

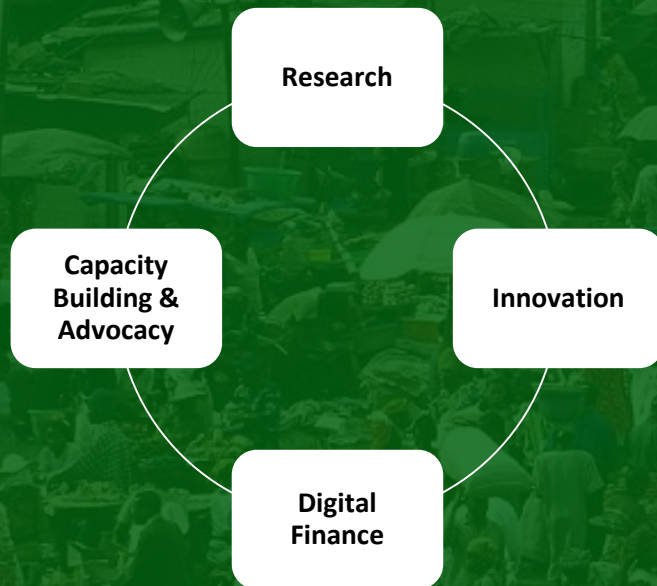
Financial Inclusion in North East Nigeria

EFInA Access to Financial Services in Nigeria 2018 Survey

23 May, 2019

About EFINA

Enhancing Financial Innovation & Access (EFInA) is a financial sector development organisation that promotes financial inclusion in Nigeria. Established in late 2007, our mission is to make the Nigerian financial system work better, especially for the poor. EFInA works through four pillars:



EFInA is funded by UK Government's Department for International Development (DFID) and the Bill & Melinda Gates Foundation.



The Access to Financial Services in Nigeria 2018 Survey



Objectives

- Measure access to and use of financial services by all Nigerians
- Identify opportunities for expanding financial inclusion



Design

- Provided by the National Bureau of Statistics (NBS)
- Sampling of respondents was based on equal representation (750 respondents) per State
- Allows for statistically robust headline indicators of financial access at the state, regional and national level.



Coverage

- Nationally representative sample of Nigerian adults (18+) across all 36 States and FCT Abuja
- Achieved 27,470 interviews (97% of target sample of 28,380)
- Household listing and data collection was conducted from August to October 2018 by research firm Ipsos Nigeria, with supervision from the National Bureau of Statistics (NBS)



Questionnaire

The questionnaire (in English), was translated into and also administered in Hausa, Yoruba, Igbo and Pidgin English

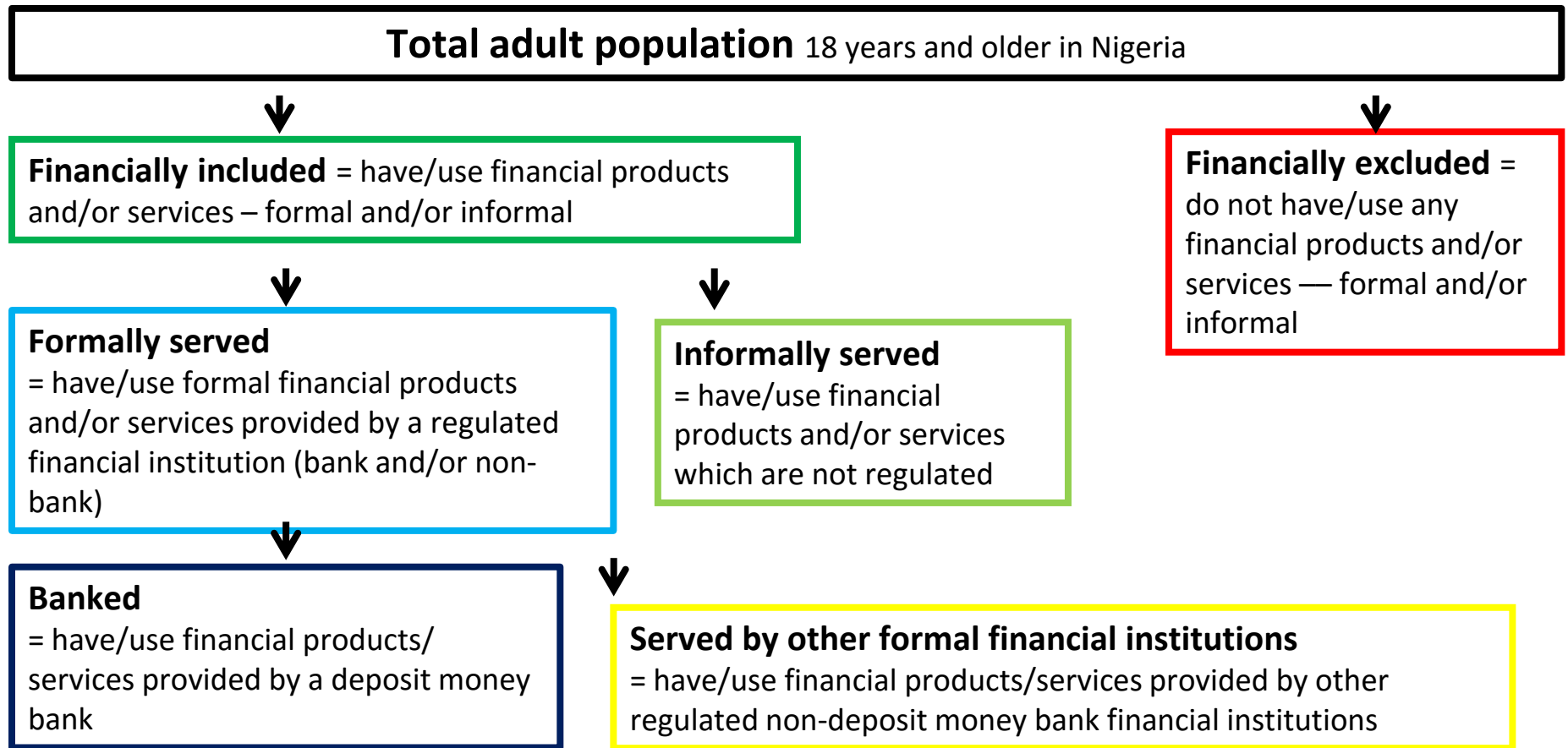


Results

- Results were weighted by the NBS to provide for the total adult population.
- Also benchmarked to national population estimates for verification

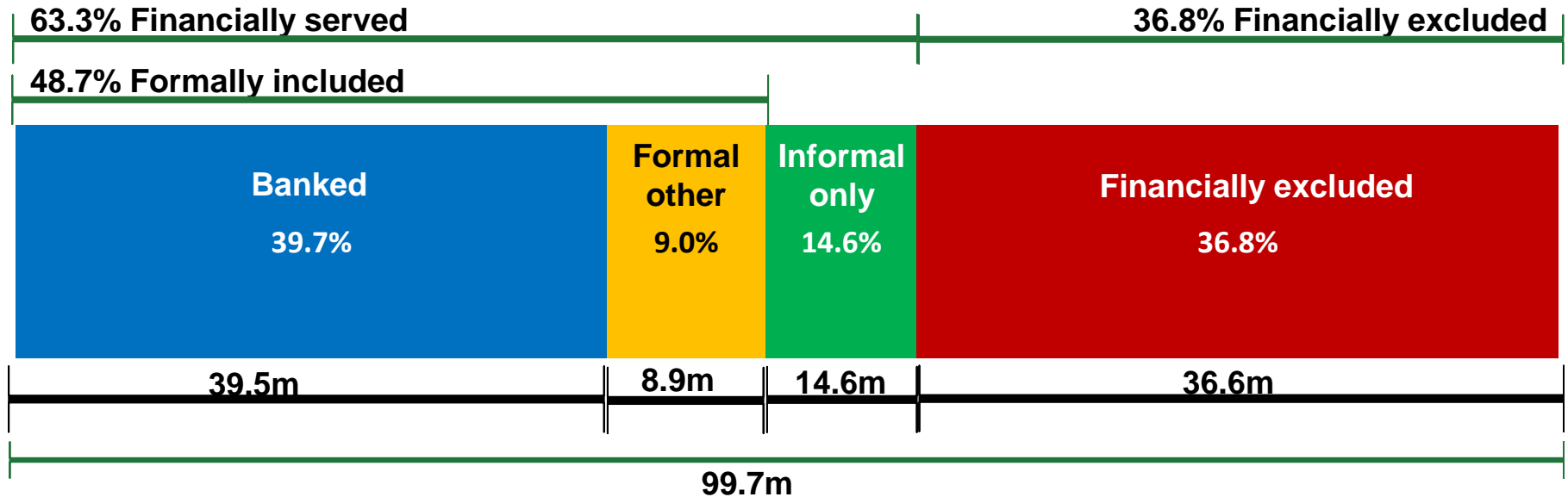
Financial Inclusion of Nigerian Adults

Defining financial inclusion



Financial Access in Nigeria – 2018

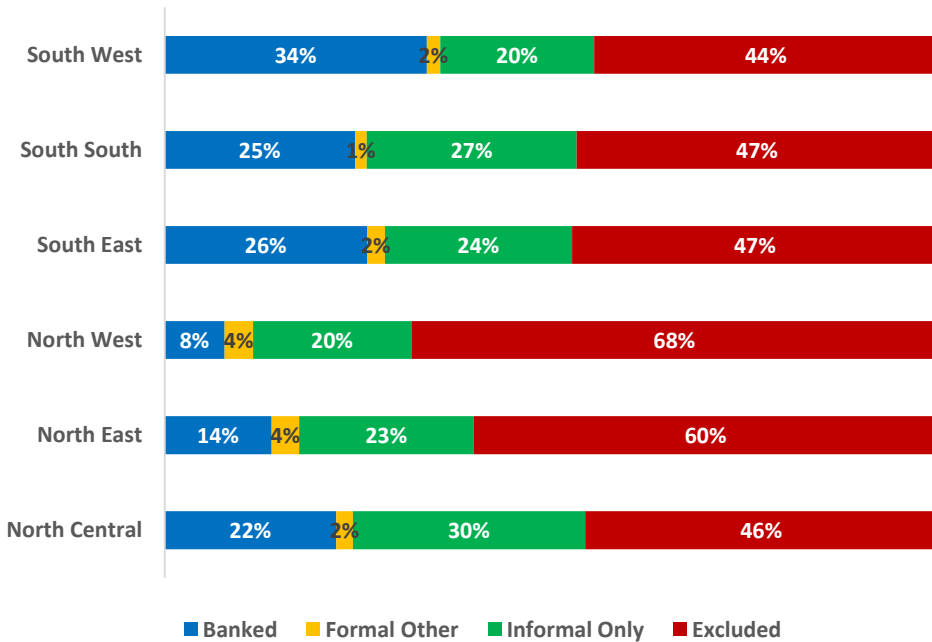
- Nearly half (48.7%) of Nigerian adults use formal financial services



