NIGERIA

WAVE 5 REPORT
FIFTH ANNUAL FII TRACKER SURVEY

Conducted August-December 2017

June 2018
PUTTING THE USER FRONT AND CENTER

The Financial Inclusion Insights (FII) program responds to the need identified by multiple stakeholders for timely demand-side data and practical insights into digital financial services (DFS), including mobile money, and the potential for their expanded use among the poor.

The FII team implements nationally representative population surveys and qualitative research studies in Bangladesh, India, Indonesia, Kenya, Nigeria, Pakistan, Tanzania and Uganda to:

- Track access to and demand for financial services, especially DFS;
- Measure adoption and use of DFS among key underserved groups (females, poor, rural, etc.);
- Identify drivers and barriers to further adoption of DFS;
- Evaluate the agent experience and the performance of mobile money agents; and
- Produce actionable, forward-looking insights based on rigorous data to support product and service development and delivery.

The FII program is managed by InterMedia. Visit the FII Resource Center to learn more: www.finclusion.org.
KEY DEFINITIONS

Access to a bank – Counts individuals who use a full-service bank account either registered in their name or held by someone else.

Access to mobile money or an NBFI – Counts individuals who have ever used a mobile money service or a full-service NBFI.

Access & trial – Counts individuals who have a bank account registered in their name or use a bank account that is registered to someone else, or have ever used a mobile money service, or a full-service NBFI.

Active registered user – An individual who has an account registered in their name with a full-service financial institution and has used it in the last 90 days.

Advanced user – An active registered user who has ever used their account for saving, borrowing, insurance, investment, paying bills or receiving wages or government benefits. Buying airtime top-ups is considered an advanced use of a bank account or NBFI account but not a mobile money account.

Airtime – Minutes of talk time available on a mobile phone. Airtime top-up (adding minutes) is a basic mobile money activity, but is considered an advanced use of a bank account or NBFI account.

Basic use – Cash-in (deposit) or cash-out (withdraw), transfer money to another individual, or conduct account maintenance.

Below the poverty line – In this particular study, adults living on less than $2.50 per day in 2005 purchasing power parity U.S. Dollars, as classified by the Poverty Probability Index.

Confidence interval (95%) – The range of values within which the observed value of a statistic will be found in 95 out of 100 repeat measurements.

Cooperative – Typically, a business or other professional organization that is owned and run jointly by its members, who share profits or benefits. Cooperatives may release some of the profits/funds as loans to its members.

Customer journey – A series of progressive stages through which individuals become more active users of more sophisticated financial services.

Digital financial inclusion – Counts individuals who have an account in their name with a full-service financial institution that offers digital services (e.g., online account access, debit/ATM card, credit card, electronic cash transfers).

Digital financial services (DFS) – Financial services provided through an electronic platform (e.g., mobile phones, debit or credit electronic cards, internet).

Digital stored-value account – A mobile money account or a full-service bank or NBFI account that offers digital services.

Financial Inclusion – Individuals who hold an account with an institution that provides a full suite of financial services and comes under some form of government regulation.

Financial literacy – Basic knowledge of four fundamental concepts in financial decision making (interest rates, interest compounding, inflation, and risk diversification) as measured by the Standard and Poor’s Rating Service’s Global Financial Literacy Survey.

Full-service financial institutions – Financial institutions that offer loans to their customers and at least one of the following additional services: savings, money transfers, insurance, or investments.

Microfinance institution (MFI) – An organization that offers financial services to low-income populations. Almost all give loans to their members, and many offer insurance, deposit and other services.

Mobile money (MM) – A service that allows a mobile phone to be used for storing and transferring money, and potentially accessing other financial services.

Nonbank financial institution (NBFI) – A financial organization that is not formally licensed as a bank or a mobile money provider, but whose activities are regulated, at least to some extent, by the central bank within the country. Such financial institutions include microfinance institutions (MFIs), cooperatives, Post Office (Savings) Banks and savings and credit cooperatives (SACCOs), etc.

Numeracy – The ability to use basic math skills, including counting, addition, division, multiplication and computing short- and long-term interest rates.

Poverty Probability Index (PPI) – A measurement tool wherein a set of country-specific survey questions are used to compute the likelihood that an individual’s income is below a specific threshold.

Registered user – Counts individuals who have a financial account registered in their name or registered jointly in their and someone else’s name.

Savings and credit cooperative (SACCO) – A self-help group owned and managed by its members. Its main purpose is to build up funds through regular contributions by each member, with the aim of providing affordable credit and collective investments.

Unregistered/over-the-counter (OTC) user – An individual who has used a financial service through someone else’s account, including a mobile money agent’s account or the account of a family member or a neighbor.

Urban/rural – Urban and rural persons are defined according to their residence in urban or rural areas as prescribed by the national bureau of statistics.
CONTENTS

Financial Inclusion Overview 5
Customer Journey 22
Nonusers 40
Unregistered Users 46
Registered Inactive Users 50
Active Basic Users 54
Advanced Users 56
Key Indicators Summary 60
What is financial inclusion?
Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way (The World Bank). Financially included individuals are those who have an account in their name with a full-service financial institution.

How is it measured?
We measure financial inclusion as the percentage of adults (15+ years old) who report having at least one account in their name with an institution that offers a full suite of financial services, and comes under some form of government regulation.

How is it created?
Financial inclusion is created through the uptake and use of individual accounts with institutions that offer a full suite of financial services – savings, credit, money transfers, insurance and investment. Full-service financial institutions include banks, mobile money service providers, and nonbank financial institutions, such as deposit-taking microfinance institutions (MFIs) and financial cooperatives.

What institutions and services do not count?
Individuals who own accounts with institutions that are not full service, such as credit-only microfinance institutions (MFIs), are not considered financially included. Individuals who do not have their own full-service account or use someone else’s account are not considered financially included. Individuals who only use services such as money guards, savings collectors, and digital recharge cards that are not attached to a bank or MFI account are also considered financially excluded.
ABOUT THE SURVEY

- Fifth survey (Wave 5) conducted from August to December 2017. Surveys measure national trends on key indicators of financial inclusion since 2013.

- Target population: Adults aged 15+ residing in households.

- Sampling frame: List of census enumeration areas (EAs) sampled for the 2016 Multiple Indicator Cluster Survey (MICS).

- Sample design: Stratified multistage cluster sample of 6,042 adults designed by InterMedia in collaboration with the Nigeria Bureau of Statistics (NBS):
  - Stratification by state;
  - First stage: Random selection of 640 EAs;
  - Second stage: Selection of households from the lists created during the household listing operation conducted by the 2016 MICS;
  - Third stage: Selection of one adult member per household using the Kish grid.

