

# Financial Inclusion in North West Nigeria

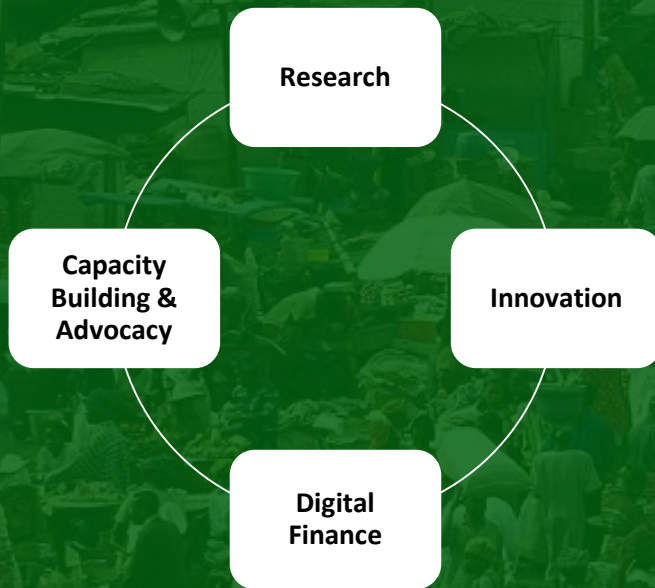
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## EFInA Access to Financial Services in Nigeria 2018 Survey

20 May, 2019

# About EFINA

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



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



# The Access to Financial Services in Nigeria 2018 Survey



## Objectives

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



## Design

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



## Coverage

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



## Questionnaire

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

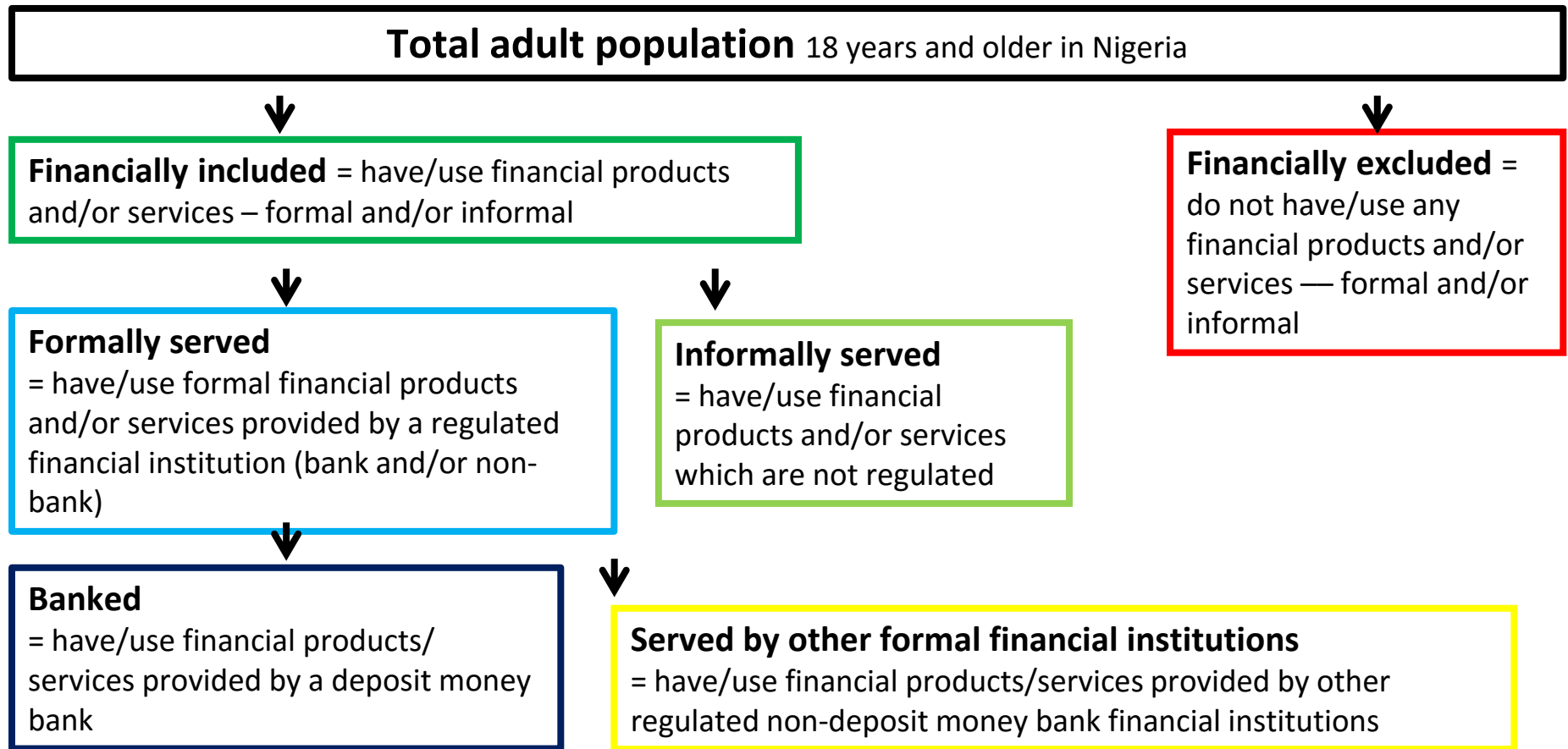


## Results

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

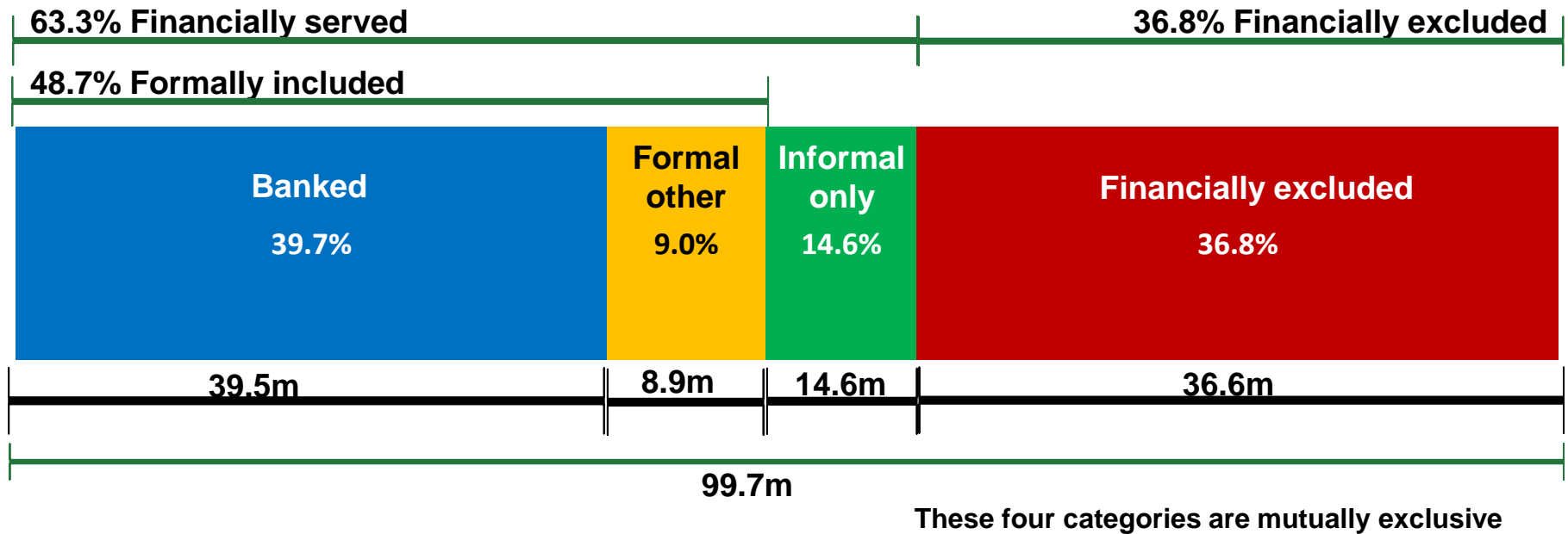
## **Financial Inclusion of Nigerian Adults**

