

FINANCIAL INCLUSION *insights*

APPLIED RESEARCH FOR  digital financial inclusion

NIGERIA

QUICKSIGHTS REPORT FII TRACKER SURVEY

Conducted August-September 2015

December 2015

KEY DEFINITIONS

- **Access** – Access to a bank account or mobile money account means a respondent can use bank/mobile money services either via their own account or via an account of another person.
- **Active account holder** – An individual who has a registered DFS account and has used it in the last 90 days.
- **Advanced use of DFS** – Advanced use of financial services includes activities beyond basic cash-in/cash-out and person-to-person transfers (e.g., savings, bill pay, investment, insurance, etc.).
- **Adults with DFS access** – Adults who either own a DFS account or have access to someone else’s account.
- **Below the poverty line** – In this particular study, adults living on less than \$2.50 per day, as classified by the Grameen PPI.
- **Cooperative** – Typically, a business or other professional organization that is owned and run jointly by its members, who share the profits or benefits. Cooperatives can release some of the profits/funds as loans to its members.
- **Credit-only nonbank financial institutions** – Financial institutions that only disburse loans to their customers.
- **Digital financial services (DFS)** – Financial services provided through an electronic platform (mobile phones, electronic cards, the internet, etc.).
- **Full-service nonbank financial institutions** – Financial institutions that offer their customers at least one of the following services: savings, money transfers, insurance, or investment.
- **Grameen Progress out of Poverty Index (PPI)** – A poverty measurement tool from the Grameen Foundation wherein a set of country-specific questions are used to compute the likelihood that a household is living below the poverty line.
- **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 in which a mobile phone is used to access 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 (i.e., the Bank of Kenya). Such financial institutions include microfinance institutions (MFI), cooperatives, Post Office Banks and savings and credit cooperatives (SACCOs).
- **Post Office (Savings) Bank** – A bank that has branches at local post offices.
- **Savings and credit cooperative (SACCO)** – A unique member-driven, self-help group owned and managed by its members, who have a common bond (e.g., work for the same employer, belong to the same church, live in the same village, etc.). All members contribute to the SACCO fund, which can be used for group investment or a part of which can be given to members as loans.
- **Unregistered/over-the-counter (OTC) user** – An individual who has used DFS 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.

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Notable statistics

- **Market growth in access and use of financial services was temporary, and returned to 2013 levels after growth in 2014.**
 - In 2015, almost two in five Nigerian adults have a financial account.
 - The growth in access and use seen in 2014 is mostly attributed to the temporary increase in the number of registered and unregistered bank users. A World Bank report** attributed positive changes in the Nigerian banking sector to the overall improvement in the country's macroeconomic trends in 2014, and a visible reduction in poverty in urban areas; poverty reduction and financial inclusion in rural areas have been slow.** While the longer-term effect of any positive economic trends is still to be seen, the decline in growth in 2015 might be explained by the deteriorating security situation due to the terrorist activities of Boko Haram.
 - A very modest positive shift in the use of advanced banking services was seen among active bank account holders compared with 2014. However, this applies only to savings; other advanced uses either stayed the same or declined.
- **Awareness of mobile money remains low; use is negligible.**
 - Less than 1 percent of adults ever tried mobile money services, mostly because they had to receive a remittance from a mobile money user, or they tried the services out of curiosity.
 - Mobile money usage is limited to CICO activities, airtime top-ups, and P2P transfers. Less than one in five use the services to pay bills.
 - Just 12 percent of Nigerians are aware of mobile money services; MTN Mobile Money is the most recognized provider. Those who have heard of mobile money but have never tried it either do not understand the service or do not know how to get started.