- Face-to-face interviews administered at the household using smartphones.

- Data is weighted by the reciprocal of the overall probability of selection for household members, and by household and household-member response rates. Post-stratification adjustment to the weights aligned the demographic characteristics of the sample with the 2015 national population projections provided by NBS.

- Weighted data used to generate representative statistics at the national level, and for urban and rural populations separately. Weighted percentages are reported together with unweighted respondent counts.

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
COUNTRY CONTEXT

- The Federal Government of Nigeria launched the *Nigerian Economic Recovery & Growth Plan 2017-2020* in April 2017, which highlights key strategies to drive inclusive and sustainable growth. The plan includes the objectives of deepening the financial services sector and promoting financial inclusion. While mobile money was not mentioned in this plan, a new *Shared Agent Network Expansion Facilities* initiative from the Central Bank of Nigeria (CBN) seeks to expand financial inclusion by adding 500,000 mobile banking agents.

- Consumer confidence in Nigeria’s financial system was shaken by currency devaluation, high inflation, and negative economic growth for five consecutive quarters from 2016 through the first quarter of 2017, according to the *World Bank*. Monetary policy focused on fighting inflation, stabilizing the currency, and guarding the solvency of the banking system by maintaining a large interest-rate spread to the detriment of bank customers, contributing to a fall in registered bank account holders.

- Nonperforming bank loans more than doubled from 2015 to March 2017, according to the *IMF*, mainly because of low economic growth and the weak returns on investment in the oil and gas sector.

- The value of the Naira remains under downward pressure after the Central Bank was forced to abandon the dollar peg in June 2016. The Naira immediately plunged 30 percent against the dollar, and continued to lose value thereafter, prompting the adoption of multiple exchange rates and new capital controls.

- Inflation remained over 15 percent in late 2017. The Central Bank of Nigeria (CBN) maintained the benchmark lending rate at 14 percent from July 2016, while the interest rate for deposits stayed around 4.2 percent. As the Naira continued to devalue, monetary policy made bank deposits less attractive than alternative stores of value, such as U.S. Dollars or other assets.

- The Federal Government of Nigeria signed into law two bills designed to ease access to loans. Together, the *Collateral Registry Act, 2017* and *Credit Reporting Act, 2017* will ease the challenges to accessing affordable credit and promote a favorable business environment.

- The Collateral Registry Act, 2017 addresses the major obstacle of accessing financing for micro, small and medium enterprises by allowing them to register their movable assets in the National Collateral Registry and use those assets as collateral for loan acquisition.

- The Credit Reporting Act, 2017 provides the platform for credit information sharing between credit bureaus and lenders, enabling lenders to make viable decisions on whether or not to extend credit to individuals.

- The implementation of the CBN’s *cashless policy*, intended to incentivize cashless transactions by raising bank fees on large cash deposits and withdrawals, was suspended in April 2017. The CBN instructed all banks to revert to previous transaction charges for deposits and withdrawals and refund customers who had been charged the new higher fees.

- Individual account registration using biometric bank verification numbers (BVNs) has revealed high account dormancy or abandonment. After extensions to the registration deadline since 2015, Nigerian banks collectively reported in September 2017 that they issued 30.4 million BVNs to their customers, linked to a total of 51.7 million bank accounts of all types – nearly 46 million fewer than the total of 97.57 million bank accounts.
Access to banks and registered users of bank accounts declined from 2016 to 2017 in a continuation of the downtrend since 2014.

- Thirty percent of the adult population held a registered account with a full-service financial institution in 2017; a 5-percentage point decline over the 35% observed in 2016. The decline was driven by decreased bank account ownership.
- The proportion of adults with registered full-service bank accounts decreased from 34% in 2016 to 29% in 2017, which closely corresponds to the 28% of individuals (30.4 million) who had a biometric bank verification number (BVN) linked to a bank account in October of the same year. Accounts that are not linked to BVNs are inaccessible.
- The rate of NBFI account ownership has remained effectively unchanged since 2014 at less than 4% of the adult population.

Mobile money uptake increased slightly in 2017. Access was statistically unchanged from 2016 levels, but up significantly compared to 2015.

- Access and trial – the proportion of adults who have ever used a mobile money service – ticked up to over 3% of adults.
- Most of those who used mobile money held a registered account, making up slightly less than 3% of the adult population.
- Active users of mobile accounts made up 2% of adults.

Geographical access to financial services declined for Nigerian adults in 2017.

- Awareness of a financial point-of-service within one kilometer of home dropped from 48% of adults in 2016, to 31% in 2017.
- The proportion of adults aware of a bank branch within one kilometer of their home dropped by 7 percentage points, from 31% in 2016 to 24% in 2017.

The majority of the population continued to show high levels of financial inclusion readiness in 2017. The key digital readiness indicator of SIM card ownership increased by 4 percentage points, from 79% of adults in 2016, to 83% in 2017. The proportion of adults with the ability to text, however, decreased by 12 percentage points, from 78% in 2016 to 66% in 2017.

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
ACCESS & TRIAL OF FINANCIAL SERVICES

- The proportion of adults who have access to a full-service bank account (either their own or one belonging to someone else) decreased by 3 percentage points, from 41% in 2016 to 38% in 2017. This change is, however, within the survey margin of error and, therefore, is not statistically significant.
- The declining share of bank users in the adult population has been met with slow growth in the uptake of mobile money accounts, while the proportion of adults accessing NBFI accounts has not changed statistically since 2014.

Access & trial
(Shown: Percentage of Nigeria adults, by year)

Only 3% of the adult population accessed mobile money in 2017.

*Fewer than 50 observations

Source: InterMedia Nigeria FII Tracker surveys, Wave 1 (N=6,002, 15+), September-December 2013; Wave 2 (N=6,000, 15+), July-September 2014; Wave 3 (N=6,001, 15+), August-September 2015; Wave 4 (N=6,352, 15+), August-October 2016; Wave 5 (N=6,042, 15+), August-December 2017.
**REGISTERED USERS (FINANCIAL INCLUSION)**

- Registered users of a full-service financial institution peaked at 43% of adults in 2014, and steadily decreased to 30% by 2017. The decrease from 2016 to 2017 was driven by a 5 percentage-point drop in registered bank users. Registered mobile money users are growing, but remain a very small proportion of the population, on par with registered NBFI users.
- The decline in bank account holders reflects a weakened banking system amid economic recession and currency depreciation, and the enforcement of the directive to link all bank accounts to biometric bank verification numbers (BVNs), leaving 45.87 million bank accounts unlinked, and therefore inaccessible.

The 5 percentage-point decline in registered bank account users between 2016 and 2017 reflects a weakened banking system amid economic recession and currency depreciation.