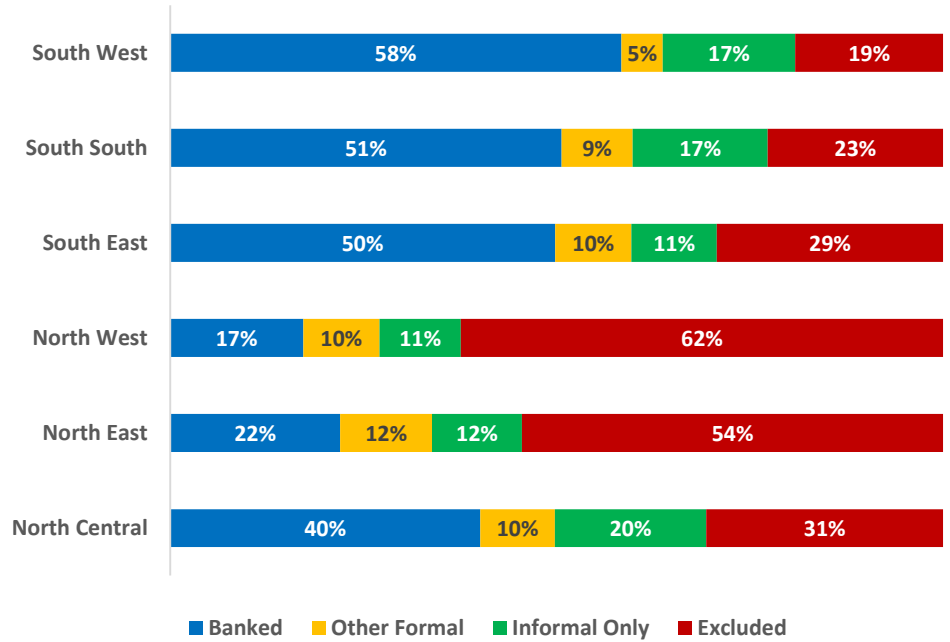
These four categories are mutually exclusive

Over the past 10 years, regional differences in financial inclusion have widened

Financial Access by Geopolitical Zone - 2008



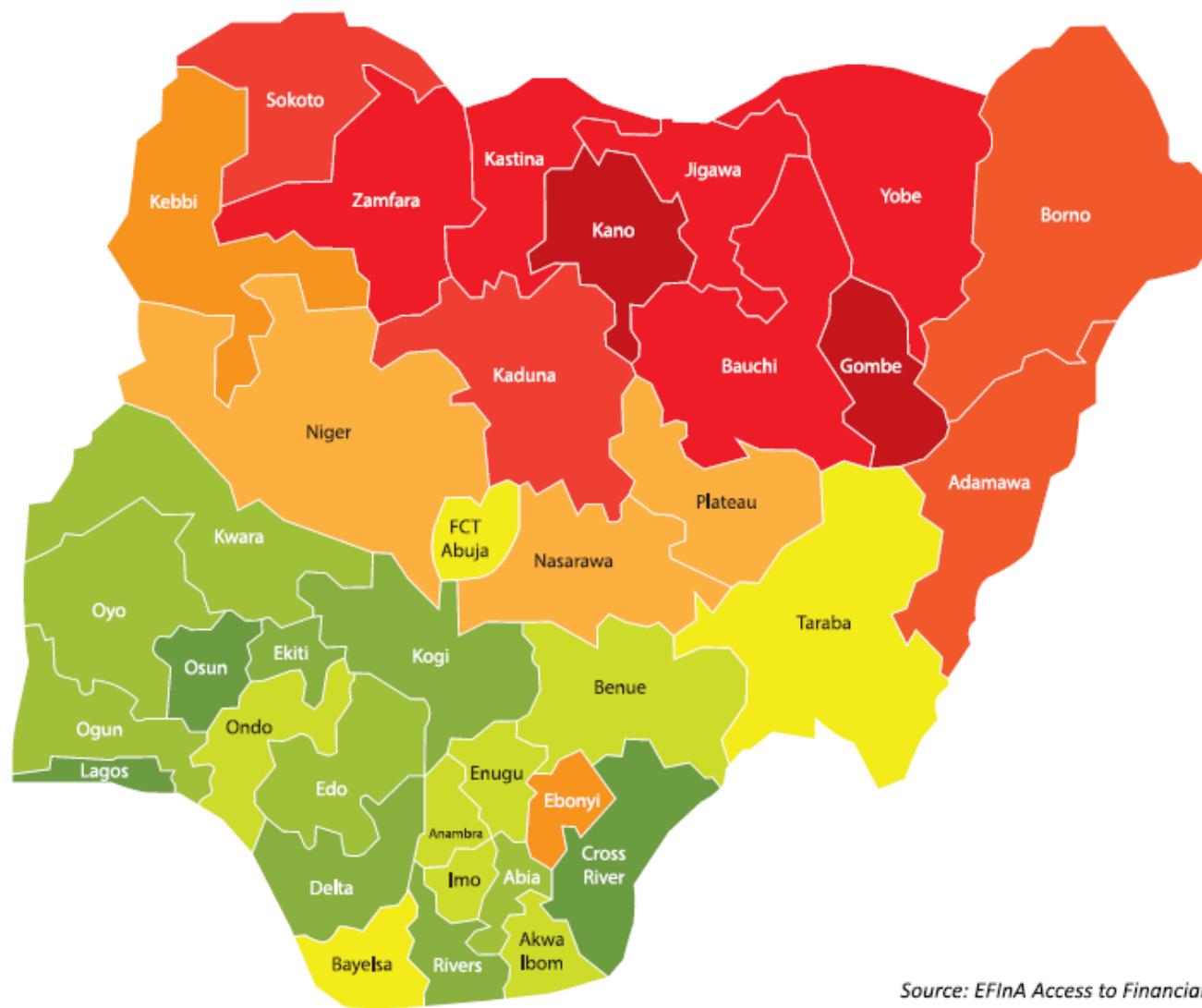
Financial Access by Geopolitical Zone - 2018



All these banks are for the government workers and the educated people, we here do not have enough money to feed not to talk about savings”
 - Focus Group Discussion Respondents, Financially Excluded, Gombe rural

Financial exclusion levels vary widely by state

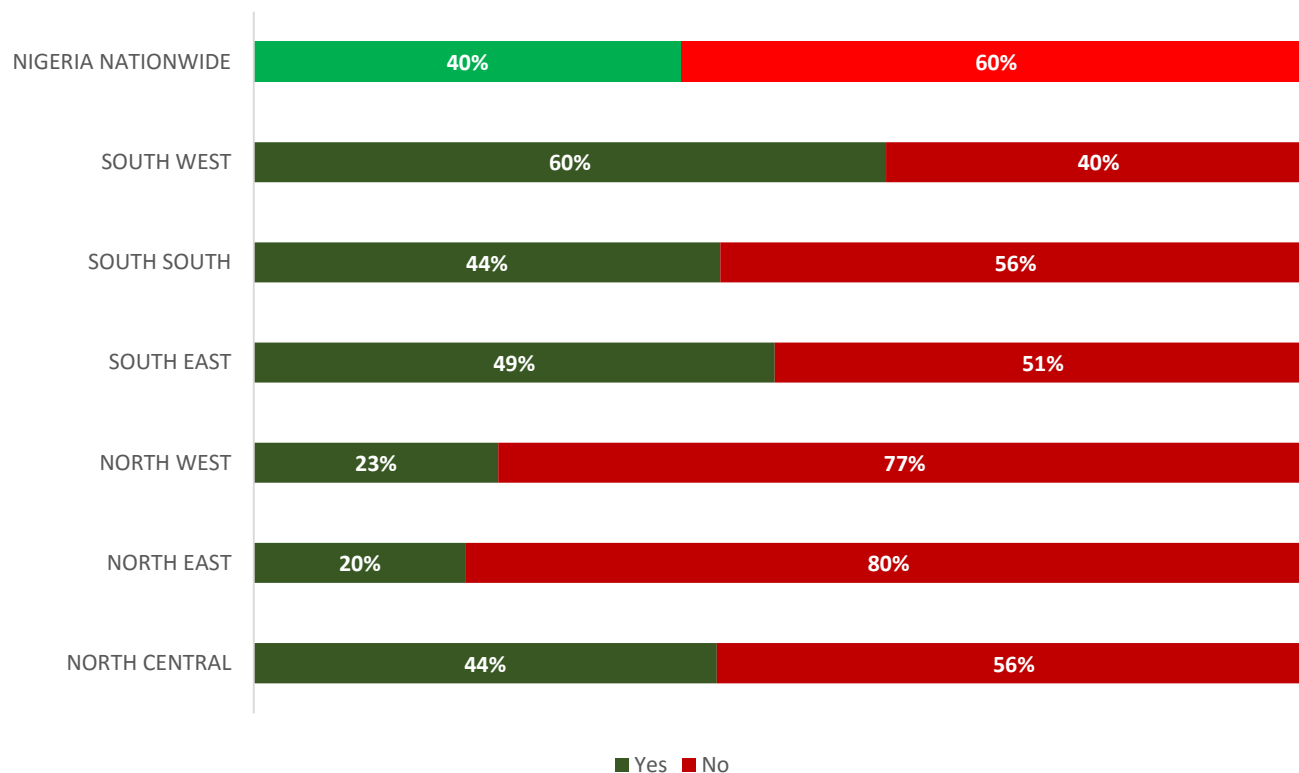
Percentage of financially excluded adults per state



GOMBE	76%
KANO	75%
JIGAWA	65%
KATSINA	64%
BAUCHI	61%
YOBE	60%
ZAMFARA	59%
KADUNA	55%
SOKOTO	55%
ADAMAWA	50%
BORNO	49%
KEBBI	44%
EBONYI	44%
NASARAWA	40%
NIGER	38%
PLATEAU	38%
BAYELSA	35%
FCT ABUJA	32%
TARABA	31%
AKWA-IBOM	29%
ONDO	29%
IMO	29%
BENUE	28%
ANAMBRA	27%
ENUGU	27%
EDO	25%
ABIA	25%
OYO	23%
KWARA	22%
OGUN	22%
DELTA	20%
KOGI	18%
RIVERS	18%
EKITI	18%
CROSS RIVER	16%
LAGOS	15%
OSUN	15%

Lack of financial access points is an obstacle for expanding financial inclusion in Nigeria

Percentage of adults in each geopolitical zone that are aware of any financial access point near their home



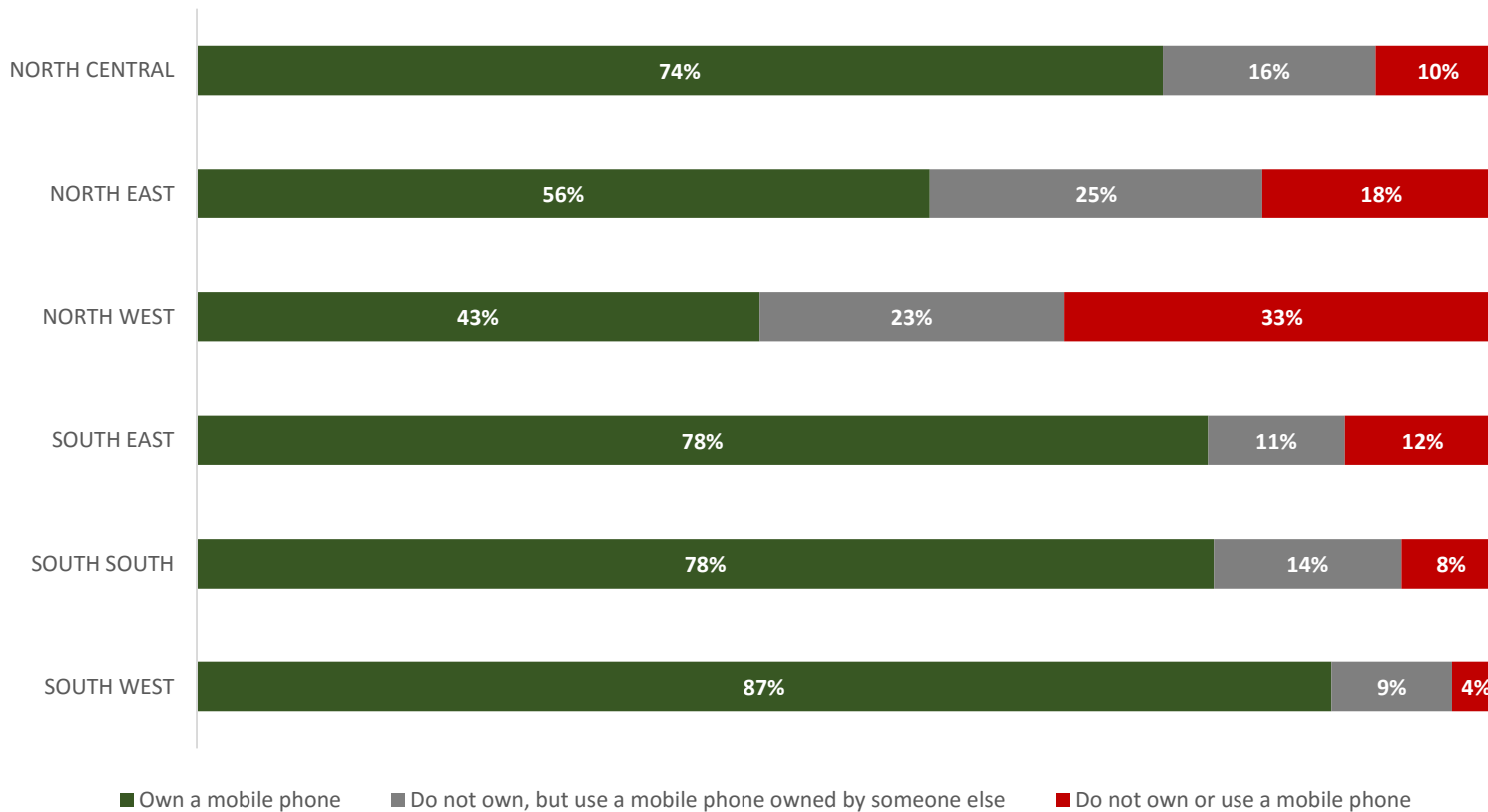
“We do not have banks close to us, if you have to use a bank you have to travel or spend some amount on transport and this is an issue because the whole money you are going to save sometimes may not be up to N2,000”