# Defining financial inclusion



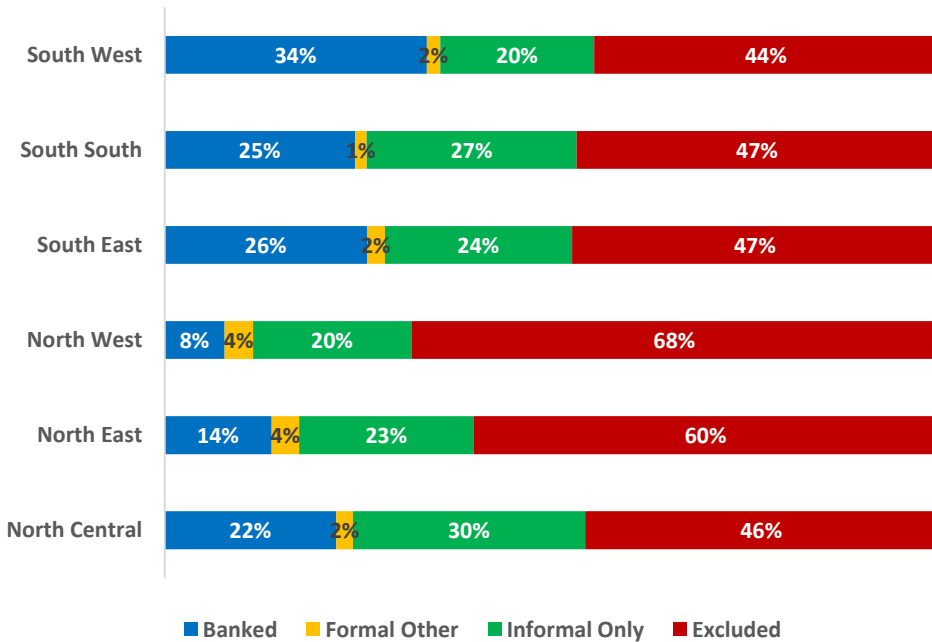
## Financial Access in Nigeria – 2018

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

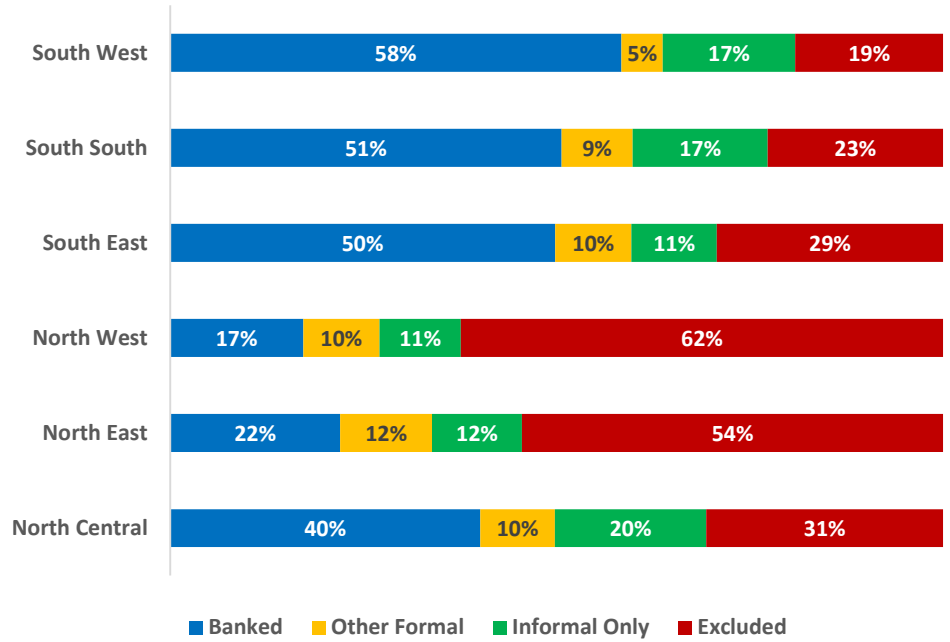


# Over the past 10 years, regional differences in financial inclusion have widened

Financial Access by Geopolitical Zone - 2008



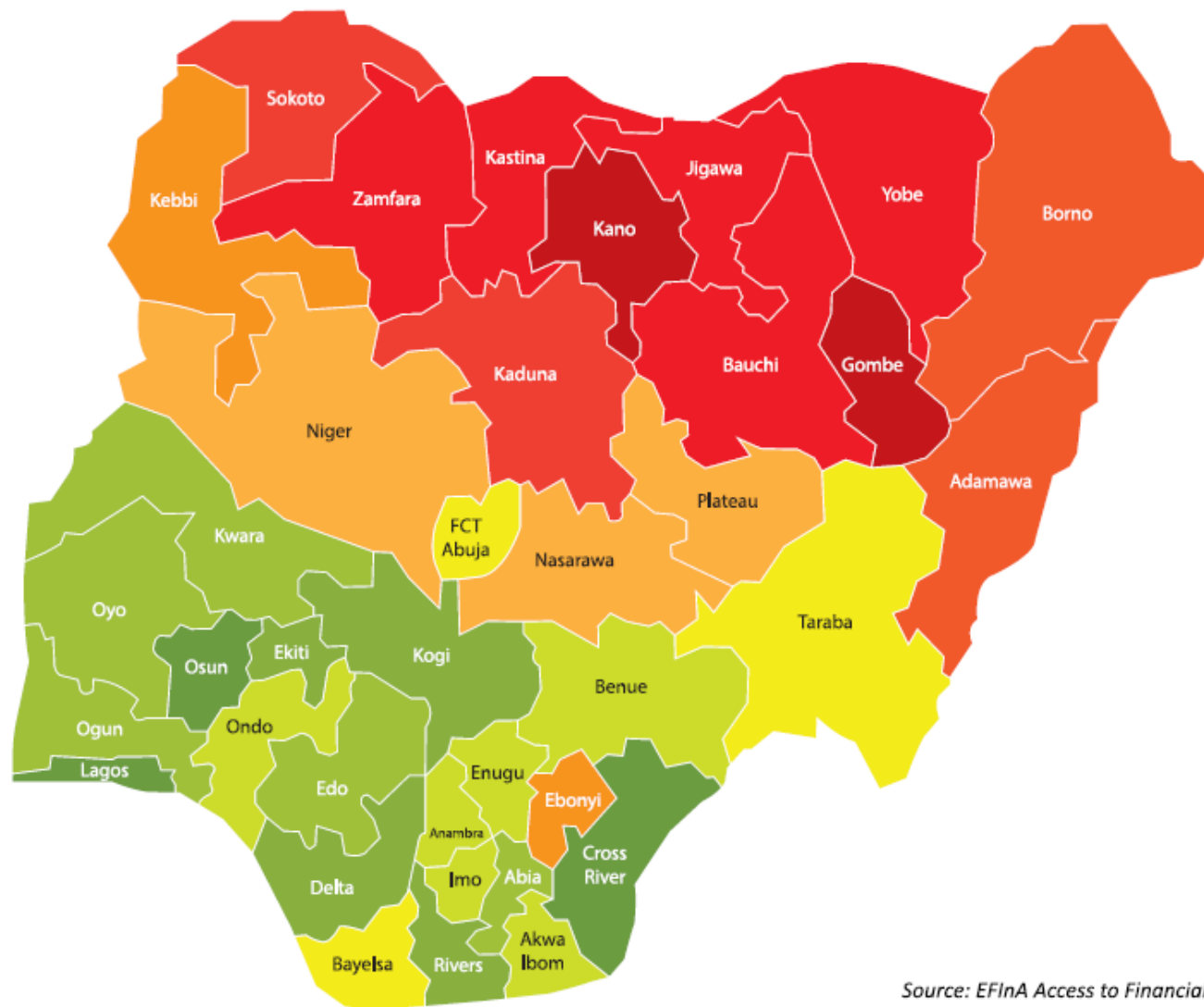
Financial Access by Geopolitical Zone - 2018



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

## Financial exclusion levels vary widely by state

Percentage of financially excluded adults per state

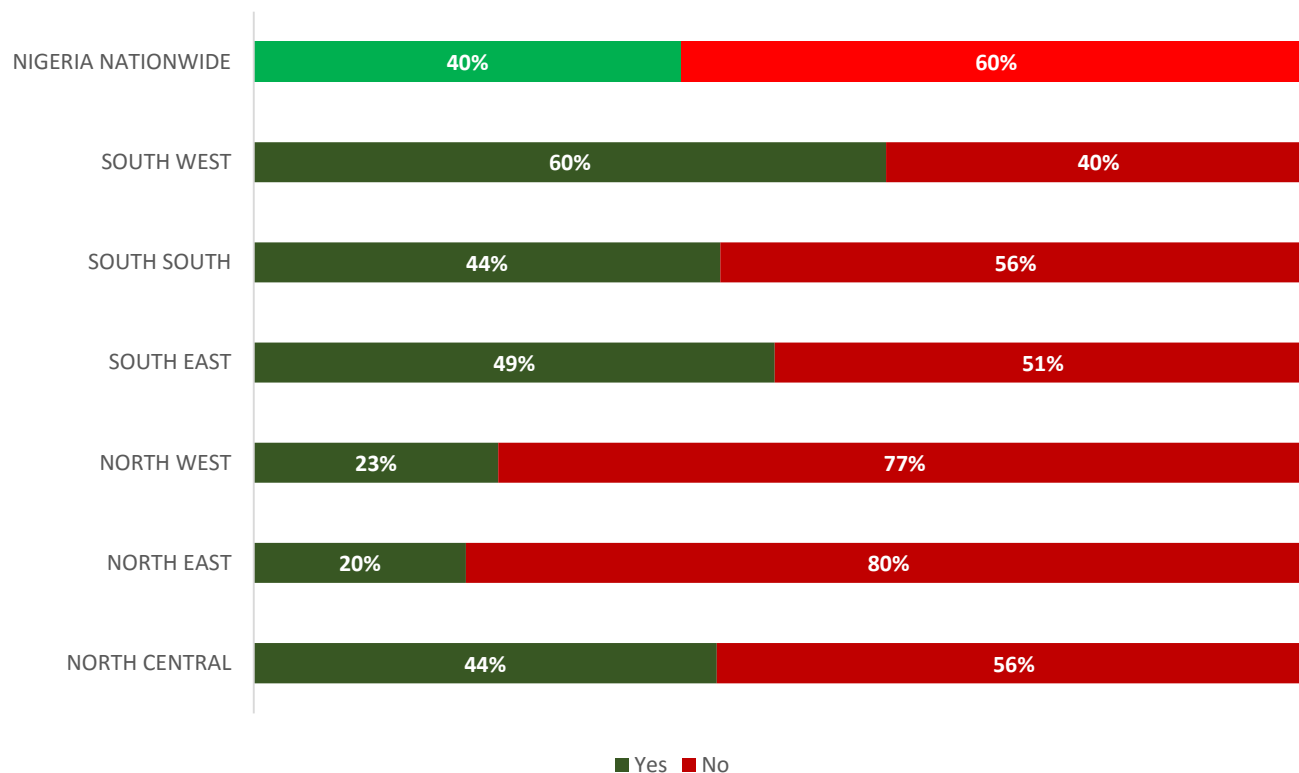


GOMBE	76%
KANO	75%
JIGAWA	65%
KATSINA	64%
BAUCHI	61%
YOBE	60%
ZAMFARA	59%
KADUNA	55%
SOKOTO	55%
ADAMAWA	50%
BORNO	49%
KEBBI	44%
EBONYI	44%
NASARAWA	40%
NIGER	38%
PLATEAU	38%
BAYELSA	35%
FCT ABUJA	32%
TARABA	31%
AKWA-IBOM	29%
ONDO	29%
IMO	29%
BENUE	28%
ANAMBRA	27%
ENUGU	27%
EDO	25%
ABIA	25%
OYO	23%
KWARA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