*Registered users (Shown: Percentage of Nigeria adults, by year)*

- Nonbank financial institution
  - 2013 (N=6,002)
  - 2014 (N=6,000)
  - 2015 (N=6,001)
  - 2016 (N=6,352)
  - 2017 (N=6,042)

- Bank
  - 2013 (N=6,002)
  - 2014 (N=6,000)
  - 2015 (N=6,001)
  - 2016 (N=6,352)
  - 2017 (N=6,042)

- Mobile money
  - 2013 (N=6,002)
  - 2014 (N=6,000)
  - 2015 (N=6,001)
  - 2016 (N=6,352)
  - 2017 (N=6,042)

- NBFI, bank, and/or mobile money
  - 2013 (N=6,002)
  - 2014 (N=6,000)
  - 2015 (N=6,001)
  - 2016 (N=6,352)
  - 2017 (N=6,042)

* Fewer than 50 observations

Source: InterMedia Nigeria FII Tracker surveys, Wave 1 (N=6,002, 15+), September-December 2013; Wave 2 (N=6,000, 15+), July-September 2014; Wave 3 (N=6,001, 15+), August-September 2015; Wave 4 (N=6,352, 15+), August-October 2016; Wave 5 (N=6,042, 15+), August-December 2017.
Financial inclusion in Nigeria shows persistent gender, locality, and income gaps. The gender gap has grown wider during the country’s economic downturn since 2014, when 37% of women were financially included versus 50% of men. From 2014 to 2017, the gap increased from 13 to 17 percentage points as financial inclusion fell to 21% of women and 38% of men.

Financial inclusion is less common in the below-poverty than the above-poverty demographic groups, particularly since 2016 when the poverty probability index (PPI) was revised to classify a larger portion of the population as above-poverty. The above-poverty demographic accounted for the drop in financial inclusion from 2016 to 2017, while the below-poverty group showed a slight increase.

### Registered users, by demographic group
(Shown: Percentage of each demographic group who are registered users, by year)

- 17 percentage-point gender gap;
- 19 percentage-point locality gap;
- 28 percentage-point income gap in financial inclusion.

Source: InterMedia Nigeria FII Tracker surveys, Wave 2 (N=6,000, 15+), July-September 2014; Wave 3 (N=6,001, 15+), August-September 2015; Wave 4 (N=6,352, 15+), August-October 2016; Wave 5 (N=6,042, 15+), August-December 2017.
ACTIVE REGISTERED USERS

- The negative effect of Nigeria’s economic downturn on confidence in the banking system is shown most vividly by the 8 percentage-point drop in active users of bank accounts (past 90 days), from 31% of adults in 2016 to 23% in 2017.

- Active registered mobile money users increased to 2% of adults, which is double the 1% observed in 2016, but still almost undetectable using nationally representative survey sampling. Likewise, active NBFI users were 2% of adults in 2017. Most of those who have a registered NBFI or mobile money account are active users.

6% of adults held a registered bank account but did not use it in the 90 days before the survey.

*Fewer than 50 observations

Source: InterMedia Nigeria FII Tracker surveys, Wave 1 (N=6,002, 15+), September-December 2013; Wave 2 (N=6,000, 15+), July-September 2014; Wave 3 (N=6,352, 15+), August-September 2015; Wave 4 (N=6,352, 15+), August-October 2016; Wave 5 (N=6,042, 15+), August-December 2017.
ADVANCED USERS

- In 2017, nearly all active registered users of bank accounts were advanced users, meaning that they used their account for saving, borrowing, receiving wages, or other advanced activities. Advanced bank users dropped by 8 percentage points from 2016 to 2017, in line with active users.
- Advanced users of mobile money were nearly 2% of adults in 2017, which is a statistically significant increase over 2014, when this group was barely detectable using nationally representative survey sampling. This finding shows that some use cases beyond basic transfers and cash-in, cash-out are taking hold with the small group of mobile money users.

Less than 2% of the adult population are NBFI advanced users, unchanged since 2014.

Source: InterMedia Nigeria FII Tracker surveys, Wave 2 (N=6,000, 15+), July-September 2014; Wave 3 (N=6,001, 15+), August-September 2015; Wave 4 (N=6,352, 15+), August-October 2016; Wave 5 (N=6,042, 15+), August-December 2017.
GEOGRAPHICAL ACCESS TO FINANCIAL SERVICES

- Only 42% of the population knew of a financial point-of-service (POS) within 5 kilometers of their household. Less than one-third (31%) knew of a POS within one kilometer.
- With the exception of bank branches and ATMs, the large majority of adults (85% or more for each institution) did not know of a POS for mobile money, informal groups, MFIs and SACCOs.

2017: Proximity to points-of-service (POS) for financial institutions
(Shown: Percentage of Nigeria adults, N=6,042)

Awareness of a POS within one kilometer of home dropped from 48% of adults in 2016, to 31% in 2017.

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
A large majority of adults in Nigeria had key characteristics of financial inclusion readiness in 2017. Over three-quarters (78%) of adults had the identification documents required to register a financial account. The key digital readiness indicator of SIM card ownership increased by 4 percentage points to 83% in 2017, versus 79% in 2016. The prevalence of ability to send and receive text messages, however, decreased by 12 percentage points, from 78% in 2016, to 66% in 2017.

Financial literacy remained low at 16%, and unchanged when compared to 2016 – pointing towards a need for financial literacy training programs.

### 2017: Key indicators of readiness to adopt digital financial services

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Necessary ID</td>
<td>79%</td>
<td>79%</td>
<td>72%</td>
</tr>
<tr>
<td>Mobile phone access</td>
<td>93%</td>
<td>93%</td>
<td>93%</td>
</tr>
<tr>
<td>Own a SIM card</td>
<td>79%</td>
<td>86%</td>
<td>88%</td>
</tr>
<tr>
<td>Ability to send and receive text messages</td>
<td>78%</td>
<td>80%</td>
<td>81%</td>
</tr>
<tr>
<td>Financial literacy</td>
<td>16%</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Basic numeracy</td>
<td>97%</td>
<td>96%</td>
<td>89%</td>
</tr>
<tr>
<td>Mobile money awareness</td>
<td>20%</td>
<td>12%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: InterMedia Nigeria FII Tracker surveys, Wave 2 (N=6,000, 15+), July-September 2014; Wave 3 (N=6,001, 15+), August-September 2015; Wave 4 (N=6,352, 15+), August-October 2016; Wave 5 (N=6,042, 15+), August-December 2017.
Digital Financial Inclusion

- All banks in Nigeria offer digital features with bank accounts, and therefore all bank account holders (29% of adults) were digitally included. Some of these registered bank users also had digital access via a mobile money or NBFI account.