-Focus Group Respondents

Access to mobile phones varies by geopolitical zone

- A significant number of Nigerians do not own mobile phones but use a phone that belongs to someone else, demonstrating a market for financial services designed for use via a shared mobile phone

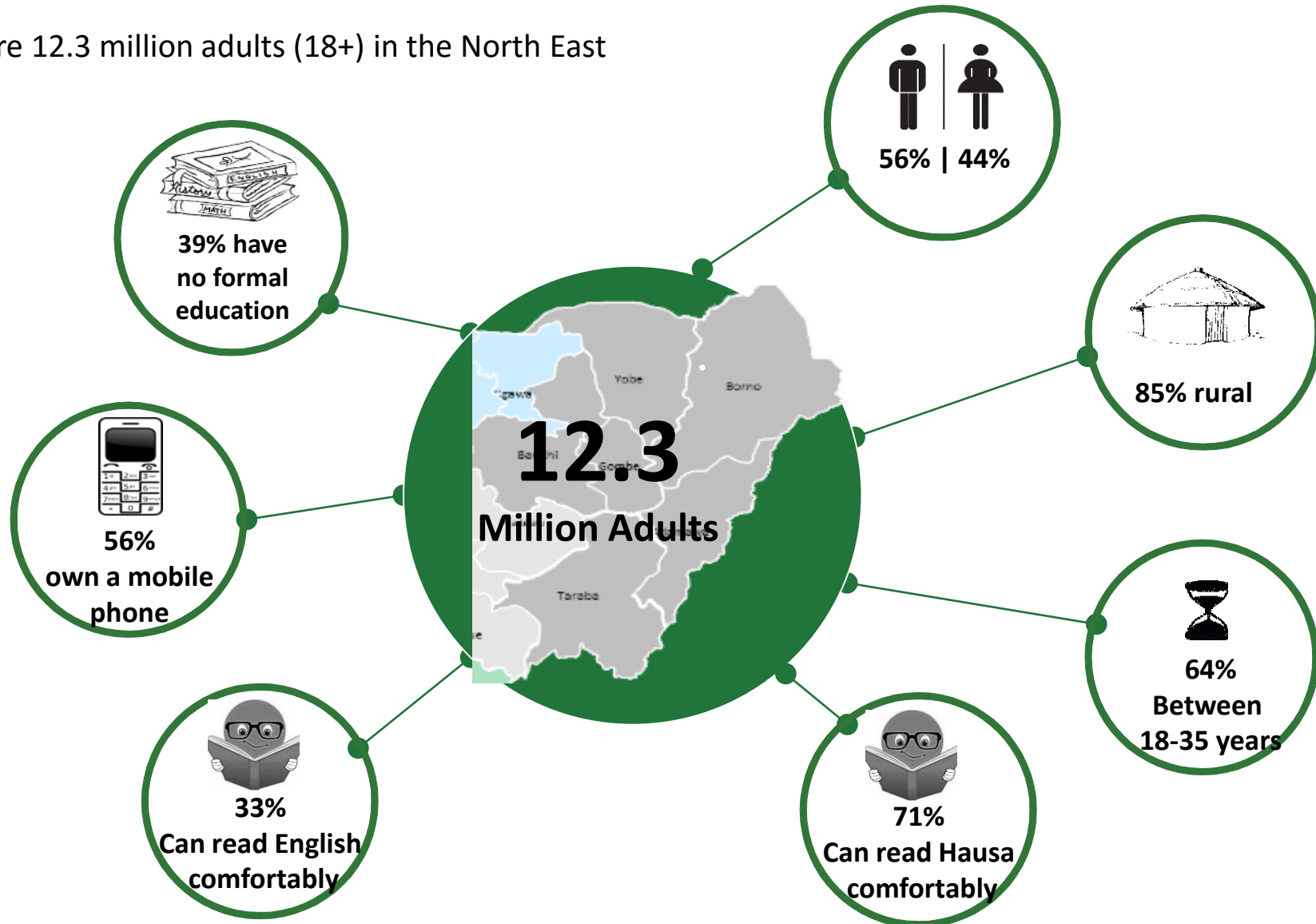
Mobile phone use by Geopolitical Zone



Financial Inclusion in the North East Zone

Adult Population Overview

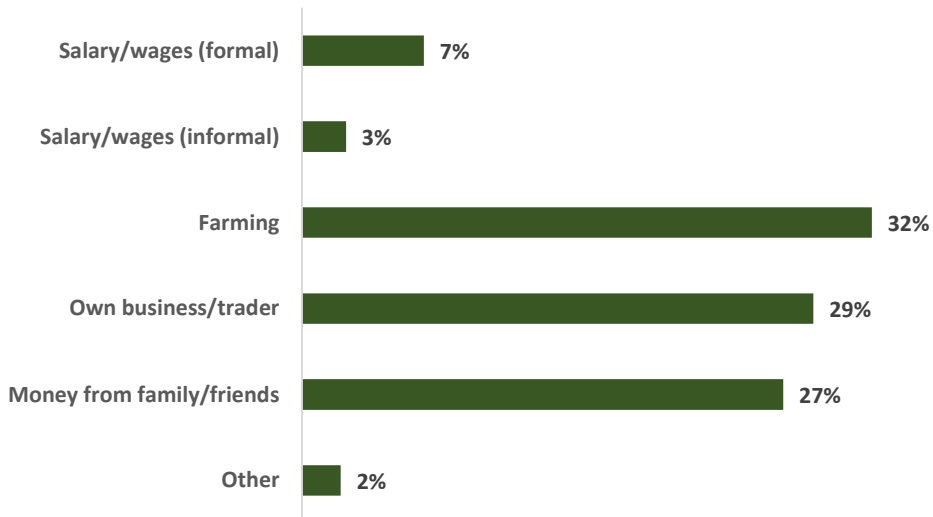
There are 12.3 million adults (18+) in the North East



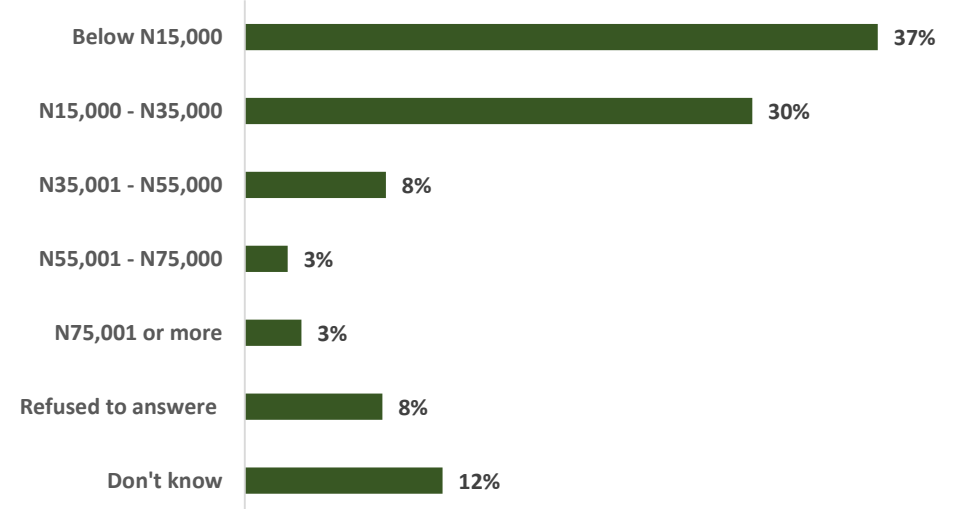
Income Sources & Levels

- 7% of adults in the North East primarily earn income from salaries/wages
- Nearly one third of adults in the North East are primarily dependent on farming to meet their financial needs
- Of those that are earning income, the majority earn N35,000 or less monthly

Primary source of income
Percentage of adults in the NE zone



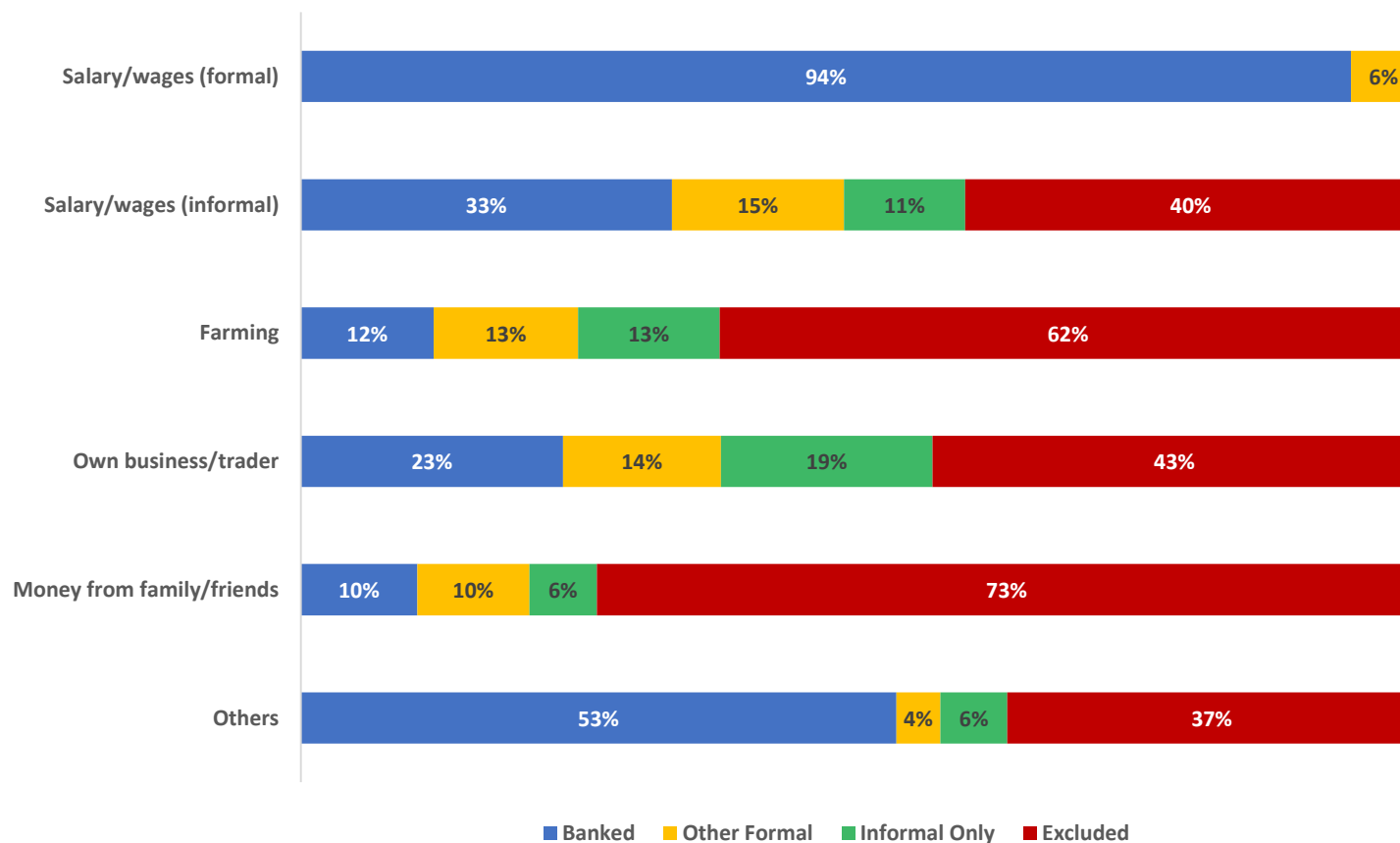
Average monthly income
Percentage of adults in the NE zone