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

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



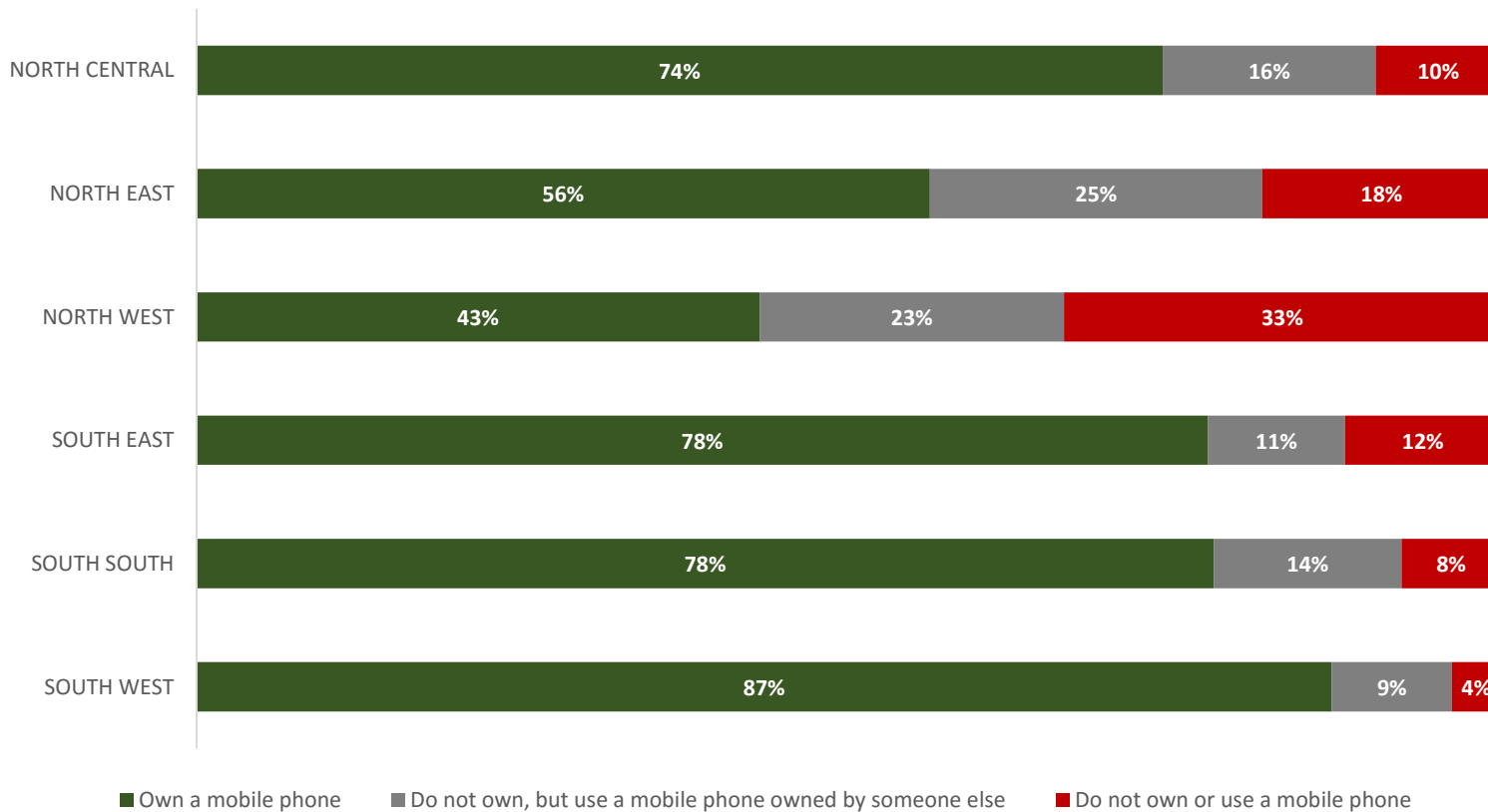
*“We do not have banks close to us, if you have to use a bank you have to travel or spend some amount on transport and this is an issue because the whole money you are going to save sometimes may not be up to N2,000”*

-Focus Group Respondents

## Access to mobile phones varies by geopolitical zone

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

Mobile phone use by Geopolitical Zone

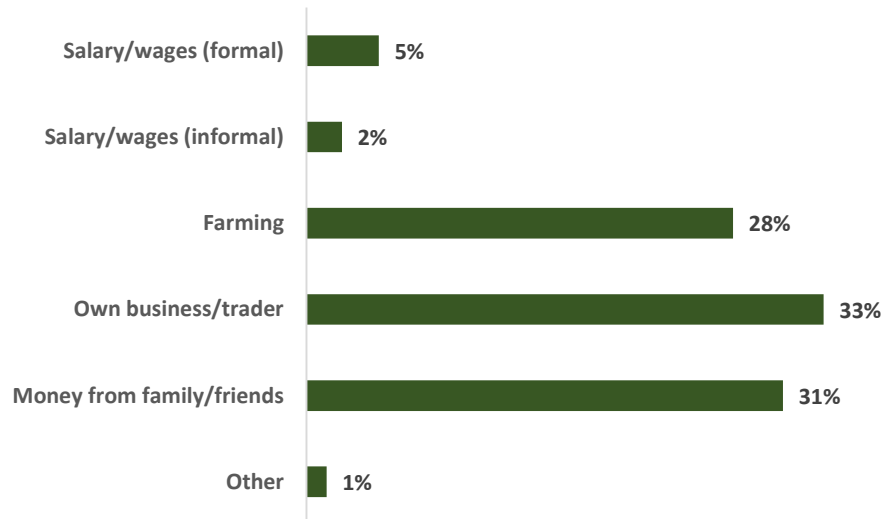


## **Financial Inclusion in the North West Zone**

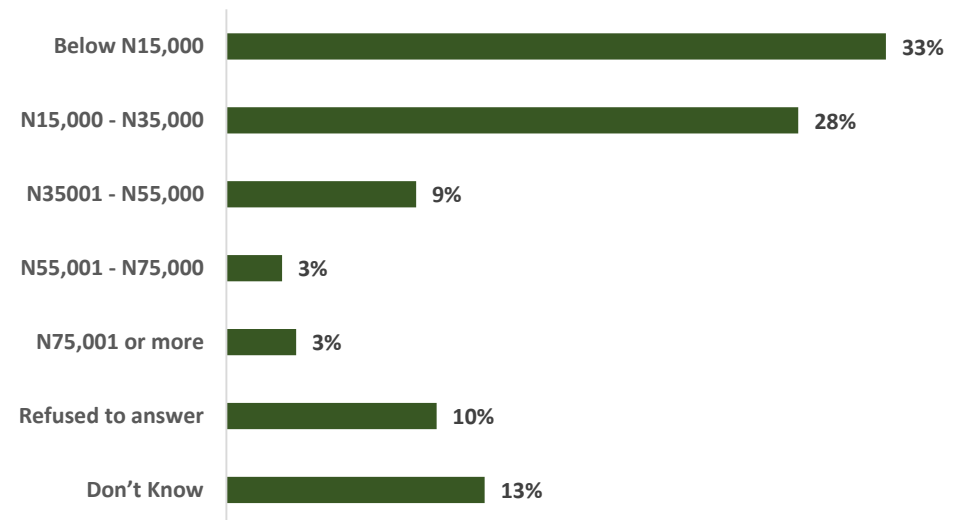
## Income Sources & Levels

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

**Primary source of income**  
*Percentage of adults in the NW zone*



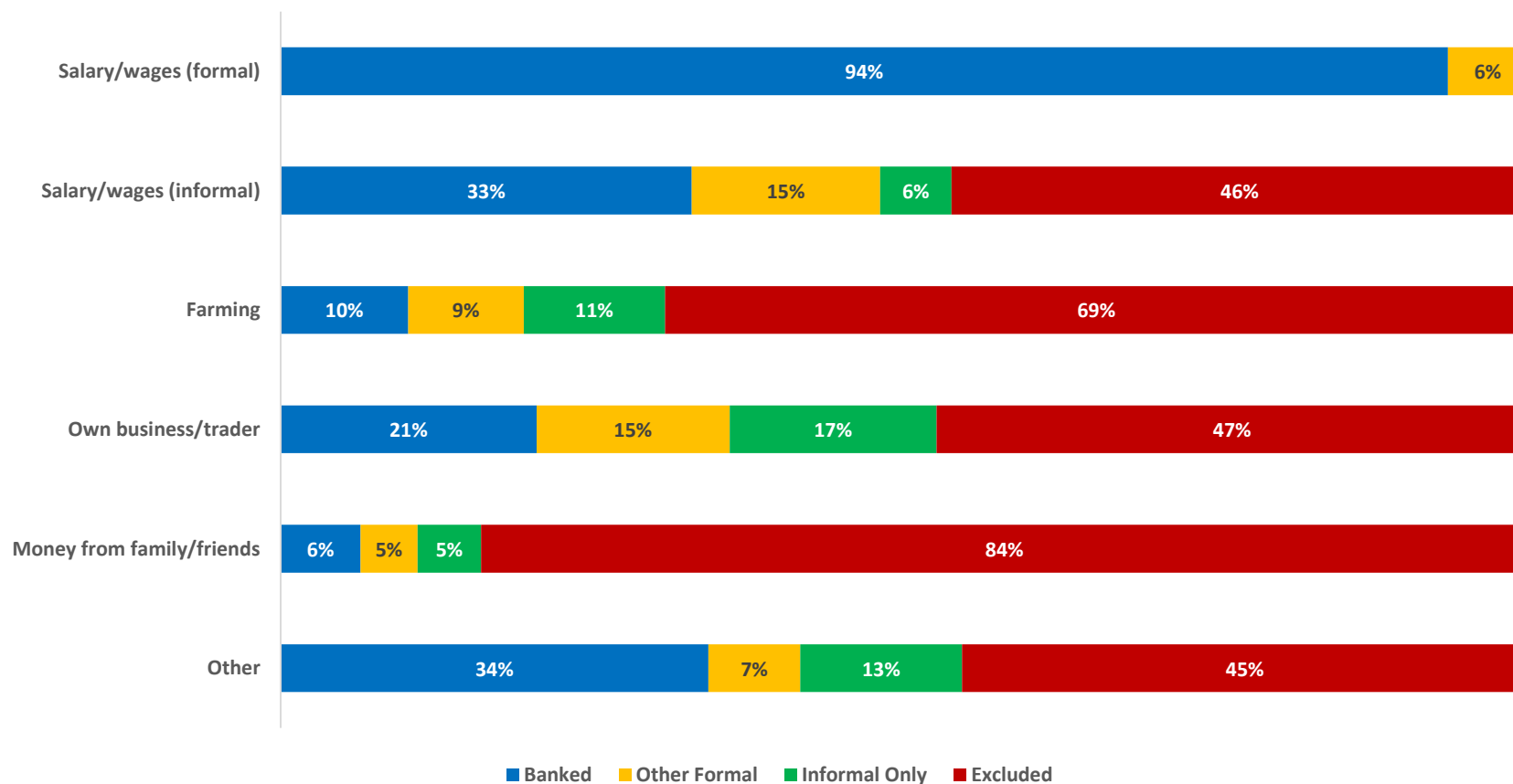
**Average monthly income**  
*Percentage of adults in the NW zone*