- A far higher proportion of adults (81%) own a mobile phone than are financially included, which shows that there is great potential for expanding digital financial inclusion. Smartphones are the least common type of phone (15%) after basic phones (42%) and feature phones (36%).

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
Nigeria has significant gender and income gaps in mobile phone ownership. Phone owners are more common among men and those with incomes above the poverty line than among female and below-poverty adults.

More than three quarters (77%) of those who do not own a phone cited lack of money as the reason why, and more than half (52%) reported previously owning a mobile phone that is no longer operational.

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
MOBILE PHONE USE

- Few adults (8%) have never used a phone to call someone. Dependent use of phones is common, however, only 65% of adults reported “complete ability” to make/receive calls.
- Only 11% of phone users made a financial transaction using a mobile phone. However, the necessary digital skills – navigating the phone menu and messaging – are widespread, revealing a large addressable market for DFS.

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
In 2014, MTN partnered with Diamond Bank to create the Diamond Y’ello account, which leads the other mobile money services in brand awareness at 11% of adults, followed by Access Bank at 8%.

Awareness of the 13 other mobile money services ranged from 2% to 6% of adults.

**2017: Mobile money awareness, by provider**
(Shown: Percentage of Nigeria adults, N=6,042)

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
Within the 3% of the adult population that used mobile money, money transfer was the leading use case that prompted adoption; but the majority also mentioned saving and secure storage of funds, and even investment. This finding suggests that early adopters in Nigeria see mobile money as a service that can meet a variety of financial needs.

Compared to other financial services, adults who accessed mobile money consider it to be more accessible (64%) and to meet their needs better than other financial services (60%).

### 2017: Top reasons to start using mobile money
(Shown: Percentage of Nigeria adults who have accessed mobile money, n=169)

- Had to send/receive money: 70%
- Wanted a secure place to store money: 63%
- Wanted to save money: 60%
- Wanted to make a purchase: 55%
- Wanted to make an investment: 54%

### 2017: Reasons to use mobile money over other financial services
(Shown: Percentage of Nigeria adults who have accessed mobile money, n=169)

- More accessible: 64%
- Meets needs better than other options: 60%
- Easier to use: 58%
- Cheaper to use: 57%
- More secure: 55%
- Greater trust in mobile money: 49%

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
CUSTOMER JOURNEY

- Nonusers
- Unregistered Users
- Registered Inactive Users
- Active Basic Users
- Advanced Users
CUSTOMER JOURNEY THEORY OF CHANGE

- Financial inclusion may be conceived as a process through which an individual’s needs are met by advancing step-by-step towards increasingly active engagement with a growing range of financial services. The customer journey theory of change posits that advancement on the journey leads to gains in human welfare.
- Understanding how individuals and groups advance on the customer journey is useful for developing strategies and interventions to assist more individuals to become users of the financial services that best meet their needs.
- Five major segments of the population on the customer journey are described below. Each group is mutually exclusive of the others. The population shifts between these groups as more individuals make progress on the customer journey.

<table>
<thead>
<tr>
<th>Segment</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonusers</td>
<td>Adults who have no access to or have never used a full-service financial institution. Nonusers have not started the customer journey.</td>
</tr>
<tr>
<td>Unregistered users</td>
<td>Adults who do not have an account registered in their name but use a bank, mobile money, and/or NBFI service via another person’s account, especially over-the-counter mobile money services accessed via an agent.</td>
</tr>
<tr>
<td>Registered inactive users</td>
<td>Adults who have a bank, mobile money, or NBFI account registered in their name but have not used it in the last 90 days.</td>
</tr>
<tr>
<td>Active basic users</td>
<td>Adults who have used their registered bank, NBFI, or mobile money account to transfer money to another person, deposit or withdraw cash, and/or check their balance in the previous 90 days only. Buying airtime using mobile money is also a basic use case.</td>
</tr>
<tr>
<td>Advanced users</td>
<td>Adults who have used their registered bank, NBFI, or mobile money account in the previous 90 days and have ever used their account for saving, borrowing, investment, insurance, bill payment, merchant payment, receiving wages, and/or receiving government payments.</td>
</tr>
<tr>
<td>Financially excluded (no registered account)</td>
<td>Financially included (registered account holders)</td>
</tr>
</tbody>
</table>
The proportion of nonusers of formal financial services increased significantly from 51% of adults in 2014 to 61% in 2017, amid low oil prices and associated economic weakness, currency devaluation and high inflation. A growing portion of the population uses an account that belongs to someone else; 9% of adults were unregistered users in 2017. The registered inactive user group (account unused in 90 days) also grew from 2016 to 2017. The person-to-person money transfer is the basic use case for mobile money, which is still rare in Nigeria. Therefore, the share of active basic users has remained inconsequential at no more than 2% of adults since 2014. There are few mobile money users and bank accounts are typically used for more than just basic transfers. The proportion of advanced active users has steadily decreased from 2014 to 2017, indicating that customers are turning away from the use of bank accounts for saving, borrowing, and other financial needs.

Change over time in each segment of the customer journey for all financial institutions
(Shown: Percentage of Nigeria adults, by year)

<table>
<thead>
<tr>
<th></th>
<th>2014 (N=6,000)</th>
<th>2015 (N=6,001)</th>
<th>2016 (N=6,352)</th>
<th>2017 (N=6,042)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NONUSERS</td>
<td>51</td>
<td>58</td>
<td>58</td>
<td>61</td>
</tr>
<tr>
<td>UNREGISTERED USERS</td>
<td>6</td>
<td>5</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>REGISTERED INACTIVE USERS</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>ACTIVE BASIC USERS</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>ADVANCED USERS</td>
<td>37</td>
<td>33</td>
<td>30</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: InterMedia Nigeria FII Tracker surveys, Wave 2 (N=6,000, 15+), July-September 2014; Wave 3 (N=6,001, 15+), August-September 2015; Wave 4 (N=6,352, 15+), August-October 2016; Wave 5 (N=6,042, 15+), August-December 2017.
Nonusers are more often women than men, and the gender gap in this group has widened from 4 percentage points in 2014, to 7 percentage points in 2017. More adults of both genders have joined the unregistered user group since 2014, while more men than women joined the registered inactive group. Growth in the first three segments of the customer journey has come at the expense of the advanced user group, where the decline of 14 percentage points from 2014 to 2017 was shared equally between genders.

