

Women's Financial Inclusion Forum

Landscape of Women's Financial Inclusion in Nigeria

November 14, 2013

Modupe Ladipo
Chief Executive Officer, EFInA

- A. About EFInA
- B. The Role of a Nigerian Woman?
- C. About the EFInA Access to Financial Services in Nigeria Surveys
- D. Analysis of Female vs. Male Adults
- E. Analysis of Formally Served, Informally Served & Financially Excluded Women
- F. Conclusion & Recommendations
- G. Why Focus on Women?

A. About EFInA

About EFInA

- Financial sector development organisation promoting financial inclusion funded by DFID and Bill & Melinda Gates Foundation

Vision

“Leader in facilitating an all-inclusive and growth-promoting financial system”

Pillars

- Research
- Innovation
- Advocacy
- Capacity building

How We Work



EFInA's Virtuous Circle



B. The Role of a Nigerian Woman?

The Role of a Nigerian Woman?

An average woman is seen as being :



A wife



A mother



A worker

- Society expects her to play all these roles perfectly otherwise she's seen as a failure
- Hence in order to succeed, she engages in some form of work to support her husband and in some cases take charge of the entire family responsibilities/finances
 - "Men are not babies, but they are babies so we need to take care of them"*
 - "You cannot leave a man to do everything in the house, especially nowadays when things are so rough"*
 - "Some men these days are lazy and do not want to do anything and you as a woman will not watch your children go hungry"*
- Time is of the essence in order for her to play all these roles, but with proper planning and hard work, she manages to juggle through life on a daily basis

C. About the EFInA Access to Financial Services in Nigeria Surveys

About the Survey

- Nationally representative of all adults (18+) across all 36 states plus FCT Abuja
- Survey has been conducted three times, in 2008, 2010 and 2012

“Relevant and reliable data on the demand for and usage of a range of financial products, both formal and informal”

Objectives

- Input to evidence-based financial inclusion policies & reform
- Provide credible benchmarks & indicators
- Highlight financial access trends over time
- Analyse the market opportunity for the unbanked & low income segment

Methodology in 2012

- The questionnaire was translated into and administered in Hausa, Yoruba, Igbo and Pidgin English
- Sample design and household listing was conducted by the National Bureau of Statistics (NBS)
- Fieldwork was conducted from July to September 2012 by AC Nielsen Nigeria Limited
- Results were weighted by the NBS at three levels (Enumeration Area, Household and Adults) to provide the total adult population. This was also benchmarked to national population estimates for verification

Coverage in 2012

- 20,841 questionnaires were completed

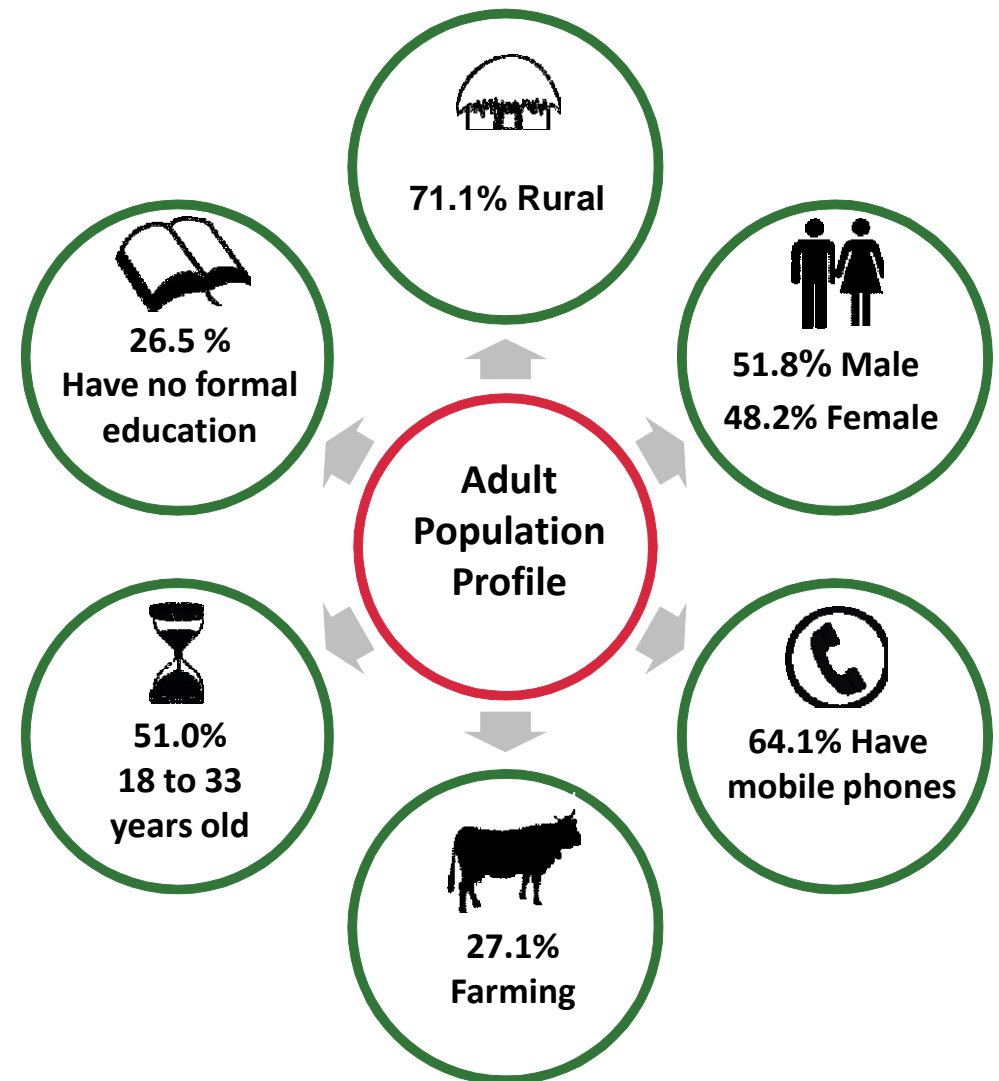
D. Analysis of Female vs. Male Adults

All the analysis in this presentation refers to Nigerian adults, i.e., those aged 18 and over. Through this presentation, the term “women” refers to females aged 18 and over, and “men” to males aged 18 and over.

Comparison of Demographic Profile

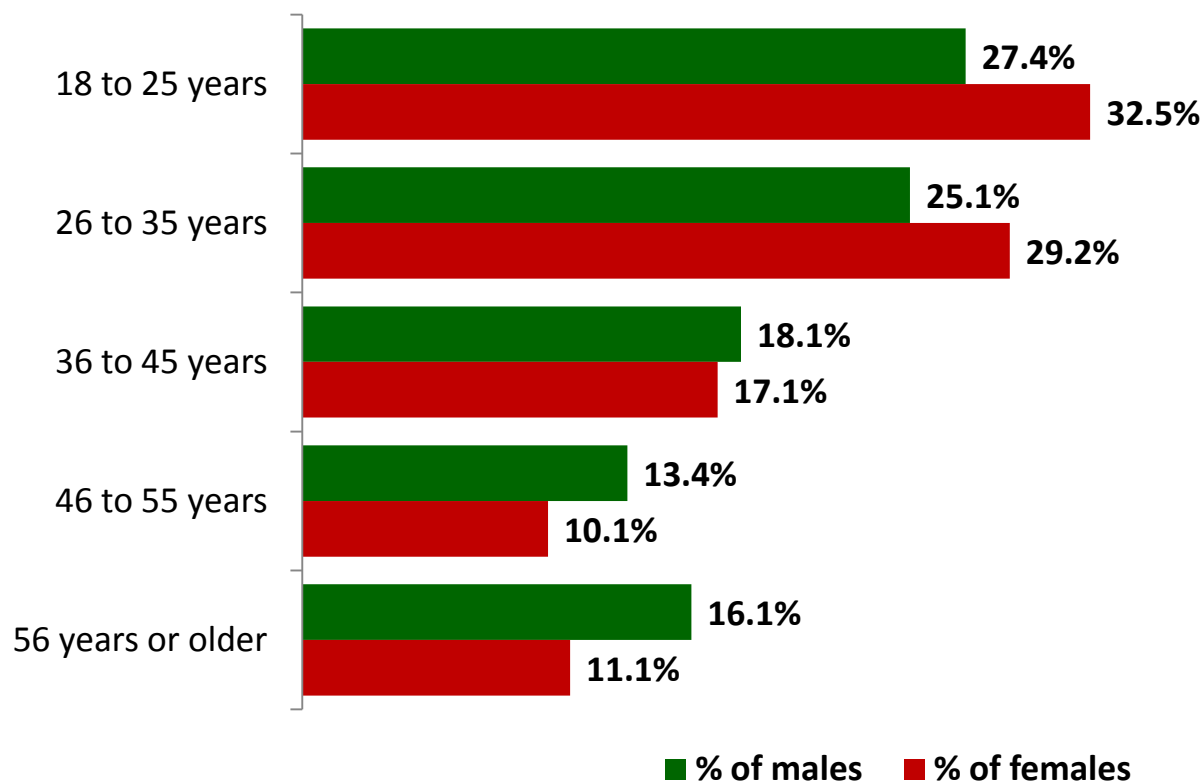
Demographic Profile of the Total Adult Population

- The total adult¹ population in Nigeria is 87.9 million, of which 51.8% (45.5 million) are male and 48.2% (42.4 million) are women
- Nigeria has a large rural (71.1%) population
- 51.0% of adults are under 33 years old
- 35.5% of rural adults are farmers
- Mobile phone ownership is 84.9% in urban areas and 55.6% in rural areas
- 8.1% of adults have some form of tertiary education



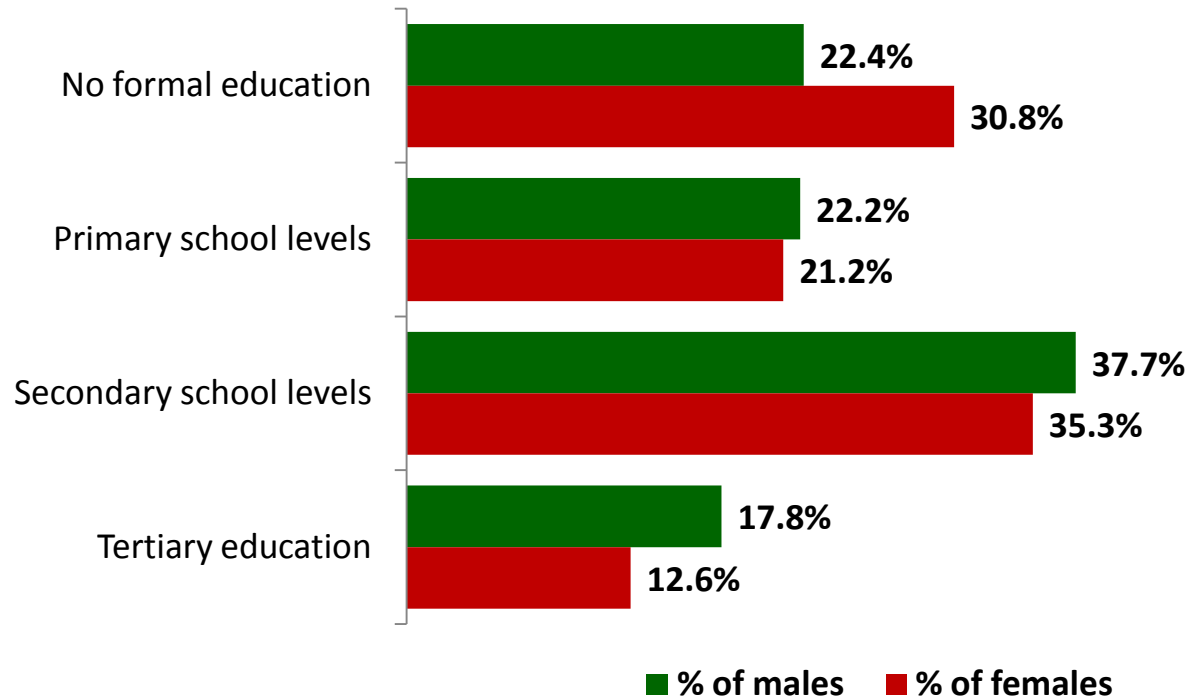
Age Distribution by Gender

- The female population is significantly younger than the adult male population
- 26.1 million (61.7%) women are 35 years or younger, compared to 23.9 million (52.5%) men



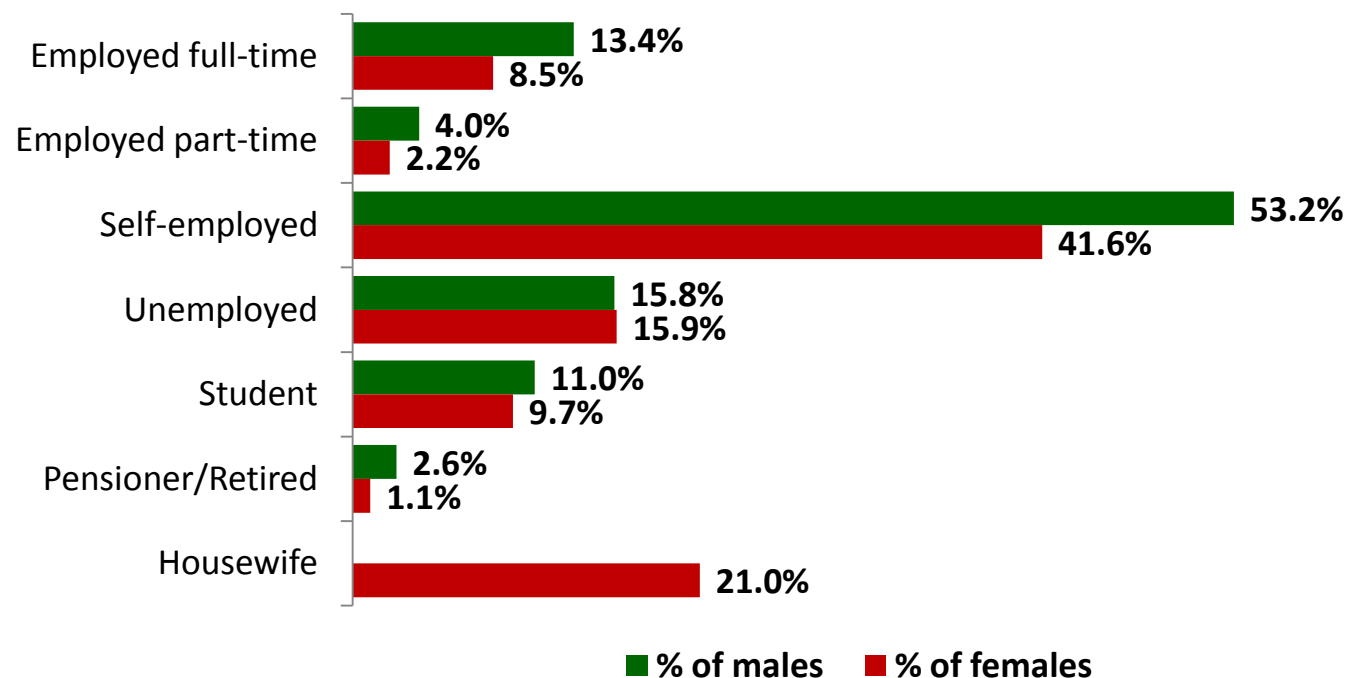
Education Profile by Gender

- More women (13.1 million) than men (10.2 million) have no formal education
- 20.3 million (47.9%) women versus 25.2 million (55.5%) men have secondary or tertiary levels of education