Financial Access by Primary Income Source

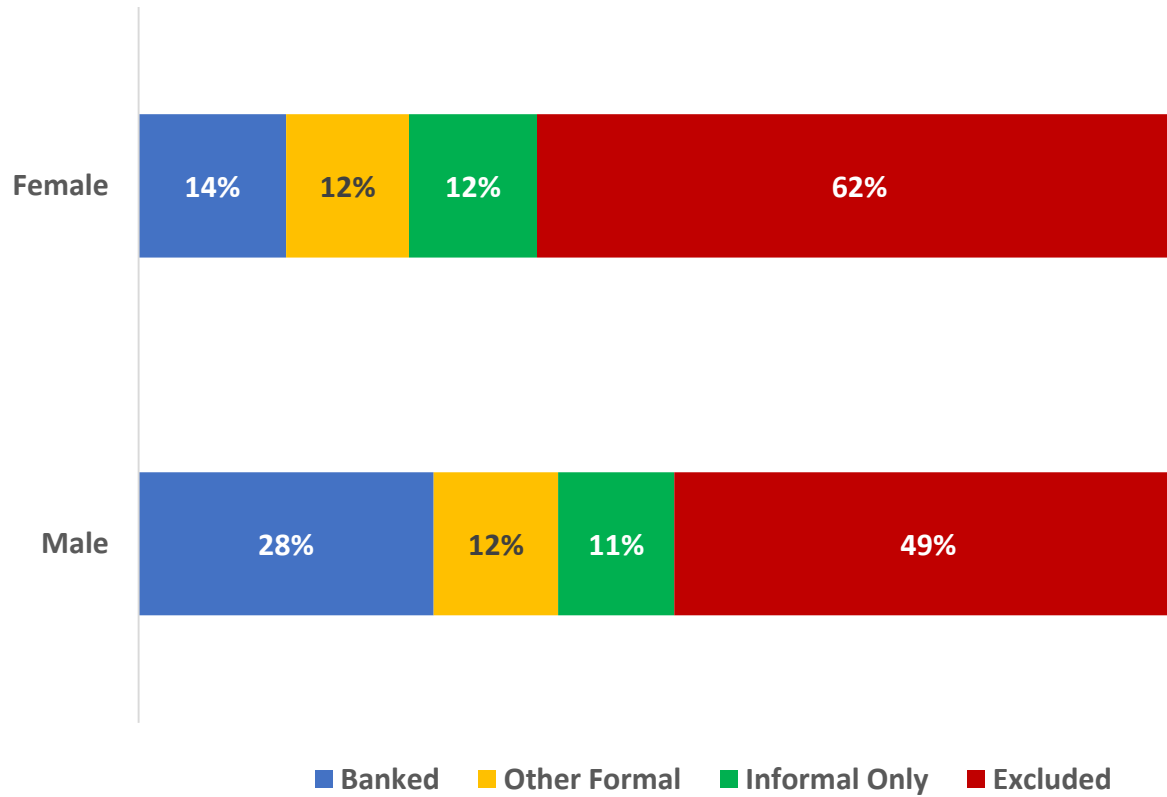
- Nearly all formal sector employees are banked
- Financial exclusion rates are highest among those that primarily depend on farming or family/friends to meet their needs

Financial access by primary source of income
Adults in the North East zone



Financial Access by Gender

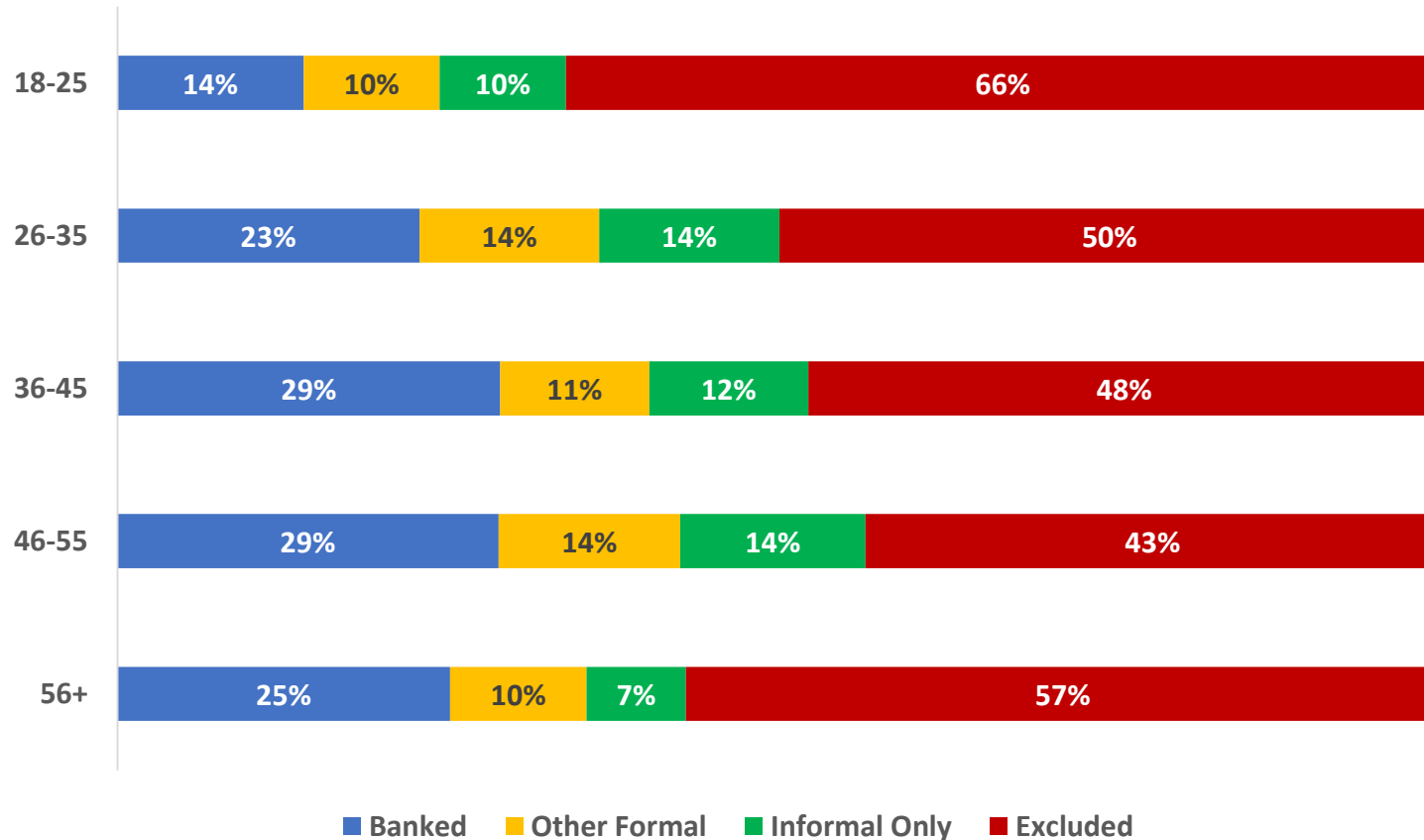
Financial access by gender
Adults in the North East zone



Financial Access by Age

- Adults between the ages of 18-25 have the highest rate of financial exclusion
- More than 2.5 million adults 18-25 are financially excluded, accounting for 38% of financially excluded adults in the North East

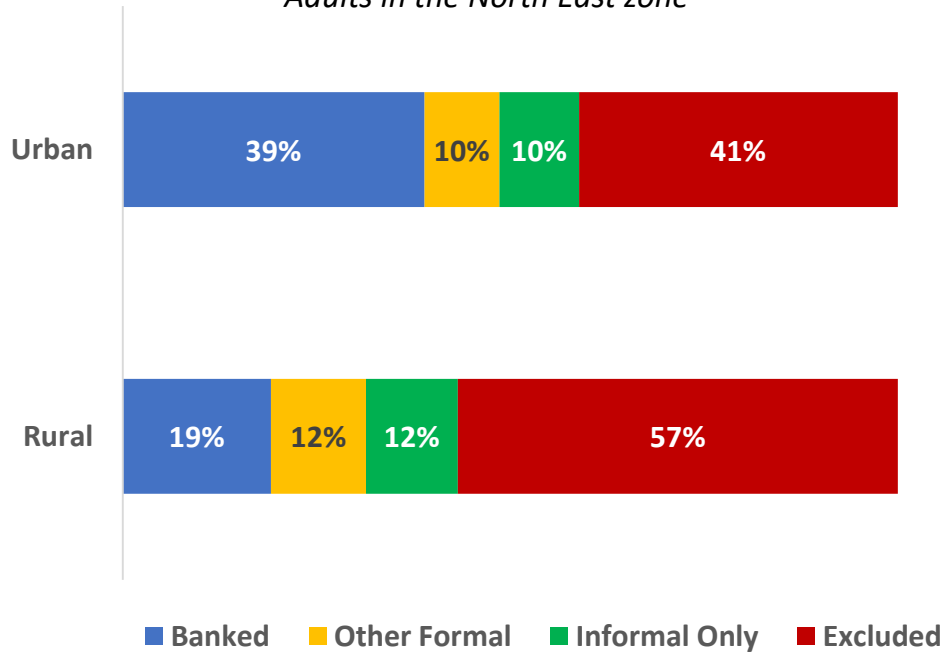
Financial access by age group
Adults in the North East zone