Change over time in each segment of the customer journey, by gender
(Shown: Percentage of Nigeria adults, by year and by gender)

Source: InterMedia Nigeria FII Tracker surveys, Wave 2 (N=6,000, 15+), July-September 2014; Wave 3 (N=6,001, 15+), August-September 2015; Wave 4 (N=6,352, 15+), August-October 2016; Wave 5 (N=6,042, 15+), August-December 2017.
In 2017, 44% of adults were nonusers living below the $2.50/day poverty line. A substantial proportion of adults in Nigeria have incomes that are very close to the $2.50/day threshold, creating significant variation in the proportion of the population classified above or below the poverty line. The 2016 revision to the Nigeria Poverty Probability Index (PPI) methodology classified a much larger group as above-poverty compared to 2015. From 2016 to 2017, more of the population dropped below the poverty line. These changes are mainly seen in the proportions of above- and below-poverty adults in the nonuser and advanced user groups. Approximately 9% of adults had above-poverty incomes in 2016, but dropped below the poverty line in 2017, while remaining in the nonuser group. The departure of above-poverty adults from the advanced user group accounted for the decrease in financial inclusion from 2016 to 2017.

*Fewer than 50 observations

Source: InterMedia Nigeria Fil Tracker surveys, Wave 2 (N=6,000, 15+), July-September 2014; Wave 3 (N=6,001, 15+), August-September 2015; Wave 4 (N=6,352, 15+), August-October 2016; Wave 5 (N=6,042, 15+), August-December 2017.
In 2017, over seven in 10 adults (71%) in Nigeria lived in rural areas, and more rural than urban residents were found at each stage of the customer journey. Rural residents are the source of the growth in nonusers, unregistered, and registered inactive users since 2015. Urbanites are overrepresented in the advanced user group, but the decline in advanced users since 2014 has been steeper among urban adults compared to their rural counterparts.

**CUSTOMER JOURNEY TREND, BY LOCALE**

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonusers</th>
<th>Unregistered Users</th>
<th>Registered Inactive Users</th>
<th>Active Basic Users</th>
<th>Advanced Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>34</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>19</td>
</tr>
<tr>
<td>2015</td>
<td>39</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>19</td>
</tr>
<tr>
<td>2016</td>
<td>40</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>15</td>
</tr>
<tr>
<td>2017</td>
<td>47</td>
<td>7</td>
<td>1</td>
<td>4</td>
<td>12</td>
</tr>
</tbody>
</table>

*Fewer than 50 observations

Source: InterMedia Nigeria FII Tracker surveys, Wave 2 (N=6,000, 15+), July-September 2014; Wave 3 (N=6,001, 15+), August-September 2015; Wave 4 (N=6,352, 15+), August-October 2016; Wave 5 (N=6,042, 15+), August-December 2017.
DEMOGRAPHICS OF EACH CUSTOMER SEGMENT

- Women are the majority in the financially excluded, nonuser and unregistered user segments. Male gender is positively correlated with progress on the customer journey, 65% of advanced users are men.
- Adults living above the poverty line are much less likely to be nonusers and much more likely to be advanced users than their below-poverty counterparts.
- Rural residents are over half of the population in every segment, but their majority is the smallest in the advanced user group. The nonuser group has the smallest proportion of urban adults.

2017: Demographic groups, by customer journey segment
(Shown: Percentage of Nigeria adults in each segment)

<table>
<thead>
<tr>
<th>DEMOGRAPHICS</th>
<th>NONUSERS (n=3,554)</th>
<th>UNREGISTERED USERS (n=527)</th>
<th>REGISTERED INACTIVE USERS (n=304)</th>
<th>ACTIVE BASIC USERS (n=73)</th>
<th>ADVANCED USERS (n=1,584)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>45%</td>
<td>41%</td>
<td>64%</td>
<td>41%</td>
<td>65%</td>
</tr>
<tr>
<td>Female</td>
<td>55%</td>
<td>59%</td>
<td>36%</td>
<td>59%</td>
<td>35%</td>
</tr>
<tr>
<td>Above poverty</td>
<td>27%</td>
<td>49%</td>
<td>44%</td>
<td>78%</td>
<td>66%</td>
</tr>
<tr>
<td>Below poverty</td>
<td>73%</td>
<td>51%</td>
<td>56%</td>
<td>22%</td>
<td>34%</td>
</tr>
<tr>
<td>Rural</td>
<td>77%</td>
<td>72%</td>
<td>75%</td>
<td>67%</td>
<td>54%</td>
</tr>
<tr>
<td>Urban</td>
<td>23%</td>
<td>28%</td>
<td>25%</td>
<td>33%</td>
<td>46%</td>
</tr>
</tbody>
</table>

*Fewer than 50 observations

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
AGE GROUP SEGMENTATION

- Age is an important predictor of progress on the customer journey. Nearly half (49%) of advanced users are 35 years old or older, but their share of the adult population overall is only 37%. Adults between the ages of 25 and 34 are 30% of the adult population, but make up more than 30% of all customer journey segments, other than nonusers.

- Nearly one in three (31%) adults in Nigeria are between the ages of 15 and 24—the least likely age group to be financially included. As such, they are overrepresented among nonusers and underrepresented in all of the other segments. Expanding financial inclusion in this age group is crucially important to reaching national objectives.

### 2017: Age groups, by customer journey segment

*(Shown: Percentage of Nigeria adults in each group in each segment)*

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Nonusers (n=3,554)</th>
<th>Unregistered Users (n=527)</th>
<th>Registered Inactive Users (n=304)</th>
<th>Active Basic Users (n=73)</th>
<th>Advanced Users (n=1,584)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-24 yrs</td>
<td>27</td>
<td>12</td>
<td>14</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>25-34 yrs</td>
<td>39</td>
<td>12</td>
<td>34</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td>35-44 yrs</td>
<td>12</td>
<td>16*</td>
<td>21*</td>
<td>32*</td>
<td>22</td>
</tr>
<tr>
<td>45-54 yrs</td>
<td>8</td>
<td>27*</td>
<td>13*</td>
<td>38*</td>
<td>33</td>
</tr>
<tr>
<td>55+</td>
<td>9</td>
<td>17*</td>
<td>0*</td>
<td>0*</td>
<td>17</td>
</tr>
</tbody>
</table>

*Fewer than 50 observations

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
EDUCATION SEGMENTATION

- Those with secondary and higher education have made the most progress on the customer journey; 86% of adults who reached the advanced user group had secondary or higher education. Yet, over half of unregistered users, and over one-third of nonusers also have secondary education. This finding suggests that education is not a barrier that prevents a large portion of the population from becoming financially included.

- Nonusers are the most likely to have no formal education, or only primary education. They are also the most likely to have “other” education, which typically entails schooling in a religious madrassa.