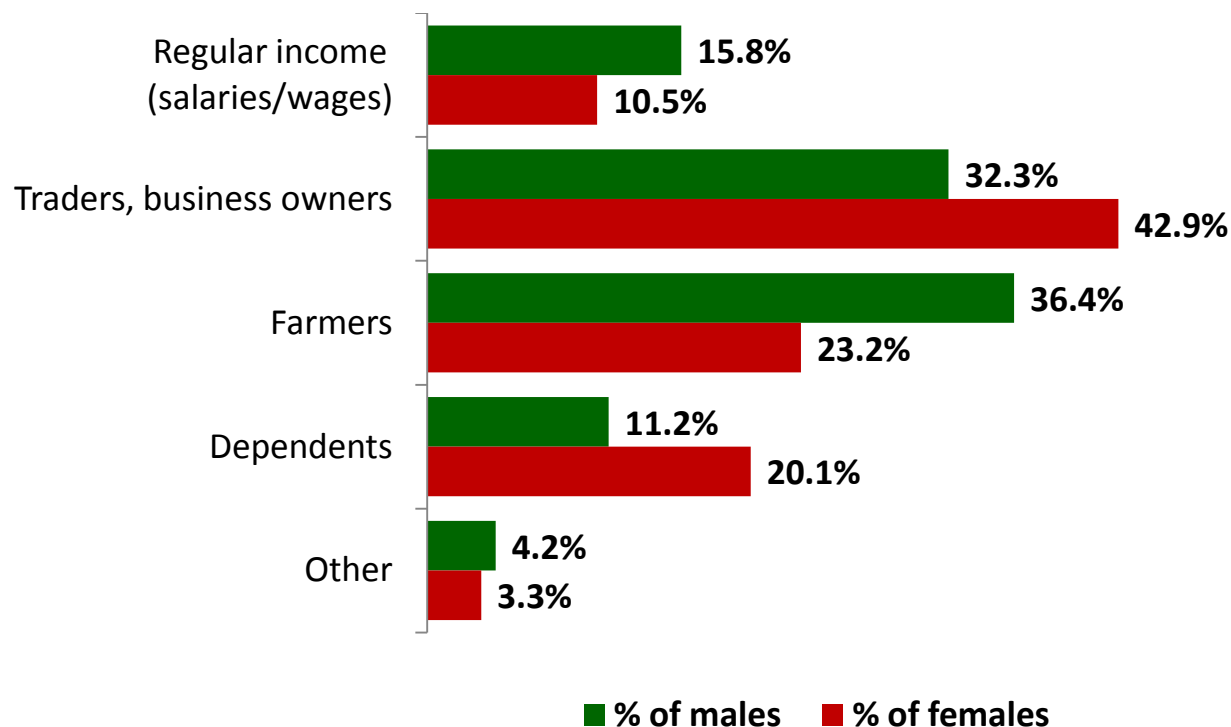
Employment Status by Gender

- Significantly less women (3.6 million) than men (6.1 million) are in full-time employment (excludes those that are self-employed)
- Fewer women (17.6 million) than men (24.2 million) are self-employed
- 15.6 million (36.9%) women are either housewives or unemployed



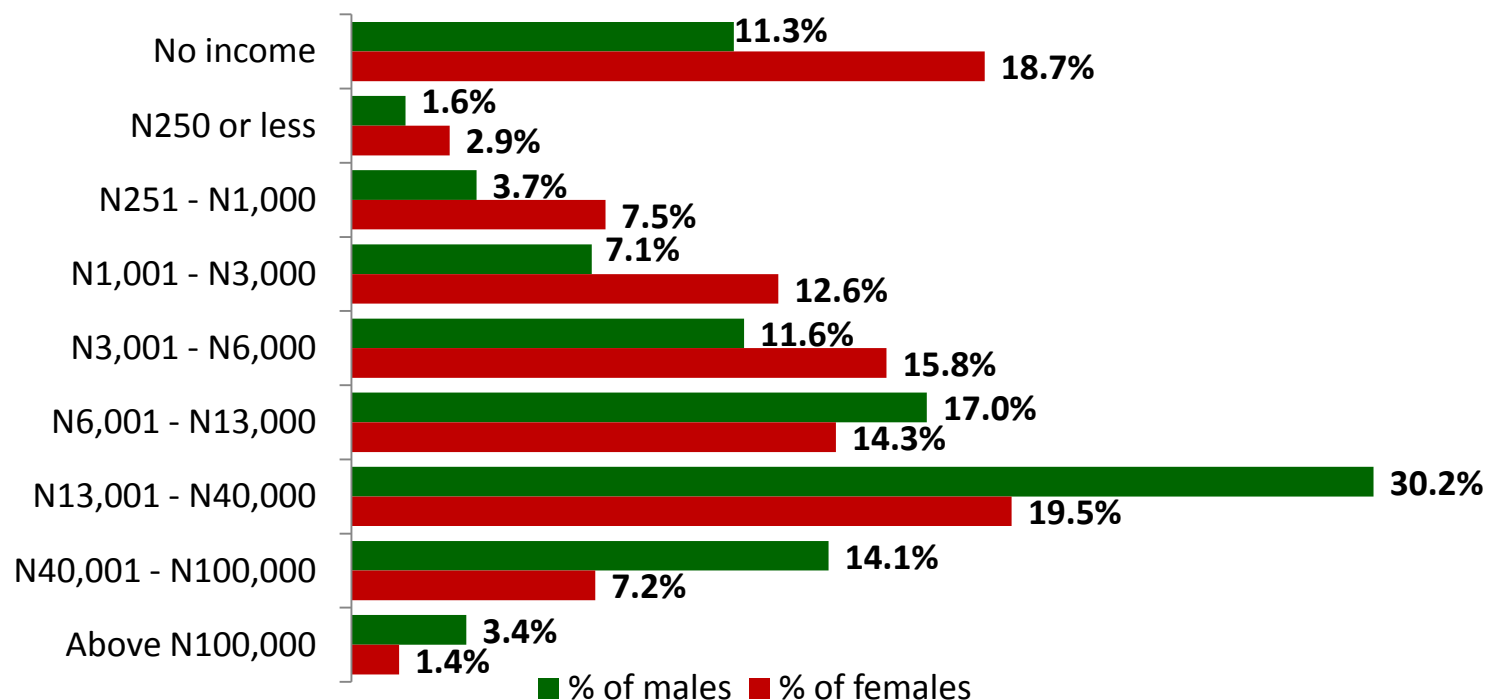
Main Source of Income by Gender

- Only 4.4 million women (10.5%) have a regular source of income, compared to 7.2 million men (15.8%)
- 18.2 million women (42.9%) are traders or business owners, which is significantly higher than men at 14.7 million (32.3%)
- 8.5 million women (20.1%) depend on others for an income, compared to 5.1 million men (11.2%)



Monthly Income by Gender

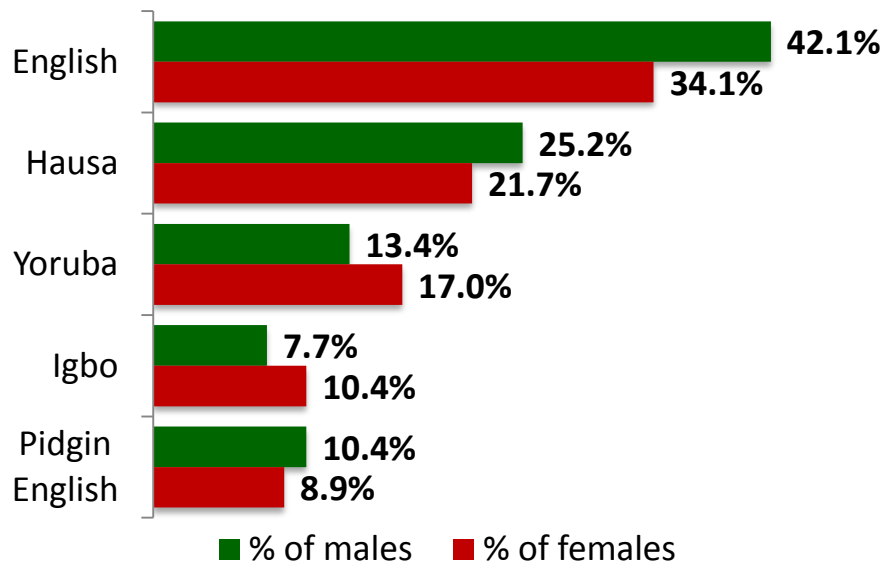
- 7.9 million (18.7%) women have no monthly income compared to 5.1 million (11.3%) men
- 16.5 million (38.8%) women earn a monthly income of N6,000 or less, compared to 10.9 million (24.0%) men
- 8.3 million (14.1%) women earn a monthly income of N13,001 to N40,000, compared to 13.8 million (30.2%) men



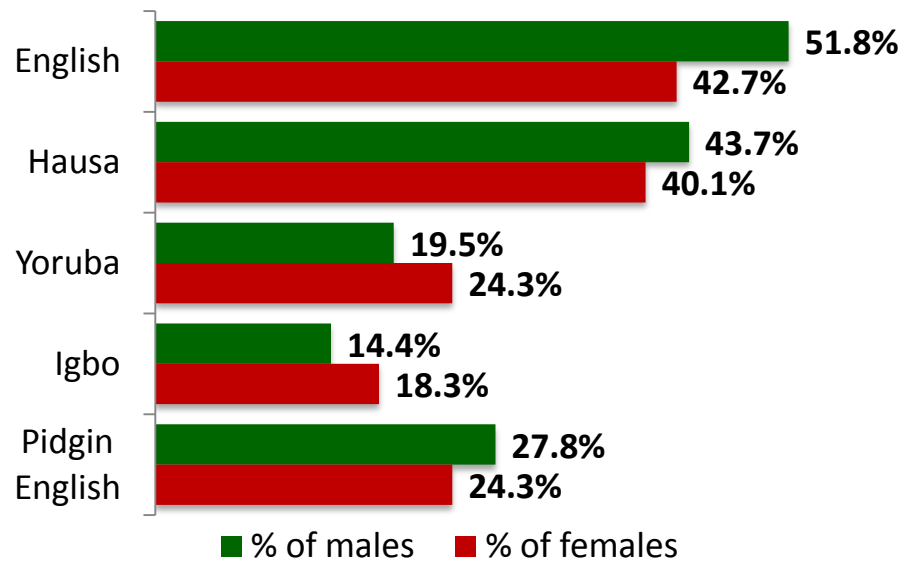
Languages Read and Spoken by Gender

- 14.5 million (34.1%) women can read English comfortably and 18.1 million (42.7%) can speak English fluently. This is compared to 19.2 million (42.1%) men that can read English comfortably and 23.6 million (51.8%) men that speak English fluently
- Hausa has the second largest number of speakers and readers, for both men and women