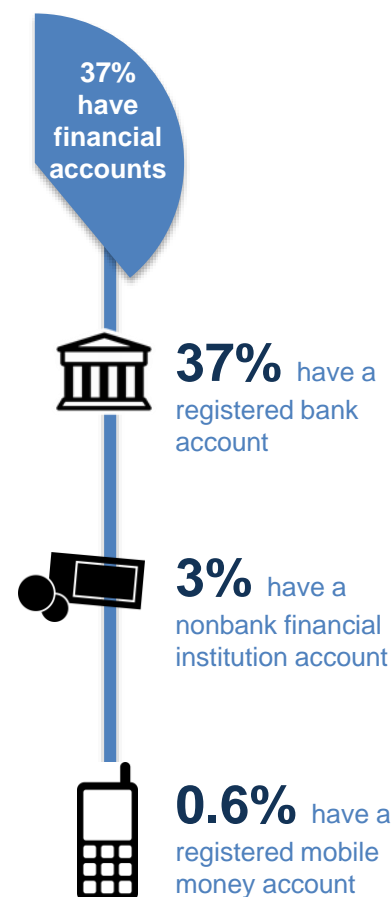
*Overlap representing those who have multiple kinds of financial accounts is not shown.

**<http://www.worldbank.org/en/country/nigeria/publication/nigeria-economic-report-improved-economic-outlook-in-2014-and-prospects-for-continued-growth-look-good>

Source: InterMedia Nigeria FII Tracker survey Wave 3 (N=6,001, 15+), August-September 2015.

2015: Registered users of financial services*

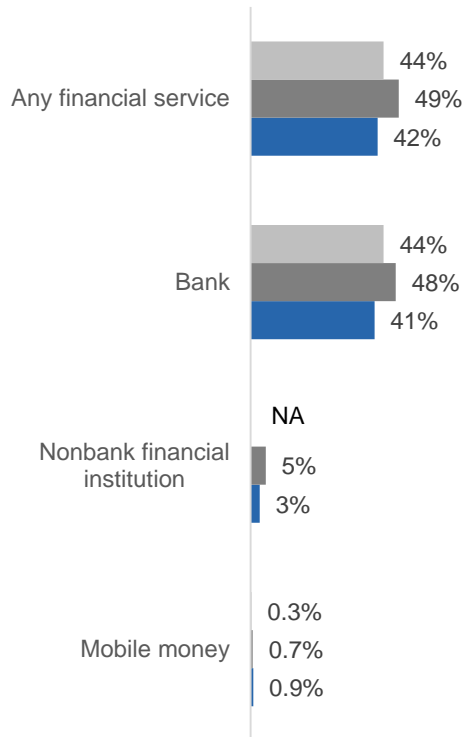
(Shown: Percentage of Nigerian adults, N=6,001)



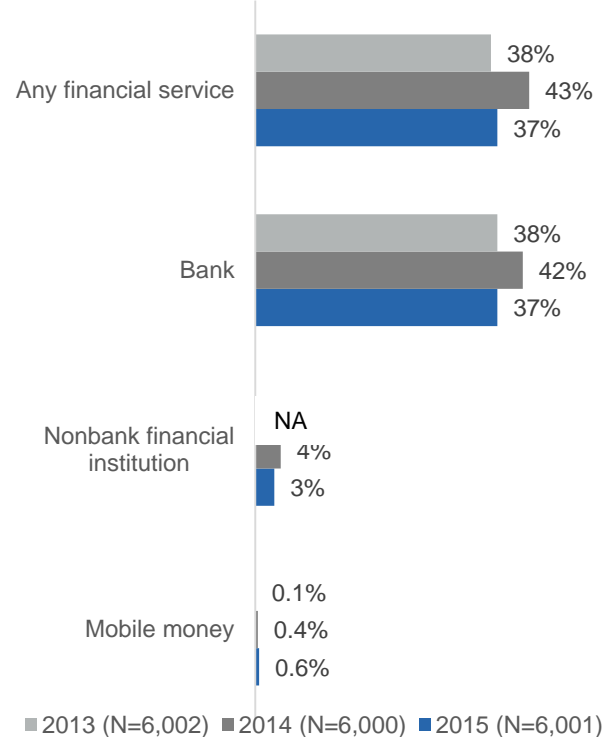
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Nigeria at-a-glance: Banks remain the leading financial service providers even though bank use has declined