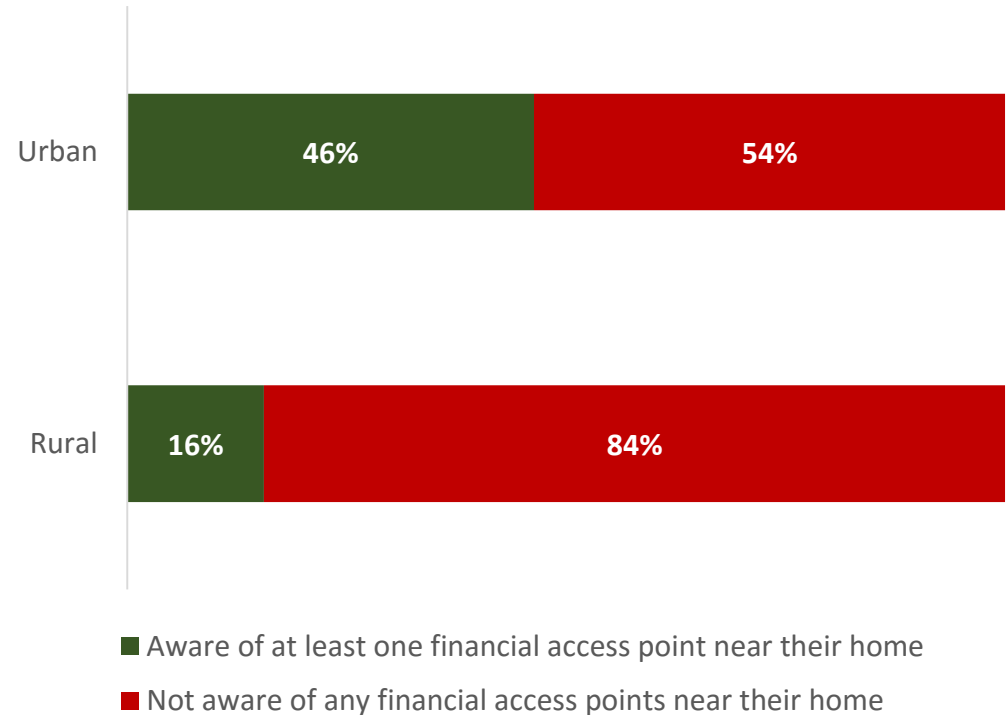
Financial Access by Urbanisation

- Rural adults are significantly more likely than urban adults to be financially excluded
- Rural adults are also significantly less likely to be aware of any formal financial access points near their homes
- There are nearly 6 million financially excluded adults living in rural areas in the North East

Financial access by urbanisation
Adults in the North East zone



Proximity to formal financial access points
Adults in the North East zone



Savings

- 40% of adults in the North East are saving money
- Less than half of those saving are using formal channels such as banks

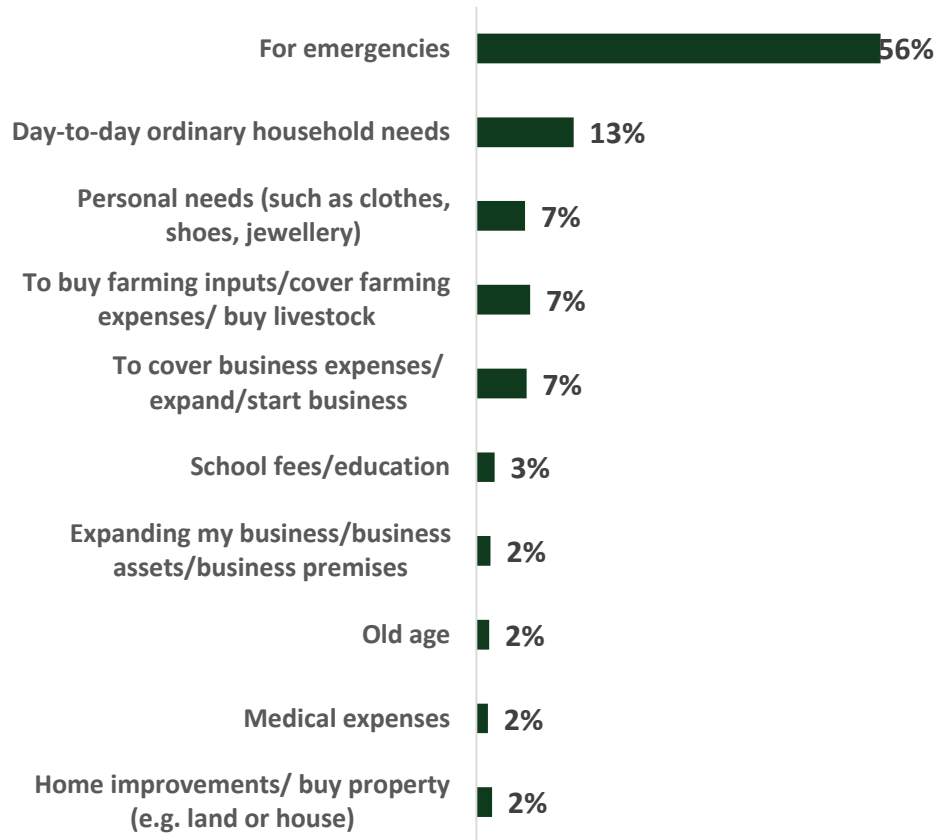
Savings Strand
Percentage of adults in the North East



Savings – Motivations & Barriers

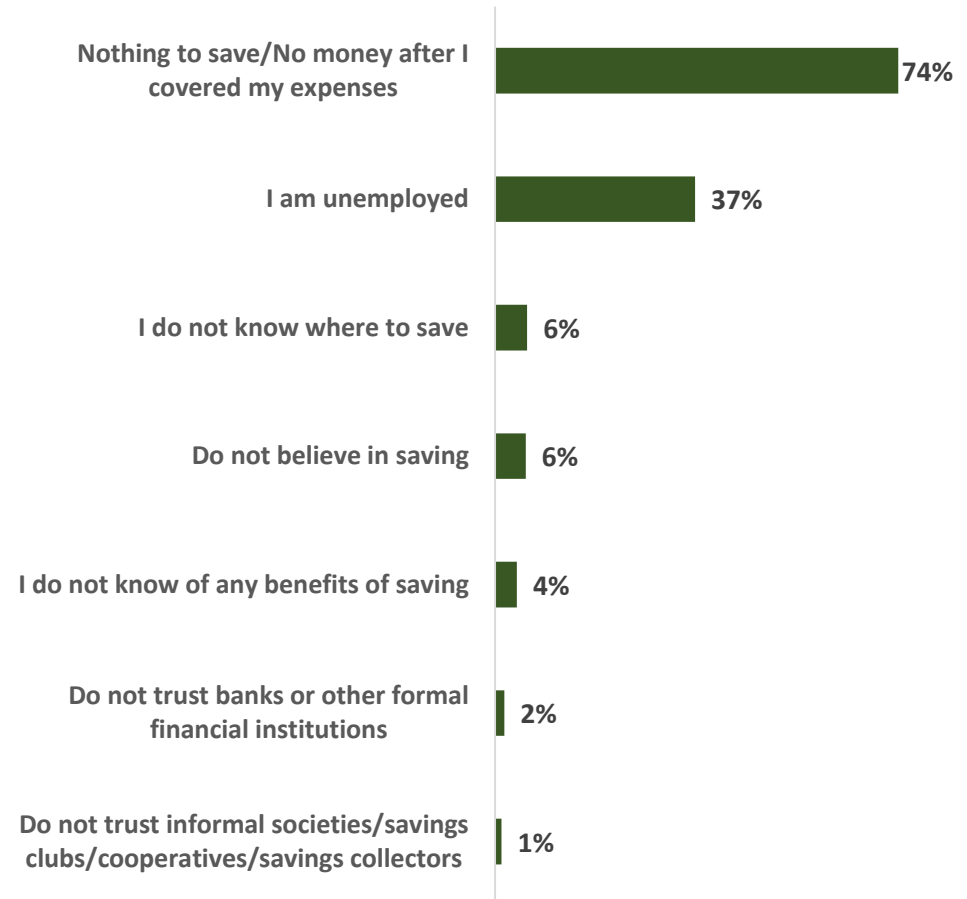
What did you mainly save/put money aside for? (top reasons given)

Percentage of adults in the NE that are saving



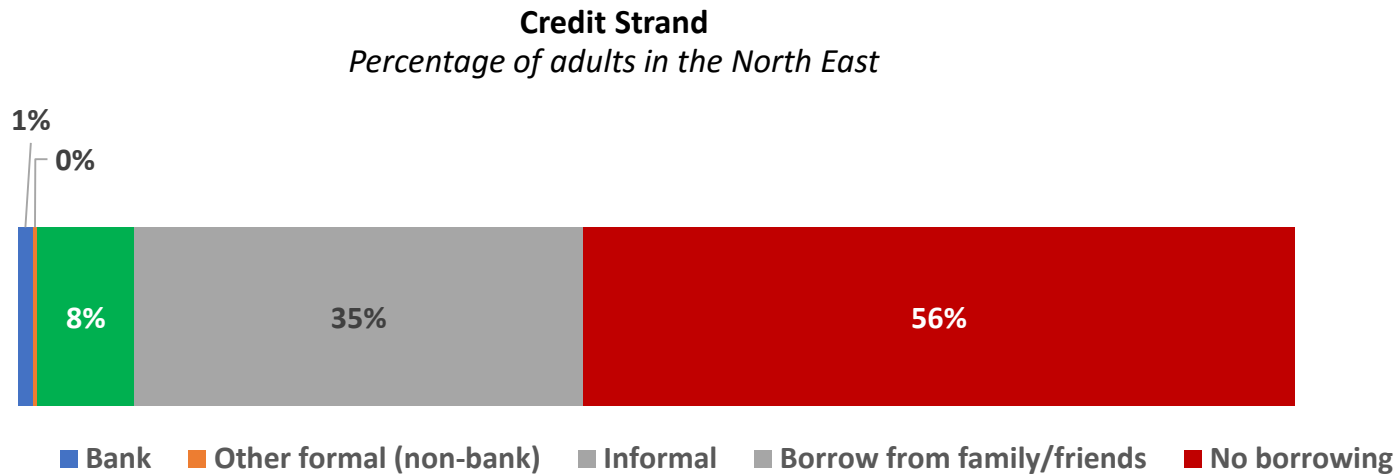
Why don't you save?

Percentage of adults in the NE that are not saving



Credit

- 44% of adults in the North East are borrowing money
- Most borrow from family/friends
- Across all geopolitical zones, very few adults are borrowing from formal sources



Remittances

- 36% of Nigerians in the North East are sending or receiving money (international or domestic remittances)
- When asked what channel they used most recently to send or receive money, most say family or friends

Remittances Strand – Channel used most recently to send/receive money
Percentage of adults in the North East

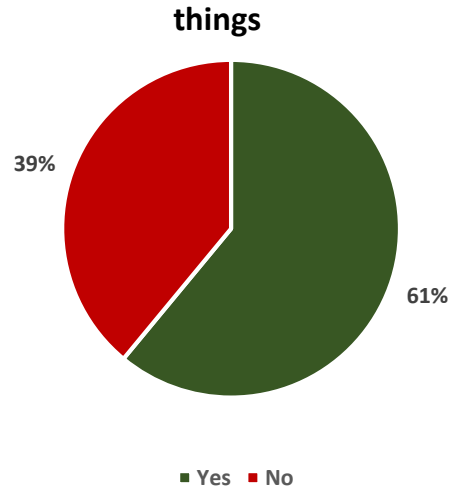


■ Bank ■ Other formal (non-bank) ■ Informal ■ Family/ friends ■ Not remitting

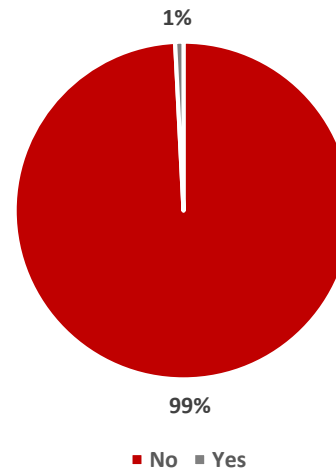
Risk Management

- Very few Nigerians in the North East are insured. This is similar to nationwide rates of insurance coverage
- In addition to tracking overall levels of financial inclusion, it is important to also consider deepening financial inclusion, including through access to services that can help families mitigate and manage risk