Read comfortably

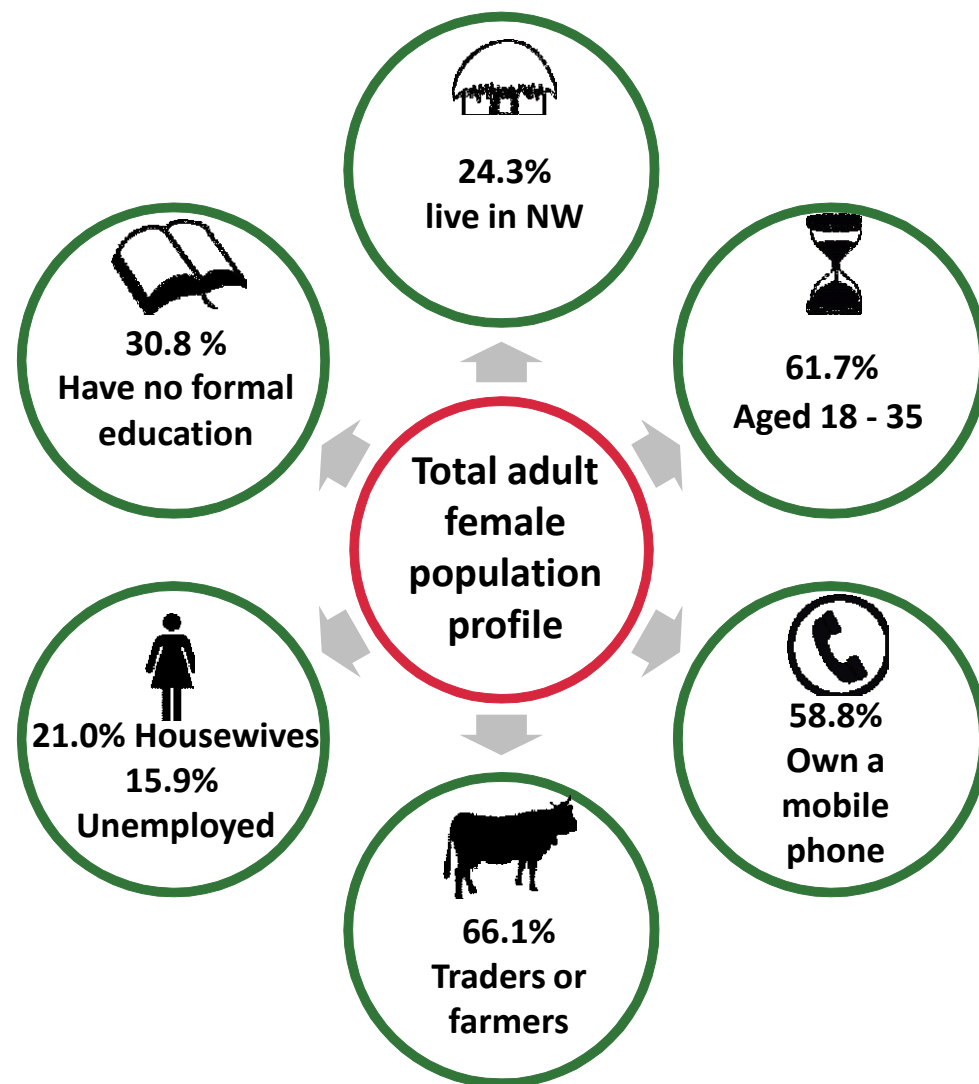


Speak fluently



Summary of Demographic Profile of Adult Women

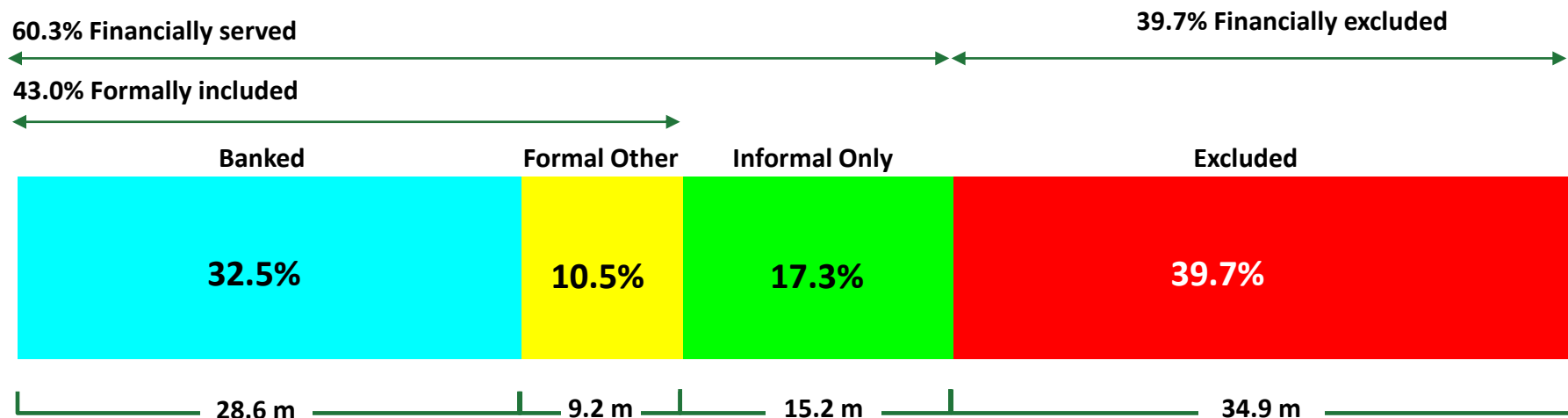
- There are 42.4 million adult women in Nigeria
- Women are:
 - More likely to be aged 18 – 35
 - Less likely to have regular income, with most working as traders and farmers
 - Likely to have lower monthly income than men
 - Less likely than men to have a formal education
 - Likely to be self-employed, housewives or unemployed
 - More likely to speak fluently or read comfortably English and Hausa
 - More likely to live in the South West or North East



Comparison of Access to Financial Services

Overview of Financial Access in Nigeria

- 37.8 million adults are formally included, while 34.9 million adults are financially excluded



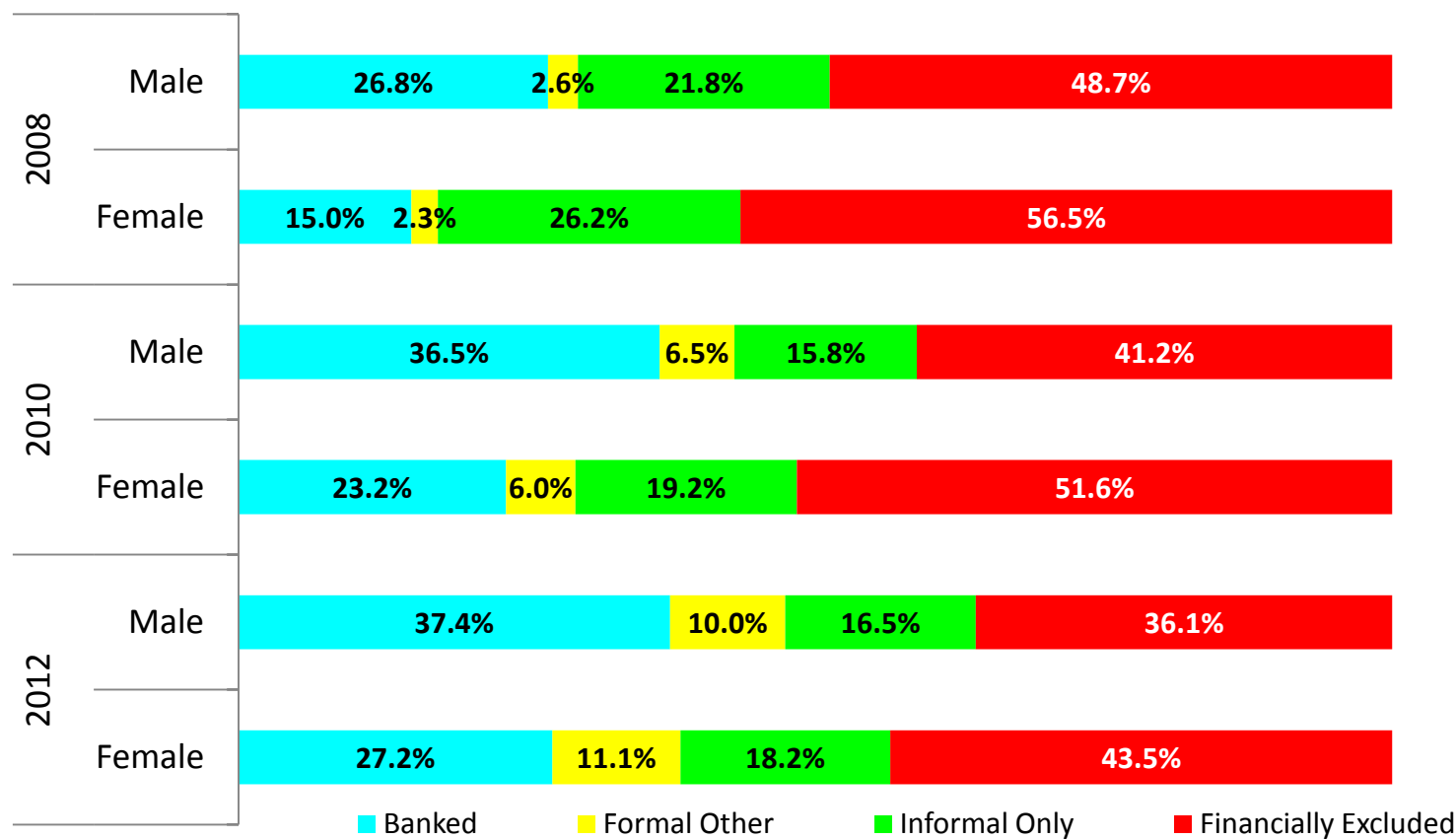
FINANCIAL ACCESS DEFINITIONS

- Banked:** all adults who have access to or use a deposit money bank (either one that belongs to them or to someone else), in addition to having/using a traditional banking product, including ATM card, credit card, savings account, current account, fixed deposit account, mortgage, overdraft, loan from a bank, or Islamic banking product
- Formal Other:** all adults who have access to or use other formal institutions and financial products not supplied by deposit money banks (either one that belongs to them or to someone else), including Insurance companies, microfinance banks, pension schemes or shares. It also includes remittances (through formal channels)
- Informal Only:** all adults who do not have any banked or formal other products, but have access to or use only informal services and products. This includes savings clubs/pools, esusu, ajo, or moneylenders; as well as remittances (through informal channels such as via a transport service or recharge card)
- Financially Excluded:** adults not in the banked, formal other or informal only categories, even though the person may be using or have access to any of the following: loan/gift from friends or family and loan from employers, as well as remittances via a friend/family member

The access strand categories are mutually exclusive and hierarchical. For example, someone who uses deposit money bank products and other formal products will only be classified as “banked.”

Financial Access by Gender

- Although financial inclusion in Nigeria is growing, inclusion for women still lags behind men
- In 2012, 18.4 million women were financially excluded, versus 16.4 million men



Financial Access by Geo-Political Zones by Gender

- The South West has the highest percentage of formally included women at 53.5%
- The North West has the highest percentage of financially excluded women at 71.3%

<u>North West</u>	Male	Female
Formally included	29.2%	15.8%
Informal only	14.6%	12.9%
Financially excluded	56.2%	71.3%

<u>North East</u>	Male	Female
Formally included	26.9%	24.2%
Informal only	17.4%	11.5%
Financially excluded	55.7%	64.3%

<u>North Central</u>	Male	Female
Formally included	51.6%	41.9%
Informal only	19.2%	19.9%
Financially excluded	29.2%	38.2%

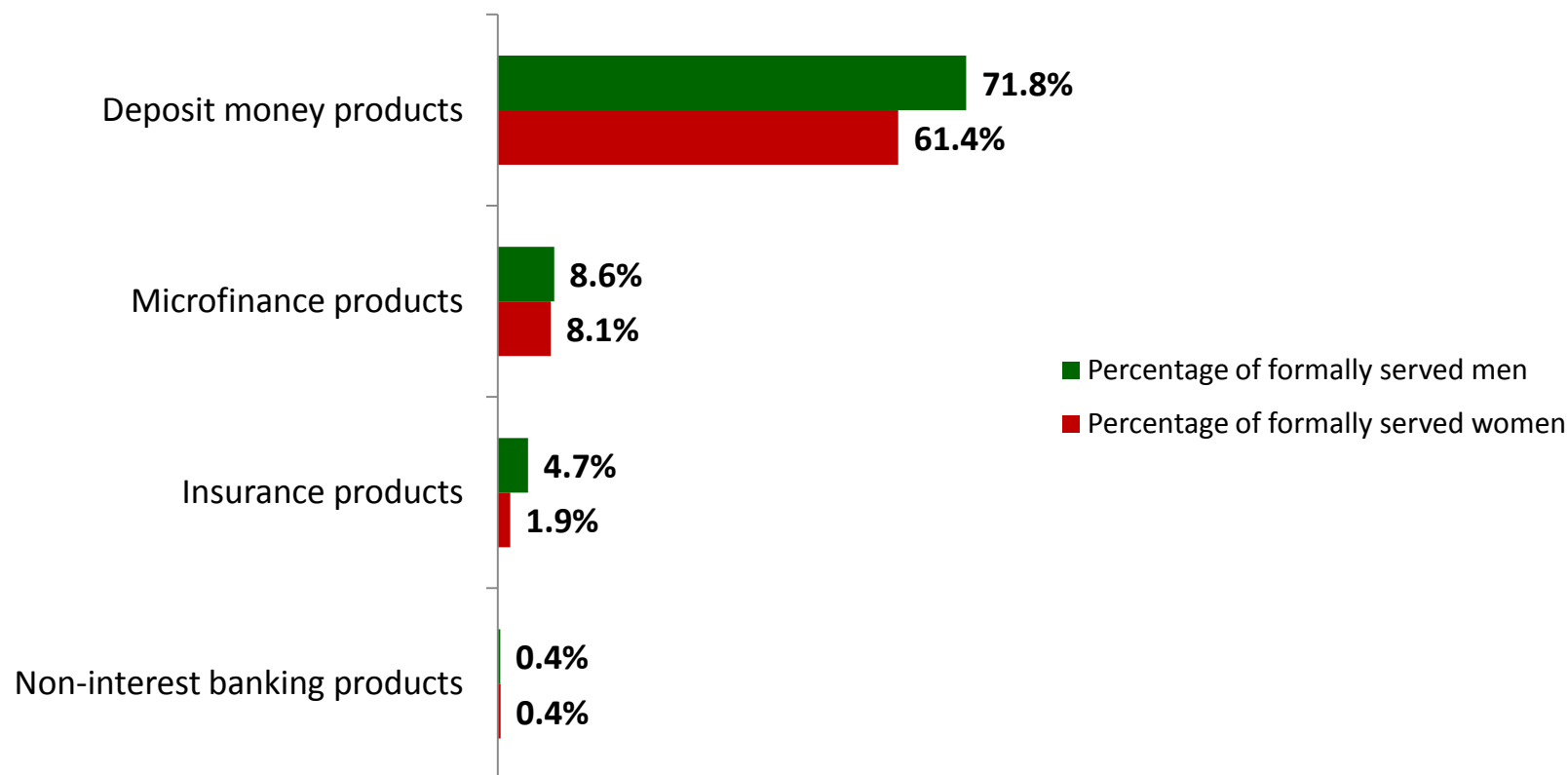
<u>South West</u>	Male	Female
Formally included	62.6%	53.5%
Informal only	13.9%	20.6%
Financially excluded	23.4%	26.0%

<u>South East</u>	Male	Female
Formally included	57.1%	47.9%
Informal only	19.8%	24.4%
Financially excluded	23.0%	27.7%

<u>South South</u>	Male	Female
Formally included	57.9%	45.6%
Informal only	15.8%	19.8%
Financially excluded	26.2%	34.6%

