



# **Access to Financial Services in Nigeria 2012 survey**

- QUALITATIVE PHASE -

**March 2012**

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## 1.0 Objectives / Methodology

### 1.1 Objectives

The broad objective of the EFINA 'Access to Financial Services in Nigeria survey' is to generate relevant and reliable data on the demand for and usage of a range of financial products (both formal and informal) by the adult population in Nigeria.

EFINA contracted Nielsen to conduct the EFINA Access to Financial Services in Nigeria 2012 survey. Prior to conducting the quantitative fieldwork, the qualitative research was undertaken in order to:

- Provide insights into how the financial services landscape (in terms of obstacles, challenges, products, usage, channels) has changed since the last survey was conducted in 2010.
- Provide input into the pilot questionnaire for the 2012 survey.
- Assess awareness and the impact of financial sector policy reforms from 2010 to date, on enhancing access to finance.

This report summarises the approach taken, and the findings of this qualitative research.

### 1.2 Research Methodology

Nielsen used Focus Group Discussions (FGDs) for the qualitative study. A total of 10 FGDs were conducted in February/ March 2012. Each session consisted of 8 respondents selected to ensure homogeneity among the target group and lasted an average of 120 minutes.

The sessions were in the form of round table discussions which allowed the respondents to express themselves freely, thereby providing deep and useful insights into their saving habits, financial product usage, and awareness of financial reforms/policies.

Age	Banked (Urban)	Unbanked (Rural)
18-29 years	1: Lagos, SEC <sup>1</sup> AB, Male, English 2: Kano, SEC C1C2, Female, English 3: Enugu, SEC C1C2, Male, English 4: Port Harcourt, SEC C1C2, Female, English	1: Lagos, SEC DE, Female, Yoruba
30-45 years	1: Lagos, SEC C1C2, Female, English 2: Kano, SEC AB, Male, English	1: Kaduna, SEC DE, Male, Hausa 2: Enugu, SEC DE, Female, Ibo 3: Port Harcourt, SEC DE, Male, Pidgin

**Table 1: Focus Group Characteristics**

<sup>1</sup> Social Economic Class (SEC) Definitions: AB: Upper socio-economic class; C1C2: Middle socio – economic class; DE: Lower socio- economic class.

## 2.0 Detailed Findings

### 2.1 Understanding Livelihoods and Income

#### Respondents' Occupations

Across the socio-economic classes, respondents are engaged in a range of occupations in both formal and informal sectors. The majority of respondents are engaged in more than one income-generating activity.

As can be expected, the range of occupations available for males are more varied and specialised and the options available in rural areas are more restricted.

*"I do manicure and pedicure just for the weekend to get myself busy after going to work from Monday to Friday to get some money as well."*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

*"...am into tailoring and have a barbing saloon which I go to when there is no tailoring work..."*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

*"...as a student I also do some little little business, like selling perfume and jewellery..."*

**Females, 18 – 29 years, C1C2, Banked, Kano**

*"...am into industrial supplies, I also have an internet café."*

*"I do part time lecturing to refresh the brain at Kano State Polytechnic."*

*"...am into business at the same time I work with the ministry for local government."*

**Males, 30 – 45 years, AB, Banked, Kano**

*"Actually you have a lot of needs and if you are depending on only your salary, you will not make it. And even before I started working, I loved doing business because it brings me money before the salary comes to solve little expenses before pay day."*

*"I run a nursing job and a chemist (pharmacy) to help my family. My father is late so I do that to support my siblings. One is still in Ghana and the other one in a federal school."*

**Females, 18 – 29 years, C1C2, Banked, Port Harcourt**

*"If you depend on just one job you would be in trouble, so I go for the tournaments (football) whenever I am called and it helps me. I have children and the cost of looking after them is high."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

Location	Males	Females
<b>Urban</b>	<ul style="list-style-type: none"> <li>• Lecturing</li> <li>• Farming</li> <li>• Business (trading, supplies, petty trading - provisions)</li> <li>• Farming</li> <li>• Artisans (bricklaying, laundry)</li> <li>• Graphic designing</li> <li>• Estate agent</li> <li>• Lawyer</li> <li>• Computer Engineering</li> <li>• Movie script writing</li> <li>• Shop assistant / manager (neighbourhood grocery store, business center)</li> <li>• Professional dancing (with crew at clubs)</li> </ul>	<ul style="list-style-type: none"> <li>• Caterer</li> <li>• Civil servant</li> <li>• Teacher</li> <li>• Trading (frozen food, clothes, jewelry)</li> <li>• Air hostess/cabin crew</li> <li>• Artisan (bead making, makeup artist etc.)</li> <li>• Nurse</li> <li>• Shop owner / manager - medicine shop, neighbourhood grocery store</li> <li>• Secretary</li> <li>• Risk management officer</li> </ul>
<b>Rural</b>	<ul style="list-style-type: none"> <li>• Artisan (carpentry, panel beater, electrician, automobile mechanic, masonry etc.)</li> <li>• Driving</li> <li>• Clergy</li> <li>• Petty trading (yoghurt / ice cream, provisions)</li> <li>• Fishing</li> </ul>	<ul style="list-style-type: none"> <li>• Farming (palm fruits, annual crops)</li> <li>• Petty traders: foodstuff, clothes, palm wine, poultry items, vegetables</li> </ul>

*Table 2: Respondents' Occupations*

### Spending Patterns

Irrespective of respondents' sources of income, gender, marital status or socio-economic class, the main expenditure was on the basics: food, housing and clothing.

There were marked differences by age group and marital status. Older respondents with savings tended to use them for investments or assisting dependents. Younger respondents spent money on training, but also on entertainment. Both groups mentioned tithes as an expenditure category.

Overall, disposable income is spent on the following - in no particular order of importance - as segmented in the table below:

Older Groups (30 – 45 years) / Married	Younger Groups (18 – 29 years) / Single
<ul style="list-style-type: none"> <li>• Retain some as savings</li> <li>• Pay tithe</li> <li>• Plough into / establish own business</li> <li>• Bills (school fees, health, electricity, waste disposal)</li> <li>• Assist dependents</li> <li>• Communication (airtime, mobile handset)</li> <li>• Fuel (cooking, car, generator)</li> <li>• Pay salary (house help, shop attendants)</li> <li>• Leisure (vacation, eating out)</li> <li>• Personal grooming / fashion (females particularly)</li> <li>• Transportation</li> </ul>	<ul style="list-style-type: none"> <li>• Retain some as savings</li> <li>• Pay tithe</li> <li>• Train self on desired skill (music equipment, computer, web design)</li> <li>• Pay for professional exams</li> <li>• Paying blackberry subscription</li> <li>• Food (eating out)</li> </ul>

*Table 3: Spending Patterns*

## 2.2 Savings / Savings Products

Setting aside some money as savings is a habit that most respondents practice. It plays a positive role by enabling them to focus on achieving life's desires and gives a 'sense of confidence and security' in the face of unforeseen circumstances or situations.

*"Anyone that has vision will save."*

**Females, 18 – 29 years, C1C2, Banked, Port Harcourt**

### Benefits of and Reasons for Saving

The banked are more likely to be saving for a specific purpose; the unbanked generally view savings as simply 'setting money aside' as a buffer for emergencies. A variety of reasons were given for saving.

*"You can't call what I do saving; it is just keeping money...anything can happen."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

A support to fall back upon: In the case of any unforeseen circumstances or emergency (positive or negative) such as; ill health, social engagement, theft, late payment of salary, personal need, job loss or failed business.

*"Saving is for future purpose, you just have to - for emergency."*

**Males, 18 – 29 yrs, AB, Banked, Lagos**

*"You may invest in a business and that business may not be viable. You know when it happens; you have something to fall back on."*

**Males, 30 – 45 years, AB, Banked, Kano**

*"Like I have a friend that doesn't save. She doesn't even have an account. If she is given N10,000 now, she can buy a top for N5,000 instantly. Few weeks ago we traveled and had transportation problem. She suggested we beg people for money but because I had my ATM card with me, I was able to withdraw cash and we solved the transportation problem. I know that experience will force her to learn to save."*

**Females, 18 – 29 years, C1C2, Banked, Port Harcourt**

*"Like I was at home they just call me that my daughter was at the hospital .....I just picked my money and my bag, the next morning I was there."*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

*"I have a friend who happens to be a Fulani and he was dating a divorcee, one day the family of the woman just called him that if he did not bring her bride price within 2days another person will bring the money. We all know Fulani have cows; he had to take his cows to the market and sell. Had it been that he has nothing to sell he would have missed the lady."*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

For future Investment / retirement plan: For those respondents who are currently in paid employment, they look forward to being their own boss in the future. They also save in order to adequately sustain themselves upon retirement.

*"... my husband is a lecturer in Unilag so I know that one day he will go for retirement at times we sit down and say 'what do you want to do in future?' like now he said he wants to go into farming like poultry. He is saving towards his retirement."*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

*"I save so that I will be able to manage my life tomorrow when it comes."*

**Males, 40 – 45 years, DE, Unbanked, Port Harcourt**

Fulfill basic parental responsibilities: Parents desire to secure the future of their children to prepare them to face life's challenges. Parents worry that if they die early, their children may not have enough to fall back on. Parents therefore save to build houses and for their children's education.

*"You also have to save for your children's future. Like my two daughters, I opened account for them - in case I am no more there. Because this world we have to plan ahead in case of emergency, I don't want them to go through any pains or suffering."*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

Prevent or control unnecessary spending: Saving (especially for a pre-determined goal) is considered necessary to curb excessive spending, thus ensuring financial discipline.

*"Using myself as a case study, there are some things I love to buy, but since I have a plan and target for certain things, saving will prevent me from buying them but focus on the purpose of that saving."*

**Females, 18 – 29 years, C1C2, Banked, Port Harcourt**

Fund new investment / sustain existing ones: Saved funds can be invested in new business opportunities or ploughed into existing ones for further expansion.