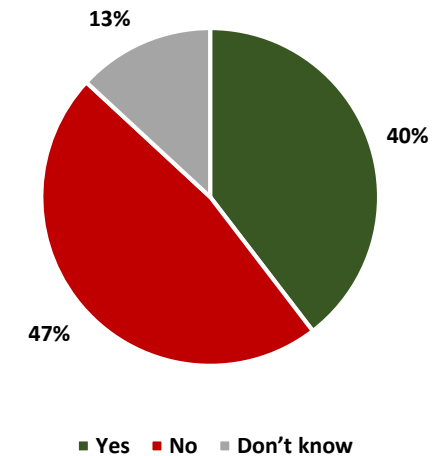
Percentage of adults in the North East that have experienced a life event in the past 12 months that caused unexpected expenses/made it very difficult to pay for things



Percentage of adults in the North East that are insured



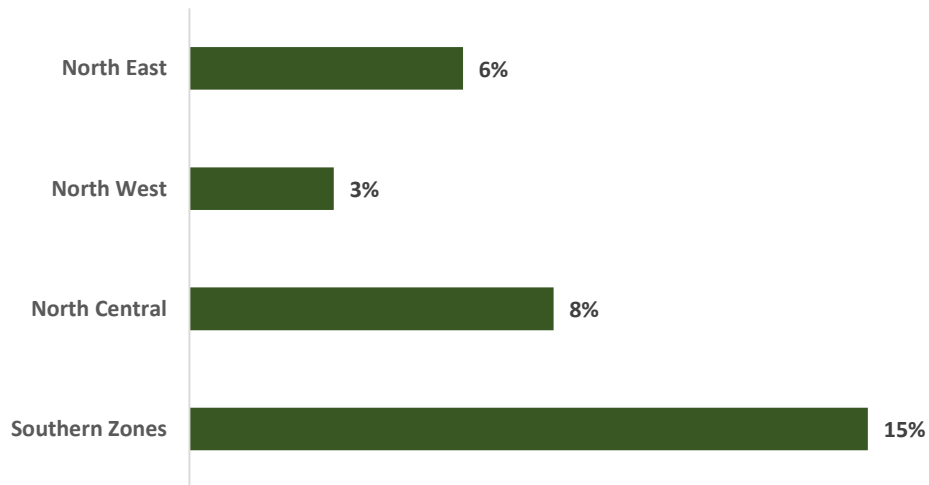
Percentage of adults in the North East that are interested in micro-insurance



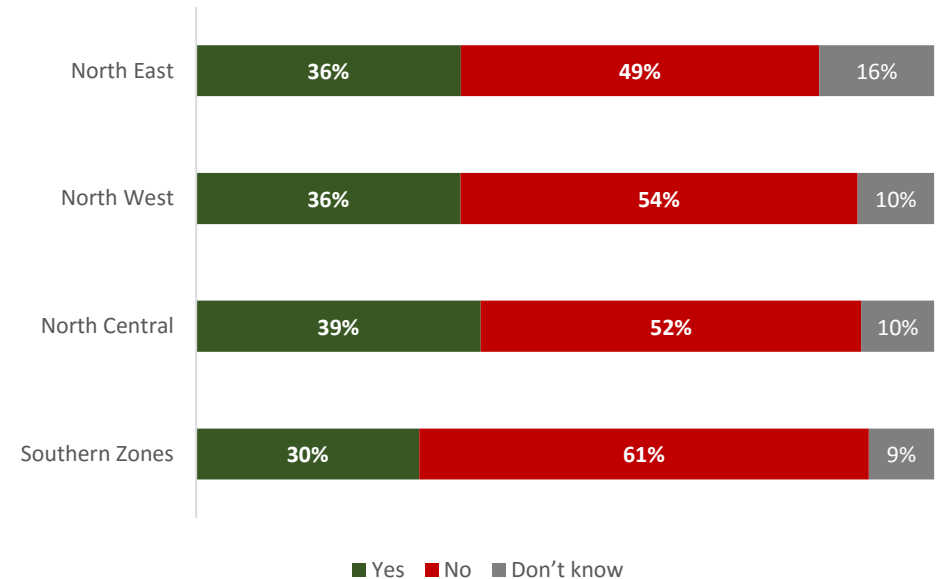
Digital Payments

- Aide from the North West, adults in the North East are less likely than those in other zones to have made a digital payment in the past year
- When the concept has been explained, adults in the Northern zones are more likely than those in the South to express interest in mobile money

Percentage of adults that have made at least one electronic payment for goods, services or bills in the past year

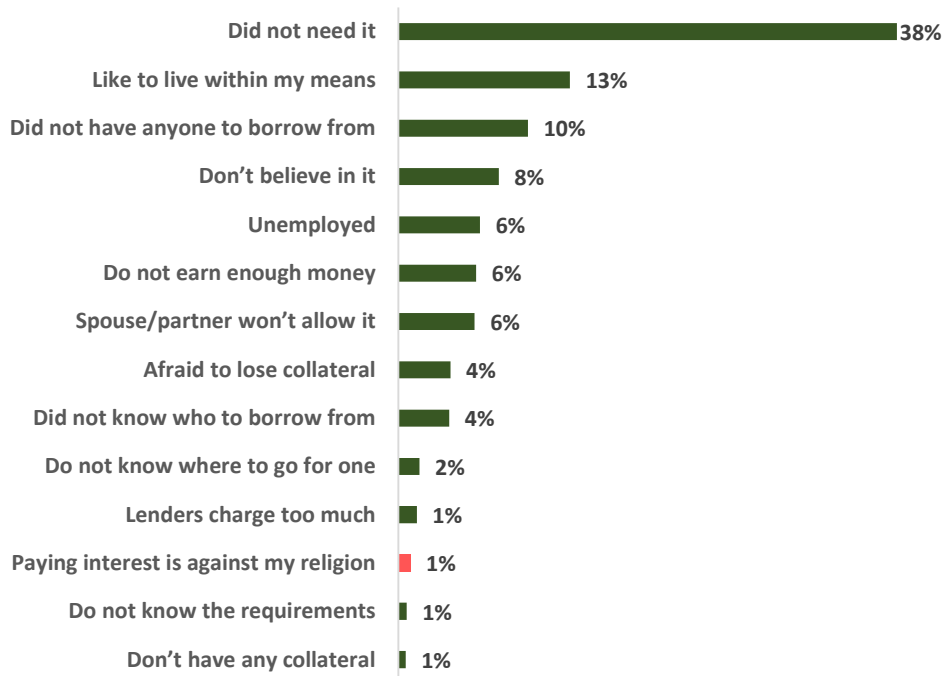


Would you be interested in mobile money?

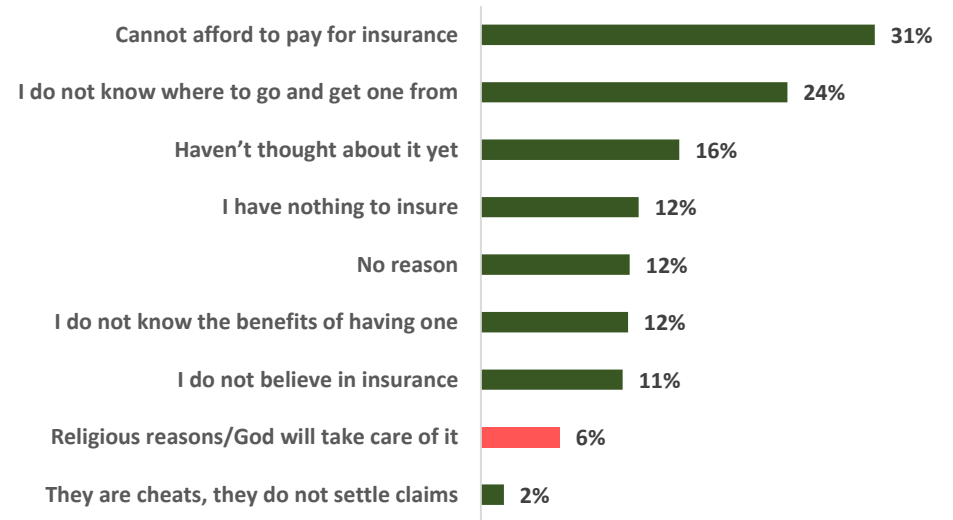


Use of non-interest financial services in the North East remains low

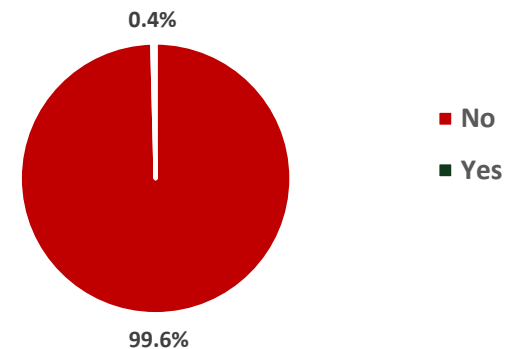
Why did you not borrow money? (Top reasons given)
Percentage of adults in the North East that are not borrowing



Why are you not insured?
Percentage of adults in the North East that are not insured