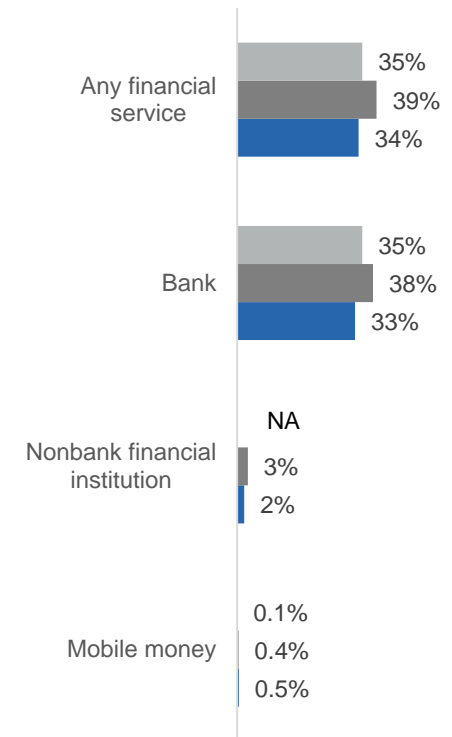
Financial account access



Registered financial service users (Shown: Percentage of Nigerian adults for each year)



Active financial service users



Types of account ownership are not mutually exclusive.

Source: InterMedia Nigeria FII Tracker surveys Wave 1 (N=6,002, 15+), September-December 2013; Wave 2 (N=6,000 15+), June-September 2014; Wave 3 (N=6,001, 15+), August-September 2015.

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FII Nigeria Tracker Survey details

Survey Summary

- Annual, nationally representative survey (N=6,001) of Nigerian adults aged 15+
- Face-to-face interviews lasting, on average, 53 minutes
- Third survey (wave 3) conducted from 8/10/2015 to 9/30/2015
- Tracks trends and market developments in DFS based on the information gathered in the first survey, conducted in 2013, and second survey conducted in 2014

Data Collection

- Basic demographics and poverty measurement (Grameen Progress Out of Poverty Index)
- Access/use of mobile devices
- Access/use of mobile money
- Access/use of formal financial services (e.g., bank accounts)
- Access/use of semi-formal and informal financial services (e.g., microfinance institutions and self-help groups like Esusu)
- Financial literacy and preparedness
- General financial behaviors

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Survey demographics

	% of survey
Gender	
Male	50%
Female	50%
Geography	
Urban	43%
Rural	57%
Income	
Above the \$2.50/day poverty line	12%
Below the \$2.50/day poverty line	88%

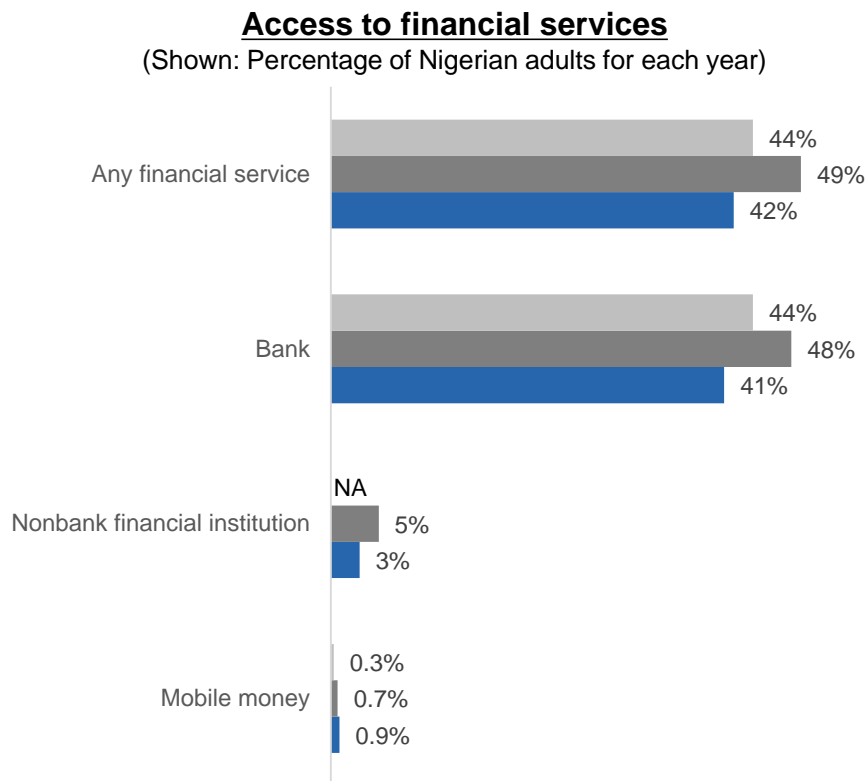
	% of survey
Age	
15-24	35%
25-34	26%
35-44	17%
45-54	11%
55+	10%
Aptitude	
Basic literacy	78%
Basic numeracy	96%