2017: Education levels, by customer journey segment
(Shown: Percentage of Nigeria adults in each group in each segment)

*Fewer than 50 observations

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
DIGITAL READINESS SEGMENTATION

The proportion of the population with the ability to text, necessary ID, and phone ownership increases as one progresses along the customer journey. Nonusers are the least likely to possess the necessary skills and resources to adopt formal financial services, however, it should be noted that a large proportion of nonusers own a phone and have the ID necessary to register an account. Unregistered users are, however, much more likely than nonusers to have mobile money awareness, texting ability, and phone ownership. The last three, financially included segments have similarly high prevalence of readiness on the five indicators. Advanced users are set apart by their high frequency of mobile money awareness, which suggests that this group is most ready to adopt mobile money.

2017: Readiness to adopt digital financial services, by customer journey segment
(Shown: Percentage of Nigeria adults in each segment)

*Fewer than 50 observations

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
FINANCIAL HEALTH SEGMENTATION

- Overall, financial health in Nigeria is low, but increases with progress on the customer journey. Only 33% of advanced users reported having enough money to pay for living expenses – the highest proportion of any segment.
- Financial health was lower in the registered inactive group compared to the unregistered and advanced user groups. Weak financial health is a likely reason for the lack of account activity among registered inactive users.
- Financially included adults were somewhat more likely to have funds to cover emergencies; 17% of nonusers and 16% of unregistered users reported having emergency funds versus 25% of advanced users.

2017: Financial health, by customer journey segment
(Shown: Percentage of Nigeria adults in each segment reporting somewhat/strongly agree)

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.

* Fewer than 50 observations
FINANCIAL CAPACITY SEGMENTATION

• Financial capacity is similar in all of the latter three, financially included segments, and higher among unregistered users than nonusers. Nonusers are the least likely to be confident in their financial skills, to say that their income will grow in the future, and to report that friends and family can rely on them for financial assistance.

• The similar levels of financial capacity on two of the three indicators in the segments after nonuser suggests that financial capacity helps an individual to start on the path to financial inclusion, but, in a market with few good options for meeting the needs of the average consumer, does not determine how far s/he will progress.

* Fewer than 50 observations

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
**WOMEN’S ECONOMIC EMPOWERMENT SEGMENTATION**

- Women’s economic empowerment increases with progress on the customer journey; 44% of women in the advanced user group reported having strong influence on final household spending decisions, versus 34% of women nonusers.
- While the advanced and active basic user groups scored highest on all empowerment indicators, the unregistered users had similar indicator scores to the three financially included segments. This suggests that, for women in Nigeria, the use of a bank account that belongs to someone else creates similar gains in empowerment compared to using an individually registered account.

2017: Economic empowerment indicators, by customer journey segment
(Shown: Percentage of Nigeria women in each segment reporting somewhat/strongly agree)

- **Nonusers** (n=2,036)
  - 34%
- **Unregistered users** (n=300)
  - 38%
- **Registered inactive users** (n=142)
  - 31%
- **Active basic users** (n=34)
  - 44%
- **Advanced users** (n=547)
  - 44%

*Fewer than 50 observations

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
INCOME SEGMENTATION

- Self-employment is the most common source of income for adults in Nigeria, particularly among unregistered and registered inactive users, where 43% and 36%, respectively, were self-employed in 2017.
- Advanced users were more likely to be salaried workers than were adults in other segments (38%). Among nonusers, only one in 10 adults were salaried (10%).
- While the largest proportion of advanced users had salaried incomes, 10% were seasonally employed in agriculture and/or had irregular income from other sources, versus 13% of nonusers. This finding suggests that irregular income is not a major barrier to financial inclusion in Nigeria.

2017: Employment income, by customer journey segment
(Shown: Percentage of Nigeria adults in each segment)

63% of all adults earned income from employment.

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.

*Fewer than 50 observations
SAVING SEGMENTATION

- Active use of a registered bank account is the key behavior that differentiates advanced users from the other customer journey segments. Registered inactive users used their accounts for saving, but not in the 90 days prior to the survey. A small proportion of unregistered users saved using an account registered to someone else.
- In 2017, savers in Nigeria often spread their savings across several financial instruments. Saving money in cash or property is common across all segments, and informal institutions are also used by nearly the same proportion of individuals in every group.

2017: Savings behavior, by customer journey segment
(Shown: Percentage of Nigeria adults in each segment)

- 59% of all adults reported saving money.

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.

*Fewer than 50 observations
BORROWING SEGMENTATION

• Borrowing is common in Nigeria, but from informal sources. While 46% of adults reported borrowing in the past 12 months, only 5% had a bank loan and 1% had a loan from a microfinance institution at the time of the survey.

• The three major reasons to borrow – to pay for emergency expenses, daily expenses, and invest in a business – were reported by approximately equal proportions of adults in all segments, with the exception of registered inactive and active basic users where borrowing was more common for all reasons. Registered inactive users reported the lowest level of financial health (see Slide 32) and borrowed the most often, mainly to pay for daily expenses.

2017: Borrowed in the last 12 months, by customer journey segment
(Shown: Percentage of Nigeria adults in each segment)

- Borrowed in the past 12 months
- Borrowed in the past 12 months to pay for emergency expenses
- Borrowed in the past 12 months to pay for daily expenses
- Borrowed in the past 12 months to invest in a business

46% of all adults borrowed in the 12 months prior to the survey.

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
INSURANCE AND INVESTMENT SEGMENTATION

- The majority (54%) of adults in Nigeria reported investing in their own business; a higher proportion than the 34% who report being self-employed. Registered inactive users, unregistered users and advanced users are the most likely to invest in their own business.
- Advanced and registered inactive users have the largest proportions that invest in other assets and have insurance.

2017: Insurance and investment behavior, by customer journey segment
(Shown: Percentage of Nigeria adults in each segment)

55% of all adults had investments.
Only 6% of all adults had any type of insurance.

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.

*Fewer than 50 observations
INFORMAL FINANCIAL ACTIVITIES SEGMENTATION

- Much like formal financial institutions, informal groups are used mainly for saving, less frequently for borrowing, and rarely for investing. Nonusers are both excluded from formal financial institutions, and the least likely to belong to informal groups.
- The unregistered user group had the highest proportion of adults who belong to informal groups, which suggests that informal services may reduce the need to register an account with a formal institution, particularly for saving.

2017: Membership and uses of informal financial groups, by customer journey segment
(Shown: Percentage of Nigeria adults in each segment)

- 17% of all adults belonged to an informal group.
- 15% saved; 7% borrowed; and only 2% invested via these groups.

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.

