Beyond Access: Putting Financial Health at the Core of Nigeria's Next Inclusion Strategy

Introduction: From Counting Accounts to Building Resilience

Nigeria has more banked adults than ever before, yet fewer are financially healthy. Account ownership has doubled since 2011, digital payments have become mainstream, and millions now interact daily with formal finance. On paper, this looks like success.

But beneath the numbers lies a stark reality: financial fragility is deepening. EFInA's 2023 Access to Financial Services (A2F) survey shows that only 16% of Nigerian adults were financially healthy in 2023, down from 28% in 2020. Most households, though "included", cannot reliably meet basic needs, recover from shocks, or plan for the future. In 2023 alone, 84% of adults ran out of money at least once, 58% sometimes went without food, and 78% could not raise emergency funds within a week.

The paradox is clear: access is rising, but financial health is declining. If Nigeria's inclusion agenda continues to measure success by account numbers alone, we risk building an impressive system that fails to improve lives. As the country prepares its next National Financial Inclusion Strategy (NFIS), the central question is not *how many are included* but *how secure and resilient they are once included.*

Review of Past Approaches to Financial Inclusion in Nigeria

Nigeria's financial inclusion journey has unfolded across three successive national strategies.

The first strategy (NFIS 1.0, 2012–2018) aimed to achieve 80% financial inclusion by 2020, starting from a baseline of 46.3% in 2010. Its focus was on laying the foundation: creating an enabling environment, setting targets, and building the infrastructure to expand access.

The revised strategy (NFIS 2.0, c. 2018) recalibrated these ambitions, with a target of 70% of adults formally included by 2020. It represented a mid-course correction, reassessing progress and adjusting targets, while doubling down on digital finance and agent networks as key delivery channels.

The most recent strategy (NFIS 3.0, 2022) raised the bar, seeking to cut financial exclusion to 5% by 2024. It emphasised a multi-pronged approach, including a national FinTech strategy, women-focused agent expansion, the rollout of the eNaira, and payment system innovation through the Payment System Vision 2025.

These strategies have driven undeniable progress. Account ownership more than doubled between 2011 and 2023, agent networks expanded rapidly, and digital payments are now part of daily life for millions. By traditional measures of access and usage, Nigeria has been one of the fastest-moving markets globally.

Yet the gains have not translated into resilience. The strategies tilted heavily towards payments and on-ramps, with less emphasis on ensuring that households could save, borrow responsibly, insure against risks, or plan for the future. In other words, Nigeria built the infrastructure of inclusion but not the outcomes of financial health.

Closing this gap requires moving beyond the written strategies to assess how Nigerians interact with financial services in practice, a perspective that makes clear that true progress lies not in the number of accounts opened, but in whether financial tools strengthen people's financial health.

Conceptual Shift: From Financial Inclusion to Financial Health

What is Financial Health?