*"Savings help in business. For example, instead of my husband going out to borrow money, since I have savings, I can borrow him for his business because he will have to deposit certain amount before he can be supplied the goods he is selling."*

**Females, 18 – 29 years, C1C2, Banked, Port Harcourt**

*"For investment opportunities, if you have savings, you have opportunities to invest in any business that is lucrative... I might just get to the office and a colleague said he needs a car; I do sell cars, so if I don't save, how would I be able to bring the car for the buyer?"*

*"I want to establish a poultry farm for my wife so that she can be on her own."*

**Males, 30 – 45 years, AB, Banked, Kano**

Boost self confidence / sense of security: Some respondents are of the opinion that having some savings gives some level of self confidence and sense of security.

*"In Ibo tradition there is a saying that 'when you have money you have wealth', so you have confidence and can be proud."*

**Males, 18 – 29 years, C1C2, Banked, Enugu**



## Challenges of Saving

Personal sacrifice and self-denial: Several respondents attest to having to deny themselves some desires / wants in order to achieve the set objectives for saving. They have to bear such conditions / situations despite the discomfort.

## Factors that Determine Methods of Saving

Respondents use both formal and informal methods. The key factors for deciding the method to use include:

Tradition / Word of mouth: Some respondents use a particular method of saving that their parents / guardians used. Or use bank accounts opened on their behalf. Some use methods recommended to them by others.

*“For me I grew up seeing my parent banking that is why I started banking.”*

**Females, 18 – 29 years, C1C2, Banked, Kano**

Negative personal experience: Some respondents changed their initial method of saving as a result of unpleasant experiences.

*“I had used bank before (Societe Generale) and up till now I did not see my money, which is why I made up my mind that I will never save in the bank again.”*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

## Methods of Saving

Respondents tend to stick to methods that work for them / they consider effective. Many of the banked also use informal methods even if their primary provider remains their bank. People use different banks and accounts to help them monitor and control their money. Some differentiate by expenditure category (business or personal); others by when they intend to use the savings (short-term or long-term).

The table below is a summary of the various methods of savings practiced across the several locations visited:

Location	Formal Method	Informal Methods		
		Bank	Self / at home	Contribution
<b>Lagos</b>	<ul style="list-style-type: none"> <li>• Deposit money banks (commercial banks)</li> <li>• Microfinance banks</li> <li>• Shares</li> </ul>	<ul style="list-style-type: none"> <li>• Under the carpet / mattress</li> <li>• Inside suitcase</li> <li>• Wooden / tin safe (Kolo)</li> <li>• Under the pillow</li> <li>• Pockets of clothes</li> </ul>	<ul style="list-style-type: none"> <li>• Daily thrift collector (Alajo)</li> <li>• Weekly / monthly/ yearly group contribution (Esusu)</li> </ul>	<ul style="list-style-type: none"> <li>• Investing in an existing business</li> <li>• Lend money to trusted friends / relatives</li> </ul>
<b>Kano</b>	<ul style="list-style-type: none"> <li>• Deposit money (commercial) banks</li> </ul>	<ul style="list-style-type: none"> <li>• Under the carpet / mattress</li> <li>• Inside suitcase</li> </ul>	<ul style="list-style-type: none"> <li>• Daily thrift collector (Adashi)</li> </ul>	<ul style="list-style-type: none"> <li>• Lend to friends / relatives</li> <li>• Invest in existing business</li> <li>• Buy assets e.g. land</li> </ul>
<b>Kaduna</b>	<ul style="list-style-type: none"> <li>• Nil</li> </ul>	<ul style="list-style-type: none"> <li>• Clay safe / piggybank (Asusu)</li> <li>• Under mattress</li> <li>• Inside suitcase</li> </ul>	<ul style="list-style-type: none"> <li>• Daily thrift collector (Adashi)</li> </ul>	<ul style="list-style-type: none"> <li>• Livestock (sheep / ram / cattle)</li> <li>• Grains (millet, guinea corn, maize)</li> <li>• Buy Asset e.g. Land</li> </ul>
<b>Enugu</b>	<ul style="list-style-type: none"> <li>• Deposit money (commercial) banks</li> <li>• Microfinance banks</li> </ul>	<ul style="list-style-type: none"> <li>• In the cupboard or wardrobe</li> <li>• Suitcase</li> <li>• Inside the ceiling</li> <li>• A hole in the ground</li> <li>• Under stack of fire wood</li> <li>• Tip of cloth wrapper</li> <li>• Under the pillow</li> </ul>	<ul style="list-style-type: none"> <li>• Daily thrift collector (Esusu)</li> <li>• Weekly age group meeting (females)</li> </ul>	<ul style="list-style-type: none"> <li>• Palm oil</li> </ul>
<b>Port Harcourt</b>	<ul style="list-style-type: none"> <li>• Deposit money (commercial) banks</li> </ul>	<ul style="list-style-type: none"> <li>• Under TV</li> <li>• On top of the clothes hangar</li> <li>• Inside suitcase</li> <li>• Under carpet</li> <li>• Pockets</li> <li>• Cupboard / wardrobe</li> </ul>	<ul style="list-style-type: none"> <li>• Daily thrift collector (Akawo)</li> <li>• Weekly social club meeting (males)</li> </ul>	<ul style="list-style-type: none"> <li>• Nil</li> </ul>

*Table 4: Savings Methods*

Safety and security: Guaranteed safety of funds, accrual of interest and eligibility for loans are the main reasons why banks are patronized.

*"You save money in the bank for safe custody so that whenever anything happens to it the bank would be held responsible."*

*"Aside from that, when you save in the bank it gives you a sort of business relationship with the bank, in as much as you remain a customer."*

*"And with the thing going on now, cashless transfer, if you don't bank you won't be able to do this. N150,000 now is the maximum withdrawal and without a bank account you can't do this."*

*"Also without a bank account you cannot be given loans."*

**Males, 18 – 29 years, C1C2, Banked, Enugu**

Awareness and familiarity of microfinance banks is low. Those who are banked have a low opinion of microfinance banks, which they claim they no longer have confidence due to recurrent reports of liquidity issues and bankruptcy.

Some respondents invest in the stock market. But due to the recent economic meltdown, this medium is no longer considered a viable medium.

*"When these shares thing was ok, I used to invest in it, but now it is not like before ... everything has crashed."*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

The unbanked tend to only use informal methods because they have easy and quick access to their funds.

Savings at home: Although this is a general practice amongst the unbanked, it is more common in rural areas. Usually, small amounts of money are saved (or 'kept') on a daily or weekly basis.

Apart from the benefit of easy and quick access to funds, most individuals use this method as a result of unpleasant experiences with the daily contribution collectors, group contribution participants or friends and relatives.

*"The one I keep by myself, when I am broke I go back to it, probably I want to buy something and I don't have money and it is not yet month end."*

*"I keep my money by myself... I have done this contribution thing and I got my fingers burnt...I know where I keep it in my house...it is not all the time I will be running to the bank."*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

*"There was a time I had problem I used to give my elder brother my money to save but there was time I needed money, I went to him but he said that he had used it, so that was how I decided to be saving the money with me."*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

*"The bank is the place where I keep my major money, while in the house I keep like N10,000 for immediate needs. Apart from that anything could happen and you need money."*

**Males, 18 – 29 years, C1C2, Banked, Enugu**

*"I fit save on top cupboard, hanger or fridge."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

Savings with groups or collectors: Savings collectors may make daily or weekly visits to their clients. After a certain period, the total amount saved will be returned to the saver less an agreed amount that will be retained by the collector. The amount contributed is not fixed but dependent on the saver. Most respondents use this method to save excess petty cash, while for others, it serves as an effective way of maintaining their business account records.

*"It depends on what I make because my job is not government job"*

*"It depends on how much I work, for example, if I make N3,000 a day, I save N1,500."*

**Males, 30 – 45 yrs, DE, Unbanked, Port Harcourt**

*"Some people do installmental payment of clothes they buy from me, so I use it as daily contribution for safe keeping and accountability."*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

Group contributions are also made on a regular basis – daily, weekly or monthly. Often the groups are formed on the basis of social ties (either friends, or being of the same age group or from the same area). A specified amount is contributed and the lump sum accumulated is given to each member in turn. Members can also get loans from each other if needed.

*"It is a group of people coming together especially friends, in agreement to contribute certain amount of money every Sunday and then you can borrow money to expand your business."*

*"We call our own FRIENDS FORUM, and it is just for men. We not only save money but help to assist ourselves."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

Monthly contributions tend to be higher (between N5,000 and N20,000) so that a substantial amount can be saved. Such large savings are usually used for predetermined capital projects such as: building a house; buying land / car; paying

for a wedding; investing in business or expanding existing ones; for emergencies such as paying hospital bills ,etc.

*“The weekly, monthly contribution, I think is better for the businessmen because you get the money in bulk ... another thing is that as a businessman or woman, at times you will be given a contract when you have this monthly saving at times it helps a lot.”*

**Males, 30 – 45 years, AB, Banked, Kano**

#### Alternative Methods

Some save by investing in assets such as land and commodities that will appreciate over time so that they are hopefully sold at profit later.

*“The advantage is this, when you are selling the assets, you get profit, like buying of land, the land here in Kano appreciates .... even building it appreciates.”*

**Males, 30 – 45 years, AB, Banked, Kano**

Non-perishable seasonal products and livestock are also invested in and liquidated when out of season (and the demand and price is higher) or whenever cash is needed.

*“At times you buy food stuffs or goods and keep them as a way of saving, when the price of that good rises, you bring them out and sell, you save and as well as make profits with that savings.”*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

Some prefer to save by lending to trusted friends and relatives for business with or without a predetermined agreement to share the profit.