*Fewer than 50 observations
NONUSERS

- Nonusers
- Unregistered Users
- Registered Inactive Users
- Active Basic Users
- Advanced Users
NONUSERS, BY DEMOGRAPHIC GROUP

- Six in 10 adults (61%) in Nigeria do not use any financial services. Nonusers are more common in the female, rural, below-poverty, and younger-than-35 demographic groups relative to the male, urban, above-poverty and over-35 groups.
- A large majority of women (68%) are nonusers versus a smaller majority of men (54%).
- Only in the urban and above-poverty demographics have more than half of adults progressed on the customer journey beyond the nonuser stage.

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
BARRIERS TO ACCESS AND REGISTRATION

- In 2017, the most often reported reason for not using a bank account was lack of money to use the account (72%). The related reason of high fees and expenses for using a bank account was cited by 46% of bank nonusers.
- The top reasons for not using mobile money among those who have mobile money awareness was a lack in knowledge of what mobile money is used for (62%) and a preference for cash transactions (62%).

38% of aware nonusers of mobile money said they did not have the ID required to register an account.

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
REASONS FOR JOINING INFORMAL FINANCIAL GROUPS

• Nonusers join informal financial groups for a variety of reasons, including to have the opportunity to have a lump sum to use (85%), to help with family unplanned emergencies (78%), and to gain access to loans or credit (63%).

• A large majority (70%) of nonusers who belong to informal groups perceive these groups as more accessible or easier to use than formal financial institutions.

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
NONUSER SAVING BEHAVIOR

• Less than half (45%) of nonusers reported saving money. Saving at home in cash was the most common method of saving, followed by informal methods, such as saving collectors and rotating credit associations (ROSCAs). Buying agricultural inputs or livestock was a method of saving reported by 8% of nonusers.

• If marketed properly, agent banking and mobile money is likely to appeal to nonusers as a means of increasing the security of savings by cheaply converting cash to digital stored value.

2017: Nonuser methods of saving
(Shown: Percentage of nonusers, n=3,554)

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.

*Fewer than 50 observations
NONUSER ECONOMIC EMPOWERMENT, BY GENDER

Across the four empowerment indicators, nonusers – both male and female – reported lower levels of influence, voice, and autonomy on personal and household financial decisions than advanced users. Compared to women nonusers, a larger proportion of women advanced users reported having strong influence on final household spending decisions. Yet, the gap between male and female advanced users is wider than the gender gap between nonusers on this indicator. Coupled with the narrower gender gaps among advanced users relative to nonusers on the other empowerment indicators, the findings suggest that financial inclusion in Nigeria is more effective at increasing women’s autonomy over their personal finances than at empowering women to make final decisions on household spending.

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
UNREGISTERED USERS

NONUSERS → UNREGISTERED USERS → REGISTERED INACTIVE USERS → ACTIVE BASIC USERS → ADVANCED USERS
UNREGISTERED USERS, BY DEMOGRAPHIC GROUP

- Unregistered users of financial services predominantly use a bank account that belongs to someone else; mobile money and NBFI are used by few unregistered users.
- A larger proportion of women, and adults with incomes above the poverty line are unregistered users relative to the male and below-poverty demographic groups.

2017: Unregistered users, by demographic and service type
(Shown: Percentage of each demographic group who are unregistered users of each type of institution)

* Fewer than 50 observations

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
UNREGISTERED USER SAVING BEHAVIOR

- The majority (59%) of unregistered users reported saving money, mainly using cash at home. A slightly higher proportion used informal groups such as rotating credit associations (ROSCAs) than banks.
- If marketed properly, branchless banking and mobile money is likely to appeal to unregistered users as a means of increasing the security of savings by cheaply converting cash to digital stored value.

### 2017: Methods of saving

(Shown: Percentage of unregistered users, n=527)

<table>
<thead>
<tr>
<th>Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savers</td>
<td>59</td>
</tr>
<tr>
<td>At home, in cash</td>
<td>40</td>
</tr>
<tr>
<td>ROSCA/merry-go-round</td>
<td>15</td>
</tr>
<tr>
<td>Banks</td>
<td>13*</td>
</tr>
<tr>
<td>Agricultural inputs or livestock</td>
<td>8*</td>
</tr>
</tbody>
</table>

* Fewer than 50 observations

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
• Male unregistered and advanced users are more likely than their female counterparts to report having most or almost all influence on final household spending decisions. This indicator shows a larger gender gap between advanced users than between unregistered users, which suggests that progress to the advanced stage of the customer journey empowers more men to make final decisions on household spending than women.

• Female unregistered users more often reported strong involvement in deciding what services to use than did their male counterparts.

2017: Influence, voice and autonomy on personal and household financial decisions
(Shown: Percentage of Nigeria adults in each group, by gender)

<table>
<thead>
<tr>
<th></th>
<th>Male (Unregistered user n=227, Advanced user n=1,037)</th>
<th>Female (Unregistered user n=300, Advanced user n=547)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have most/almost all influence on final decisions on household spending</td>
<td>52 (Male)</td>
<td>63 (Female)</td>
</tr>
<tr>
<td>Somewhat/very likely to voice disagreement with spending decision</td>
<td>62 (Male)</td>
<td>63 (Female)</td>
</tr>
<tr>
<td>Somewhat/very involved in deciding what financial services to use</td>
<td>75 (Male)</td>
<td>88 (Female)</td>
</tr>
<tr>
<td>I make the final decision on how my money is spent or saved (somewhat/strongly agree)</td>
<td>77 (Male)</td>
<td>82 (Female)</td>
</tr>
</tbody>
</table>

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
REGISTERED INACTIVE USERS
REGISTERED INACTIVE USERS, BY DEMOGRAPHIC GROUP

- Six percent of the adult population were registered inactive bank users in 2017. Very few adults were registered inactive users of other financial institutions.
- Registered inactive bank users are more common among men, rural residents, adults living above the poverty line, and the 35+ age demographic than among women, urbanites, below-poverty, and under-35 adults.

2017: Inactive users of registered financial accounts, by demographic and service type
(Shown: Percentage of each demographic group who are registered inactive users of each type of institution)

*Fewer than 50 observations

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
A large majority (66%) of registered inactive users reported saving, and 58% of the group reported saving using a bank account, versus only 34% who reported saving in cash, and less than 10% using other methods. Given their inactive user status, the members of this group did not report using their bank accounts to save within 90 days prior to the survey. Relative to other customer journey segments, this group shows weaker financial health (see Slide 32) and higher frequency of borrowing (see Slide 37) to meet daily needs, which suggests that their ability to save has been reduced by worsening economic conditions in Nigeria.