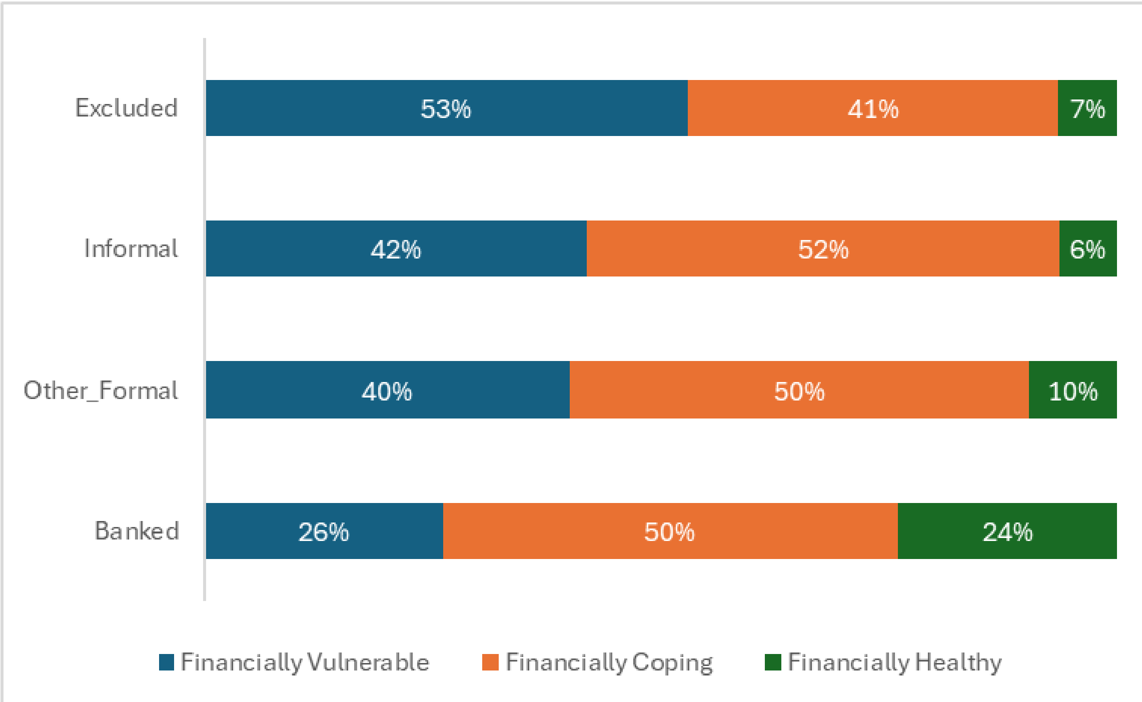
Financial health goes beyond account ownership or digital transactions. EFInA's framework, aligned with global best practice, looks at how well people can manage their financial lives across four critical pillars:

- **Spending – reliably meeting day-to-day expenses without constant shortfall,**
- **Saving – maintaining buffers that cover future needs and unexpected demands,**
- **Planning – setting long-term goals and actively working toward them, and**
- **Managing Risk – absorbing shocks through insurance, credit, or emergency funds, in ways that sustain resilience and enable opportunity.**

Together, these four pillars turn access into outcomes. They shift the question from *"Do Nigerians have accounts?"* to *"Can Nigerians use available financial tools to feed their families, pay school fees, recover from illness, and invest in their future?"*

While previous NFIS strategies tracked progress through account ownership and payments, financial health measures whether people can actually meet needs, absorb shocks, and plan for the future. Without this shift, inclusion risks becoming an illusion, a metric of access without evidence of impact.

Nigeria's Financial Health Crisis



Access strand by FinHealth indicators (2023)

Across all groups, a majority of individuals have low or medium financial health, with the "Excluded" group showing the highest percentage of low financial health. In contrast, being "Banked" is strongly correlated with improved financial health, as this group has the highest percentage of individuals with high financial health and the lowest with low financial health.

The 2023 A2F survey paints a picture of a nation sliding deeper into financial fragility. What is most striking is not just the scale of hardship, but the sharp deterioration since 2020.

- **Liquidity distress: 84% of adults ran out of money in 2023, up from 73% in 2020. That means more than 80 million Nigerians faced financial shock during that period.**
- **Basic needs insecurity: 58% sometimes went without food, and the same proportion went without medicine - both showing sharp increases of at least 20 points since 2020.**
- **Emergency readiness: 78% of adults could not raise ₦75,000 (10% of GNI per capita) within a week in an emergency.**

Across demographics, resilience is collapsing. The sharpest declines were among women (25% to 12% financially healthy) and youths aged 15-29 years (23% to just 11%

financially healthy), exposing the groups most critical to Nigeria's future to deepening vulnerability.

Perhaps most worrying, nearly half of adult Nigerians are now "financially coping." This fragile majority is just getting by, not yet vulnerable, but one shock away from sliding backwards. Inflation, job losses, or policy changes could quickly tip millions into deeper distress.