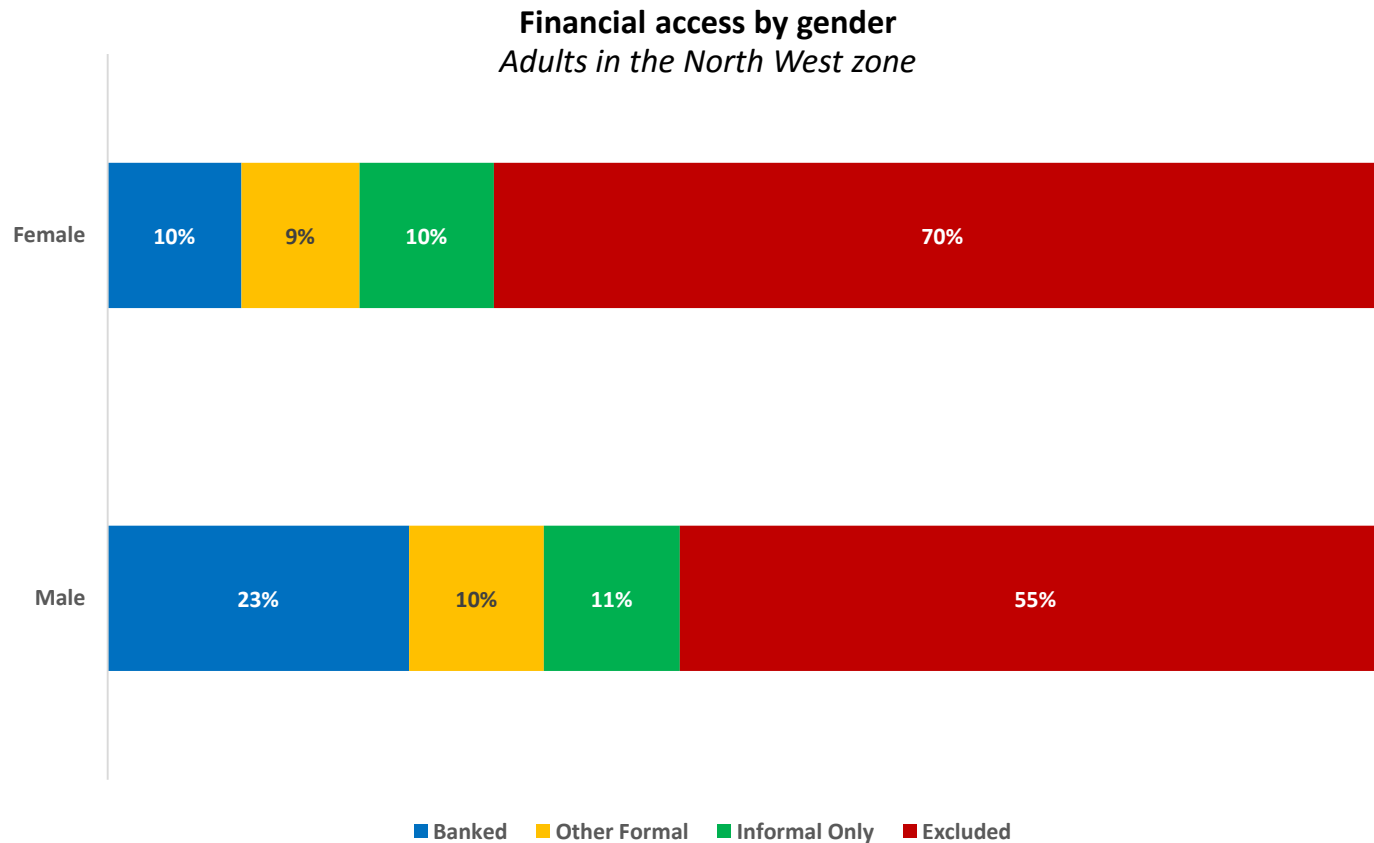
## Financial Access by Primary Income Source

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

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



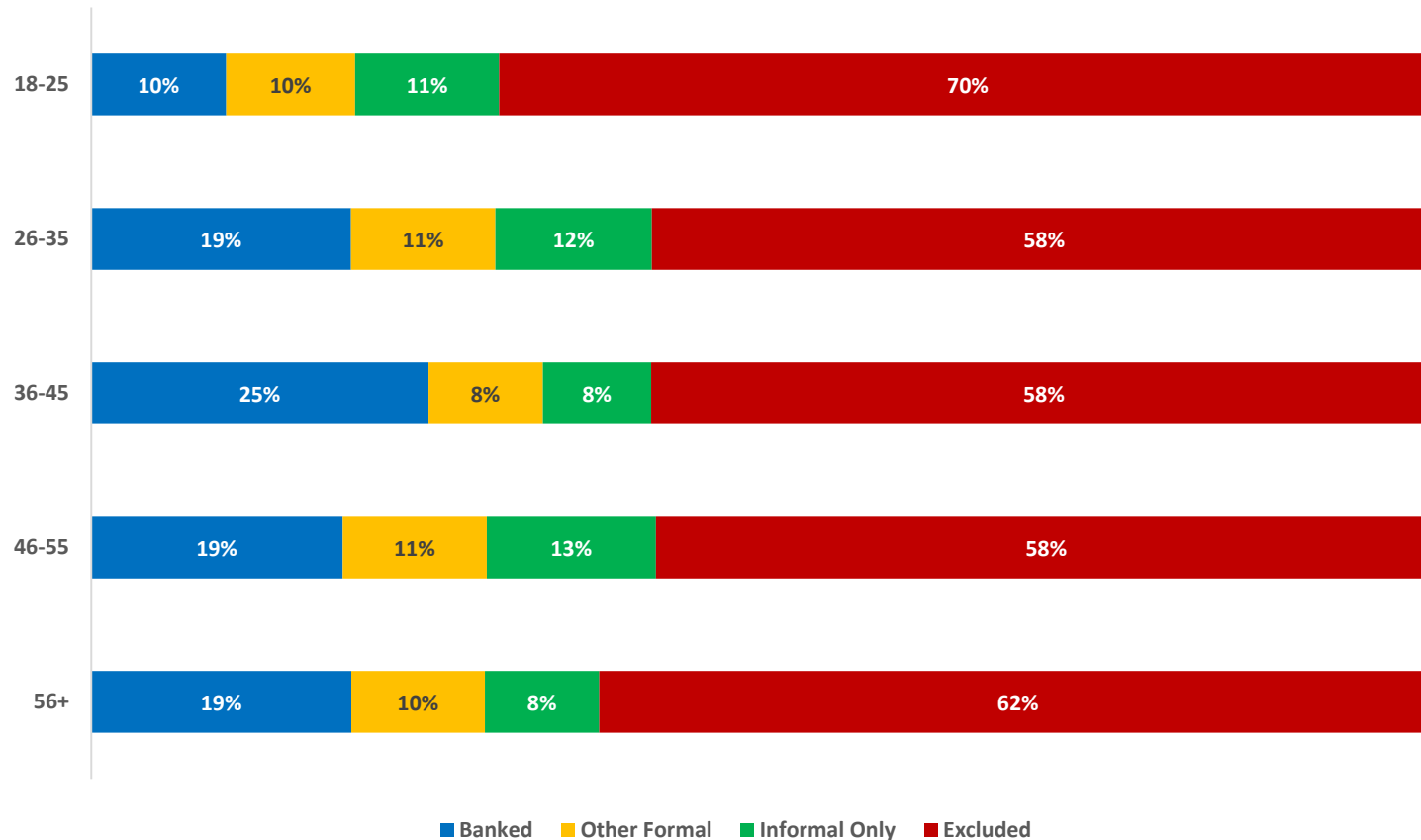
## Financial Access by Gender



## Financial Access by Age

- Adults between the ages of 18-25 have the highest rate of financial exclusion
- More than 5 million adults 18-25 are financially excluded, accounting for 37% of financially excluded adults in the North West

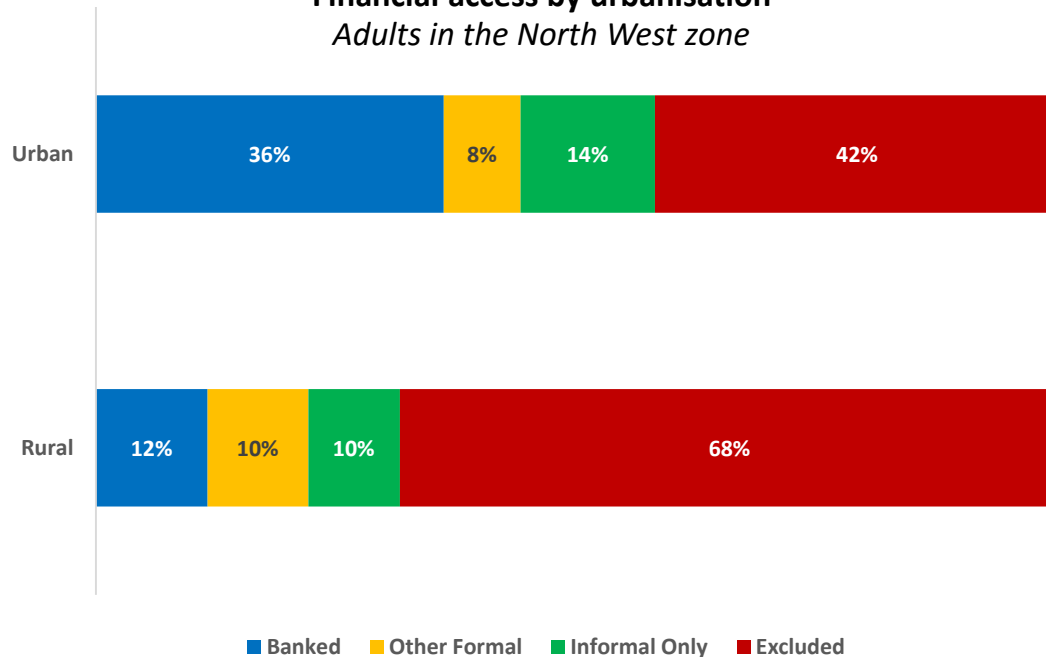
**Financial access by age group**  
*Adults in the North West zone*