*“I invest in my mother’s business ... I can give her say about N20,000 which she will use to buy things she sells. Whenever I need cash I will be taking it little by little... maybe N5,000 this week, N2,000 in three weeks time ... just like that.”*

**Males, 18 – 29 years, AB, Banked, Lagos**

	AB	C1C2	DE
<b>Older respondents</b>	<ul style="list-style-type: none"> <li>• N60,000 – N300,000/month</li> </ul>	<ul style="list-style-type: none"> <li>• N5,000 – N10,000/week</li> </ul>	<ul style="list-style-type: none"> <li>• N500 – N3,000/week</li> <li>• N5,000/month</li> </ul>
<b>Younger respondents</b>	<ul style="list-style-type: none"> <li>• Between N10,000 – N15,000/week (though not regular)</li> <li>• 40% of monthly salary</li> </ul>	<ul style="list-style-type: none"> <li>• Between N10,000 – N50,000/month</li> </ul>	<ul style="list-style-type: none"> <li>• N200 daily</li> <li>• N5,000–N10,000/month (though not regular)</li> </ul>

*Table 5: Average Amounts and Frequency of Savings*

## Usage of Savings

Generally, savings are used to satisfy desires (both needs and wants) as well as to prepare for a 'rainy day'.

Some of the reasons why respondents' save have been mentioned earlier, but for comprehensiveness, listed below are other reasons for saving:

- Emergencies: Unforeseen circumstances
- Assets: Buy land, houses and cars; build houses
- Family events: Weddings (cited mostly in the North), funerals and naming ceremonies
- Investments: In business / expand existing ones / diversify
- Education: Children, siblings and other relatives
- Family: Children's welfare or to live comfortably
- Retirement: To cater for old age
- Gadgets: Mobile phone, laptops etc. } Younger respondents mainly
- Clothes and clothing accessories }

## 2.3 Attitudes towards Financial Issues

### Interest in Financial Issues

A good proportion of respondents (irrespective of socio-economic class) are interested in financial issues and monitor information available on financial matters for the following reasons:

Impact: To know the impact such issues will have on them directly or indirectly.

*"Everyone who saves in the bank should be interested in financial issues."*

*I save in the bank and I ought to know what they are doing with my money."*

**Males, 18 – 29 years, C1C2, Banked, Enugu**

Planning: Enables them to know the appropriate steps to take in planning ahead, thereby, safeguarding their finances

*"I do pick interest because now that the country is in the state of financial crises, you have to know what is going on to make your financial plan."*

**Females, 18 – 29 years, C1C2, Banked Kano**

*"...need to monitor it very well because by the time you monitor it, the little money you are earning you will know how and when to spend It .... and again you will adjust your spending."*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

Awareness: It creates awareness and direction for possible investment opportunities.

*"It will help you to know what to invest on, and what not."*

**Females, 18 – 29 years, C1C2, Banked, Kano**

*"You have to be listening to the media to see what ... will generate income for you."*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

*"You see this cashless Lagos of a thing, am planning to see if I will go for the training to see how I can keep abreast, maybe it is an opportunity that I can exploit."*

**Males, 30 – 40 years, AB, Banked, Kano**

Business: It serves as a financial planning tool for those in business, as they can monitor exchange rates. This is particularly important for those involved in international businesses.

*"From my house to this place I paid N100 but before it used to be N50, the Naira is going down. I want to know the state of the country."*

**Males, 18 – 29 years, C1C2, Banked, Enugu**

*"Because I want to know the exchange rate, i.e. the dollar. If I want to exchange money I rather go for the black market ... if you go to the bank they will cut it short, so that is why I follow up ..."*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

However, some unbanked respondents do not monitor financial issues as they are of the opinion that they have no need to do so due to their low economic status. They are more concerned about how to meet their basic needs as they feel financial issues have no impact on them.

*"... as a poor man, what time do I have to read or listen to what is said about financial issues? "*

*"As a bricklayer, I feel what is being written or said about financial matters does not concern me, what I'm after is where or how will I get money to feed me and my family. Honestly I don't listen to financial news."*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

More so, they may not have clear understanding of financial matters:

*"There was a time around 2004 when some of my friends were saying that we should go to Kaduna and buy shares from the banks, but at the end of the day we heard that there were problems ...they said that those that has ten shares dropped to two shares something like that, and even before then I was not so much*

*interested because I did not get the actual clue of what the shares are all about”.*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

Financial issues are usually monitored through various sources: electronic media (TV or radio), print media (newspapers, magazines) or the internet. Irrespective of the respondents' location or banking status, electronic media is the most common source of financial information. However, only a few of the unbanked respondents as well as those who live in the rural areas monitor financial issues. It is a common view amongst most of these respondents, that they do not need to pay any attention to financial issues as their income levels are too low for it to be affected by any developments in the financial sector.

### Sources of Financial Advice

Financial advice is primarily sought from trusted informal sources who are regarded as having more experience on financial issues; as they are believed to have a high level of sincerity and objectivity, which respondents consider as the key elements in giving appropriate advice.

These sources include:

#### Male spouses / fiancés:

Married female respondents spontaneously mentioned their spouses when asked who they seek financial advice from. However, amongst male respondents their spouses were not indicated as sources of financial information.

*“My husband, sometimes my sister...”*

*“..My pastor and the wife, whenever I feel I cannot depend on my husband or the bank for financial advice I go to them.”*

*“Like me when my husband was alive I used to ask him what I should do because he was an accountant. He was always putting me through but now he is no more. I don't have anybody to talk to.”*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

*“I go to my husband ...because I trust him”*

**Females, 18 – 29 years, DE, Lagos**

#### Mothers (particularly if they are businesswomen):

Both men and women ask their mothers for advice; successful businesswomen are respected sources for their sons.

*“I go to my mum.. I believe in her ....because she does business and teaches ....she knows much about everything.”*

**Males, 18 – 29 years, C1C2, Banked, Enugu**



*"Why I always take advice from my mum is that she is a big time business woman and she has really gone far she is very vast about her business, so that is why do seek advice from her."*

**Males 30 – 45 years, AB, Banked, Kano**

*"I talk to my mum and my fiancé."*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

Friends (who are bankers):

Bankers are viewed as having additional insights into economic matters and being aware of financial issues slightly ahead of the curve.

*"My banker friend...you know bankers are in the picture of everything that is happening in our nation's economy and much more that my banker is very conversant with everything that is happening with the economy, worldwide not just in Nigeria, he is an interested banker not just a banker by opportunity. He is very knowledgeable when it comes to financial issues...he tells me how the market is moving, which companies are really gaining and which ones are losing. He will tell you in detail."*

**Males, 40 – 45 years, AB, Banked, Kano**

*"I seek advice from a banker who is a very good friend of ours; even I and my husband go to her because she can direct you to a new business that is good which you do not know anything about."*

**Females, 18 – 29 years, C1C2, Banked, Kano**

*"Actually, I used to visit my friend that used to work in the bank. Let me use Oceanic Bank as a case study; when I heard that Oceanic Bank was folding up in 2009, I called my friend about it and asked if there is any possibility that they will merge with another bank, then they have now merged with Ecobank."*

**Females, 18 – 29 years, C1C2, Banked, Port Harcourt**

Business partners or colleagues:

*"I go to businessmen and fellow ministers."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

*"My business partners; I partner with one of my older brothers in the area of supply aspect, so in every decision we have to sit together to table it. And mostly his advice works out well."*

**Males, 30 – 45 years, AB, Banked, Kano**

Religious leaders / mentors:

Respondents viewed religious leaders as substitute parents who have their interests at heart.

*"Yes in fact let me even say he is the chief Imam of this village right now, and whatever I want to do I consult him or my mother, he prays and advises me, whatever he says is final and I always succeed."*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

*"I go to my Rev. Father because I believe he is more exposed and so can give me fatherly advice to do right things."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

*".....she is like a mother she has been there for me... she is God sent."*

*"A reverend father in church; If I have anything I go to him. He will advise me."*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

The media:

Among the young, the internet is considered an easily accessible source of required information that is often accurate. Respondents also pay attention to financial matters in newspapers and on TV.

*"As for me, I don't really go to anybody. If you check on the internet, just type in what you want and you will get all the answers you need."*

*"I can read newspapers. There is a page or section that talks about finance whenever I feel like, I will glance at what is happening, like yesterday, I saw the companies that gained and the companies that make losses in the Nigerian stock exchange....and I don't fail to watch NTA news."*

**Females, 18 – 29 years, C1C2, Banked, Port Harcourt**

*"You know it is through the media like newspaper, radio and the rest that you will know where to invest, which business is moving and which is not."*

*"Especially this global news on radio freedom, they will tell you which company is gaining and which is losing."*

**Females, 18 – 29 years, C1C2, Banked, Kano**

No-one:

Some among the unbanked feel they are capable of saving by themselves, hence, would not seek financial advice.

*"Am a man, so I don't seek for any financial advice I think am old enough to take any decision on my own."*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

*"I don't go anywhere, I advise myself."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

#### Knowledgeable advisers:

Some among the banked seek advice from formal, independent sources such as banks and financial experts to avoid making mistakes.

*"I seek advice from brokers when it comes to issues like shares. They will tell you when the shares is appreciating or falling."*

*"At times I meet the financial experts for advice...experience they say is the best master; I normally collaborate with those that are very good in that particular financial issue to show me how it works."*

*"The legal practitioners know the law guiding several things, so they will be able to tell you how to operate within the legal frame."*

**Males, 30 – 45 years, AB, Banked, Kano**

Some respondents have become averse to seeking advice from formal sources as a result of unpleasant experiences in the past.

*"I don't go to bank for advice because I did it before it did not work for me."*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

## 2.4 Money Transfers

Both the banked and unbanked send and receive money to and from spouses, friends, relations, business partners and customers and they do so through both formal and informal means. This applies regardless of whether the transfers are local or international.

### How the Unbanked Receive and Send money

#### Receiving money

If receiving money internationally, formal methods through an intermediary's bank account are common.

*"I got it from abroad through the help of my neighbor who owns a bank account ...my mummy's sister sent it ....she informed our elder sister that she wants to send us some things including money.....i don't know how it is done but it was our neighbor who knows, his name is Ola. He called her to send it to his account and he called us that the money had been sent."*

**Females, 18 – 29 years, DE, Unbanked, Lagos**

However, some respondents also receive money from abroad informally by hand delivery, through friends and relatives.