Figures are weighted to reflect national census data demographics.

Source: InterMedia Nigeria FII Tracker survey Wave 3 (N=6,001, 15+), August-September 2015.

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Access to financial services returned to 2013 levels after an uptick in 2014 due to an increase in access to banking services



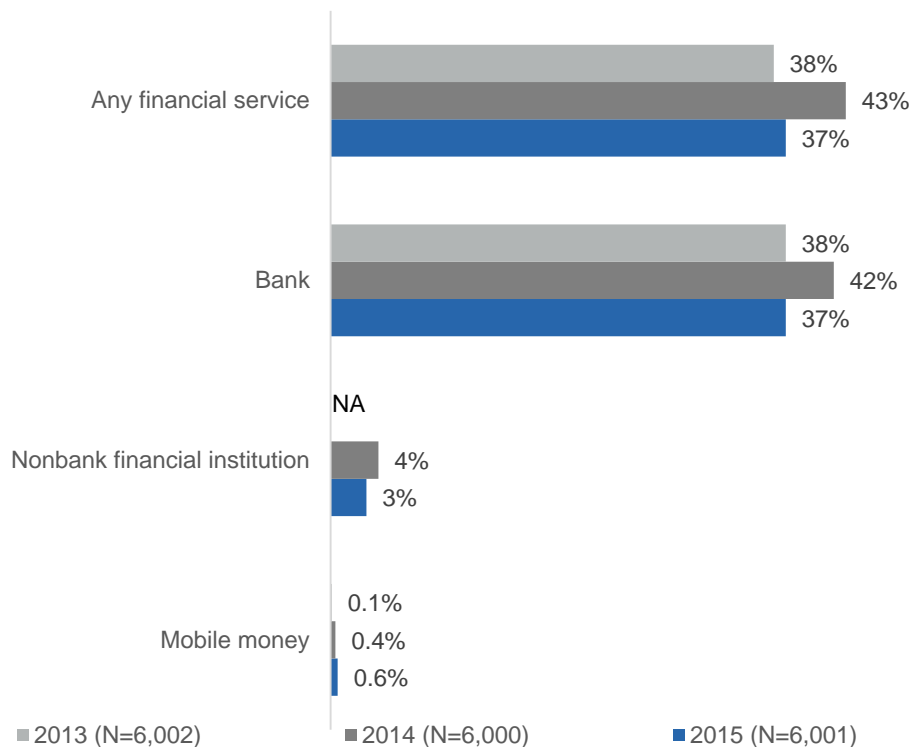
Types of accounts are not mutually exclusive.

Source: InterMedia Nigeria FII Tracker surveys Wave 1 (N=6,002, 15+), September-December 2013; Wave 2 (N=6,000 15+), June-September 2014; Wave 3 (N=6,001, 15+), August-September 2015.

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Registered use of financial services tracks with access, and also returned to 2013 levels after temporary growth

Registered financial service use
(Shown: Percentage of Nigerian adults for each year)



Types of accounts are not mutually exclusive.