Usage of Formal Financial Products by Gender

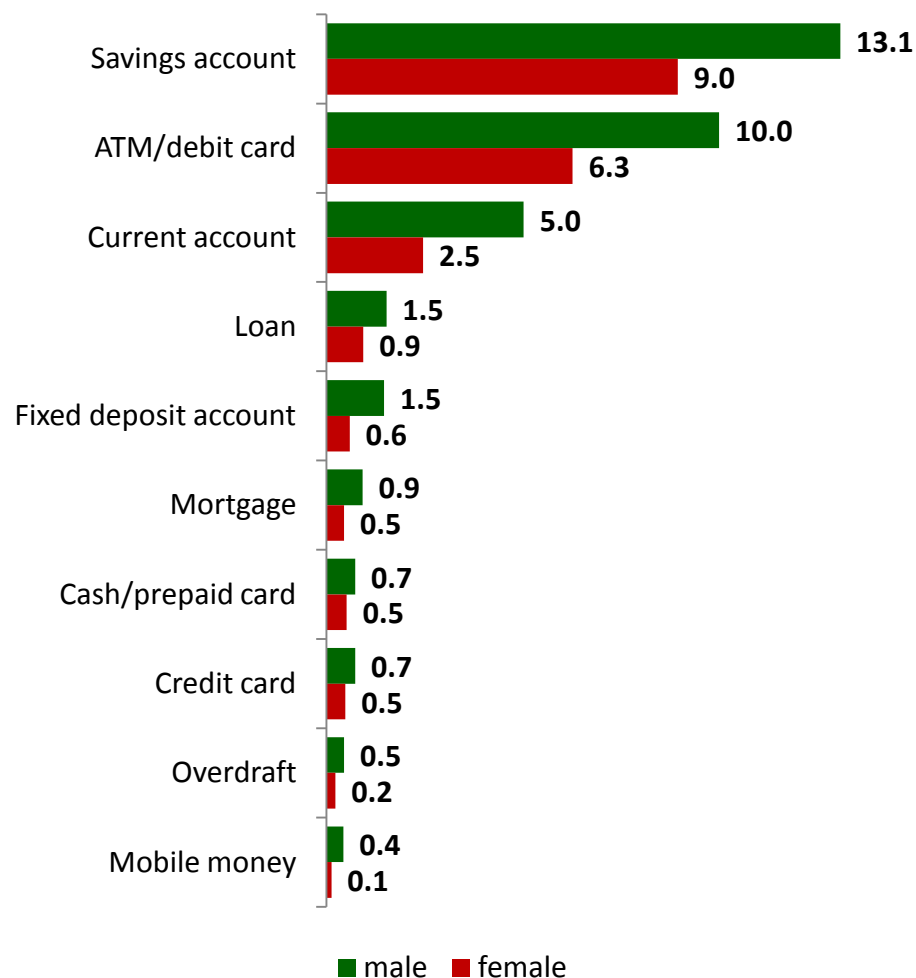
- 16.2 million (38.3%) women are formally served compared to 21.6 million (47.4%) of men
- Of those that have access to formal financial services, both women and men mainly tend to use deposit money bank products



Usage of Deposit Money Bank Products by Gender

- The most common deposit money bank products that both women and men have/use are savings accounts, ATM/debit cards and current accounts
- Of the 22.1 million adults that have/use savings accounts, 9.0 million (40.6%) are women and 13.1 million (59.4%) are men
- Of the 16.3 million adults that have/use ATM/debit cards, 6.3 million (38.5%) are women and 10.0 million (61.5%) are men
- Of the 7.5 million (29.4%) adults that have/use current accounts, 2.5 million (32.9%) are women and 5.0 million (67.1%) are men
- The least commonly used products are mobile money, overdraft and credit cards

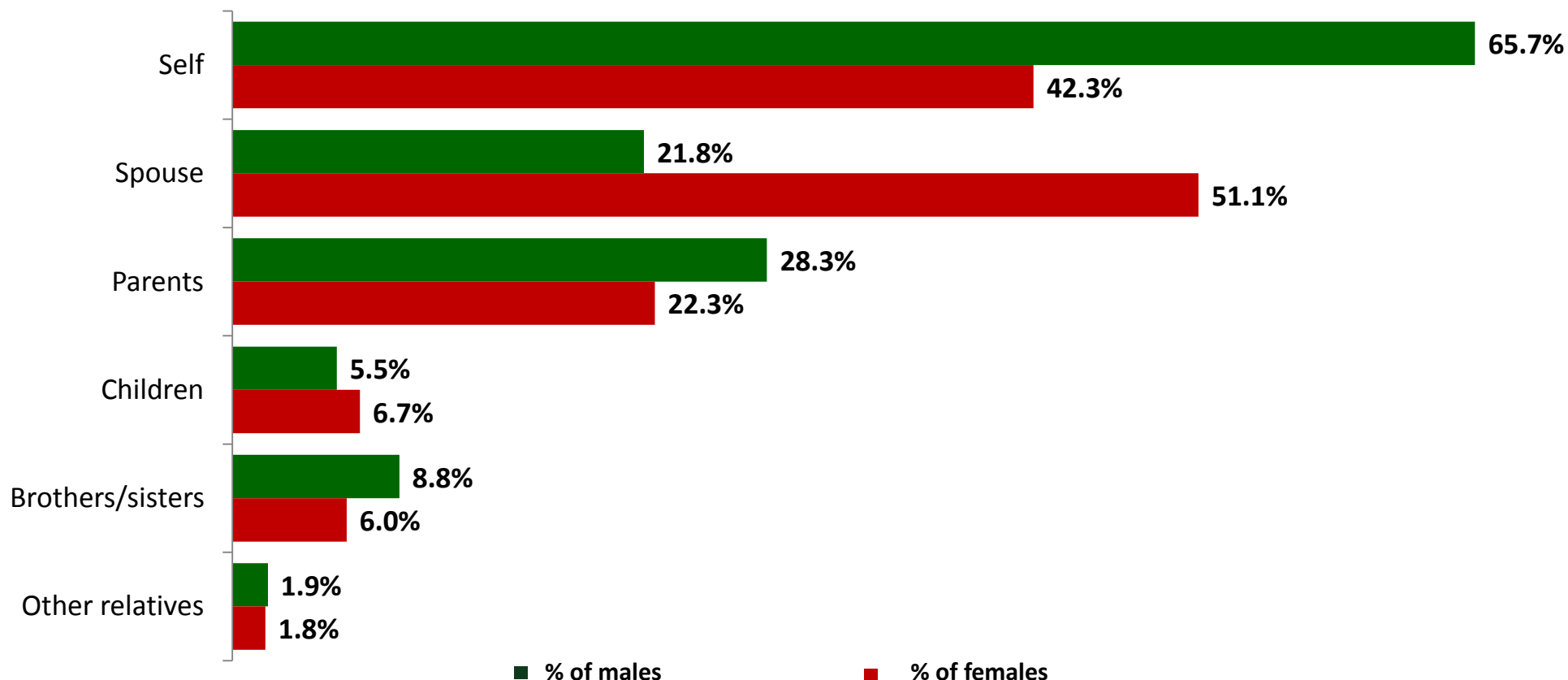
Number of adults that have/use deposit money bank products (millions)



Primary Decision-Maker about Money Matters

- Nigerian women are significantly less likely than men to be the primary decision-maker regarding household finances, although they may play an important role in household financial management and day-to-day decision making

Who makes the main decisions about how money is spent in the household?



Understanding of Financial Terms versus Usage of Financial Products

- The largest gap between knowledge and usage of financial products for both men and women are for loans, non-interest banking, and mobile money
- The percentage of women than understand what non-interest banking, mobile money, credit card and insurance means, is higher than that of men

Financial terms	Adults that can explain the term		Adults that have and use the product		Gap between knowledge and usage	
	Total no. of males (%)	Total no. of females (%)	Total no. of males (%)	Total no. of females (%)	Gap males (%)	Gap females (%)
Savings account	27.0%	23.0%	28.4%	20.9%	-1.4%	2.1%
Current account	25.0%	22.9%	10.7%	5.6%	14.3%	17.3%
Non-interest banking	20.9%	23.4%	0.5%	0.2%	20.4%	23.2%
Loans	32.4%	30.2%	3.1%	2.1%	29.3%	28.1%
Mobile money	18.7%	22.7%	0.8%	0.3%	17.9%	22.4%
Credit card	18.7%	21.5%	1.4%	0.9%	17.3%	20.6%
ATM card	24.4%	21.6%	20.1%	13.4%	4.3%	8.2%
Insurance	19.3%	19.5%	2.2%	0.7%	17.1%	18.8%
Microfinance	17.7%	18.7%	5.6%	4.7%	12.1%	14.0%

E. Analysis of Formally Served, Informally Served & Financially Excluded Women

Formally Served, Informally Served & Financially Excluded Women

This section focuses on the differences between adult women in Nigeria who have or use formal financial services or products, such as bank accounts and insurance (“formally served”), those who only use informal financial services such as co-operatives, savings clubs, etc. (“informally served”) and those who do not use any formal or informal financial services (“financially excluded”), in order to highlight opportunities to expand access and usage of financial services among women.

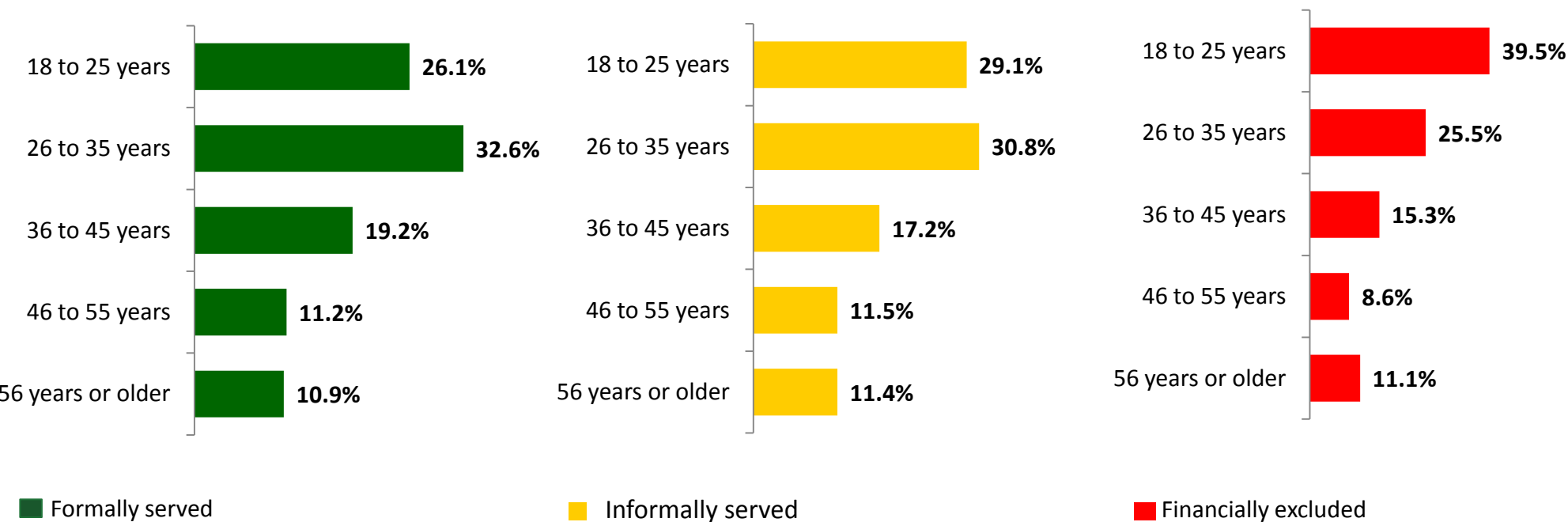
From the EFInA Access to Financial Services in Nigeria 2012 survey:

- 16.2 million women (38.3%) are formally served
- 7.7 million women (18.2%) are informally served
- 18.4 million women (43.5%) are financially excluded

Comparison of Demographic Profile

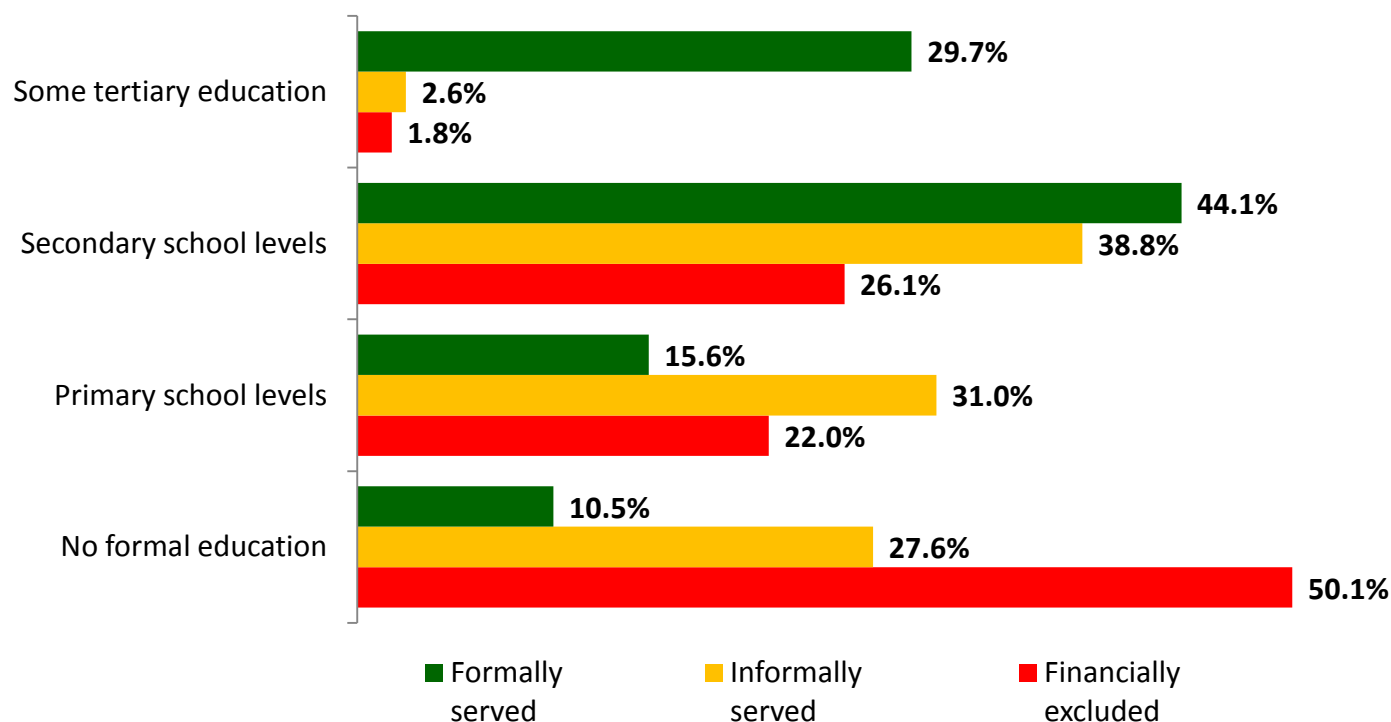
Age Distribution

- Financially excluded women tend to be younger than women who are either formally served or informally served