Local transfers are also done using the same methods, but hand delivery is more common.

#### Informal through hand delivery

*"I send the money by hand, through someone."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

#### Formal through bank account of third party

*"When I receive money from the bank, I will tell them to send it into the account of another person I know, that person will now go and withdraw it and give me."*

**Females, 30 – 45 years, DE, Unbanked, Enugu**

### **Sending money**

The unbanked do not send money internationally. For local transfers they depend primarily on informal methods such as:

- Hand delivery through friends / relatives
- Recharge card
- Inter / intra state bus service / drivers

However, they do also use formal methods and deposit directly into the recipient's bank account.

*"I send it through the bank because my Mum has an account in the bank."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

### **How the Banked Receive and Send Money**

#### **Receiving money**

For international transfers, they do so formally through International money transfer services like Western Union, and informally by hand delivery through friends and relatives.

For local transfers, they do so formally through their bank accounts (local fund transfer) and by direct deposit into the recipient's bank account, as well as informally by hand delivery through friends and relatives, recharge cards, or inter / intra state bus services or known drivers.

#### **Sending money**

For international transfers, they do so formally through their bank (through a domiciliary account) or a bureau de change.

For sending money locally, they use the same methods as for receiving money locally.

### **Most Appealing Methods for Money Transfers**

For banked respondents, the bank is the most appealing medium of sending and receiving money for the following reasons:

Safety of funds is guaranteed: This method is less risky, as there are systems in place to trace any error or fraud, thus ensuring accountability.

*“Like yesterday, I wanted to transfer money; they just told me they have no service they said madam if you pay this money it will be pending maybe till Thursday or Friday. So if you pay through the bank, the assurance is there.”*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

Easy, fast and convenient: Process and time to send and receive is short and recipient can receive payment immediately.

*They must confirm from you before paying out any of your cheque.”*

**Males, 18 – 29 years, C1C2, Banked, Enugu**

Discreet: Transactions stay private.

*“Bank is even more secret ...like if I send money to my mother through the bank, she will be the only one to know but if it is through somebody he might give it to someone else to give her. In that case it is no longer secret.”*

**Females, 18 – 29 years, C1C2, Banked, Kano**

*“If I sell goods of about N40,000 and I’m paid cash, you don’t know the motive of the next person entering your shop, maybe to rob you or otherwise. But if such money is paid into your account nobody will know how much you collected.”*

**Females, 18 – 29 years, C1C2, Banked, Port Harcourt**

For unbanked respondents, the most appealing methods are informal methods for which they pay very little. Typically, all they need is a trusted intermediary who will deliver the money in person.

Hand delivery:

*“Hand to hand because I know the person I’m sending the money through.”*

**Males, 30 – 40 years, DE, Unbanked, Port Harcourt**

*“It is because I trust the person...”*

**Females, 18 – 29 years, DE, Unbanked, Lagos**

Inter / intra state transport service or drivers: These are typically informal arrangements, but with some element of transparency.

*" ...through the park drivers ...because once the sender sends the money through the driver, they will charge him some amount, your name and phone number will be given to the driver, once he get, to his destination he will call you to come and collect your money."*

*"In addition to what he said, you can go and challenge the union at the park once you confirm that the driver did not deliver your money because you paid them. And immediately they will call the driver to confirm what happened ...the fault may even be from you, may be you gave a correct name but wrong phone number."*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

### Least Appealing Methods for Money Transfers

There is a striking dissimilarity between the banked and the unbanked. The method most appealing for the unbanked is the least appealing for the banked, who cite hand delivery as prone to risk.

For banked respondents: Least appealing method is hand delivery because of the risk of delay in delivery or non-delivery. There is no guarantee of safety and a high risk of funds being diverted.

*"Sending it through somebody... you can give it to somebody else and [they] might go away with the money. And there is no proof..."*

**Males, 18 – 29 years, AB, Banked, Lagos**

*"Friends or relatives ...they will feel 'since he is my friend or brother let me spend the money I will pay him back late.'"*

**Males, 30 – 45 years, AB, Banked, Kano**

For the unbanked, the least appealing method is the phone recharge card. The phone recharge card is a convenient way of sending value; the senders texts a card number and the PIN to the recipient. Reasons cited are related to the implicit cost (can be charged up to 30% of the value transferred) as well as the risks of being able to activate the transfer.

Cost: Amount sold is usually less than actual worth of airtime.

*"Yes if you look at card that is the airtime, you cannot sell it at actual price; the people that will buy it will reduce the price... Airtime credit of N500 they will end up buying it for N350."*

**Males, 30 - 45 years, DE, Unbanked, Kaduna**

Risks: If the card PIN number is misplaced, or discarded after an incorrect number is sent, the funds will be unrecoverable.

*Or even the PIN number may not be correct and sender has thrown away the card so it becomes a loss."*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

### Transaction Amounts

Respondents were asked about the size of their most recent money transfer amounts – both sent and received.

Younger respondents transact smaller amounts overall, and send significantly less than they receive. Older respondents send more overall than they receive.

The amounts transacted are highest for the banked in the AB socio-economic category, and lowest for the unbanked in the DE socio-economic category.

	Age	AB (Banked)	C1C2 (Banked)	DE (Unbanked)
<b>Received</b>	18 – 29 years	N10,000 – N76,000	N3,000 – N50,000	N500 – N10,000
	30 - 45 years	N125,000 – N1.2 million	N30,000 – N50,000	N10,000 – N50,000
<b>Sent</b>	18 – 29 years	N1,500 – N50,000	N3,000 – N50,000	N5,000
	30 – 45 years	N300,000 – N2.6 million	N3,000 – N50,000	N12,000

*Table 6: Money Transfer Amounts*

## 2.5 Loans

### Sources of Loans

The sources of loans are dependent on the need and banking status of the respondent.

Banked respondents get loans from both formal and informal sources. While the unbanked respondents get loans mainly from informal sources such as spouse, friends, relatives, business colleagues, church pastor, savings groups and money lenders.

Overall, informal sources are more frequently used because the interest rate is low, the suppliers are closer to the people, and it is faster to obtain.

*"I prefer the meeting because my money is already with them so it is very easy for them to give me a loan when I request for it."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

Some Muslim respondents in the North (irrespective of banking status are averse to taking interest bearing loans as they consider it 'unIslamic' to pay interest on loans.

*"Islam frowns at money lenders both the people that give and the people that collect."*

**Males, 30 - 45 years, AB, Banked, Kano**

Muslim respondents said informal sources such as relatives, friends and colleagues are best for the following reasons:

- Non-interest bearing (instead, profit from the venture or business it is used for is shared on agreement)
- Quicker to obtain since no formal procedure is required
- Less fear of harassment in case of default
- Collateral not required
- Flexible terms of payment

The unbanked also prefer informal sources for loans for speed, flexibility and proximity; they also depend on previously established relationships of trust, which turn out to be the most reliable in times of need (savings group or collector, for example).

*"I go to 'Alajo' because he would not be reluctant in giving it ... I don't know any other means. I borrow money from Alajo because it enables me borrow the amount I can pay back."*

**Females, 18 – 29 years, DE, Unbanked, Lagos**

Some banked respondents prefer formal sources such as the banks especially when a large amount of money is needed.

*"The bank ....can give you any amount to finance a big project"*

**Males, 30 – 45 years, AB, Banked, Kano**

The various loan sources mentioned by respondents are summarized below:

Formal	Informal
<p><b>Banks</b></p> <ul style="list-style-type: none"> <li>• Deposit Money Banks (commercial banks)</li> <li>• Microfinance banks</li> </ul>	<ul style="list-style-type: none"> <li>• Spouse / relatives / friends</li> <li>• Business partners</li> <li>• Daily contribution vendor (Alajo / Akawo / Adashi)</li> <li>• Weekly, monthly group / meeting / contribution</li> <li>• Church meeting / pastor</li> <li>• Money lenders</li> <li>• Microfinance institutions e.g. LAPO<sup>2</sup></li> </ul>

**Table 7: Loan Sources**

<sup>2</sup> LAPO (Lift Above Poverty Organisation) offers microloans to its members. It is a semi formal organization that was mentioned in Lagos and Kaduna. Borrowers need to make contributions before they are given a loan and a fixed amount is paid weekly until repayment is complete



## Current Loans

Across all socio-economic classes, few respondents have existing loans that are being repaid.

The older respondents take loans for business and other capital intensive projects such as building a house.

*"The reason why my husband borrowed money was that the landlord of our house told him that he wanted to sell the house, so he talked to his friend who promised to assist in getting loan from the bank and that was the reason why he took the loan, Thank God today we are comfortable in our own house we have paid back the loan."*

**Females, 18 – 29 years, C1C2, Banked, Kano**

The younger respondents take loans for medical expenses or to acquire new mobile phones.

*"I collected N30,000 to buy a phone."*

**Males, 18 – 29 years, C1C2, Banked, Enugu**

Respondents usually borrow the exact amount needed and this ranges from N2,000 to N800,000.

## Pros and Cons of Different Loan Sources

These are summarized in the table below.