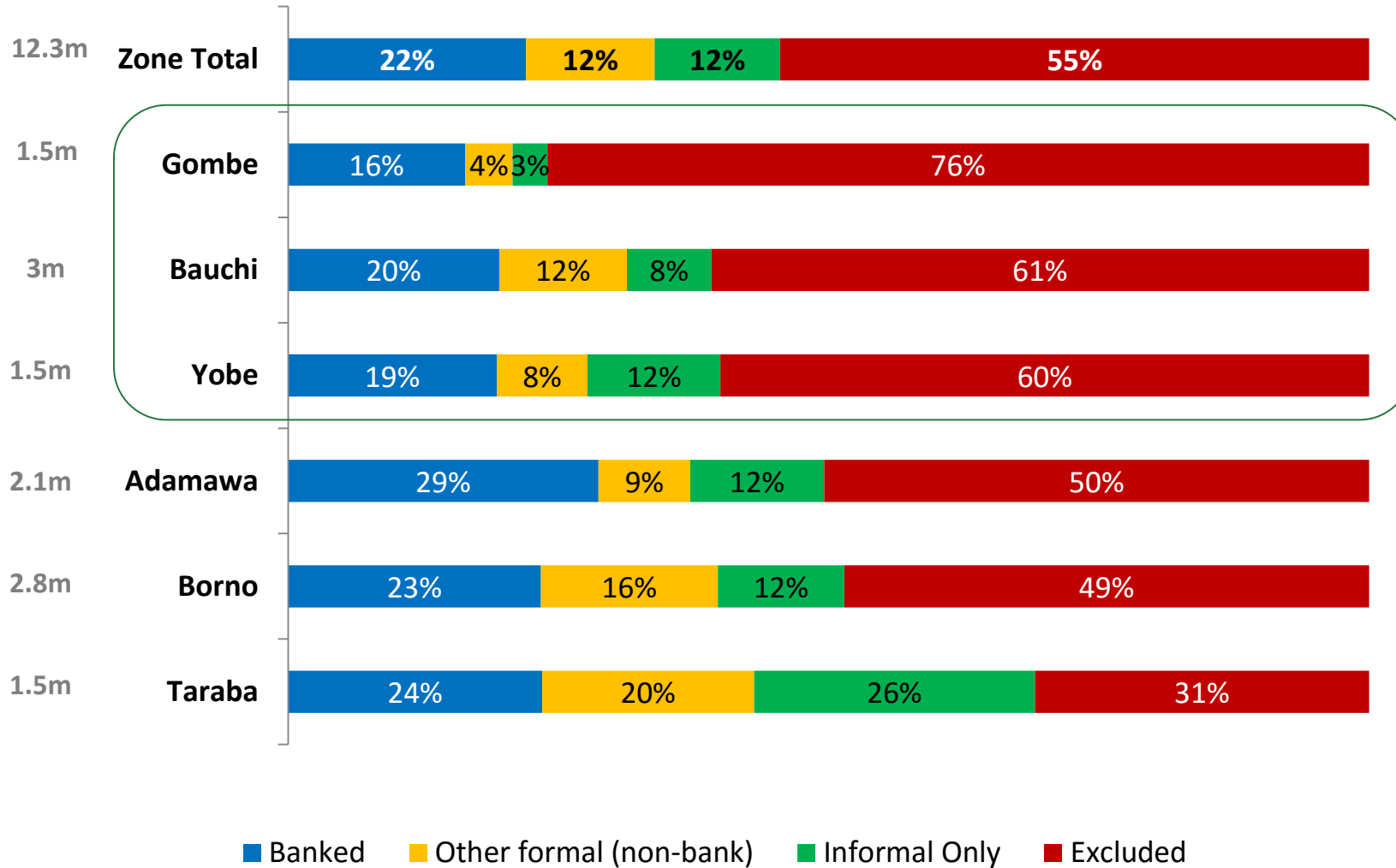


Use of non-interest finance
Percentage of adults in the North East



Financial access by state in the North East zone

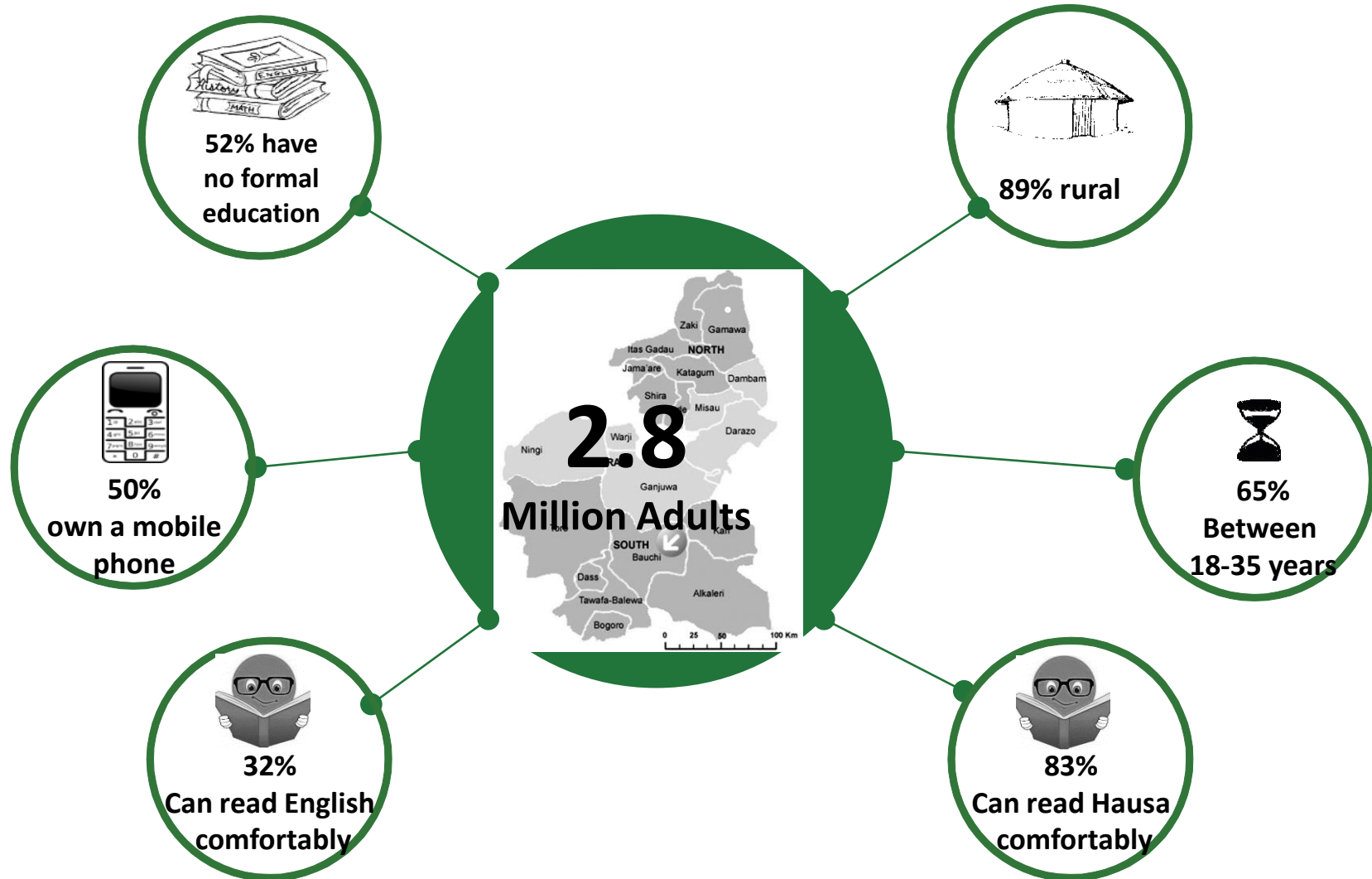
Adult Population
18+ Years



Bauchi State

Adult Population Overview

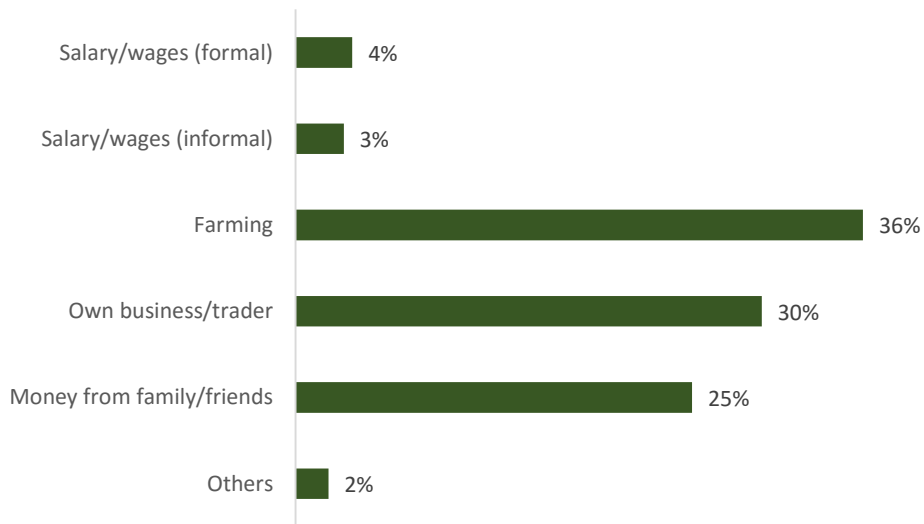
There are 2.8 million adults (18+) in Bauchi



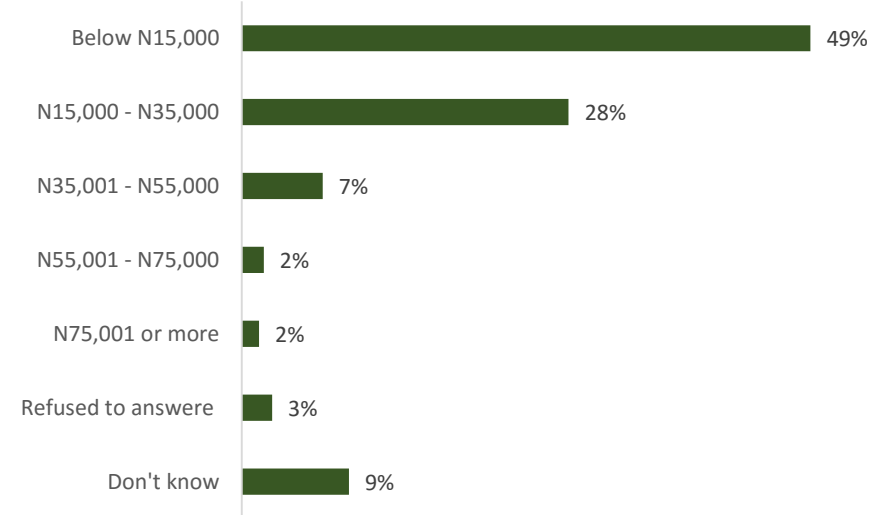
Income Sources & Levels

- 1 out of 4 adults in Bauchi rely primarily on money from family/friends to meet their expenses
- Of adults in Bauchi who are aware of and willing to disclose their monthly income, the majority earn below N15,000 per month

Primary source of income
Percentage of adults in Bauchi

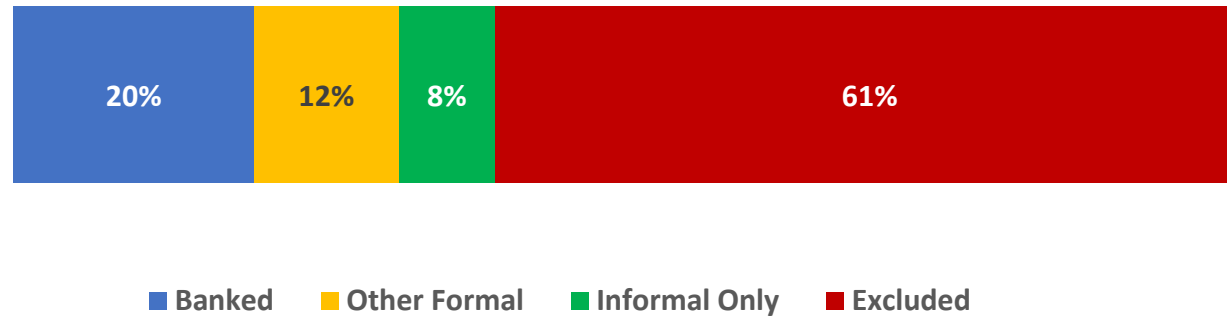


Average monthly income
Percentage of adults in Bauchi



Financial Inclusion in Bauchi

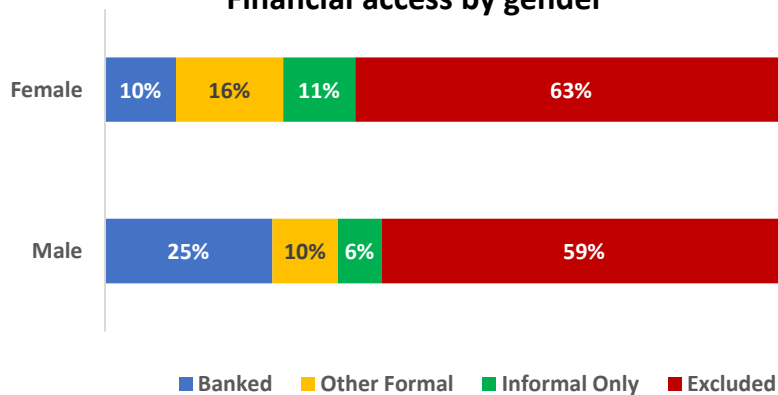
- In 2018, Bauchi State had more financially excluded adults than any other state in the North East, with 1.8 million financially excluded adults



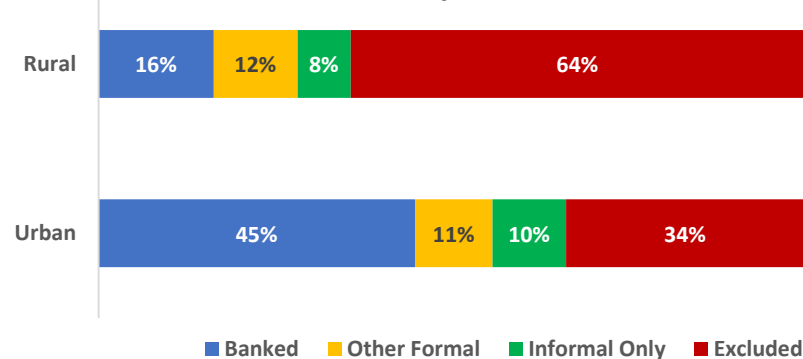
Financial Access by Demographic Groups in Bauchi