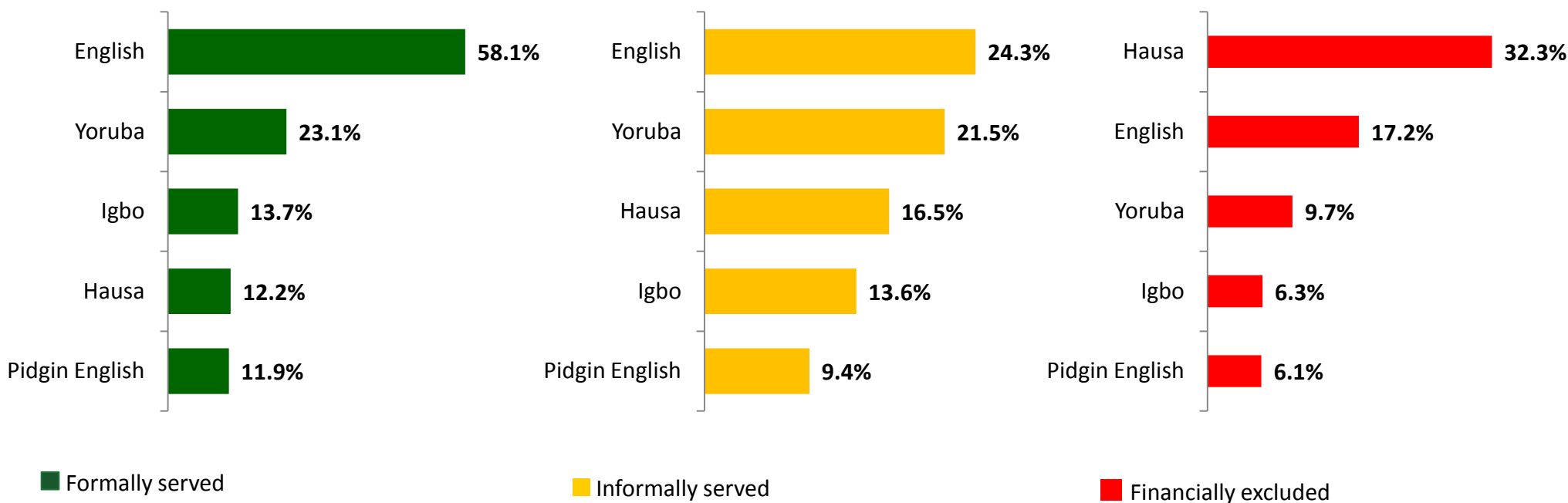
Education Profile

- Formally served women tend to have higher levels of education than women who are only informally served, who in turn tend to have higher levels of education than women who are financially excluded
- 73.8% of formally served women have secondary school level of education or higher
- 41.4% of women who are informally served have secondary school level of education or higher
- 27.9% of women who are financially excluded have secondary school level of education or higher
- 50.1% of financially excluded women have no formal education



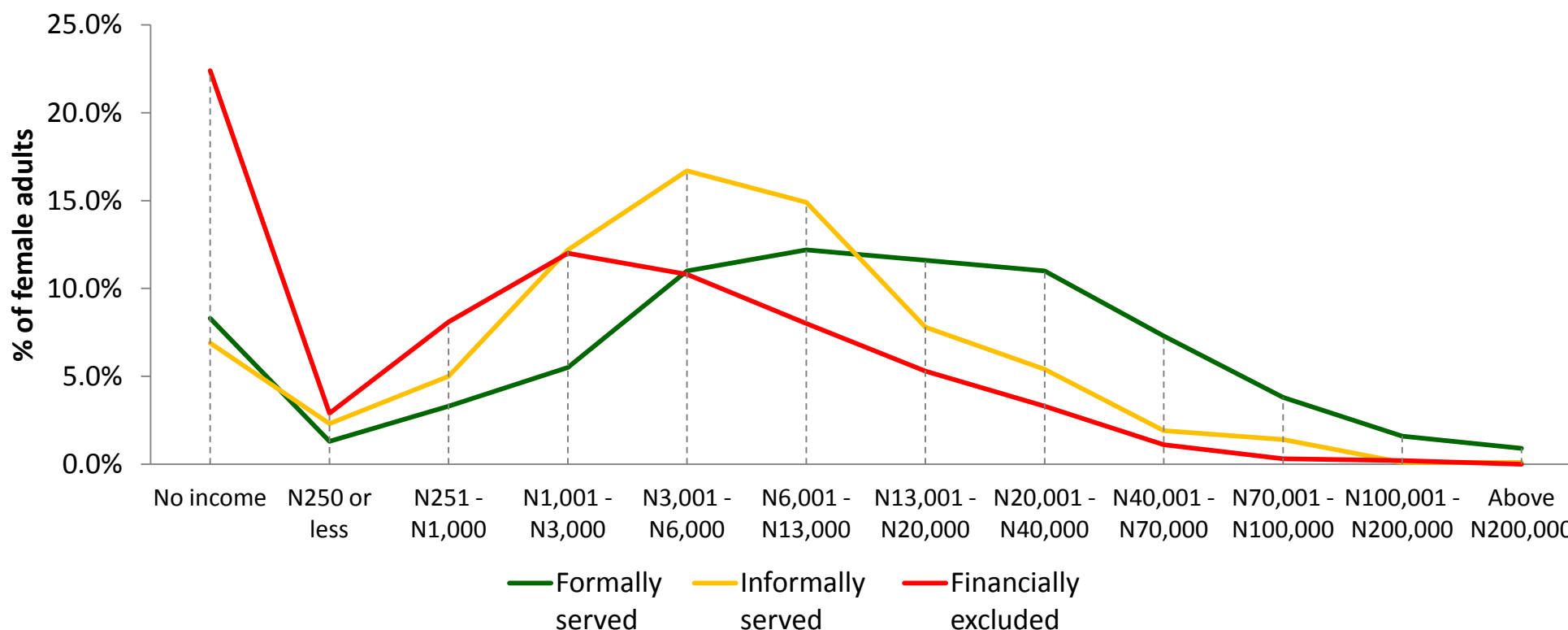
Languages Read

- Both formally served women and informally served women are able to read English more comfortably than any other local language
- Financially excluded women are able to read Hausa most comfortably (32.3%)



Monthly Income

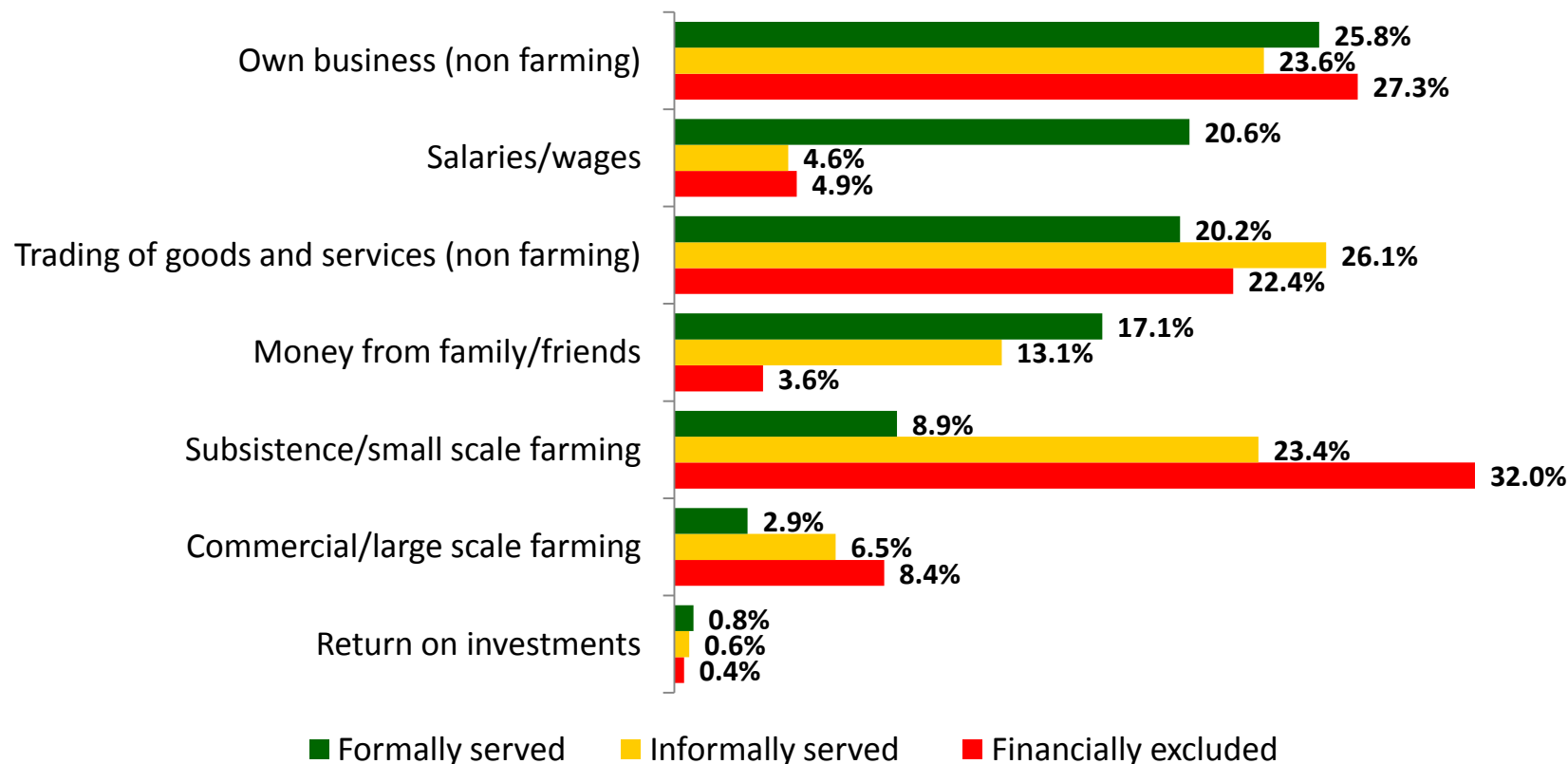
- 8.3% of formally served women have no income, versus 6.9% of informally served women, and 22.9% of financially excluded women
- In general, financially excluded women have lower levels of income than women who are informally served, who in turn have lower levels of income than formally served women



Main Source of Income

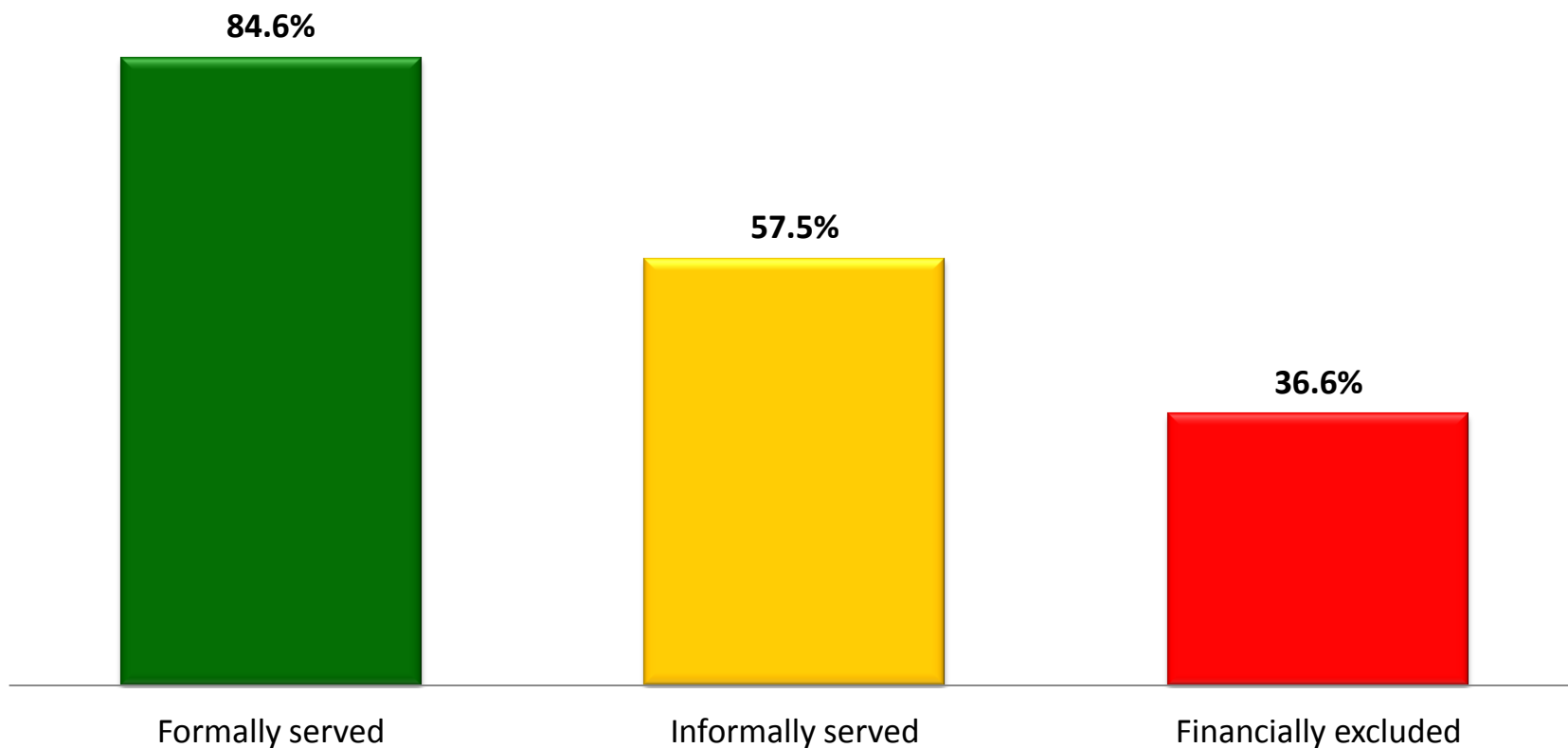
The main source of income for:

- Formally served women is own business (non-farming)
- Informally served women is trading of goods and services (non farming)
- Financially excluded women is subsistence small scale farming



Mobile Phone Ownership

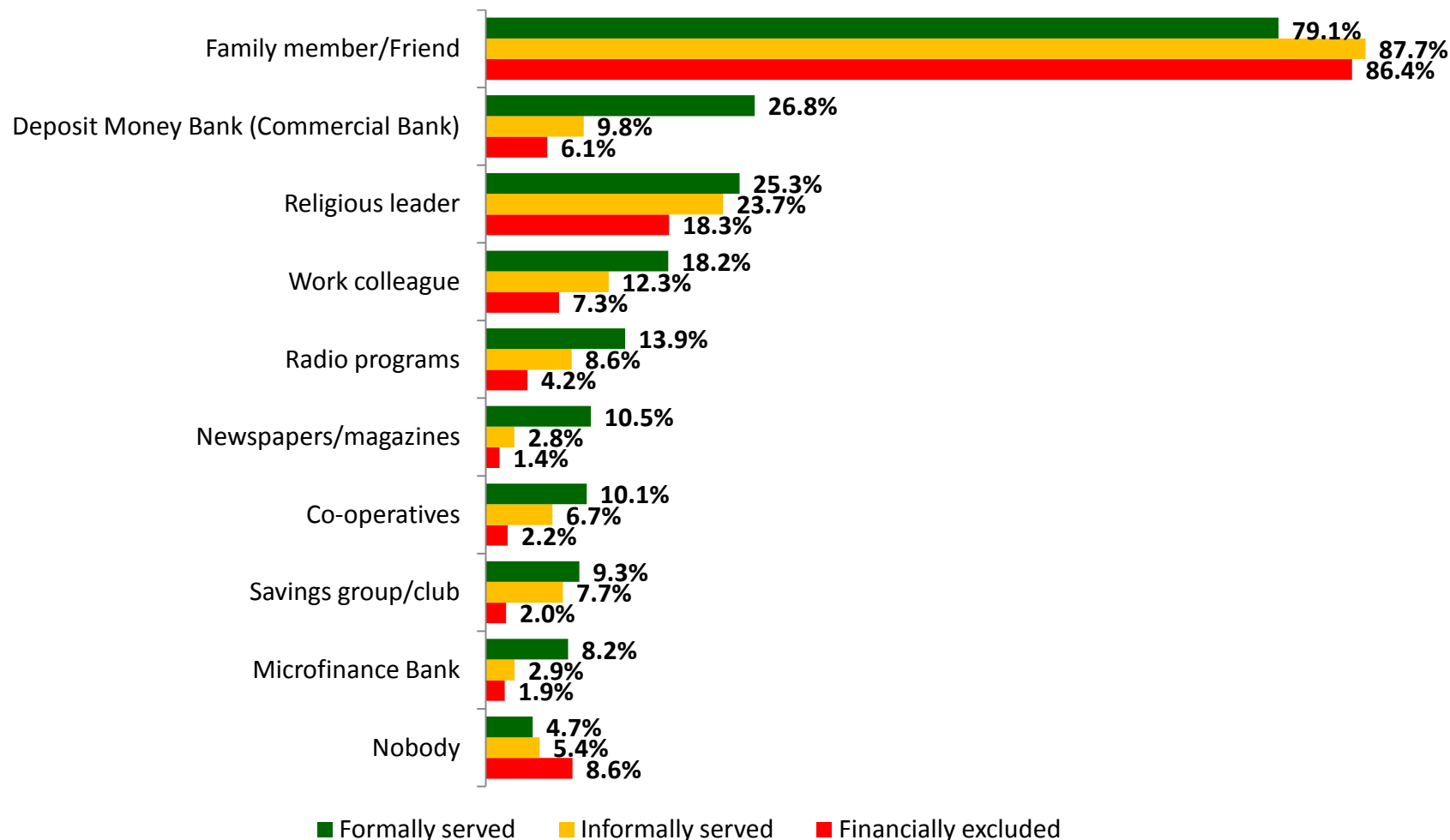
- 13.7m (84.6%) of women who are formally served own a mobile phone, versus 4.4m (57.5%) who are informally served, and 6.8 m (36.6%) who are financially excluded



Financial Related Issues

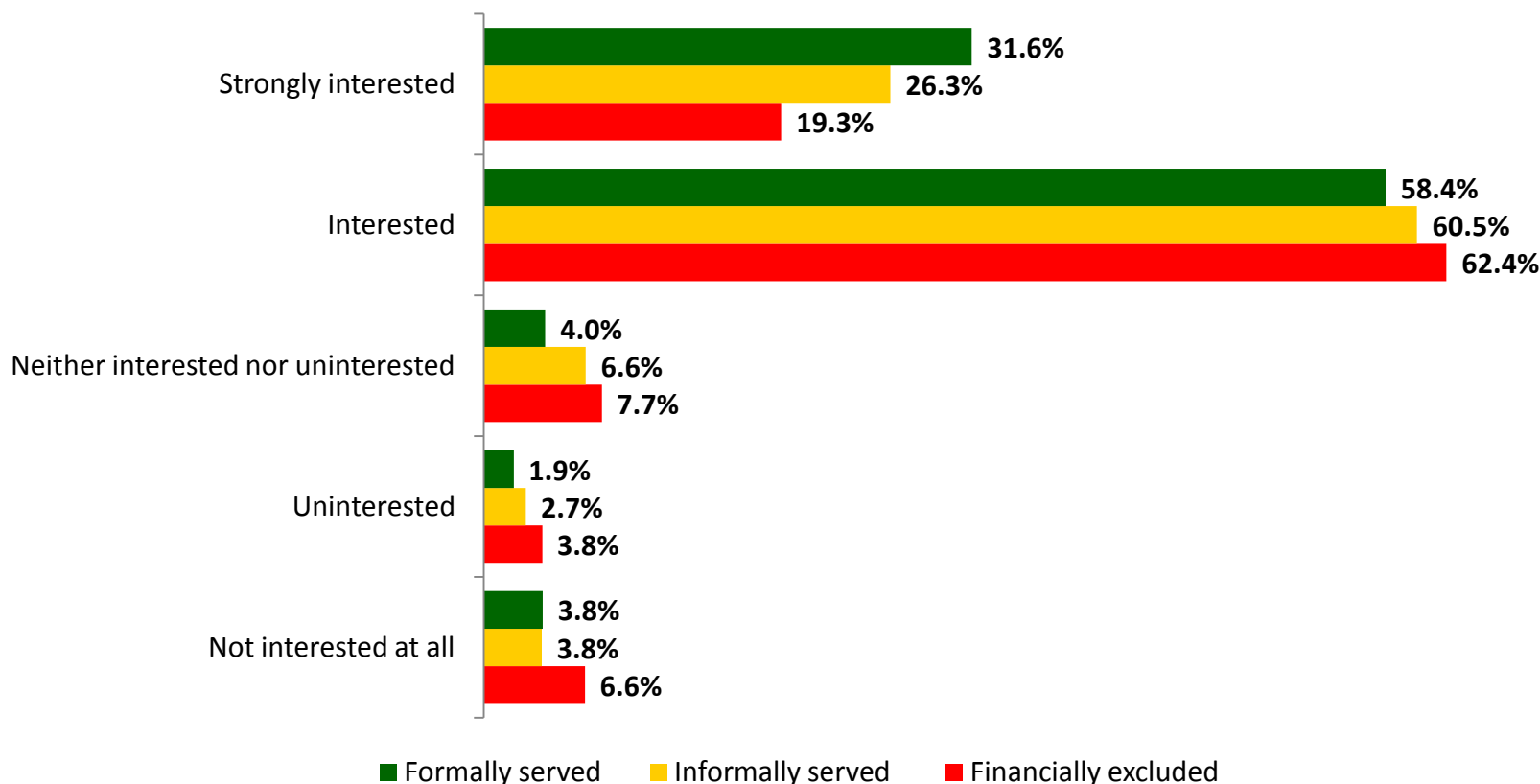
Main Sources of Financial Advice

- The main source of financial advice for formally served, informally served and financially excluded women is a family member /friend



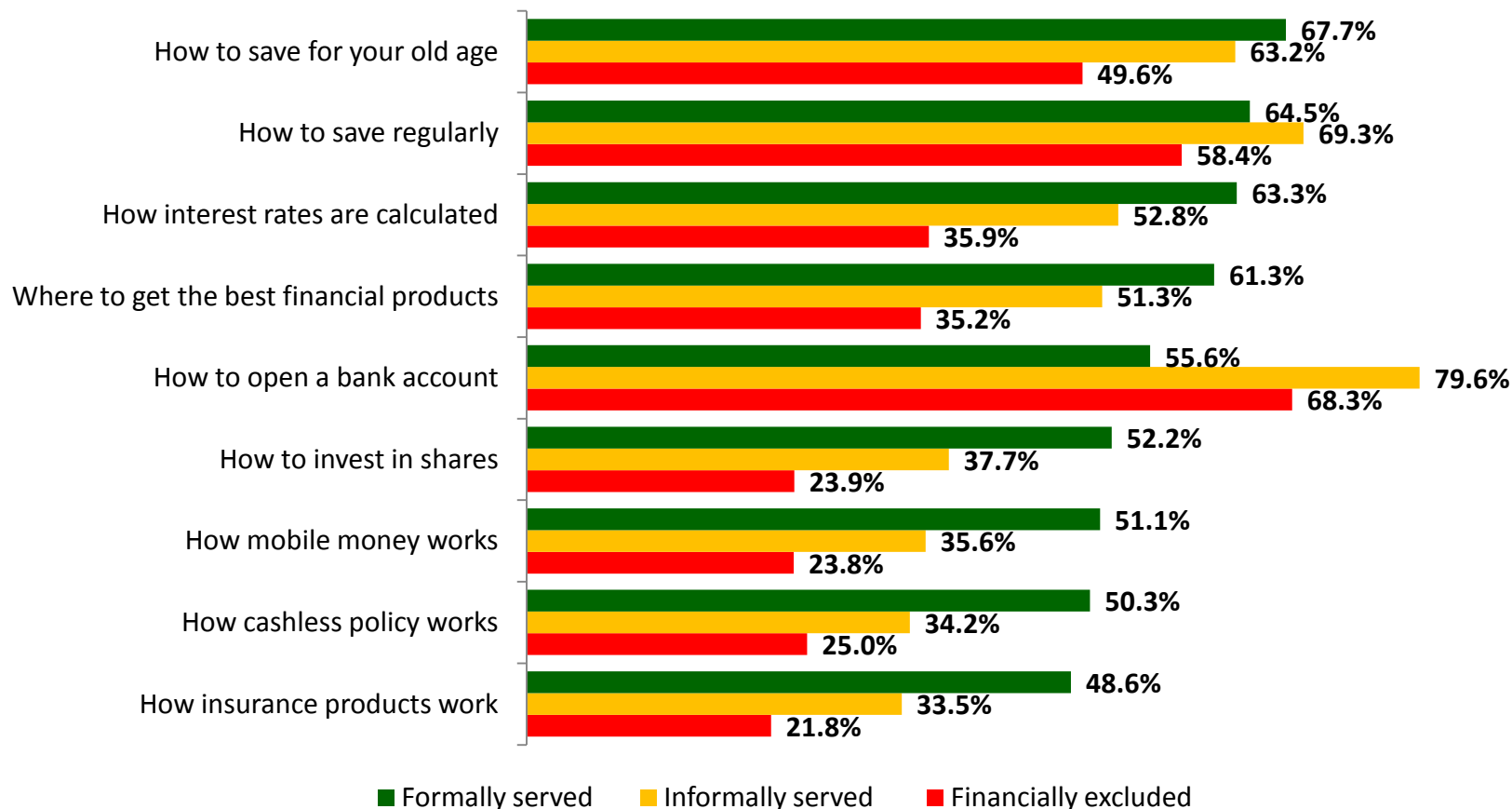
Level of Interest in Financial Matters

- The majority of women are interested in financial matters, whether formally served, informally served, or financially excluded
- Formally served women are most likely to be “strongly interested” in financial matters