2017: Methods of saving
(Shown: Percentage of registered inactive users, n=304)

*Fewer than 50 observations

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
All four empowerment indicators show gender gaps between registered inactive users. Male inactive users more often reported high levels of empowerment than did male advanced users. These findings suggest that simply holding a registered financial account is associated with economic empowerment for men but not women – only active use of a registered account creates empowerment for women. Inactive users have the smallest gender gap on decisions over what financial service to use, but this gap is nevertheless wider than the one between advanced users.

2017: Influence, voice and autonomy on personal and household financial decisions
(Shown: Percentage of Nigeria adults in each group, by gender)

- I have most/almost all influence on final decisions on household spending
- Somewhat/very likely to voice disagreement with spending decision
- Somewhat/very involved in deciding what financial services to use
- I make the final decision on how my money is spent or saved (somewhat/strongly agree)

Male (Registered inactive user n=162, Advanced user n=1,037)  Female (Registered inactive user, n=142, Advanced user n=547)

*Fewer than 50 observations

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
ACTIVE BASIC USERS

NONUSERS  →  UNREGISTERED USERS  →  REGISTERED INACTIVE USERS  →  ACTIVE BASIC USERS  →  ADVANCED USERS
ACTIVE BASIC USERS, BY DEMOGRAPHIC GROUP

Nigeria has very few registered users who only use their accounts for “basic” person-to-person transfers and cash-in, cash-out. In Nigeria, active basic users are most commonly bank account holders, but outside of Nigeria, this type of usage is mainly seen with mobile money. The overall small size of the active basic user group in Nigeria is due to mobile money’s small share of the financial services market in Nigeria. Bank and NBFI account holders tend to use their accounts for advanced activities, such as saving and borrowing, and, therefore, nearly all are counted in the advanced user group.

2017: Active basic users of registered financial accounts, by demographic
(Shown: Percentage of each demographic group who are active basic users of each type of institution)

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Population</th>
<th>Females</th>
<th>Males</th>
<th>Rural</th>
<th>Urban</th>
<th>Below Poverty Line</th>
<th>Above Poverty Line</th>
<th>Younger than 35</th>
<th>35 years and older</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population</td>
<td>(N=6,042)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Females (n=3,059)</td>
<td>0.8*</td>
<td>0.4*</td>
<td>0.4*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Males (n=2,983)</td>
<td>0.8*</td>
<td>0.1*</td>
<td>0.4*</td>
<td>0.6*</td>
<td>0.3*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural (n=3,715)</td>
<td>0.7*</td>
<td>0.2*</td>
<td>0.5*</td>
<td>0.7*</td>
<td>0.1*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban (n=2,327)</td>
<td>0.3*</td>
<td>0.2*</td>
<td>0.3*</td>
<td>0.6*</td>
<td>0.9*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below poverty line</td>
<td>(n=3,088)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Above poverty line</td>
<td>(n=2,954)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Younger than 35</td>
<td>(n=3,375)</td>
<td>0.4*</td>
<td>0.5*</td>
<td>0.2*</td>
<td>0.1*</td>
<td>0.6*</td>
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<tr>
<td>35 years and older</td>
<td>(n=2,667)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.1*</td>
<td>0.6*</td>
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</tr>
</tbody>
</table>

*Fewer than 50 observations

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
ADVANCED USERS, BY DEMOGRAPHIC GROUP

- Financial inclusion in Nigeria is dominated by traditionally privileged groups; advanced users of bank services are more common among men, urban residents, those living above the poverty line, and 35+ years old adults relative to the female, rural, below-poverty, and under-35 demographics.
- The income gap is the largest, and suggests that new effort is required to bring financial services to the poor.

2017: Advanced users, by demographic
(Shown: Percentage of each demographic group who are advanced users of each type of institution)

- **25 percentage-point** income gap;
- **19 percentage-point** locality gap;
- **13 percentage-point** gender gap among advanced users of banks.

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
ADVANCED USER FINANCIAL BEHAVIORS

- Nearly all advanced users (96%) reported saving, and 95% saved using a bank account, though only 52% used their bank accounts to save money in the 90 days prior to the survey (see next slide).

- A large proportion of advanced users also save cash at home (37%), which suggests that saving in cash may be seen as more convenient than using a bank, or may be part of a method for coping with high inflation. Other less common saving mechanisms included saving with other people/collectors and ROSCA/merry-go-rounds.

- Eight percent of advanced users reported having a bank loan at the time of the survey.

*Fewer than 50 observations

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
ADVANCED USER 90-DAY ACCOUNT ACTIVITIES

In the 90 days prior to the survey, saving was the most common activity of advanced users. However, only 52% of advanced users used a bank account to save money, and active use of an account to take a loan or make payments on a loan was very rare for banks as well as NBFI and mobile money. After saving, the most common use case for banks was receiving wages (18%), and bill payments (12%). These findings reveal the low utilization of financial accounts in the context of Nigeria’s weak economy in 2017.

2017: Advanced users’ account activities in last 90 days, by activity and institution
(Shown: Percentage of advanced users, n=1,584)

*Fewer than 50 observations

Source: InterMedia Nigeria FII Tracker survey, Wave 5 (N=6,042, 15+), August-December 2017.
## Key Indicators Summary

<table>
<thead>
<tr>
<th>Key Indicators</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Base Definition</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>%, Base n</td>
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</tr>
<tr>
<td>Adults (15+) who have active digital stored-value accounts</td>
<td>36% (+/- 1.8%)</td>
<td>33% (+/- 2.1%)</td>
<td>29% (+/- 4.7%)</td>
<td>24% (+/- 2.9%)</td>
<td>All adults</td>
</tr>
<tr>
<td></td>
<td>6,000</td>
<td>6,001</td>
<td>6,352</td>
<td>6,042</td>
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<td>Poor adults (15+) who have active digital stored-value accounts</td>
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<td>3,741</td>
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<td>2,274</td>
<td>2,320</td>
<td>1,835</td>
<td>1,683</td>
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<td>1,886</td>
<td></td>
</tr>
<tr>
<td>Adults (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet &amp; P2P)</td>
<td>35% (+/- 1.8%)</td>
<td>32% (+/- 2.1%)</td>
<td>28% (+/- 4.7%)</td>
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Digital stored-value accounts: accounts in which a monetary value is represented in a digital electronic format and can be retrieved/transferred by the account owner remotely. For this particular study, DSVAs include a bank account or NBFI account with digital access (a card, online access or a mobile phone application) and a mobile money account.

*2013 definition of advanced users is not comparable with later years.

Source: InterMedia Nigeria FII Tracker surveys, Wave 2 (N=6,000, 15+), July-September 2014; Wave 3 (N=6,001, 15+), August-September 2015; Wave 4 (N=6,352, 15+), August-October 2016; Wave 5 (N=6,042, 15+), August-December 2017.
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