- Women in Bauchi are significantly less likely to be banked and are more likely to be financially excluded.
- Adults living in rural areas are significantly more likely than those in urban areas to be financially excluded
- Younger adults between 18-35 are more likely than older adults to be financially excluded

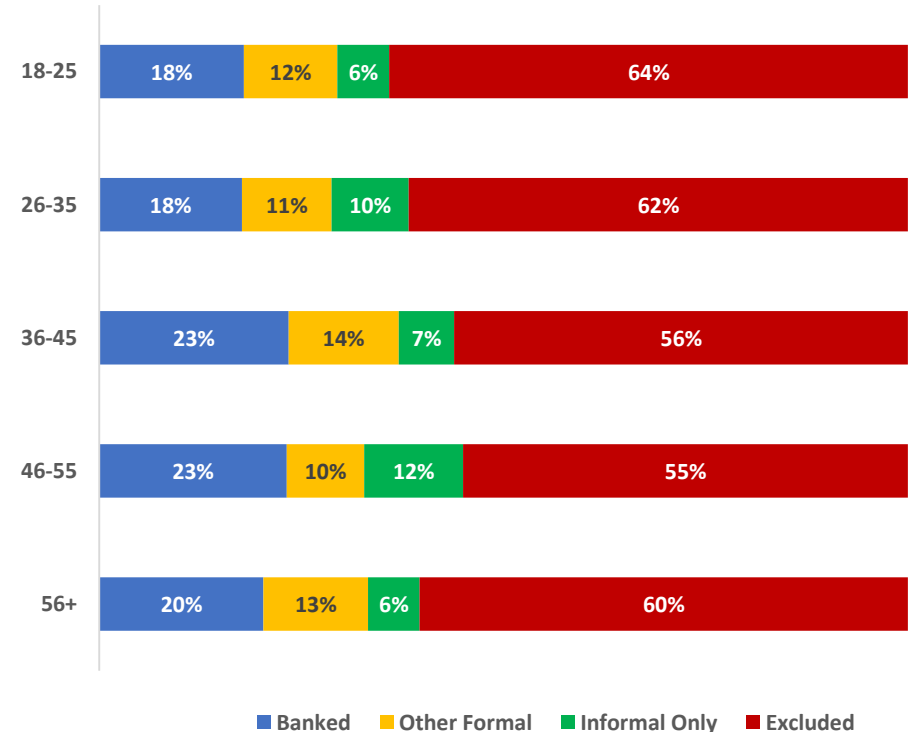
Financial access by gender



Financial access by urbanisation



Financial access by age group



Bauchi – Financial Behaviours

Of adults in Bauchi State:

- 30% are saving money
- 28% are sending or receiving money
- 50% are borrowing money. Of those that borrow, almost all borrow from family/friends
- 1% are insured

Savings Strand



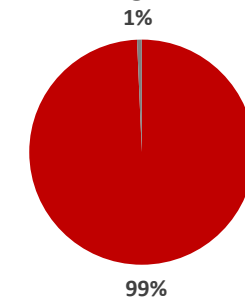
Remittances Strand



Credit Strand

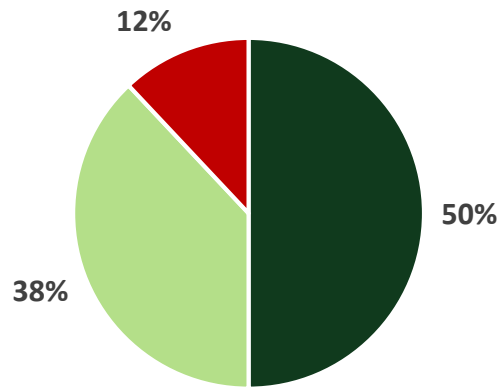


Percentage Insured



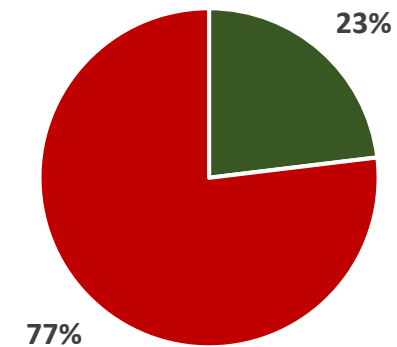
Bauchi – Mobile Access and Financial Services Access Points

Access to Mobile Phones



- Own a mobile phone
- Do not own, but use a mobile phone owned by someone else
- Do not own or use a mobile phone

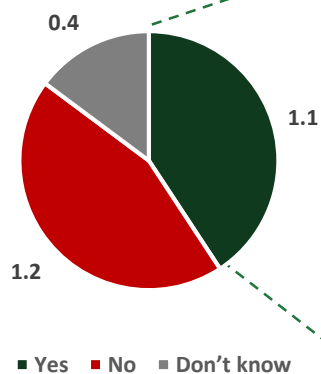
Formal Financial Access Points Near Home



- Aware of at least one financial access point near their home
- Not aware of any financial access points near their home

1.1 million adults in Bauchi say that they would be interested in mobile money

Would you be interested in mobile money? (millions of adults)
Adults in Bauchi not currently using mobile money



Of the 1.1 million adults in Bauchi that would be interested in mobile money:



0.6 million own a mobile phone

0.4 million do not own a mobile phone, but use a mobile phone owned by someone else

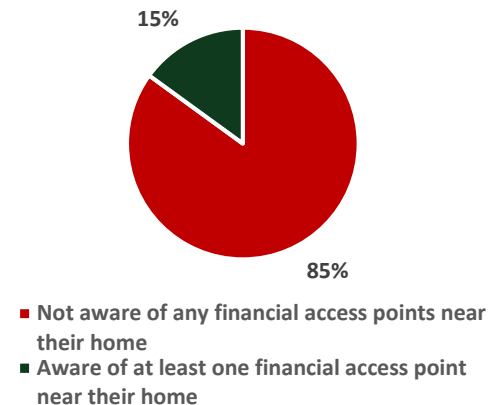
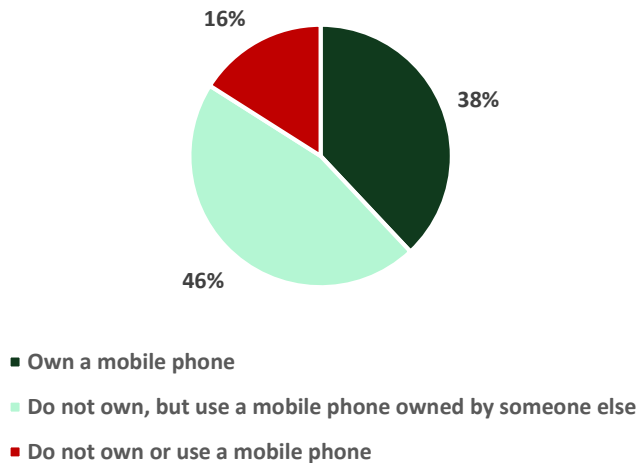
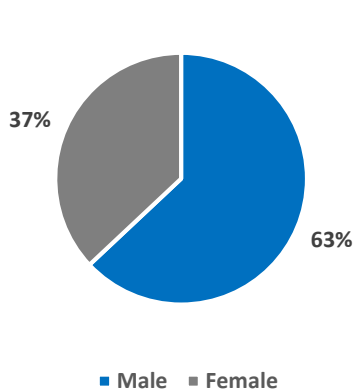
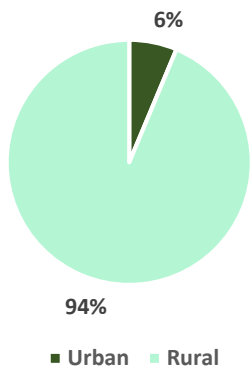


0.3 million can read English comfortably

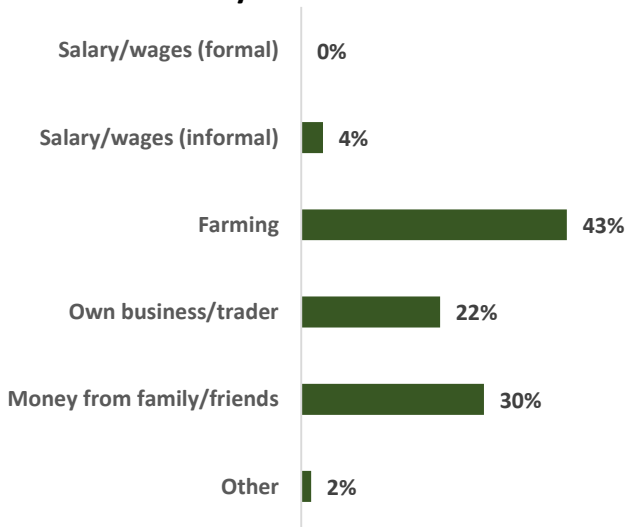
1 million can read Hausa comfortably

Profile of the Financially Excluded in Bauchi

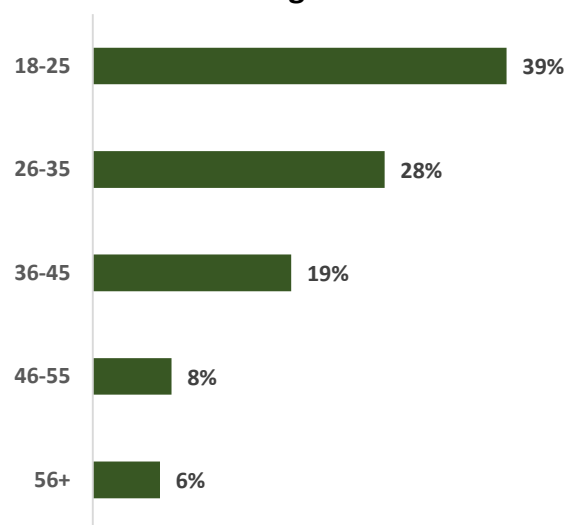
There are 1.8 million financially excluded adults in Bauchi



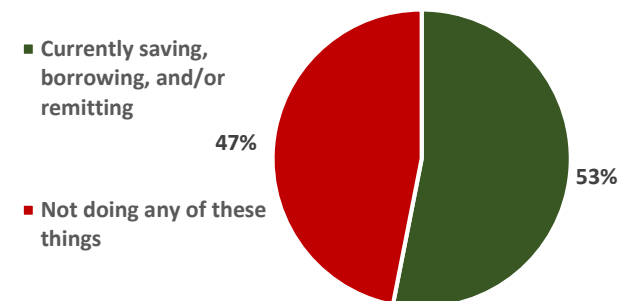
Primary Income Source



Age



Percentage Saving, Borrowing, and/or Remitting



100% of financially excluded adults in Bauchi are paying for goods/services using cash

Summary

- Although financial inclusion in Nigeria has increased significantly since 2008, important differences in inclusion rates persist, including geographical differences
- Despite challenges that are driving high financial exclusion rates in the North East and in Bauchi State, there are opportunities to expand financial inclusion via financial services that are relevant, useful and affordable to Nigerians living in those areas
- Deployment of widespread agent networks is important for reaching Nigerians in the North East and in Bauchi State

Visit www.efina.org.ng for:

- More results from the EFInA Access to Financial Services in Nigeria surveys, including in-depth analysis on topics such as women, youth, remittances, digital finance, etc.
- Results of additional studies on topics such as financial service agents, microinsurance, mobile money, financial services regulation, etc.

Request data from the full EFInA Access to Financial Services in Nigeria surveys (available years: 2008, 2010, 2012, 2014, 2016, 2018)

- Comprehensive data that can be segmented in multiple dimensions, e.g., gender, geopolitical zone, age, education, etc.
- Can request the full dataset, a limited number of variables, or custom analysis from EFInA
- To submit a data request, visit www.efina.org.ng

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