current account...
- Use of formal and informal channels among the formally served participants is still relevant
- There is still low awareness and uptake of mobile money across the locations
- No recall of bank/financial institution that has closed down within the past two years

Changed Views

- In order to manage current economic situation, there is a slight upward shift in multiple streams of income compared to 2016
- Entrepreneurship is on the rise as people tend to create jobs rather than seek employment
- Uptake of mobile banking is on the increase among the formally served
- There seems to be increase in the banked, given government support by means of agriculture grant. Most opened an account in Gombe in order to enjoy loan uptake from the Bank of Agriculture