In short, while access to financial services has expanded, the financial health of Nigerians is deteriorating, exposing a crisis that demands urgent policy reorientation.

Why Access Has Not Delivered Health

The system has laid the pipes of access but not the lifelines of resilience. Why?

1. **Accounts for payments, not resilience. Past strategies rightly prioritised expanding accounts and payment rails, but this came at the expense of resilience-building tools. Nigerians overwhelmingly use accounts for payments, not for cushioning shocks. Formal credit stands at 9%, while insurance uptake is just 3% (Findex, 2025), evidence that the architecture of access has not translated into real safety nets.**
2. **Mismatch of products and needs. Financial tools rarely solve real risks, like sudden health shocks, farming losses, or working capital needs for small businesses to match cash flow volatility. Instead, the market has leaned towards digital loans, while commitment savings, micro-insurance, or crop-linked credit remain scarce. This reflects a policy design gap: the new NFIS should incentivise uptake and innovation aligned with people's real vulnerabilities.**
3. **Financial capability gaps. The 2023 A2F survey shows that across critical dimensions; budget control, planning, financial choice, and knowledge, Nigerians exhibit consistently low financial capability, with a large share of adults in the "low" and "medium" categories. This gap means that even when people gain access to financial services, many struggle to budget effectively, plan for the future, make informed financial choices, or apply basic financial knowledge. A large share of Nigerians are not engaging with savings, investments, borrowing, or insurance because of knowledge gaps, misconceptions, and limited planning ability.**
   For example, many do not understand how to invest, have never heard of securities, or find investing too complicated. In insurance, many do not know its benefits, do not know where to get it, or have simply never thought about it, highlighting both low awareness and weak financial planning. Even in borrowing, 28% say they "prefer to live within their means," despite widespread financial distress, showing a lack of understanding of how credit can be a tool for resilience. These patterns illustrate how low financial capability, manifesting as misinformation, low awareness, and weak financial planning, prevents Nigerians from adopting solutions that could protect them from shocks and build long-term financial stability. As a result, financial

inclusion has not fully translated into financial health, with households often unable to build resilience, avoid over-indebtedness, or take advantage of opportunities to improve their livelihoods.

4. Demographic divides. The Northern, rural, and female population are more likely to have less income and less education, traits that make them not only less likely to be financially included but also less likely to optimise the gains of inclusion. They are also less likely to own smartphones and are often excluded from digital KYC processes. Youths, though more digitally engaged, experience the steepest rise in food insecurity and difficulty accessing emergency funds.

Why a Financial Health–Focused NFIS Better Serves Nigeria's National Priorities

Shifting from Outputs to Outcomes. The current NFIS has driven progress in access and usage, but aligning more closely with financial health would ensure the strategy directly contributes to the nation's socio-economic objectives. Financial health reframes inclusion from being an end in itself to becoming the means through which households and businesses achieve resilience, productivity, and upward mobility.

A Closer Fit with National Development Plans. Nigeria's policy priorities, from reducing multidimensional poverty to strengthening social protection, scaling health insurance coverage, and building climate resilience, require financially stable households and enterprises. A financial health–focused NFIS creates a natural bridge between financial sector interventions and these national imperatives, ensuring inclusion is not siloed but integrated.

Enhancing Government Flagship Programmes. Programmes such as the Conditional Cash Transfer (15 million households), NELFUND student loans, YouthCred, Credicorp, National Health Insurance Authority, target to enrol 44 million Nigerians, PENCOM's 20 million contributor target, and SEC's campaign to boost capital market participation through enlightenment initiatives, education, and financial literacy, would all achieve greater impact under a financial health framework. Embedding financial health principles in NFIS ensures these interventions lead not just to disbursement or enrolment, but to real improvements in household well-being and sustainable participation in financial systems.