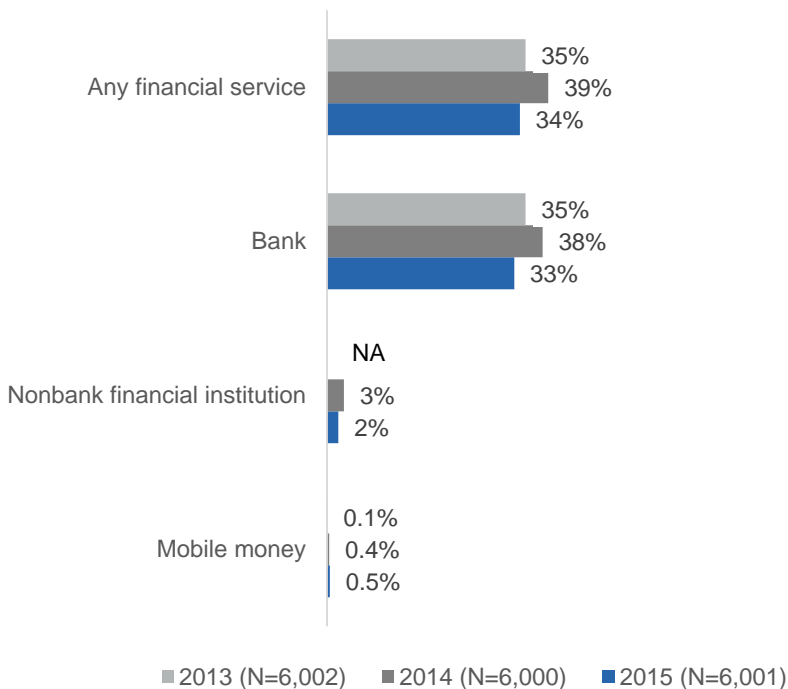
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Most registered accounts are active, except for accounts with nonbank financial institutions

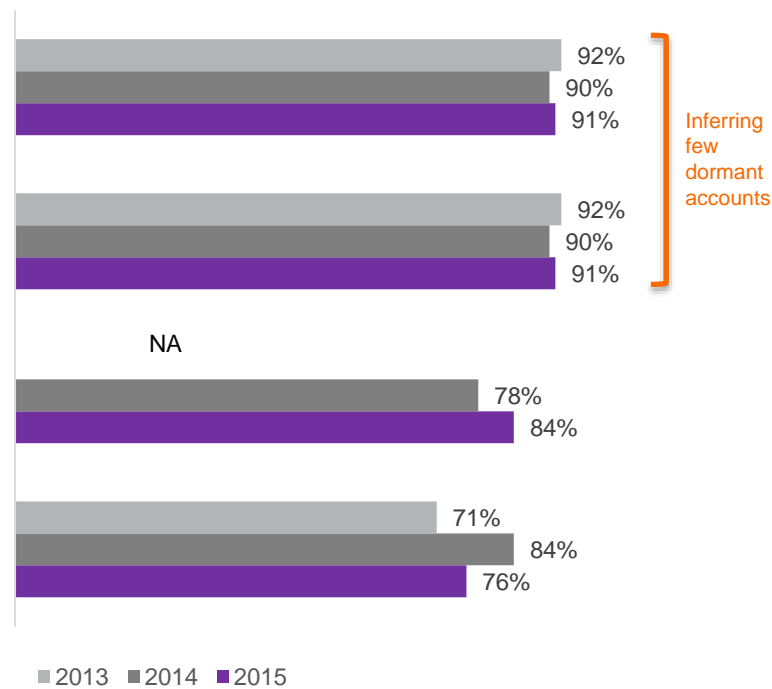
Active* financial account ownership

(Shown: Percentage of Nigerian adults)



Active* financial account ownership

(Shown: Percentage of registered users for each type of account, by year)



*A registered DFS account used in the last 90 days. Types of accounts are not mutually exclusive.