Formal Sources	Pros	Cons
<b>Deposit Money Bank (Commercial bank)</b>	<ul style="list-style-type: none"><li>• Give large loans</li></ul>	<ul style="list-style-type: none"><li>• Paying interest is against Islamic principles (some Muslims in the North)</li><li>• Procedures could be cumbersome and long</li><li>• Fear of harassment in case of default</li><li>• High interest rates</li></ul>
<b>Microfinance Bank</b>	<ul style="list-style-type: none"><li>• Ease of access</li><li>• Less stressful procedures</li><li>• No collateral required</li></ul>	<ul style="list-style-type: none"><li>• In cases of default, goods purchased with the loan are confiscated and sold</li><li>• Could lack professionalism in terms of business operations / policy</li></ul>

Informal Sources	Pros	Cons
<b>Spouses / Friends / Siblings</b>	<ul style="list-style-type: none"> <li>• No formal procedure, hence, less time involved</li> <li>• No fear of harassment in case of default / delayed payment</li> <li>• Flexible terms of payment</li> <li>• Low interest rates</li> </ul>	<ul style="list-style-type: none"> <li>• Sudden demand for repayment before agreed time</li> <li>• Non willingness to pay at agreed time</li> </ul>
<b>Savings Groups</b>	<ul style="list-style-type: none"> <li>• Quick and easy to obtain</li> <li>• Easy and fast to obtain</li> <li>• Minimal interest paid</li> <li>• High level of trust / confidence involved</li> </ul>	<ul style="list-style-type: none"> <li>• No savings will be available for collection at when due – as it has been taken as loan upfront</li> </ul>
<b>Microfinance Institutions</b>	<ul style="list-style-type: none"> <li>• Easy to access</li> <li>• No collateral required</li> <li>• Long repayment period</li> </ul>	<ul style="list-style-type: none"> <li>• Rigid payment schedule</li> <li>• Embarrassing harassment in the case of default</li> </ul>
<b>Money Lender</b>	<ul style="list-style-type: none"> <li>• Easy to access</li> <li>• Prompt / fast to obtain</li> <li>• No collateral required</li> <li>• Element of understanding if repayment is delayed. In the worst case, the police may be involved, and at that time, payment will then be at the borrower's capability</li> </ul>	<ul style="list-style-type: none"> <li>• Lender may not be willing to give out money if not comfortable with personality of borrower / type of business to be engaged in</li> </ul>

*Table 8: Pros and Cons of Different Loan Sources*

## 2.6 Insurance

### Understanding of Insurance

Awareness and understanding of the concept of insurance is strongly linked to banking status. Generally the banked respondents could explain the concept, but few amongst the unbanked could.

*"Insurance to me, means insuring your property against future losses."*

**Females, 18 – 29 years, C1C2, Banked, Port Harcourt**

*"It means when you lose something, you must go to them to buy it for you... you must register with them before this can be done."*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

*"To give guarantee for compensation for loss or damage by the insurance company to the person that insured."*

**Males, 30 – 45 years, AB, Banked, Kano**

*"To me it basically means safety or security in one word."*

**Males, 18 – 29 years, C1C2, Banked, Enugu**

Only a few of the unbanked respondents are aware of and understand the concept.

*"From my own understanding, if you have a company you will go and register with insurance by paying certain amount of money to them every month. Allah forbid if something like fire disaster happens they will pay for the properties lost."*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

*"I have heard it before. In my own understanding, insurance means when you have a filling station and it is being burnt down by fire, the insurance company builds up another one."*

**Females, 18 – 29 years, DE, Unbanked, Lagos**

### Usage of Insurance

Overall, only a few banked respondents use insurance and none of the unbanked use it. Their reasons are summarized below:

#### Reasons for Minimal / Non-usage Among the Banked

##### Lack of interest

*"It is not something I think I need."*

*"It is God that insures..."*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

##### Unpleasant experience: Insurance companies do not settle losses.

*"It is not that I don't believe in it ... Because there is one of my brother's that has car insurance so I think they stole the car he kept going to the insurance people for over six months without any result, he had to forego it (compensation)."*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

##### Religious belief

*"Islamically it is prohibited. Apart from that, that money you collect from them is Haram (Forbidden)."*

*"The money you will collect too is forbidden in Islam because you did not work for it. "*

**Females, 18 – 29 years, C1C2, Banked, Kano**

Lack of disposable income

*"If I have money in the future, not for now..."*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

**Reasons for Non-usage among the Unbanked**

Illiteracy: Belief that education is required in order to understand the product.

*"You know anything you want to do this day, you have to get western education knowledge and because I have limited education, I don't know how to start."*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

*"If you look at majority of us here you see that we don't even know it, not to talk of it benefits."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

Lack of disposable income

*"With the level of my income, at times you even find it difficult to eat, talk more of taking money to insurance, insurance is for people that are well to do."*

*"They don't talk to people like us. Anything about insurance is money but where is the money to give them? "*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

Respondents mentioned several insurable items, such as cars, houses, businesses, life, gold, land, health, and education. They also mentioned events, such as accidents and fire outbreaks that are likely to lead to a claim.

## 2.7 Pensions

### Understanding of Pensions

Pensions were described by banked respondents to mean the same thing as 'gratuity' – which is bulk payoff upon one's retirement from formal employment (typically the civil service). They specified that pensions are accumulated from monthly salary deductions pre-retirement.

*"I think it is a retirement fee."*

**Males, 18 – 29 years, AB, Banked, Lagos**

Some understood it to be a lifelong monthly payment after retirement.

*“When I work, after retirement I am given some money monthly.”*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

*“It is money that government pays to an individual who put in service for years. It is paid every month to the person after his/her retirement.”*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

None of the respondents were of retirement age. Some have relatives, spouses, neighbours, and grandparents who are pensioners (particularly those who retired from the civil service). A few mentioned eligible pensioners who have never been paid any pension even though they are entitled to it.

*“I don’t want to hear about this pension ... My father is a pensioner but I have never set my eyes on the money before.”*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

### Benefits of Pensions

Respondents stated several benefits of pension which include:

- A source of support during old age: gives one the ability to cater for self.

*“Like when you are old and no strength to work, from this pension, you can use the money to pay your children school fees.”*

**Males, 18 – 29 years, C1C2, Banked, Enugu**

- To secure the future of offspring / next generation.

*“Pension can be use to set [up] a business for your children not only to spend the money.”*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

- Gives a prestigious image.

*“It is a kind of prestige because it tells that you have put in some years of service before.”*

**Females, 18 – 29 years, C1C2, Banked, Kano**

### Plans for Old Age

Irrespective of banking status, the best way to ensure income in old age is by:

- Investing in / owning a business.

*“I will start importing furniture.”*

**Males, 30 – 45 years AB, Banked, Kano**

*"I like to open a provision store where I will sit in the shop and be selling instead of going to sites to look for work."*

*"For me as a carpenter, am thinking of having a shop where I will be selling wood."*

*"I have plans of selling mattress, get them from the company as a dealer and be selling it to retailer."*

*By Allah's will, it is my plan to see that I open a block factory, where I will be selling blocks for building..."*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

- Investing in the education of children or younger siblings.

*"People who fail to plan, plan to fail, so the way things are going you just need to plan towards old age, like giving the children sound education, so that when you are old they will assist you."*

**Females, 18 – 29 years, C1C2, Banked, Port Harcourt**

*"Train your children; they can now give you money when you are old."*

**Females, 30 – 45 years, DE, Unbanked, Enugu**

- Investing in real estate.

*"To me as an agent, I plan to buy a land or house for hire so that when I am old my children and I will have something as income for the family."*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

*"Acquiring of lands [on] which I have started ... now building those lands and hiring them out."*

**Males, 30 – 45 years, AB, Banked, Kano**

- Investing in the capital market.

*"I plan on buying shares..."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

*"Investment; buying of shares."*

**Males, 18 – 29 years, AB, Banked, Lagos**

- Investing in agriculture.

*"I plan on planting Banga (palm fruit) on my father's land."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

## 2.8 Attitudes towards Banks (Deposit Money Banks & Microfinance Banks)

### Reasons for Bank Usage

The banked respondents use banks for the following reasons:

- A safe place to keep/save money which makes them eligible for loans when required
- Discipline to curtail their spending habit
- Earn interest

*"For safe keeping of our money .... and the interest."*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

### Reasons for Non-usage of Banks

The unbanked respondents do not use banks because of the following:

- Low income: Money earned is too 'little' to be saved in a bank: Banks are perceived to be for the 'big' people.

*"I thought banks are meant for high income earners and not for small income earners ....I don't have enough money to save in the bank."*

**Females, 18 – 29 years, DE, Unbanked, Lagos**

- Long distance to the bank:

*"I don't have enough money; I can't travel the distance just to drop N1,000."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

- Time spent at the bank: The perceived amount of time it takes to access bank services deter them from using banks. Long queues and network issues were cited as reasons for spending too much time at the bank.

*"It is either you have a problem with the ATM or the queue."*

**Females, 18 – 29 years, DE, Unbanked, Lagos**

*"On several occasions my friend will tell me no network today at the bank and throughout that day he will not get his money."*

*"Another reason is this, there was a time my brother send money through that I should go and collect, they refused me and he was given one week to pay his wife bride price or else they will give her hand in marriage to another person ....They said that the money has not reflect in their system."*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

- Lack of education:  
*"To me honestly I don't have the western education knowledge and that is why I never pick interest on bank."*  
**Males, 30 – 45 years, DE, Unbanked, Kaduna**
- Faster service for the rich:  
*"At times if I escort my friend to the bank, you will see people on queue but once a 'big' man enters, he will not follow the queue and before you know it, they have given him money."*  
**Males, 30 - 45 years, DE, Unbanked, Kaduna**
- Insignificant interest on savings:  
*"If you have a savings account with them no matter how long the money is with them they don't increase anything on the money..."*  
**Males, 30 – 45 years, DE, Unbanked, Kaduna**
- Transaction fees:  
*"When someone sends N1,000 you could only get N500 from it. The bank retains N500 and I don't like it."*  
**Females, 18 – 29 years, DE, Unbanked, Lagos**

## 2.9 Awareness and Usage of Banks

### Differences between Deposit Money Banks and Microfinance Banks

Both the banked and unbanked respondents are aware of several deposit money banks (which were referred to by respondents as commercial banks).

Microfinance banks on the other hand have high awareness amongst the banked respondents and little or no awareness amongst the unbanked. For those unbanked respondents that are aware, there is a lack of understanding of what microfinance banks do.

*"I have heard about them but I don't know anything about them."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

*"I do hear that name microfinance bank but I don't know much about it."*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

This is not surprising as the rural locations visited for the FGDs did not have any microfinance banks close by – the respondents could not list any local MFBs when asked.