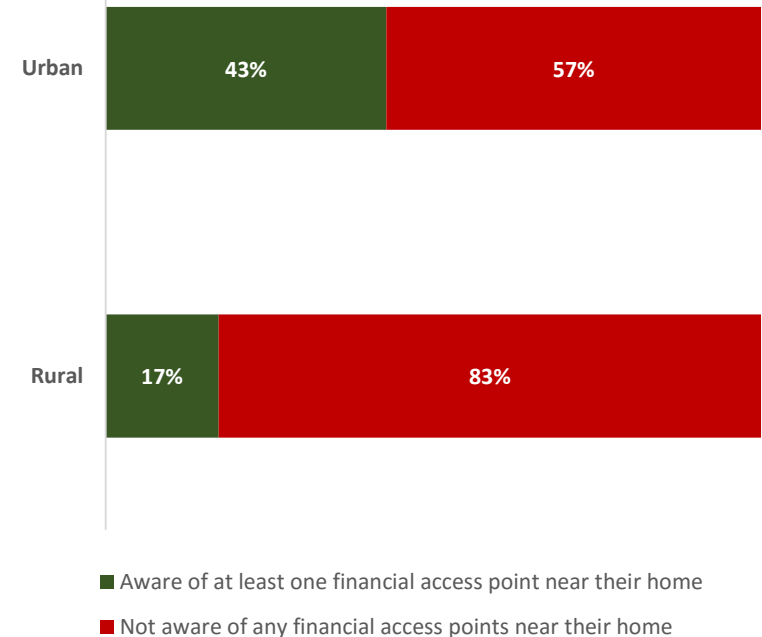
## Financial Access by Urbanisation

- Rural adults are significantly more likely than urban adults to be financially excluded
- Rural adults are also significantly less likely to be aware of any formal financial access points near their homes
- There are nearly 12 million financially excluded adults living in rural areas in the North West

**Financial access by urbanisation**  
*Adults in the North West zone*



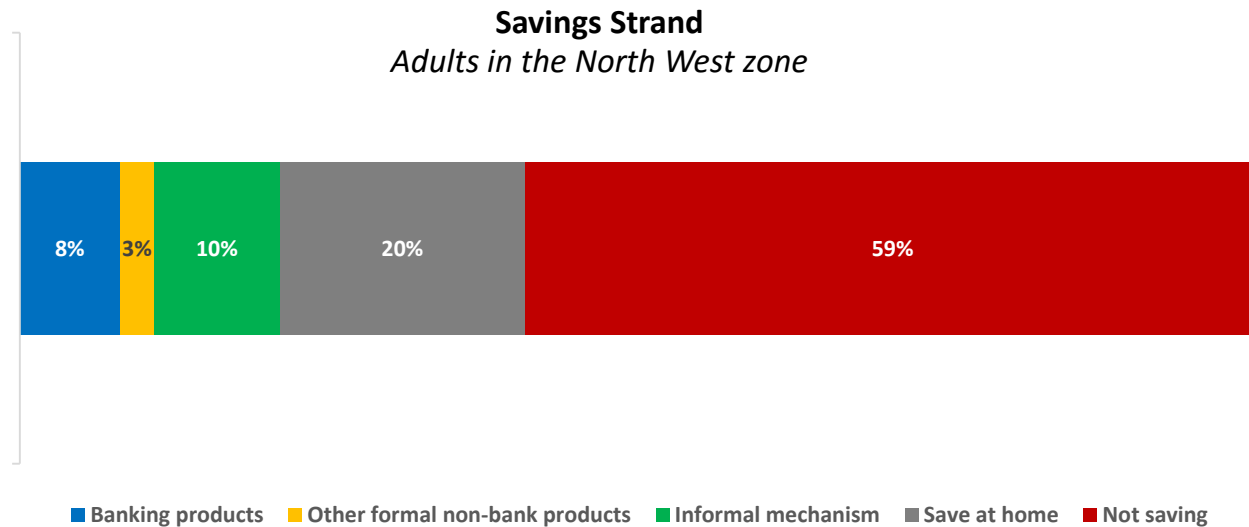
**Proximity to financial access points**  
*Adults in the North West zone*





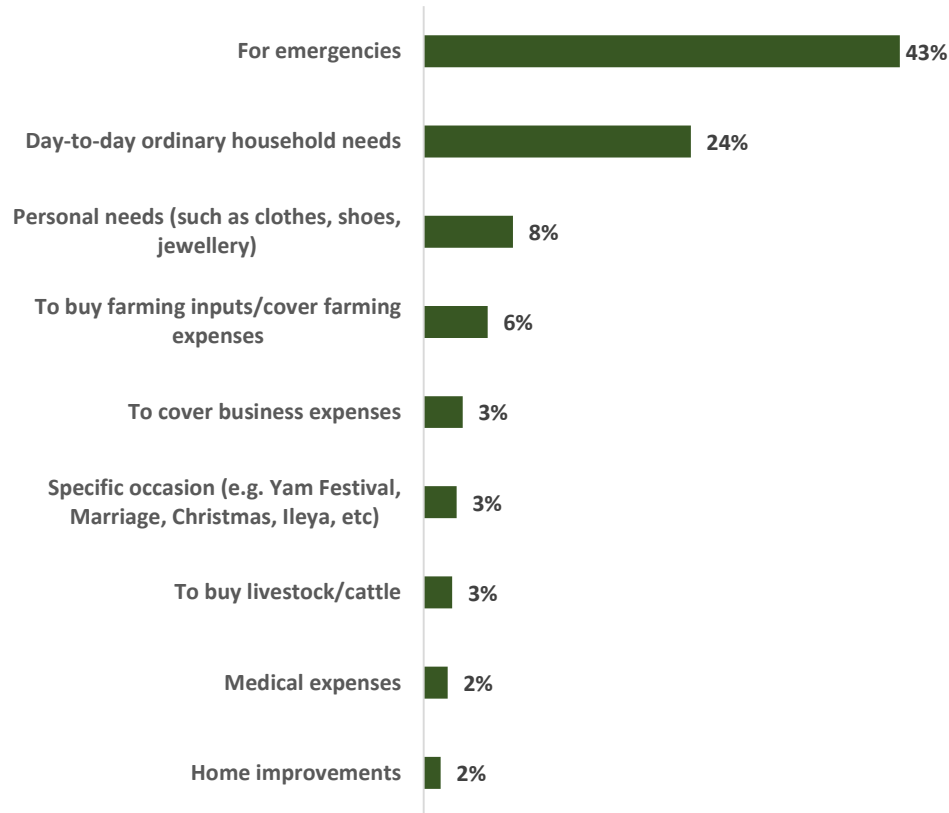
## Savings

- 41% of adults in the North West are saving money
- Of those, about half are only saving at home, and not using any formal or informal savings channels

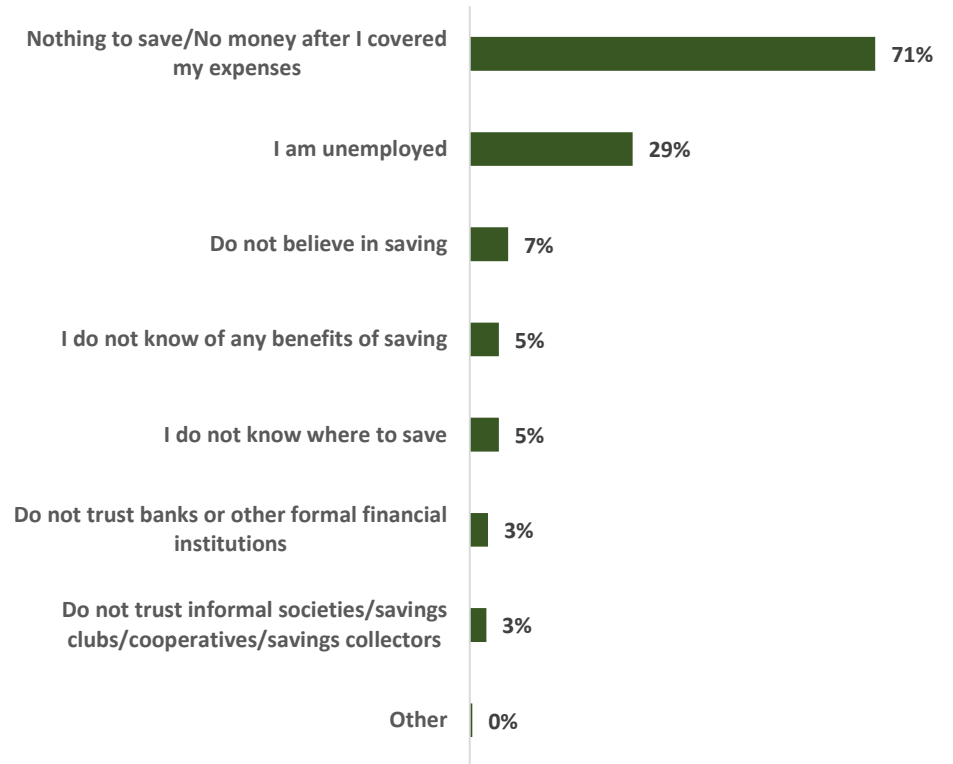


## Savings – Motivations & Barriers

**What did you mainly save/put money aside for? (top reasons given)**  
Percentage of adults in the NW that are saving



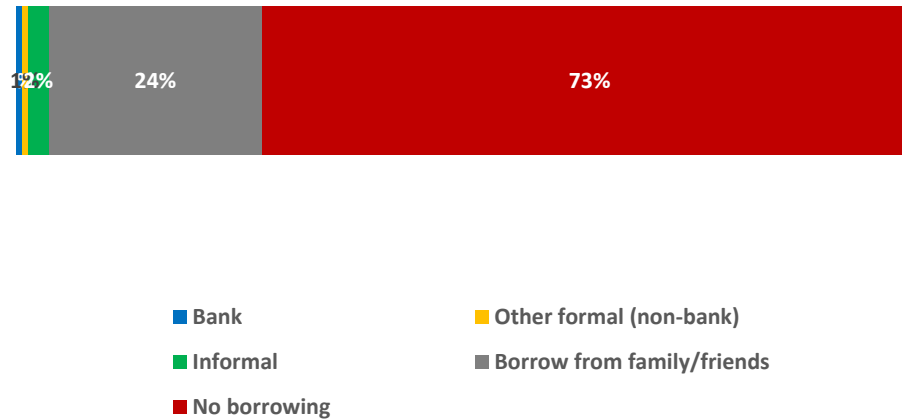
**Why don't you save?**  
Percentage of adults in the NW that are not saving