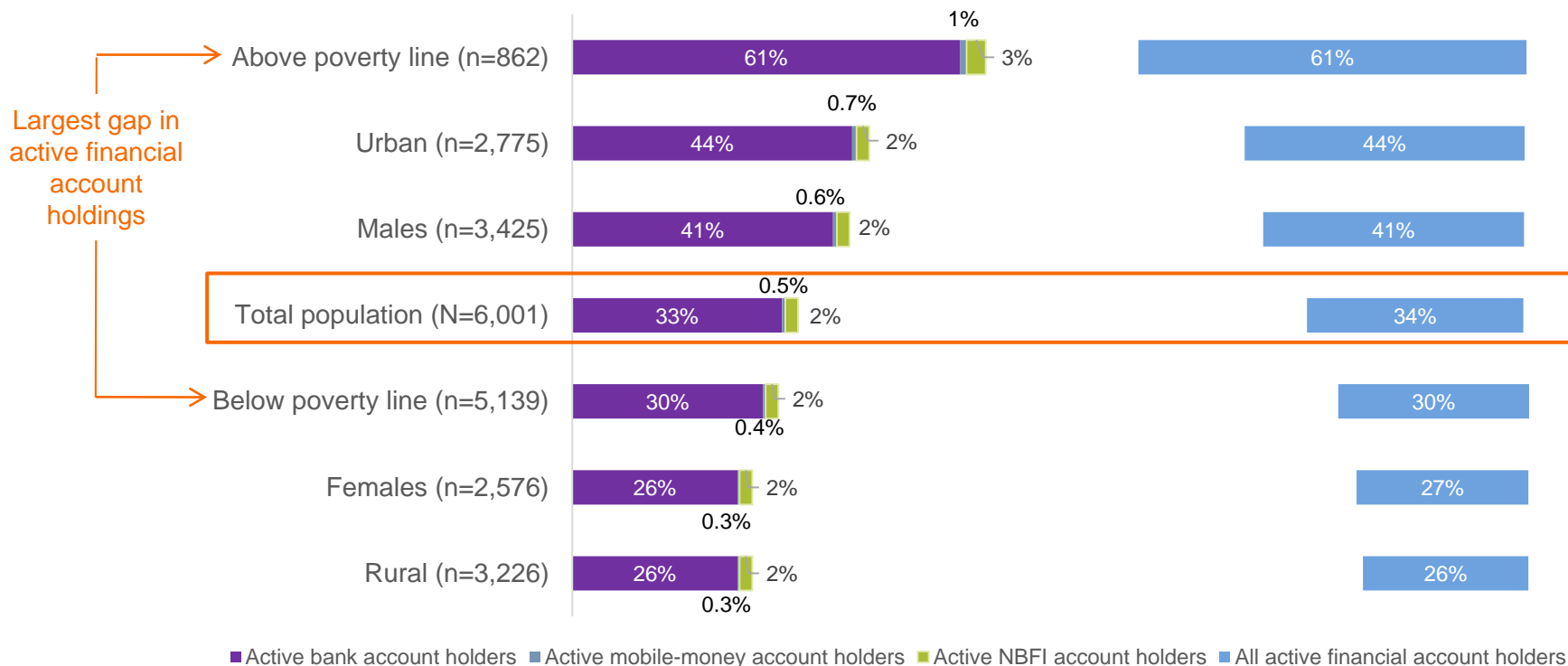
Source: InterMedia Nigeria FII Tracker surveys Wave 1 (N=6,002, 15+), September-December 2013; Wave 2 (N=6,000, 15+), June-September 2014; Wave 3 (N=6,001, 15+), August-September 2015.

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There's more disparity in active account usage by poverty level than urbanicity and gender

2015: Active account usage by demographic

(Shown: Percentage of each demographic subgroup)



Types of accounts are not mutually exclusive.