The following attributes were mentioned as the differences between Deposit Money Banks and microfinance banks:



Deposit Money Banks	Microfinance Banks
<ul style="list-style-type: none"> <li>• Have a strong capital base</li> <li>• Wide spread branches</li> <li>• Essential for depositing money by individuals and corporate organizations.</li> <li>• In sync with new technology / innovation</li> <li>• Have a head office that is usually in Lagos where major decisions are made</li> <li>• Have long processes before giving out loan</li> <li>• Serve customers irrespective of socio-economic class</li> <li>• Do not engage in daily contribution</li> <li>• Not as aggressive in marketing individuals as MFBs</li> <li>• ATM usage available</li> <li>• Engage in funds transfer (local / international)</li> <li>• Sell shares</li> <li>• Custodian of valuable assets (non-monetary)</li> </ul>	<ul style="list-style-type: none"> <li>• Do not usually have a strong capital base</li> <li>• Help small scale businesses by giving out loans</li> <li>• Most do not have branches in different states</li> <li>• Not in sync with new technology - do more paper work than use the computer</li> <li>• Decisions are reached faster: branch is usually the head office where the decision makers are</li> <li>• Quick process of getting loans</li> <li>• Serve mainly the lower class</li> <li>• Engage in daily contribution</li> <li>• Approach / market individuals aggressively</li> <li>• Low opening balance</li> <li>• Are usually affiliated with deposit money banks</li> <li>• Absence of ATM usage</li> <li>• Do not engage in funds transfer</li> <li>• Do not sell shares</li> </ul>

**Table 9: Differences between Deposit Money and Microfinance Banks**

*“...Microfinance bank is for the people that have small scale business to get loans.”*

**Males, 18 – 29 years, C1C2, Banked, Enugu**

*“Microfinance banks don’t have branches of same name but regular banks like Oceanic have branches all over the country and they are same. Microfinance banks have limited services. Like they get their cash from the regular banks so they always have limited cash. Also their interest is quite high compared to regular banks.”*

**Females, 18 – 29 years, C1C2, Banked, Port Harcourt**

*“You can find microfinance bank in Ikeja Lagos, when you go to Benin City you can’t be able to find that same bank ... If you are having money in the bank and you are in Benin, you are stranded.”*

**Males, 18 – 29 years, C1C2, Banked, Lagos**

## Brand Awareness

There is more spontaneous awareness of deposit money banks than microfinance banks amongst banked respondents, with Lagos having the most awareness. The DMBs of which the respondents are aware include the following:

Deposit Money Banks	Microfinance Banks
Access Bank, Afribank, Citibank, Diamond Bank, Ecobank, ETB, Fidelity Bank, FCMB, First Bank, GT Bank, Jaiz Bank (north mainly), Keystone Bank, Mainstreet Bank, Skye Bank, Stanbic IBTC, Standard Chartered Bank, Sterling Bank, UBA, Unity Bank, Union Bank, Wema Bank, Zenith Bank	<p><b>Lagos:</b> Providence, Olive, Royal Trust, Adkolm-Emerald, FBN Microfinance Bank, Adoke, Touchgold</p> <p><b>Kano:</b> Grassroot, Freedom, Northbridge</p> <p><b>Enugu:</b> Umuchinmere, Oha, Coalcamp</p>

*Table 10: Brand Awareness*

The table below summarizes both the benefits and challenges of using deposit money banks:

Benefits	Challenges
<ul style="list-style-type: none"> <li>• Strong capital base, hence, assured of the safety of deposited fund.</li> <li>• Accessibility of branches</li> <li>• Have new innovation / technology, hence, processes are quicker and more reliable</li> <li>• Interest is given on deposits</li> <li>• ATM is available for e-transactions;</li> <li>• Educate customers on the banking system to avoid fraud</li> <li>• Alert customers on new policies</li> <li>• Promotions for their customers from time to time</li> </ul>	<ul style="list-style-type: none"> <li>• Long account opening and loan processing processes</li> <li>• Charges on transactions are sometimes high</li> <li>• Poor customer relations; rude staff</li> <li>• Long queues</li> <li>• Delay in receipt of transaction alerts</li> <li>• Incessant network failures</li> <li>• Restricting customers from making / receiving call in banking hall</li> <li>• Do not educate rural dwellers about their products though they are interested. Hence, the rural population have limited knowledge and are mainly aware of savings accounts</li> </ul>

*Table 11: Pros and Cons of Using Deposit Money Banks*

*“You make profit from them. Like if you save your money regularly, they will give you interest ....sometimes they do promotion based on your savings.”*

**Females, 18 – 29 years, C1C2, Banked, Port Harcourt**

*“The deposit money bank takes long protocol, whereas the micro doesn't, they can even send their worker to you for either deposit or withdrawal.”*

**Males, 18 – 29 years, C1C2, Banked, Enugu**

*"There are sometimes that even when you get to the bank the queue will be too much."*

*" ..the alert is another issue if you like send money to someone or someone sends money to you ought to receive alert on your mobile phone. Most times it will [be] late ..."*

*" .. the ATM you get to the ATM it will hang up ..."*

**Males, 18 – 29 years, AB, Banked, Lagos**

**Distance of the Nearest Deposit Money Bank**

Most respondents could get to a bank within 15 minutes, excluding parts of urban Lagos that were subject to traffic. In rural Port Harcourt and rural Kaduna, respondents had no banks close by. Prices for getting to banks varied from N40 to N200, with the highest quoted in rural Port Harcourt and the lowest in rural Lagos. The distance and cost of getting to the nearest Deposit Money Bank from home/ place of work or business is summarised below:

Location		Time Distance	Cost for a Round Trip
Lagos	Urban	<ul style="list-style-type: none"> <li>• 2 – 10 minutes walk</li> <li>• 3 - 5 minutes drive (bike / tricycle)</li> <li>• 1 hour drive (bus, when there is traffic)</li> </ul>	<ul style="list-style-type: none"> <li>• N60, N100, N300</li> </ul>
	Rural (Badagry)	<ul style="list-style-type: none"> <li>• 5- 10 minutes walk</li> </ul>	<ul style="list-style-type: none"> <li>• N50– N70 (by bike)</li> </ul>
Enugu	Urban	<ul style="list-style-type: none"> <li>• 6 – 15 minutes walk</li> </ul>	<ul style="list-style-type: none"> <li>• Nil</li> </ul>
Kano	Urban	<ul style="list-style-type: none"> <li>• 2 – 10 minutes walk</li> </ul>	<ul style="list-style-type: none"> <li>• N40, N80, N100, N120, N200</li> </ul>
Port Harcourt	Urban	<ul style="list-style-type: none"> <li>• 10 – 15 minutes walk</li> </ul>	<ul style="list-style-type: none"> <li>• N100 (by bike)</li> </ul>
	Rural (Okoloma)	<ul style="list-style-type: none"> <li>• Nil</li> </ul>	<ul style="list-style-type: none"> <li>• Closest bank - (Ebuugbo)</li> <li>• N300 – N400</li> </ul>
Kaduna	Rural (Rigachikwu)	<ul style="list-style-type: none"> <li>• Nil</li> </ul>	<ul style="list-style-type: none"> <li>• Closest bank - (Kawo)</li> <li>• N120 – N140</li> </ul>

*Table 12: Distance of Nearest Deposit Money Bank*

According to most of the respondents, the benefits and challenges of using microfinance banks are as follows:

Benefits	Challenges
<ul style="list-style-type: none"> <li>• Have low interest rates</li> <li>• Helps small and medium enterprises to grow</li> <li>• No long loan application processes</li> <li>• Longer loan repayment tenure</li> <li>• Easy account opening process</li> <li>• Low opening balance</li> <li>• Offer home / customized service</li> <li>• Friendly staff</li> </ul>	<ul style="list-style-type: none"> <li>• Not financially strong / can go bankrupt easily</li> <li>• Usually have just one branch so can't be patronized in another state</li> <li>• Large amount of cash is usually unavailable</li> <li>• Limited loan disbursement</li> <li>• Do not provide fund transfer service</li> <li>• Less prestigious than deposit money banks</li> <li>• Infrastructure of lower standards than deposit money banks</li> </ul>

**Table 13: Pros and Cons of Microfinance Banks**

*“Some of them lack good structure with nothing to make you comfortable; at times you have to go in through the back door.”*

**Males, 18 – 29 years, C1C2, Banked, Enugu**

*“Also they can give you a loan of little amount like N20,000. But regular banks will not take you serious with such little amount. The interest charge of microfinance bank is not much.”*

**Females, 18 – 29 years, C1C2, Banked, Port Harcourt**

*“They go round to collect money from their customers unlike commercial banks that you have to go to the bank.”*

**Males, 30 – 45 years, AB, Banked, Kano**

### **Factors that Will Encourage the Unbanked to Use Banks (Deposit Money Banks & Microfinance Banks)**

Access, improved customer service and financial education are likely to encourage the unbanked to try banking services.

Proximity: Availability of bank branches within their locality.

Financial education: Educate them through the local media on banking products.

Direct communication: Create awareness of product offerings e.g. through text messages.

Local staff: Employ staff among the local indigenes in areas where branches are situated to help bridge social, cultural and communication gaps.

Effective customer relations: Absence of queues, friendly and polite staff.

Equal treatment of customers: No discrimination between the 'rich' and 'poor' customers.

*"I would use the bank ... if I don't have to pay to go the bank; it is now in my vicinity."*

*"If the bank functions well and they are serious, I would bank my money with them."*

*"Once they have efficient staff to make things easy for us, especially those of us that are uneducated."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

*"Just as you come to talk to us now, if there will be a bank that will come, tell us what the benefits are, build a branch here I think many people will want to interact with the bank."*

*"Also they should stop discriminating between people that have large saving and small savings, everyone should be attended to equally."*

*"Also their staff should be people from that particular area where the bank is situated."*

*"In the addition the staff should ... understand and interact in many local languages."*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

Many unbanked respondents cited their lack of income as an impediment to using banking services. An increase in income, job prospects or the success of a business venture was often referred to as a stimulus for getting a bank account.