## Credit

- 27% of adults in the North West are borrowing money
- Most borrow from family/friends
- Across all geopolitical zones, very few adults are borrowing from formal sources

**Credit Strand**  
*Percentage of adults in the North West*



## Remittances

- 27% of Nigerians in the North West are sending or receiving money (international or domestic remittances)
- When asked what channel they used most recently to send or receive money, most say family or friends

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

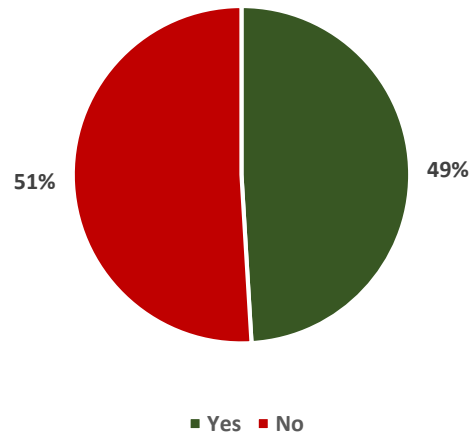


■ Bank services  
 ■ Other formal non-bank services  
 ■ Informal mechanisms  
 ■ Remit money via family/friends  
 ■ Not remitting

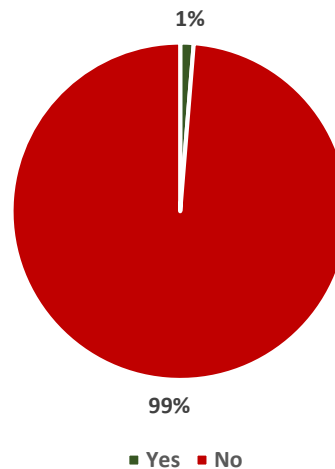
## Risk Management

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

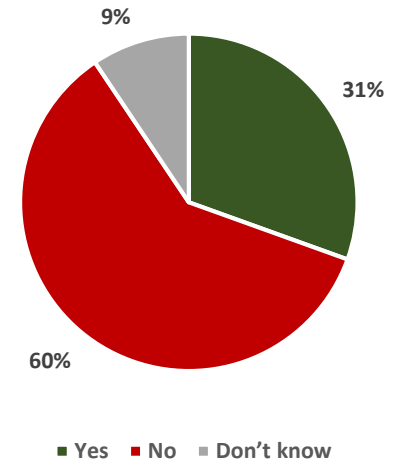
**Percentage of adults in the North West that have experienced a life event in the past 12 months that caused unexpected expenses/made it very difficult to pay for things**



**Percentage of adults in the North West that are insured**



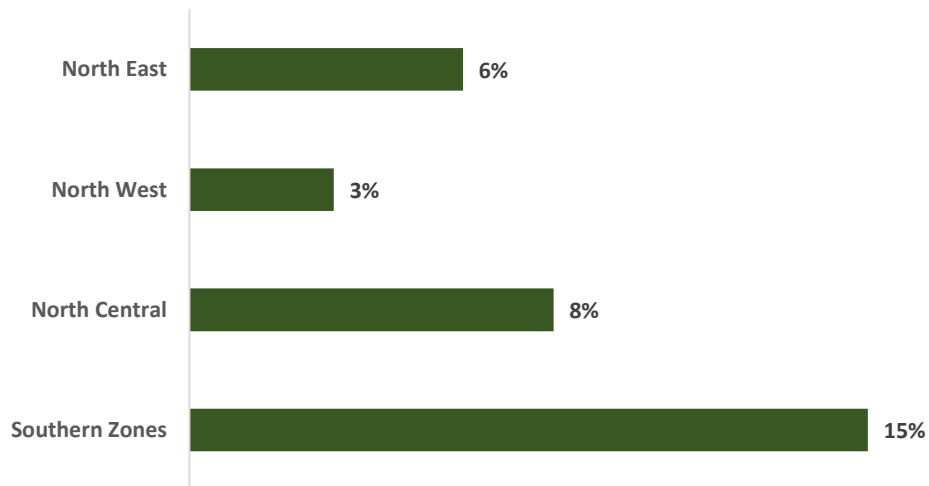
**Percentage of adults in the North West that are interested in micro-insurance**



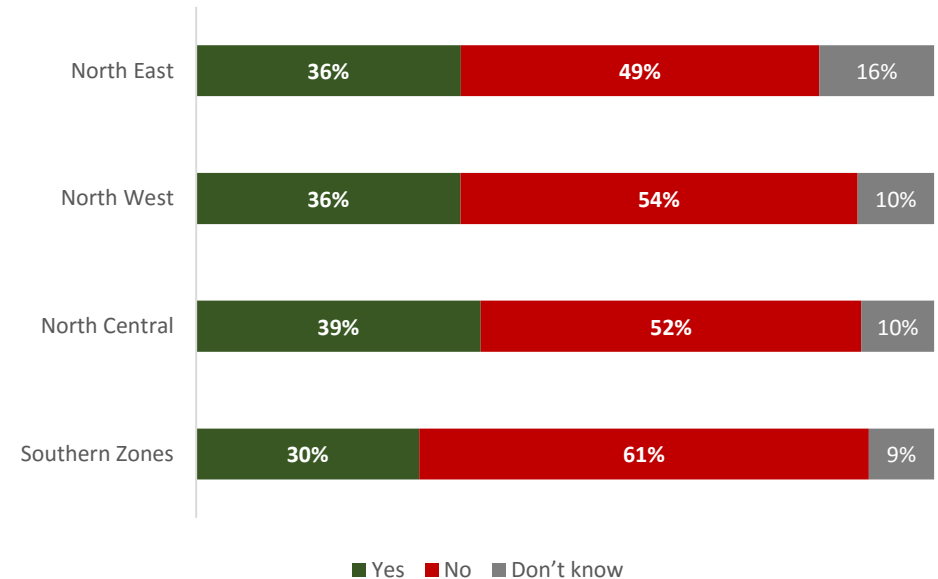
## Digital Payments

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

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



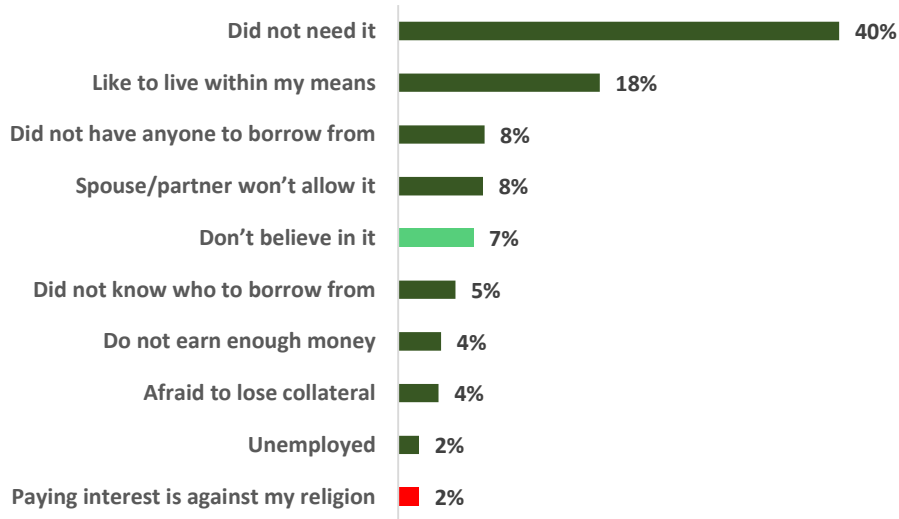
Would you be interested in mobile money?



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

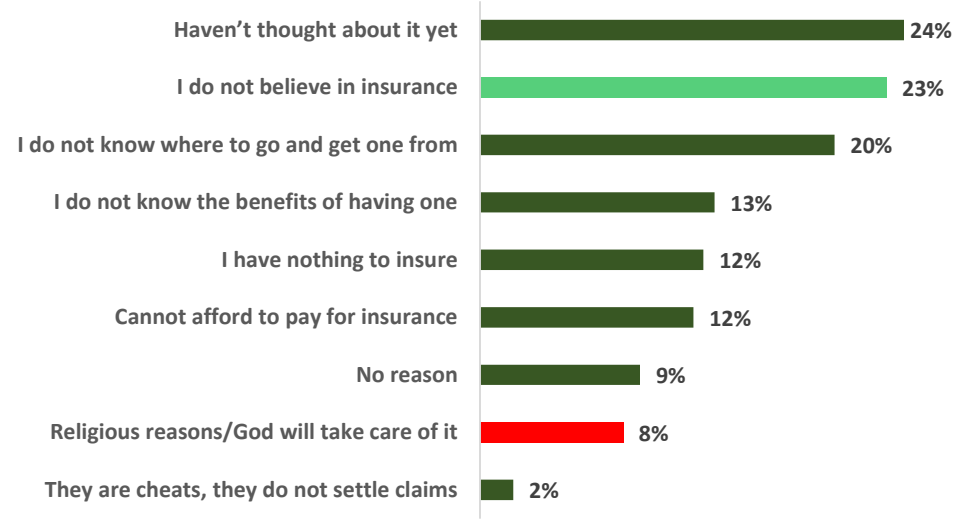
## Why did you did not borrow money? (top reasons given)

Percentage of adults in the North West that are not borrowing



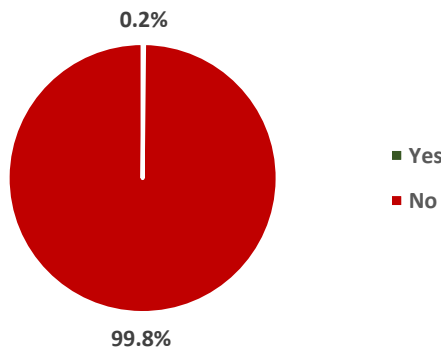
## Why are you not insured?