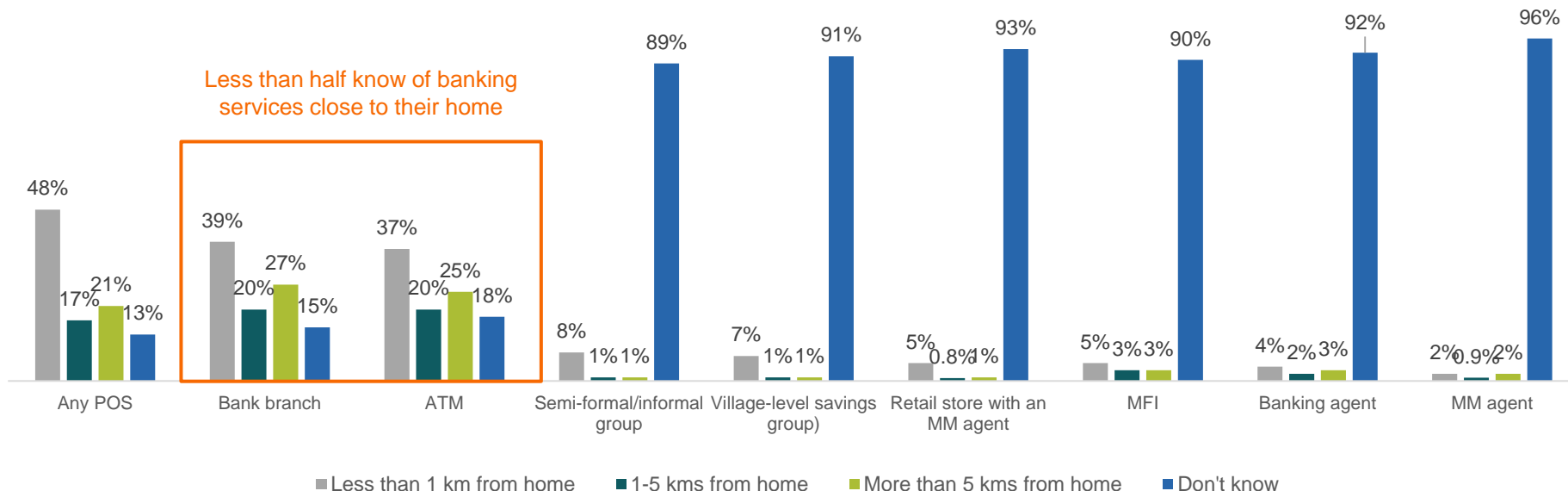
Source: InterMedia Nigeria FII Tracker survey Wave 3 (N=6,001, 15+), August-September 2015.

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A bank branch and an ATM are the only points-of-service (POS) that consumers are aware of; less than 1 in 10 know of other POS for formal or informal financial services

2015: Proximity to points-of-service (POS) for financial institutions

(Shown: Percentage of Nigerian adults N=6,001)



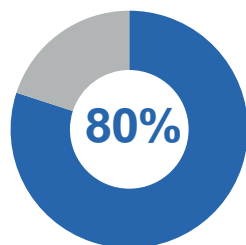
Source: InterMedia Nigeria FII Tracker survey Wave 3 (N=6,001, 15+), August-September 2015.

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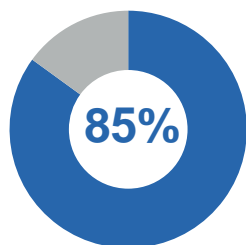
More now have a valid ID for opening a formal financial account; basic numeracy also increased

2015: Key indicators of preparedness for digital financial services

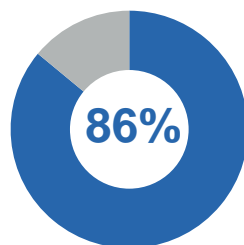
(Shown: Percentage of Nigerian adults, N=6,001)



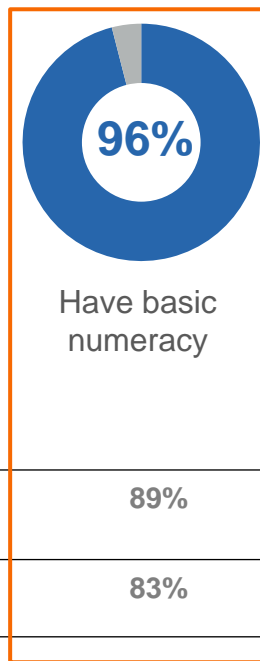
Ever send/receive text messages



Own a mobile phone



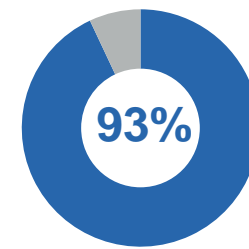
Own a SIM card



Have basic numeracy



Have the necessary ID*



Have access to a mobile phone

2014	81%	88%	88%	89%	72%	93%
2013	79%	90%	91%	83%	71%	96%

*Identification documents (ID) necessary for registering a mobile money or a bank account include one of the following: a National ID, passport, voter's card or driver's license.