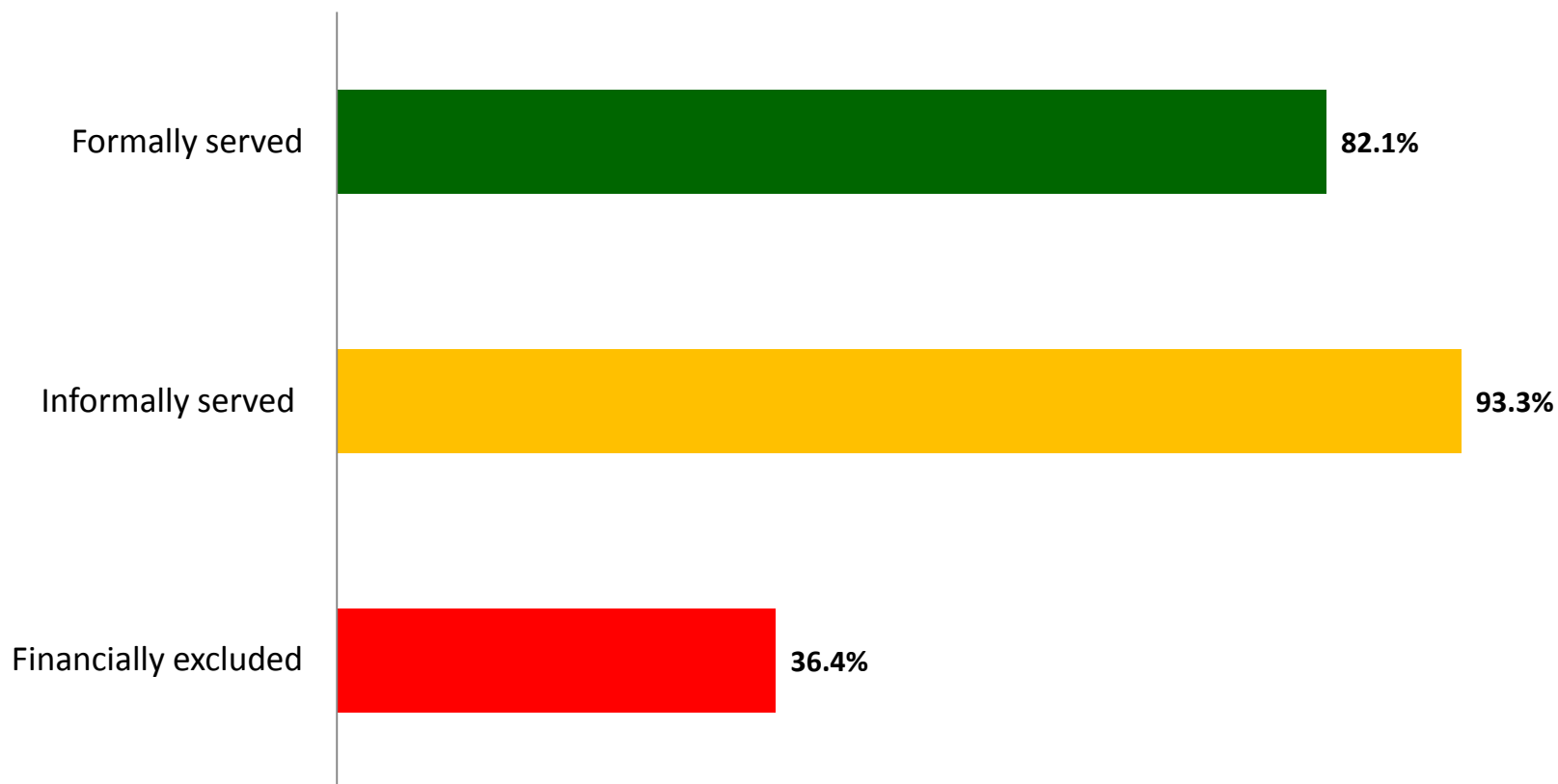
What Financial Matters are you Interested in?

- The top topic of interest for formally served women is how to save for old age
- The top topic of interest for both informally served and financially excluded women is how to open a bank account



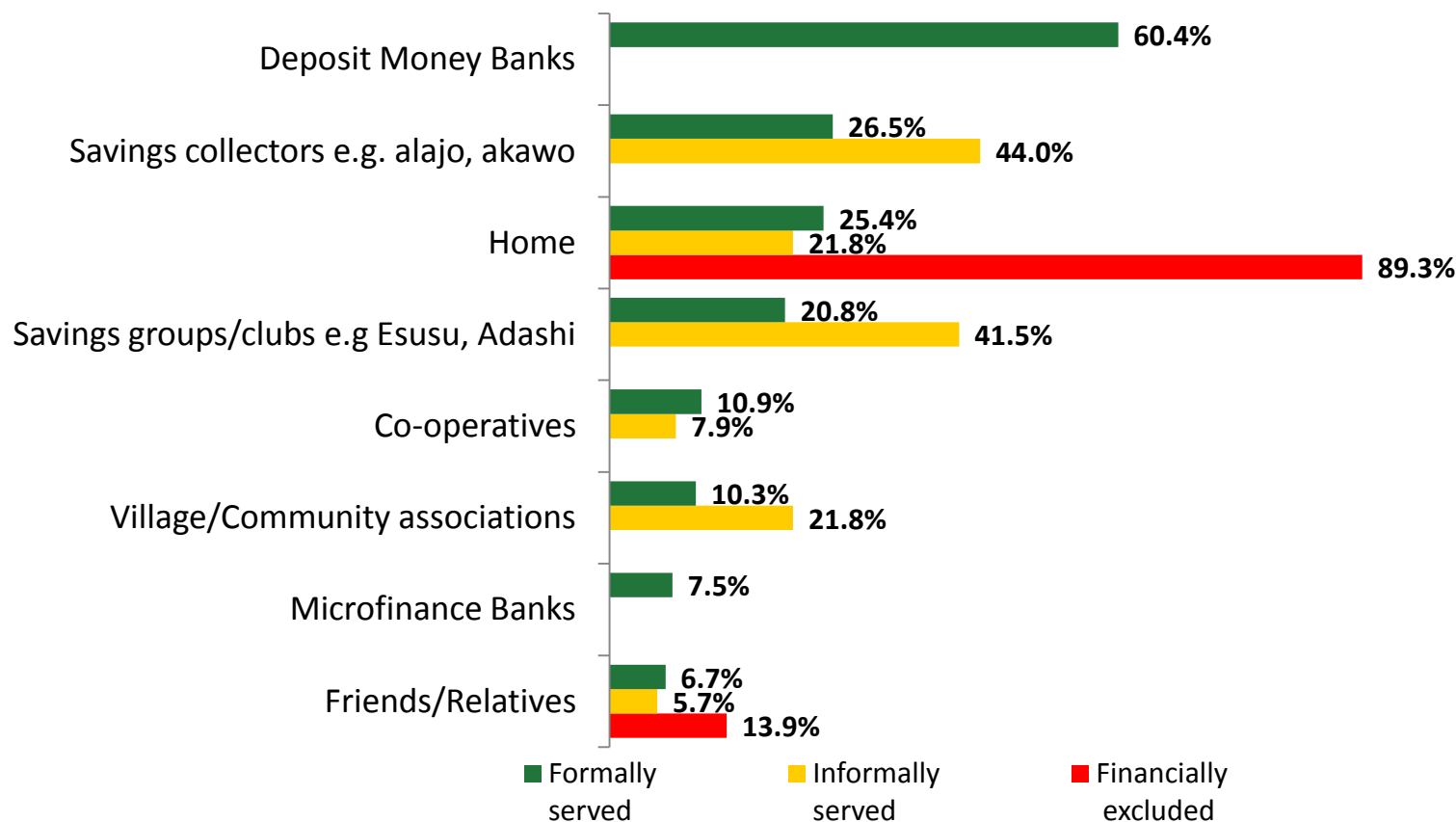
How Many Women are Saving?

- 13.3m (82.1%) of women who are formally served save
- 7.2m (93.3%) of women who are informally served save
- Women who are financially excluded women are much less likely to save, only 6.7m (36.4%) of them save



Where do Women Save?

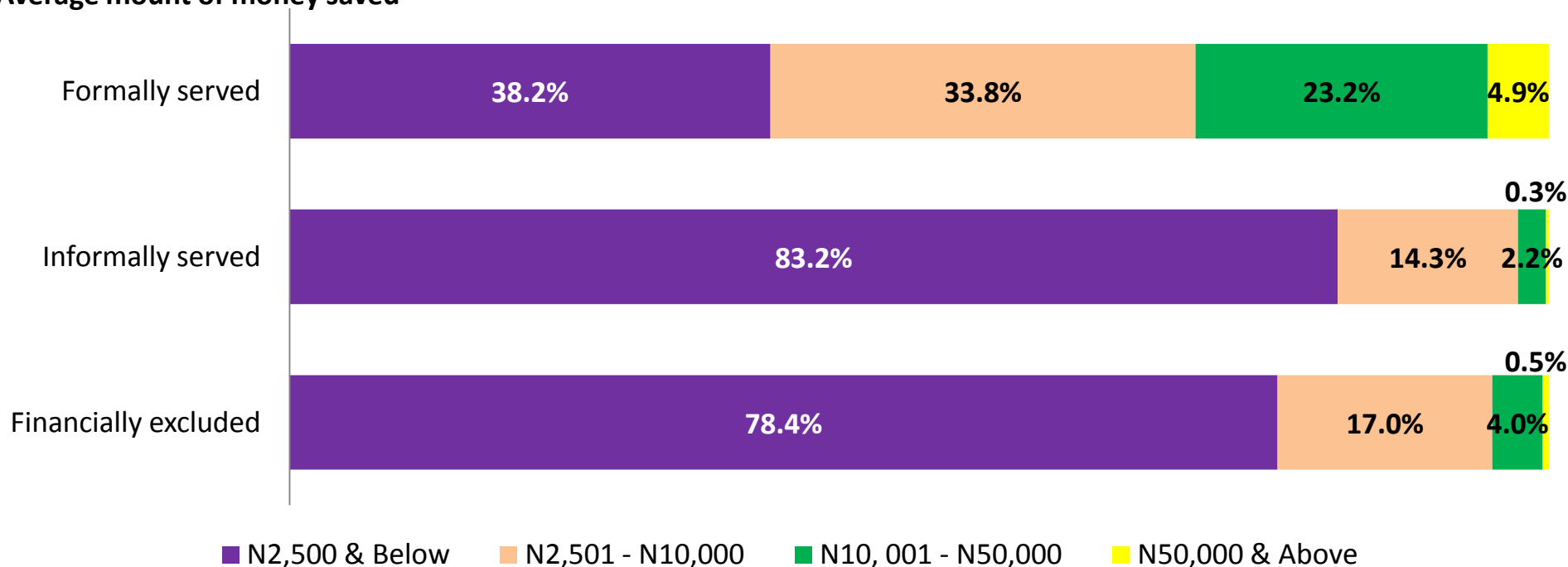
- Formally served women are most likely to save money in deposit money banks (60.4%)
- Women who are informally served are most likely to save with savings collectors (44.0%) and savings groups (41.5%)
- Women who are financially excluded are most likely to save at home (89.3%)



How Much are Women Saving?

- When women save money, they tend to save amounts of N2,500 and below
- Formally served women tend to save in larger increments than women who are financially excluded or only informally served
- In terms of frequency of saving:
 - Formally served women – 31.4% save daily; 30.9% save weekly; and 32.5% save monthly
 - Informally served women – 37.8% save daily; 51.1% save weekly; and 10.6% save monthly
 - Financially excluded women – 27.3% save daily; 51.1% save weekly; and 18.1% save monthly

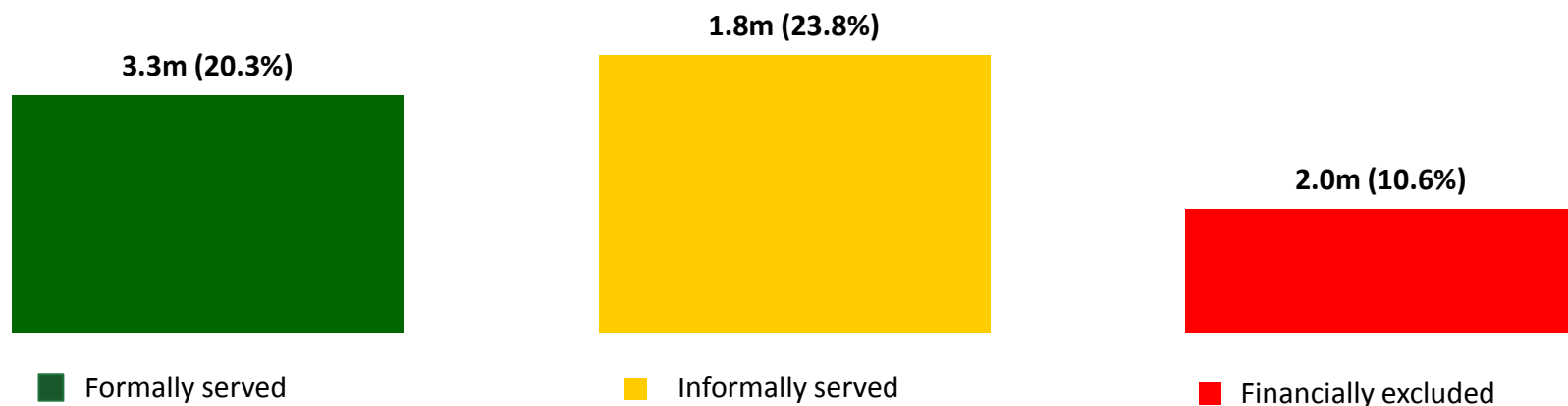
Average amount of money saved



Women who Borrowed or Took out a Loan

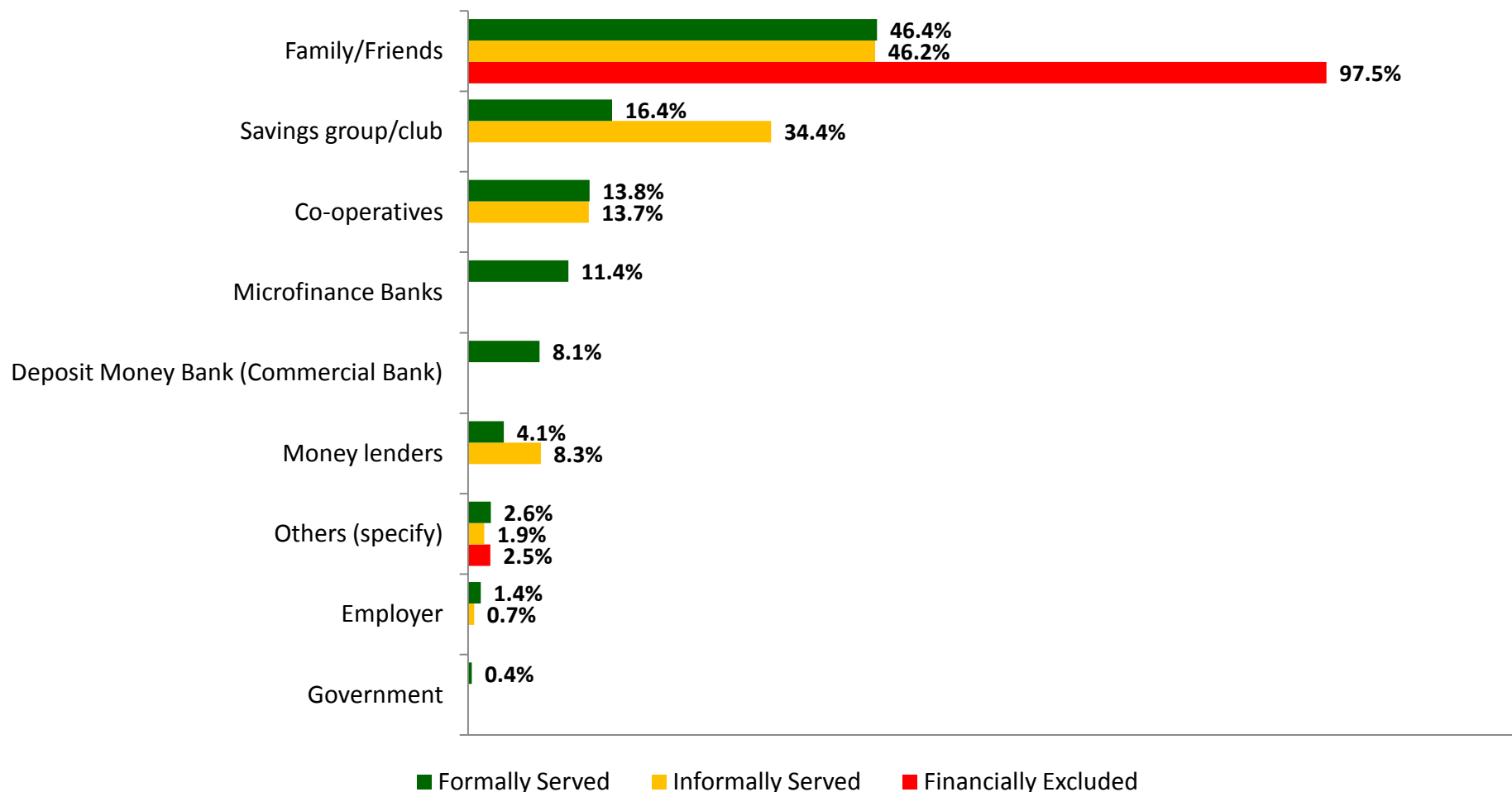
- Women who are formally served are slightly less likely to borrow money than those who are informally served
- Only 10.6% of financially excluded women borrowed or took out a loan in the 12 months prior to the survey