Safeguarding Growth and Stability. As Nigeria works to expand credit, pensions, and capital market access, a financial health–aligned NFIS provides the guardrails against over-indebtedness, low trust, and financial exclusion. It ensures that financial deepening translates into inclusive, stable growth, thereby reinforcing both economic and social policy goals.

Positioning for the Future. With rising climate risks, health shocks, and global economic volatility, resilience is now a central development priority. Embedding financial health in NFIS positions Nigeria to proactively manage these risks while delivering on SDGs and the National Development Plan 2021–2025.

International Benchmarks

Globally, leading financial inclusion agendas are shifting from measuring *access* to measuring *outcomes* for people's lives. The Financial Health Network in the US has developed a framework that tracks whether households are *spending, saving, borrowing, and planning* in ways that improve their resilience and wellbeing, moving the focus from account ownership to tangible financial security. Similarly, UNCDF has advanced financial health as a metric across emerging markets, supporting governments and providers to assess whether services help people cope with shocks, manage risks, and pursue long-term goals. In Africa, the Central Bank of Kenya has begun to integrate financial health into its national inclusion agenda, recognising that a payment-centric approach, while important, is insufficient to build household resilience in the face of rising costs and climate shocks. These examples demonstrate that Nigeria is not alone in grappling with the limits of access-led inclusion, but it is lagging in adopting financial health as the guiding compass.

Implications for the Next National Strategy

1. **Measurement must shift from access to outcomes.**

The next NFIS must embed *financial health indicators*, such as the ability to raise emergency funds, manage debt sustainably, or maintain food and health security, alongside traditional inclusion measures. Without this, progress risks being overstated.

2. **Policy must rebalance beyond payments.**

The next strategy must explicitly elevate resilience-building products (savings, credit, insurance, pensions, investments) to the same priority level as payments, ensuring a more balanced financial system.

3. **Delivery must be anchored in household realities.**

Past NFIS strategies assumed that access naturally leads to usage, and usage to impact. The data disproves this. Nigerians' financial lives are shaped by irregular incomes, high vulnerability to shocks, and low trust in institutions. The next NFIS must design delivery mechanisms around these realities, supporting products that align with cash-flow cycles, bundling services with social programs, and strengthening consumer protection and literacy.

4. **Stakeholders must broaden their roles.**

Building financial health requires more than regulators setting targets or banks rolling out agents. It demands coordination across government ministries (e.g., health, agriculture, social protection), financial service providers, donors, and civil society to ensure financial tools are relevant, trusted, and widely adopted. The NFIS must formalise these cross-sectoral linkages.

5. Data must evolve into a financial health intelligence system.

The A2F survey has been invaluable in diagnosing inclusion trends. Going forward, Nigeria must institutionalise the regular collection of *financial health data*, capturing stress levels, resilience markers, and demographic disparities, to guide adaptive policymaking. Without such feedback loops, the NFIS risks repeating the access–impact gap.

CURRENT NFIS KEY INDICATORS	FINANCIAL HEALTH OUTCOMES
• Payments: % of adults who own a transactional account with a regulated financial institution (FI) and/or have made an electronic payment through a regulated FI in the last 12 months • Savings: % of adult population that has a savings-related product at a regulated FI and/or has saved through a regulated FI in the last 12 months • Credit: % of adult population that has had a credit product through a regulated FI in the last 12 months • Insurance: % of adult population that is covered by a regulated insurance policy • Pension: % of adult population that is contributing to a regulated pension scheme or receiving a pension through a regulated pension scheme	• Ability to manage day-to-day finances: % of adults who can meet regular expenses without difficulty. • Resilience: % of adults who can raise emergency funds within 7/14 days without hardship. • Progress: % of adults regularly saving, investing, or acquiring assets to meet future goals. • Debt management: % of adults whose debt obligations are affordable and sustainable.