Percentage of adults in the North West that are not insured



## Use of non-interest financial services

Percentage of adults in the North West

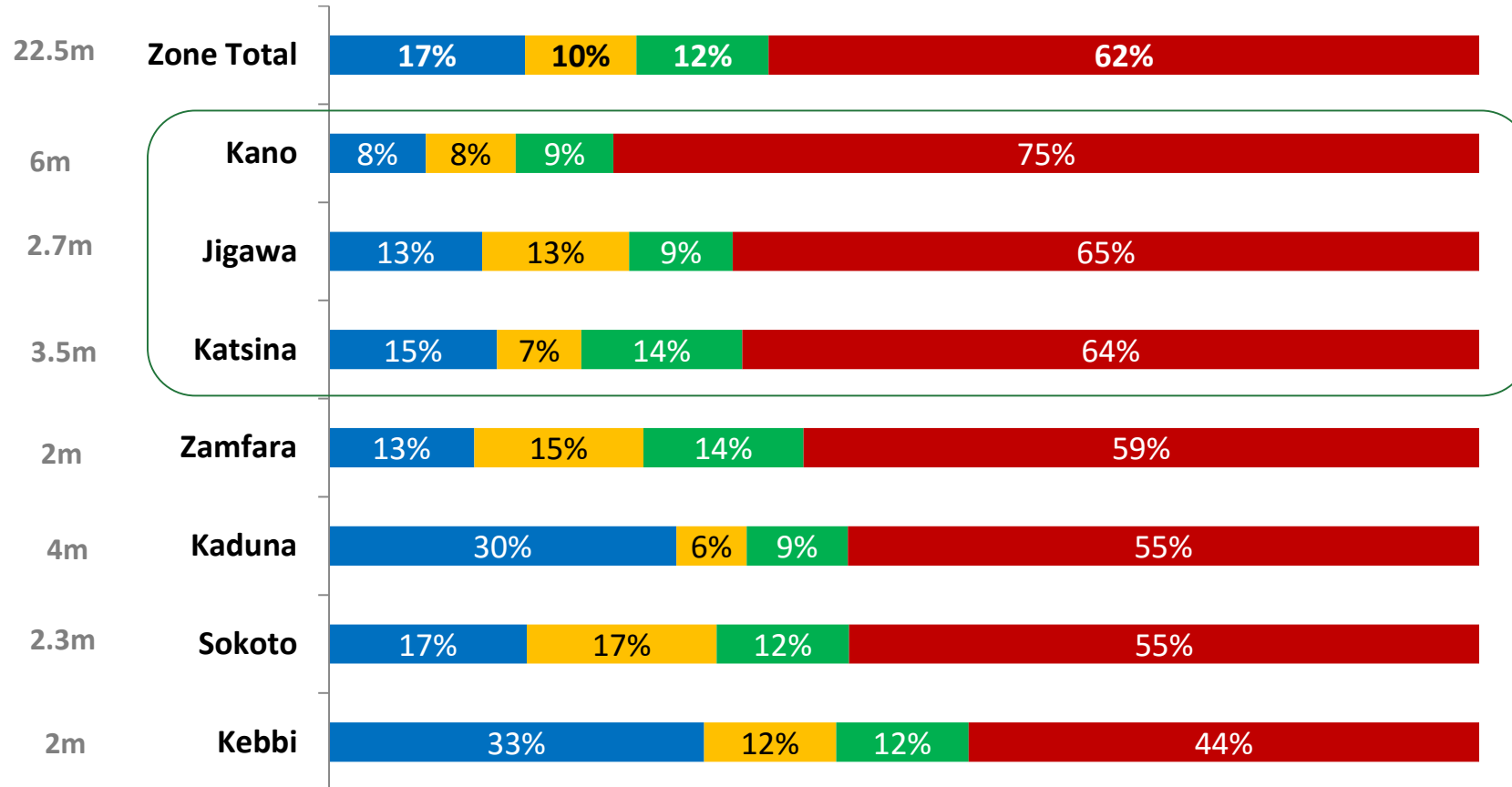


*"[Insurance] is against our religion, that means you are planning for what has not happen, God does no like such act because you don't know more than Him"*

- Focus Group Respondent, Financially Excluded, Kano rural

## Financial access by state in the North West zone

Adult Population  
18+ Years



Exclusion levels  
above regional  
zone average

■ Banked   
 ■ Other formal (non-bank)   
 ■ Informal Only   
 ■ Excluded

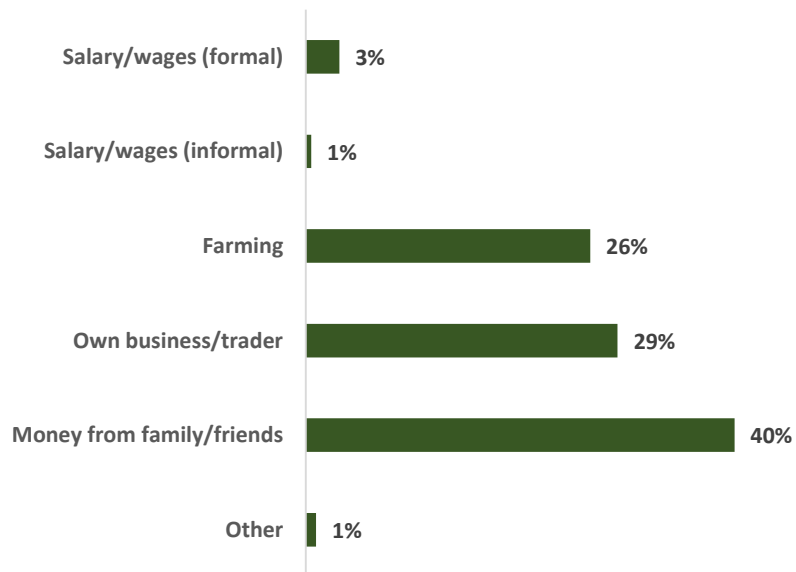


## **Kano State**

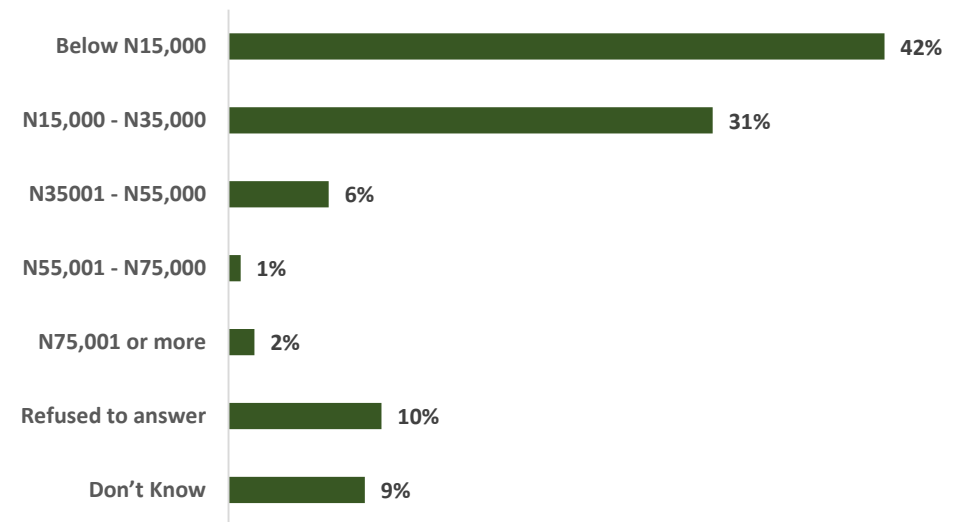
## Income Sources & Levels

- 40% of adults in Kano rely primarily on money from family/friends to meet their expenses
- Most adults in Kano aware of and willing to disclose their monthly income earn N35,000 or less per month

**Primary source of income**  
*Percentage of adults in Kano*



**Average monthly income**  
*Percentage of adults in Kano*



## Financial Inclusion in Kano

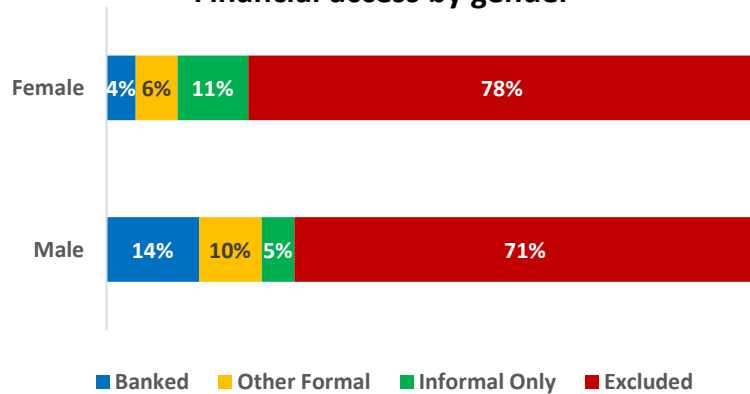
- In 2018, Kano State had more financially excluded adults than any other state in Nigeria, with 4.5 million financially excluded adults