% of women who borrowed or took out a loan in the 12 months prior to the survey



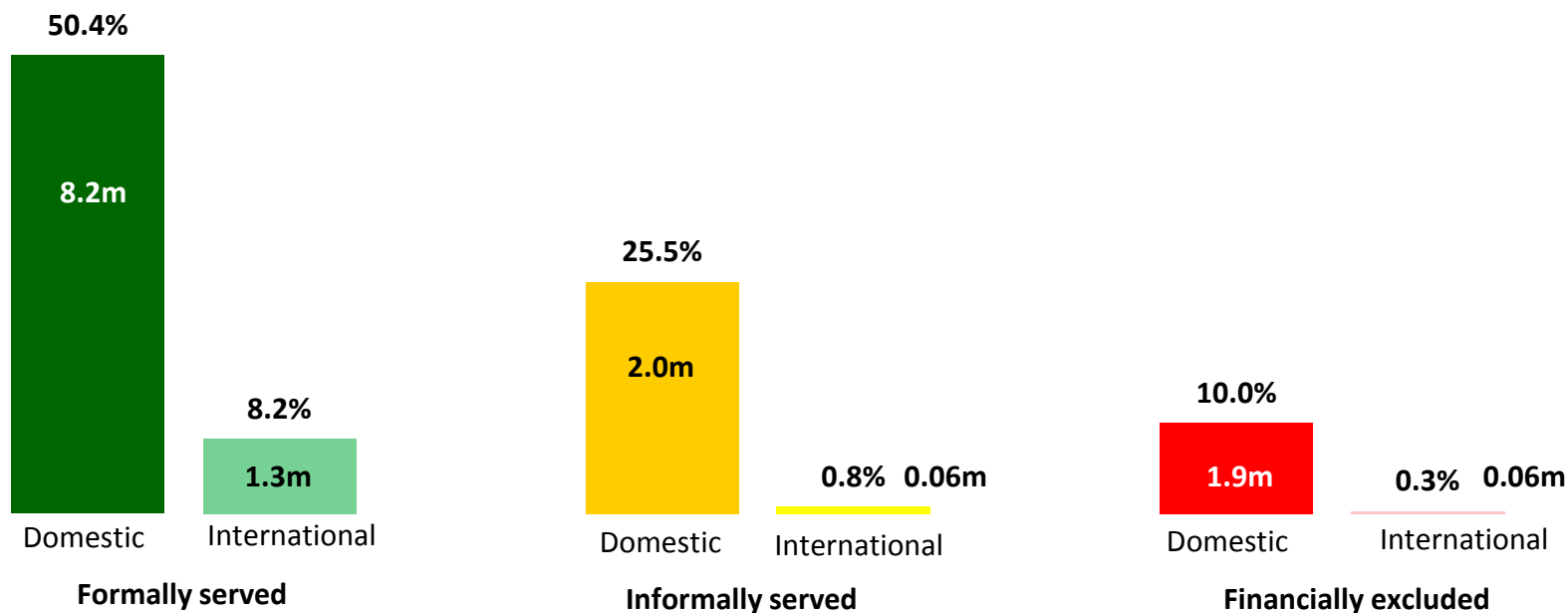
Sources of Borrowing

- The most likely source for borrowing money for all women is family/friends
- Women who are informally served are more likely than formally served women to borrow from savings groups/clubs and money lenders



Domestic and International Remittances

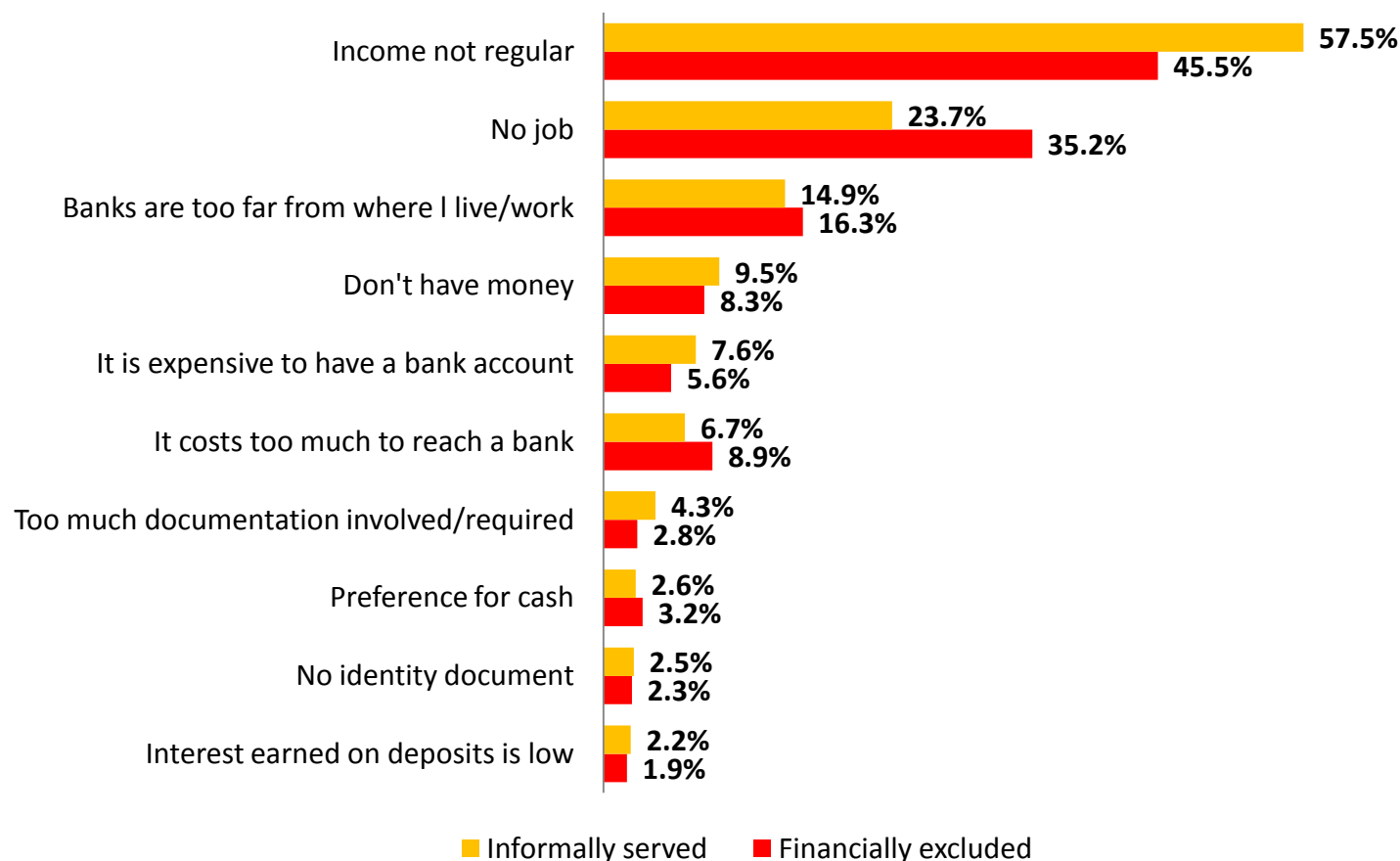
- Women who are formally served are the most likely to receive both domestic and international remittances
- 50.4% of formally served women received domestic remittances, versus 25.5% of informally served women, and 10.0% of financially excluded women



Barriers to Accessing Bank Accounts

The top 3 barriers to accessing a bank account for both informally served and financially excluded women are:

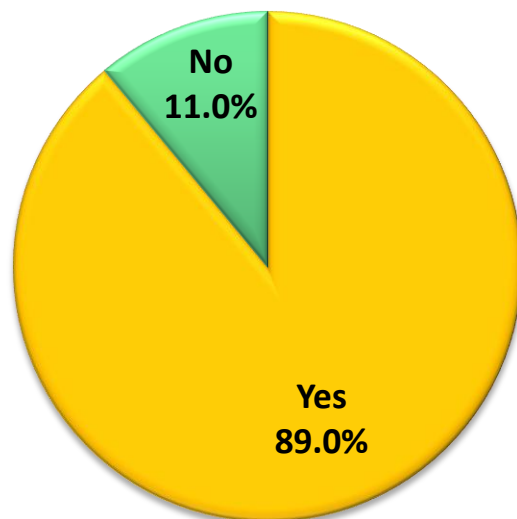
- Irregular income
- Unemployment
- The bank is too far



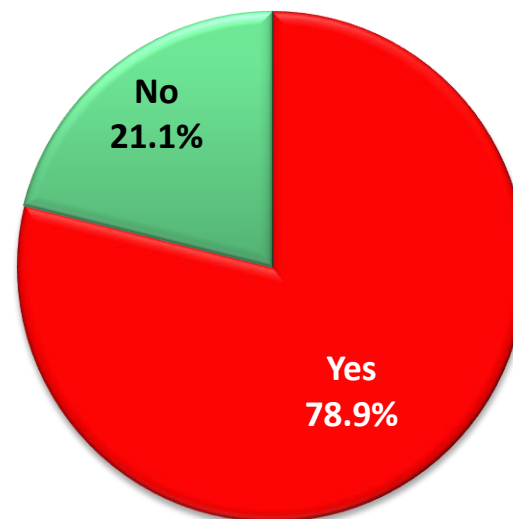
Interest in Opening a Bank Account

- 6.9 million (89.0%) of women who are informally served would like to have a bank account
- 14.5 million (78.9%) of women who are financially excluded would like to have a bank account

Percentage of informally served women



Percentage of financially excluded women



F. Conclusion & Recommendations

- Women tend to be younger, less educated and have lower levels of income than men
- Women are most likely to be traders or business owners
- Women in general are less likely to be the primary financial decision maker in the home, although they may still play an important role in household financial management and day-to-day decision making
- The majority of women are interested in financial matters
- The main source of financial advice for women is a family member/friend
- Financially excluded women tend to be younger than women who are either formally served or informally served
- 50.1% of financially excluded women have no formal education
- Financially excluded women have lower levels of income than women who are informally served, who in turn have lower levels of income than formally served women
- Both informally served and financially excluded women expressed high levels of interest in learning how to open a bank account, how to save regularly and how to save for old age
- 89.0% of women who are informally served and 78.9% who are financially excluded would like to open an account

Proposed Strategies for Increasing Financial Inclusion for Women

- 26.2 million women (61.7% of adult women) are not formally served
- 21.4 million women that are not formally served would like to open a bank account
- Financial services providers should take into account the following issues when developing products and services targeted at women not formally served:
 - Education levels
 - Language read/spoken
 - They tend to save smaller amounts, more frequently (typically on a daily or weekly basis)
 - Source of income
 - Level of income
- Products/services developed should be affordable, convenient and relevant
- In addition to the points stated above, credit related products should be easy to access and financial services providers need to take into account:
 - Nigerian women are most likely to be traders or business owners, and the top reason they borrow money is to start or expand a business
 - Accepting alternative forms of collateral, such as non-fixed assets

Proposed Strategies for Increasing Financial Inclusion for Women

- Key stakeholders in the financial sector (market operators, regulators and lobby groups) should work together to develop effective financial capability programmes targeted at women. These programmes should be undertaken in all the major local languages and focus on concerns that are specific to women, including:
 - The benefits of using formal products and services
 - How these products and services work
 - How to save money, including saving for old age
 - What is required to have a bank account (many female adults state that they will open an account when they get a job)
 - Providing basic business and financial management skills for women who wish to start or are already running their own business. Financial institutions could then accept attendance of the programme as basis for granting a loan
- 24.8 million women (58.8% of adult women) own a mobile phone:
 - Financial services providers should consider alternative access points, such as using mobile money services and agents to reduce cost to serve and improve access

G. Why Focus on Women?

Why Focus on Women?

- Boards with high female representation experience a **53%** higher return on equity, a **66%** higher return on invested capital and a **42%** higher return on sales (Joy et al., 2007)
- Having just one female director on the board cuts the risk of bankruptcy by **20%** (Wilson, 2009)
- When women directors are appointed, boards adopt new governance practices earlier, such as director training, board evaluations, and director succession planning structures (Singh and Vinnicombe, 2002)
- Women make other board members more civilized and sensitive to other perspectives (Fondas and Sassalos, 2000) and reduce 'game playing' (Singh, 2008)
- Female directors are more likely to ask questions rather than nodding through decisions (Konrad et al., 2008)

THANK YOU