*"If I can get loan to expand my business I would be able to open an account."*

*"If I am sure of making N5,000 daily in my business, I would be able to bank."*

*"If my business prospers and I can get money regularly, I would bank."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

*"If I have more money."*

*"When I have a job."*

**Females, 30 – 45 years, DE, Unbanked, Enugu**

## Awareness and Usage of Bank (Deposit Money Banks & Microfinance Banks) Products and Services

### The Unbanked

Apart from savings account products, unbanked respondents are unaware of other bank products and services. When some of these additional services were described, they expressed opinions on the type of product that would be best suited to their needs.

*"I think I will go for fixed deposit."*

*"I may need money at any time so I will choose savings."*

*"I will likely choose current because I may not be chanced to go to the bank always so I can send someone."*

*"I would like to save my money."*

*"I would like to use their transfer account."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

### The Banked

Banked respondents are aware of, and use, many products and services:

- Savings account
- Current account
- Fixed deposit account
- Domiciliary account
- Bank draft
- Visa card
- MasterCard
- ATM, Western Union / MoneyGram
- Bill payments
- Electronic transfer (e.g. Flash me cash - by FinBank)

## Deposit Money Banks Patronized and Reasons Why

Respondents chose banks depending on proximity, wide branch network, good customer service, minimum opening and closing balance and minimal charges.

Banks Patronized	Reasons
First Bank	<ul style="list-style-type: none"> <li>• Strong capital base</li> <li>• Wide branch network</li> <li>• Good customer service (fast, polite)</li> <li>• For business account</li> <li>• Do not make arbitrary deductions</li> </ul>
Ecobank	<ul style="list-style-type: none"> <li>• Wide branch network</li> <li>• Strong capital base</li> <li>• Tradition (family members use it)</li> <li>• Recommended by relatives</li> </ul>
UBA	<ul style="list-style-type: none"> <li>• Wide branch network</li> <li>• Low opening balance</li> </ul>
Skye Bank	<ul style="list-style-type: none"> <li>• Instant transaction alert</li> </ul>
GT Bank	<ul style="list-style-type: none"> <li>• Good customer service (fast, polite, courteous)</li> <li>• Instant transaction alert</li> <li>• Zero minimum balance</li> </ul>
Zenith Bank	<ul style="list-style-type: none"> <li>• Fast services</li> </ul>
Diamond Bank	<ul style="list-style-type: none"> <li>• Proximity</li> <li>• Fast services</li> </ul>
Oceanic Bank	<ul style="list-style-type: none"> <li>• Low operating balance, hence affordable</li> </ul>
Access Bank	<ul style="list-style-type: none"> <li>• Zero opening and closing balance</li> <li>• Good customer service</li> <li>• Proximity</li> <li>• Lower charges</li> <li>• Can be used to remit school fees</li> <li>• Good service network</li> <li>• Recommended by colleagues</li> </ul>
Stanbic IBTC	<ul style="list-style-type: none"> <li>• Less cumbersome account opening requirements</li> <li>• Absence of crowds in banking halls</li> <li>• Organized and structured environment</li> </ul>
Mainstreet Bank	<ul style="list-style-type: none"> <li>• Lower charges</li> <li>• Instant transaction alerts</li> </ul>
Keystone	<ul style="list-style-type: none"> <li>• Proximity to home</li> </ul>

**Table 14: Banks Patronised and Why**

They used banks on recommendation and mentioned the instant transaction alerts as a feature they particularly valued, as it enabled them to monitor their accounts for unauthorized transactions.

*"I use Stanbic ... more because when I wanted to open the account their requirements wasn't much and I like their services. There is usually less crowd and even if there is much crowd they will direct you where to go."*

*"I chose Oceanic ... because their requirement is not much, it's like a student bank, and it is affordable you can open with as low as N500."*

*"I chose Access ... because it was zero balance also the tellers are nice to their customers, their services are okay."*

**Females, 18 – 29 years, C1C2, Banked, Port Harcourt**

### Attributes of an Ideal Microfinance Bank

An ideal microfinance bank should have the following characteristics:

- Safety of funds: should be transparent and sincere as trust is essential for customer uptake
- Have a strong capital base to guarantee the safety of depositors' funds
- Should be effectively monitored by CBN and NDIC
- Maintain its focus to support the poor
- Have well equipped offices at strategic locations
- Wide branch network: particularly in places where their target audience is based e.g. market places

*"They should be in every market place ... some ... cannot go to big banks. They have the money to take there but they cannot. But when these people are in the market, they can be able to access them without too much stress and too much English."*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

- Low interest rates and flexible loan terms: Perceived to trigger patronage and ease burden of repayment. A longer term for loans allows debtors time to stabilize in business before paying back

*"In the microfinance bank you pay the loan in a longer period."*

**Males, 18 – 29 years, C1C2, Banked, Enugu**

- Constant availability of cash: Lack of this could hinder their customers' business operation which could be time sensitive
- Create more awareness about its purpose and function to the general public
- Provide appealing customer service (friendly, polite, courteous staff, speedy services)
- Availability of ATM machines: for quick access to funds



Overall, microfinance banks considered closest to the ideal are:

Locations	Closest to the Ideal MFB
Lagos	Providence, Olive, Royal Trust, Adkolm-Emerald
Enugu	Umuchinemere (multiple branches, efficient service)
Kano	Grassroot (have multiple branches)

*Table 15: Microfinance Banks Closest to the Ideal*

### Attributes of an Ideal Deposit Money Bank

The following attributes are respondents' expectations of the ideal Deposit Money Bank:

- Safety of funds
- Wide branch network
- Strong brand awareness
- Stable and consistent service network / minimal down time
- Easy and quick access to loans
- Moderate interest rate
- Flexibility of loan repayments
- Good customer services: (equal treatment of both the low and high net worth customers, polite, courteous, friendly, fast and efficient service, prompt transaction alerts)
- High level of professionalism i.e. having detailed knowledge of the job
- Staff should be well dressed / have a smart look
- Constantly upgrade technology to meet customers' demand
- Create awareness of the bank's products and services
- Immediate access to ATM service upon account opening
- Provide / offer customized services e.g. home delivery / cash pick up
- Absence of long queues in banking halls / effective crowd management

The deposit money banks that attracted the strongest ratings overall are:

Closest to the Ideal DMB
<b>GT Bank:</b> Strong capital base, low bank charges, consistent network, friendly staff
<b>Zenith Bank:</b> Strong capital base, smart looking staff, innovative products, fast service
<b>First Bank:</b> Wide branch network, low charges, strong capital base

*Table 16: Deposit Money Banks Closest to the Ideal*

*“For me Zenith..., they provide me with my master card that helped me buy goods on line which is very good and important to me and also their workers, they always look smart they have a lot of equipments, you can feel comfortable there.”*

*“Zenith ... because I don't spend more than ten minutes when I go in there...”*

**Males, 30 – 45 years, AB, Banked, Kano**

## 2.10 Awareness of Changes in Banking Regulations

### Role of the Central Bank of Nigeria in the Banking Industry

The Central Bank is known and understood by all respondents to be the apex bank that controls and regulates the operations of all other banks.

More so, it is understood to perform the following duties:

- Make policies to regulate the activities of banks
- Be the bank for bankers
- Control inflation
- Ensure safety of money in the banks
- Help small banks to grow
- Give loans to failing banks
- Monitor banks activities
- Design rules and procedures to regulate banking operations
- Enforce laid down rules, like a watchdog

*“They ask all commercial banks to deposit a certain amount of money with them, so that when it has problem they will use the money to pay the customers.”*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

*“I think the Central Bank is like the mother of all banks. Oversees all other bank.”*

**Males, 18 – 29 years, AB, Banked, Lagos**

## 2.11 Awareness of Recent Policies in the Banking Industry

Within the last two years, several policies are known to have been put in place by the Central Bank as part of its regulatory role in the banking industry. They include:

- Not more than N150,000 cash withdrawal for individuals
- Verification of accounts done across the nation
- Reduction of account number to 10 digits (NUBAN numbers)
- Merger / acquisition of some banks to strengthen them
- Introduction / approval of Islamic banking

- Withdrawals of less than N100,000 to be done at ATMs and no longer over the counter
- Cashless policy / cashless Lagos

*"...bank account numbers has been changed from 14 digits to 10 digits..."*

*"They closed some banks and merged others...heard on the network news at 9pm."*

***Males, 30 – 45 years, DE, Unbanked, Port Harcourt***

*"Yes like the cashless Lagos they are trying to limit amount to withdraw, I think the individual N150,000 and corporate N1 million. They are trying to discourage carrying of too much cash about, it is not that you cannot do but if you do they will charge you. They've effected that in Lagos this January."*

*"I heard that CBN is trying to restructure microfinance banks."*

***Males, 30 – 45 years, AB, Banked, Kano***

Respondents also cited an increase in minimum balances for bank accounts as a central bank policy, although this is not the case. Recently one of the banks announced a minimum balance of N25,000 for its accounts – this was widely perceived as a directive imposed by the Central Bank.

Awareness of these recent policies was garnered from different sources:

- Print: Newspapers and Magazines
- Electronic: Radio, TV
- The Internet
- Bank communication: alerts, text, messages, posters in banking halls

**Perceived Impact of Recent Policies on Bank Usage**

Respondents mentioned some positive and negative impacts of these recent policies, from their point of view.

*Positive impact:*

Increase in the usage of electronic banking such as the ATM, E-transfer; thus reducing crowding in banking halls and less handling of cash.

*"I can just use my MasterCard or ATM if the bank is closed."*

***Females, 30 – 45 years, C1C2, Banked, Lagos***

*Negative impact:* Fewer bank transactions.

For those respondents who run their own businesses, the policy on limited daily cash withdrawals by individuals is considered unfavorable as it will limit their daily business operations.

It may also make them consider keeping money at home in order for them to operate their businesses without incurring charges for withdrawals above the stipulated daily amount of N150, 000).