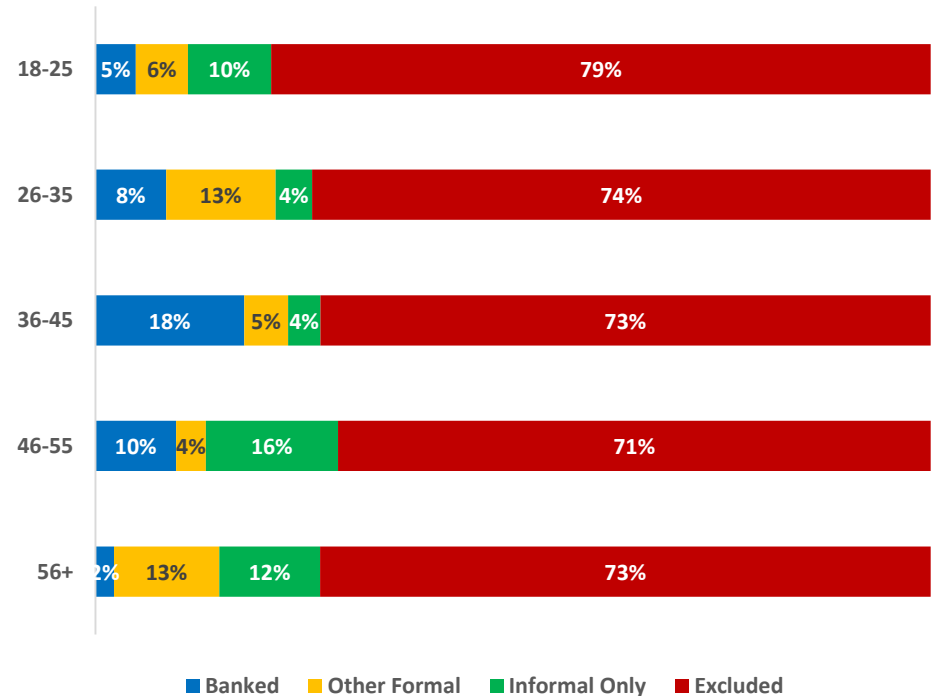
## Financial Access by Demographic Groups in Kano

- Women in Kano are significantly less likely to be banked and are more likely to be financially excluded. There are 2.8 million financially excluded women in Kano
- Adults living in rural areas are significantly more likely than those in urban areas to be financially excluded
- Young adults between 18-25 are more likely than older adults to be financially excluded

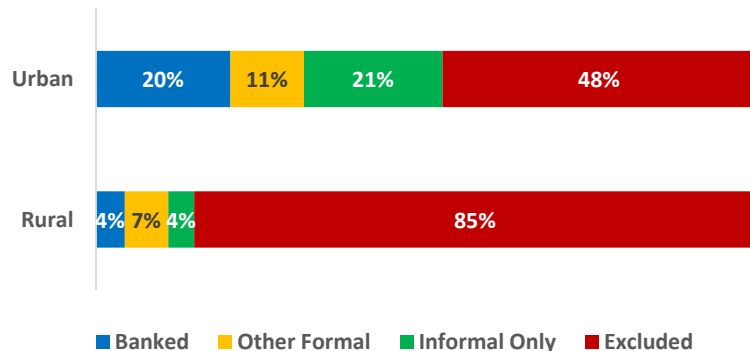
**Financial access by gender**



**Financial access by age group**



**Financial access by urbanisation**



# Kano – Financial Behaviours

Of adults in Kano State:

- 30% are saving money
- 17% are sending or receiving money
- 12% are borrowing money. Of those that borrow, almost all borrow from family/friends
- 2% are insured

## Savings Strand



- Banking products
- Informal mechanism
- Not saving
- Other formal non-bank products
- Save at home

## Remittances Strand



- Bank services
- Remit money via family/friends
- Informal mechanisms
- Not remitting

## Credit Strand



- Bank
- Informal sources
- Borrow from family/friends
- Other formal (non-bank)
- Borrow from family/friends

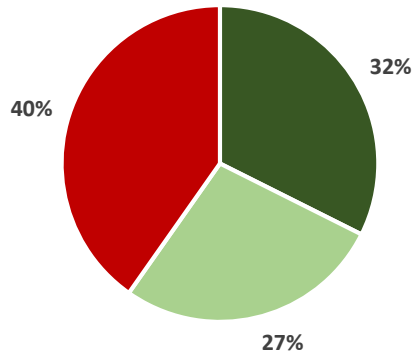
## Percentage Insured



- Insured
- Not Insured

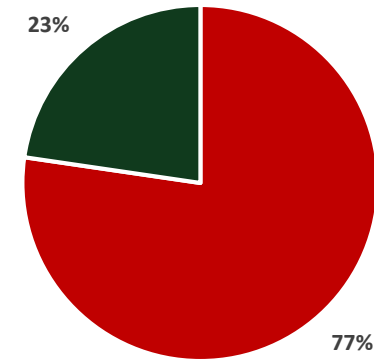
## Kano – Mobile Access and Financial Services Access Points

**Access to Mobile Phones**



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

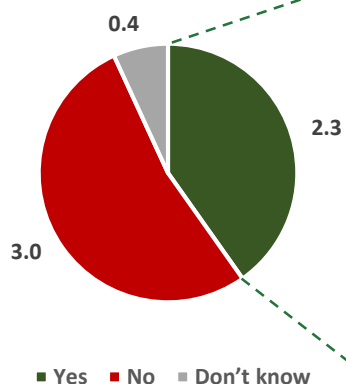
**Formal Financial Access Points Near Home**



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

## 2.3 million adults in Kano say that they would be interested in mobile money

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



Of the 2.3 million adults in Kano that would be interested in mobile money:



**0.8 million** own a mobile phone

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

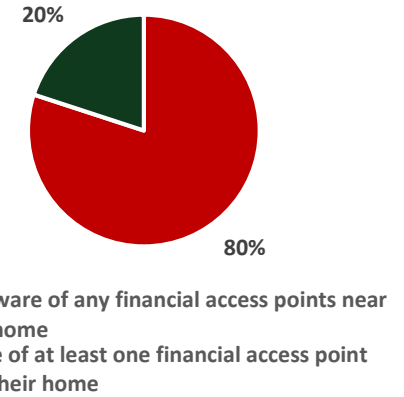
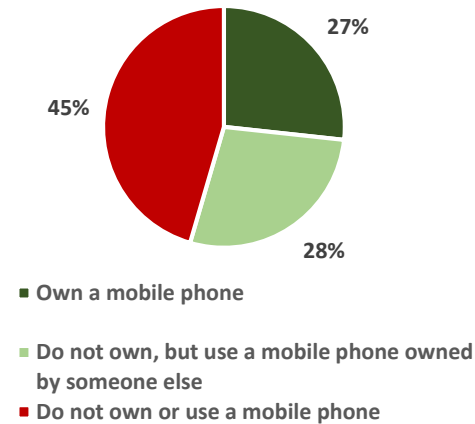
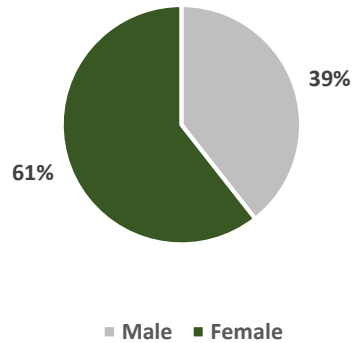
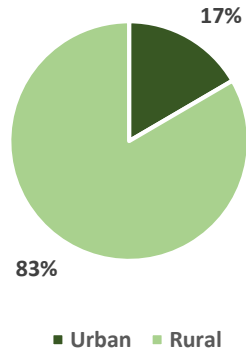


**0.2 million** can read English comfortably

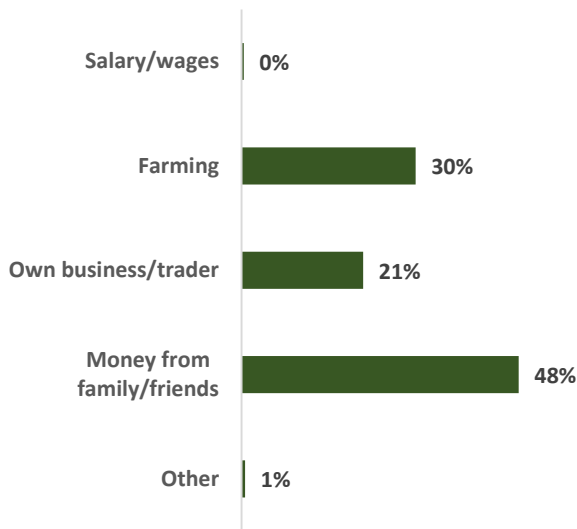
**2.1 million** can read Hausa comfortably

## Profile of the Financially Excluded in Kano

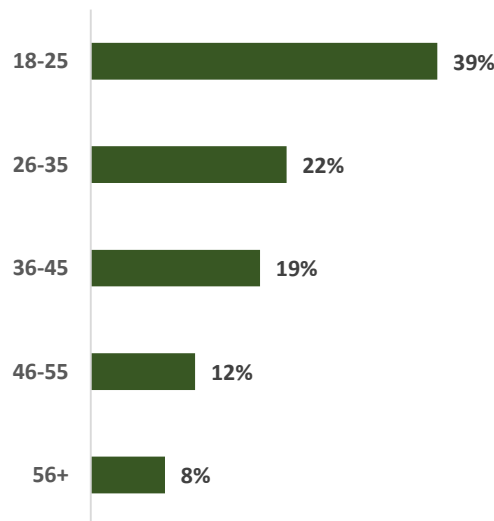
There are 4.5 million financially excluded adults in Kano



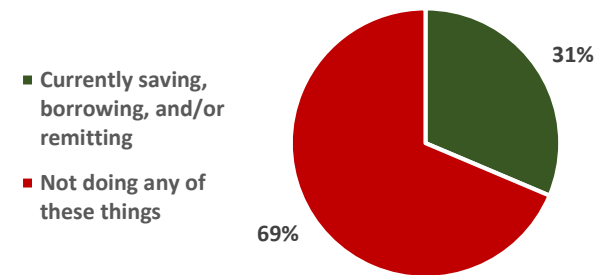
### Primary Income Source



### Age



### Percentage Saving, Borrowing, and/or Remitting



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



- Although financial inclusion in Nigeria has increased significantly since 2008, important differences in inclusion rates persist, including geographical differences
- Financial exclusion is highest in Kano, where there are 4.5 million financially excluded adults
- Despite challenges that are driving high financial exclusion rates in the North West and in Kano, there are opportunities to expand financial inclusion via financial services that are relevant, useful and affordable to Nigerians living in those areas
- Leveraging technology (Mobile Phone, etc) and Agent network to provide financial services can yield some quick wins.

Visit [www.efina.org.ng](http://www.efina.org.ng) for:

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

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

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

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