Financial Capability	Consumer Protection
• Knowledge: % of adults who understand key financial concepts (e.g., interest, inflation, risk diversification). • Confidence: % of adults who report confidence in choosing and using financial products. • Behaviours: % of adults actively budgeting, comparing products, or planning for retirement/education. • Digital readiness: % of adults comfortable transacting on digital platforms and protecting their information.	• Trust: % of adults who trust financial institutions to act in their best interest. • Fair treatment: % of adults who feel they have been treated fairly and respectfully by providers. • Complaint resolution: % of complaints resolved satisfactorily within defined timelines. • Transparency: % of adults who report understanding fees, terms, and conditions before using a product.

Recommendations: From Access to Financial Health Outcomes

A. Strategic Alignment & Measurement

1. Align NFIS Targets with National Priorities

Reframe NFIS 4.0 objectives so they explicitly link financial inclusion to Nigeria's broader development agenda: poverty reduction, human capital development, MSME growth, and resilience. The National Financial Inclusion Steering Committee, in consultation with the Presidential Committee on Economic and Financial Inclusion, should lead this realignment, ensuring NFIS targets reinforce national economic priorities.

2. Reframe Policy Goals Around Financial Health with a Tiered Measurement Framework

Shift policy emphasis from "how many are included" to "how well inclusion improves financial health." Adopt a tiered framework that goes beyond access to measure usage, quality, outcomes, and resilience. The National Financial Inclusion Technical Committee and Working Groups can coordinate with regulators and EFInA to embed this into NFIS monitoring systems.

3. Establish a Financial Health Measurement & Data Collaborative

Leverage existing A2F financial health indicators as a foundation, but complement the biennial survey with a national financial health index and more frequent use of administrative and industry data to support timely decision-making. Establish a multistakeholder data collaborative, anchored by NBS, CBN, EFInA, and industry associations, to pool survey and administrative data, test new metrics (such as household stress indicators), and guide adaptive policy.

B. Implementation & Market Practice

4. Strengthen Consumer Protection and Capability Systems

Move beyond disclosure requirements to proactive supervision of fair treatment, digital transparency, and grievance redress. Establish a dedicated Financial Ombudsman to provide accessible, independent redress for consumers. Expand financial capability through not only curriculum integration but also innovative financial advisory tools that help households make better day-to-day financial choices.

5. Drive Cross-Sector Partnerships

Move beyond MDA participation in the Technical Working Group to formalised, outcome-driven collaboration at the Steering Committee level. Embed financial health objectives in flagship programmes across agriculture, health, education, and social welfare, with clear joint targets (such as linking crop insurance to agricultural extension, linking warehouse receipt systems with affordable MSME schemes, embedding savings or health insurance into conditional cash transfers). Establish accountability mechanisms, such as annual cross-sector scorecards, to ensure financial inclusion is not siloed but actively supports livelihoods, resilience, and wellbeing.

6. Scale Proven Inclusive Finance Models

Prioritise expansion of models already demonstrating impact on financial health, such as PAYGo solar financing, bundled microinsurance, and alternative credit solutions. The Working Groups, with support from the Steering Committee, can recommend scalable pilots to be mainstreamed under NFIS III.

Conclusion: From Access to Shared Prosperity

Nigeria has made undeniable and meaningful progress in expanding financial access. But access alone means little if families still go hungry, if a single shock can undo years of effort, or if the future feels impossible to plan for. As evidence has shown us, financial health must now become the central goal of inclusion.

As the country prepares to roll out NFIS 4.0 and launch A2F 2025, we have a unique chance to reset the agenda, from celebrating account numbers and usage to measuring real impact on lives and livelihoods. This means embedding financial health indicators in policy, strengthening consumer trust and protection, designing relevant and affordable products, and addressing deep gender and geographic divides.

If we fail to act now, we risk widening inequalities and entrenching fragility. But if we seize this moment, Nigeria can lead Africa in demonstrating that true financial inclusion is not just about access, it is about resilience, opportunity, and prosperity for all.