*“There is a minimum withdrawal per day. If I need N20 million, I would not be able to withdraw it no matter how many times I go, so it would hamper my arrangement for the day.”*

**Males, 18 – 29 years, C1C2, Banked, Enugu**

*“I don’t want to pay too much on it because it is my money.”*

**Females, 30 – 45 years, C1C2, Banked, Lagos**

## 2.12 Interest in Mobile Payments

### Mobile Phone Ownership

All respondents owned mobile phones. Apart from making calls, mobile phones are used for:

- Texting: Sending and receiving SMS messages
- Credit: Sending and receiving airtime credit
- Photographs: Taking and storing pictures
- Information: Browsing the internet
- Entertainment: Music, games
- Utilities: Torch, calculator

### Reactions to the Concept of Mobile Payments

The idea of sending and receiving cash through mobile phones was perceived as having the following benefits:

- Innovative: Easy way of sending and receiving money, saves time and effort
- Convenient: Transactions can be done in the comfort of home without going to the ATM or banking hall
- Would be fast and secure: Will help to build confidence in electronic transfers as less risky, since large sums of money need not be carried around, thus reducing the incidence of armed robbery attacks
- New uses: May be used for bill payments
- Discreet: Keeps transactions private, no one else needs to know your business

*“It will make life easier you will go to a supermarket just pay the money through your phone you don’t need to carry cash around you. If you look at like 5 years back, with this ATM, the rate of arm robbery attack on the road to Lagos has reduced because they know that they will not see cash on people at most you see N10,000, you won’t see people traveling with cash and that is why we have increase in bank robbery. They are just attacking banks now but not people on the highway.”*

**Males, 30 – 45 years, AB, Banked, Kano**

*"No issue of network failure with your phone, you will do transaction without anybody knowing."*

**Females, 18 – 29 years, C1C2, Banked, Kano**

*"You can be inside bush and send money to someone in the city..."*

**Males, 30 – 45 years, DE, Unbanked, Port Harcourt**

The perceived drawbacks of mobile payments include:

- Wrong transfer: Transferring cash to a wrong number in error
- Missing / damaged phone: How to access funds if one's mobile phone is stolen or damaged (e.g. falls in water)
- Ease of use: Limited knowledge of phone usage / manipulation
- Security: Safety of funds and protection from unauthorized use by family / friend or hackers

*"Dialing a wrong number in a hurry and directing the money there."*

**Males, 18 – 29 years, AB, Banked, Lagos**

*"If your phone get stolen or lost, somebody may steal your phone and your business partner sends money to your phone."*

**Males, 30 – 45 years, DE, Unbanked, Kaduna**

This illustrates the need for mobile payments providers to communicate how these concerns would be addressed when using their products.

Other financial products and services that respondents would also consider using their mobile phones for are: payment of school fees, purchase of airtime, payment of Blackberry subscriptions.

The table below summarises the Deposit Money Banks that respondents would trust to provide mobile payment services.

Location		Deposit Money Bank	Reasons
Lagos	Urban	<ul style="list-style-type: none"> <li>• GT Bank</li> <li>• First Bank</li> <li>• Zenith Bank</li> <li>• Access Bank</li> <li>• Diamond Bank</li> <li>• Stanbic IBTC Bank</li> </ul>	<ul style="list-style-type: none"> <li>• Strong capital base</li> <li>• Efficient services</li> <li>• Strong and efficient service network</li> </ul>
	Rural (Badagry)	<ul style="list-style-type: none"> <li>• Don't know</li> </ul>	
Enugu	Urban	<ul style="list-style-type: none"> <li>• GT Bank</li> <li>• First Bank</li> </ul>	<ul style="list-style-type: none"> <li>• Strong capital base</li> <li>• Efficient services</li> </ul>
	Rural	<ul style="list-style-type: none"> <li>• Don't know</li> </ul>	
Kano	Urban	<ul style="list-style-type: none"> <li>• GT Bank</li> <li>• Zenith Bank</li> <li>• First Bank</li> </ul>	<ul style="list-style-type: none"> <li>• Strong capital base</li> <li>• Up to date technology, strong service network</li> <li>• Large customer base</li> </ul>
Port Harcourt	Urban	<ul style="list-style-type: none"> <li>• First Bank</li> <li>• UBA</li> <li>• Zenith Bank</li> <li>• Oceanic Bank</li> <li>• GT Bank</li> </ul>	<ul style="list-style-type: none"> <li>• Been around for a while / familiar, known to always be there for their customers</li> <li>• Have pedigree</li> <li>• Have good standards and meet up with promise</li> <li>• Trusted: people have testified to the trustworthiness</li> <li>• Availability of cash</li> </ul>
	Rural (Okoloma)	<ul style="list-style-type: none"> <li>• Union Bank</li> <li>• Zenith Bank</li> <li>• UBA</li> </ul>	<ul style="list-style-type: none"> <li>• Availability</li> <li>• Proximity</li> </ul>
Kaduna	Rural (Rigachikwu)	<ul style="list-style-type: none"> <li>• First Bank</li> </ul>	<ul style="list-style-type: none"> <li>• Long standing heritage</li> </ul>

*Table 17: Trusted Deposit Money Banks for Mobile Payments*

The table below summarises the mobile network operators that respondents would trust to provide mobile payment services.

Location		Mobile Network Operators & Reasons
Lagos	Urban	<ul style="list-style-type: none"> <li>• <b>MTN:</b> Wide network coverage</li> <li>• <b>Airtel:</b> Low tariff / charges</li> <li>• <b>Etisalat:</b> Low tariff / charges</li> <li>• <b>Glo:</b> They are concerned about their customers, they give bonus on usage</li> </ul>
	Rural (Badagry)	<ul style="list-style-type: none"> <li>• <b>Etisalat:</b> Not deceitful / sincere</li> <li>• <b>MTN:</b> Wide network coverage</li> <li>• <b>Airtel:</b> Cheap tariff</li> </ul>
Enugu	Urban	<ul style="list-style-type: none"> <li>• <b>MTN:</b> Network is wide spread, have constant reliable network</li> <li>• <b>Etisalat:</b> Fast internet services, available in the rural areas, fast growing network</li> </ul>
Kano	Urban	<ul style="list-style-type: none"> <li>• <b>MTN:</b> Wider coverage, large subscriber base</li> <li>• <b>Etisalat:</b> Cheap tariff, strong network</li> </ul>
Port Harcourt	Urban	<ul style="list-style-type: none"> <li>• <b>MTN:</b> Network is wide spread, have constant reliable network</li> <li>• <b>Etisalat:</b> Fast internet services, found in the rural areas, fast growing network</li> <li>• <b>Airtel:</b> Have minimal charges</li> <li>• <b>Glo:</b> They are concerned about their customers, they give bonus on usage, already into mobile banking, network is stable</li> </ul>
	Rural (Okoloma)	<ul style="list-style-type: none"> <li>• <b>MTN:</b> Wide network coverage</li> <li>• <b>Glo</b></li> <li>• <b>Etisalat</b></li> </ul>
Kaduna	Rural (Rigachikwu)	<ul style="list-style-type: none"> <li>• <b>MTN:</b> Wide network coverage, large subscriber base</li> </ul>

*Table 18: Trusted Mobile Network Operators for Mobile Payments*

### Awareness of Existing Mobile Payment Providers

Most of the respondents are unaware of any providers of mobile payment services. However, three were mentioned: MTN Mobile Money, Paga and U-Mo.

*"...I know it, I have used it before. You can receive and transfer money through your phone ...You will go to [the bank] and they will register you and you will deposit in [your] mobile account."*

**Males, 30 – 45 years, AB, Banked, Kano**

MTN Mobile Money:

*"MTN Mobile Money ... I do not really know how it works ... I even saw their promo."*

**Males, 18 – 29 years, AB, Banked, Lagos**

Paga: Seen on billboards in several locations in Kano but do not know what the advert is all about.

*"I think have seen the bill board somewhere here in Kano."*

*"Yes Along IBB way."*

*"Along Magwam road too."*

*"Well, we've not seen any of their office here in Kano so we don't know what it's all about."*

**Females, 18 – 29 years, C1C2, Banked, Kano**

In Lagos, by prompting recall with pictures of mobile money outlets, more respondents claimed they had seen adverts on State owned buses (BRT). However, they did not seem to understand the communication - an indication that communication for this brand is not yet effective.

U-Mo: Only one respondent in Kano had used a mobile money service.

*"Is it U-Mobile? ...I know it, I have used it before. You can receive and transfer money through your phone ...You will go to UBA and they will register you and you will deposit in U-mobile account."*

**Males, 30 – 45 years, AB, Banked, Kano**

He described his experience with U-Mo as being nice, real, devoid of fraud and satisfactory, with prompt service offered. However, his phone was stolen and so he stopped using the service.

None of the respondents had seen outlets / agents of any mobile payment provider near their places of work or abode.



### 3.0 Conclusion

This qualitative study provides insights into the financial behaviour of Nigerians – their usage and awareness of a range of financial products (such as savings, loans, insurance, pensions and money transfers); the characteristics they believe are required for an ideal bank; and their likely uptake of mobile payments.

While a majority of the respondents are interested in financial matters, some do not pay much attention because they believe their income is too low for these issues to impact them. The right product at the right price may encourage some of these people to focus on financial matters.

All respondents set money aside (save) as a habit, but not necessarily with a particular goal in mind. Savings is mainly used as a buffer against emergencies. Respondents use a variety of informal and formal saving mechanisms. If financial institutions can develop savings products that are low cost and easily accessible, some of the respondents that save at home may be persuaded to store money in a more secure place such as a bank.

The banked and the unbanked respondents frequently use money transfer services. They tend to use both formal and informal methods, because when it comes to transferring money, no single method satisfies all their needs. Respondents are generally open to new innovation such as mobile payments, even though their awareness of such services is low.

This study also sought to establish the level of awareness and impact of recent financial sector policies on respondents. Many respondents are generally aware of the core role of the Central Bank of Nigeria as regulator. While there is a high level of awareness of industry policies, there is a lack of clarity about what these policies are trying to achieve.

This qualitative study is a pre-cursor to the quantitative phase of the EFINA Access to Financial Services in Nigeria 2012 survey, which is due to be released by the end of 2012.