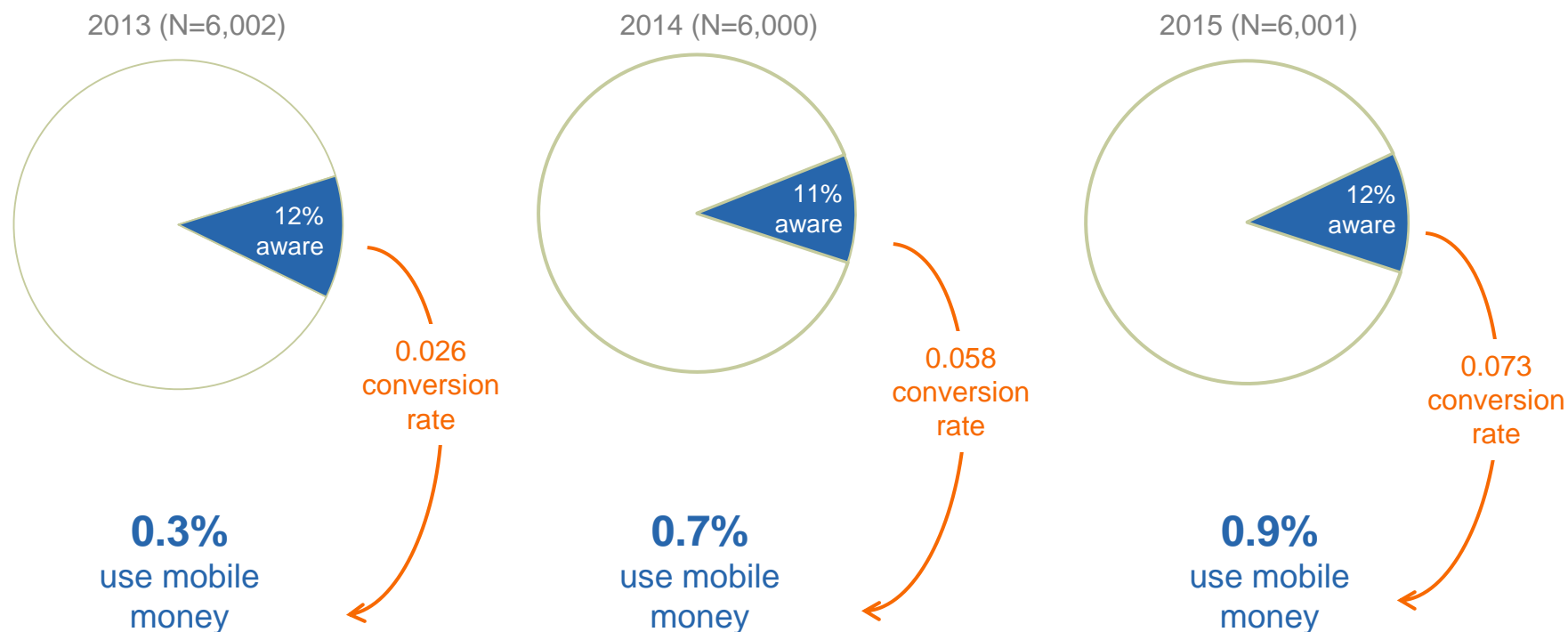
Source: InterMedia Nigeria FII Tracker surveys Wave 1 (N=6,002, 15+), September-December 2013; Wave 2 (N=6,000 15+), July-September 2014; Wave 3 (N=6,001, 15+), August-September 2015.

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Awareness of mobile money providers remains consistently low, usage remains negligible

Conversion from awareness* of mobile money providers to mobile money use

(Shown: Percentage of Nigerian adults for each year)



*Awareness of at least one mobile money provider

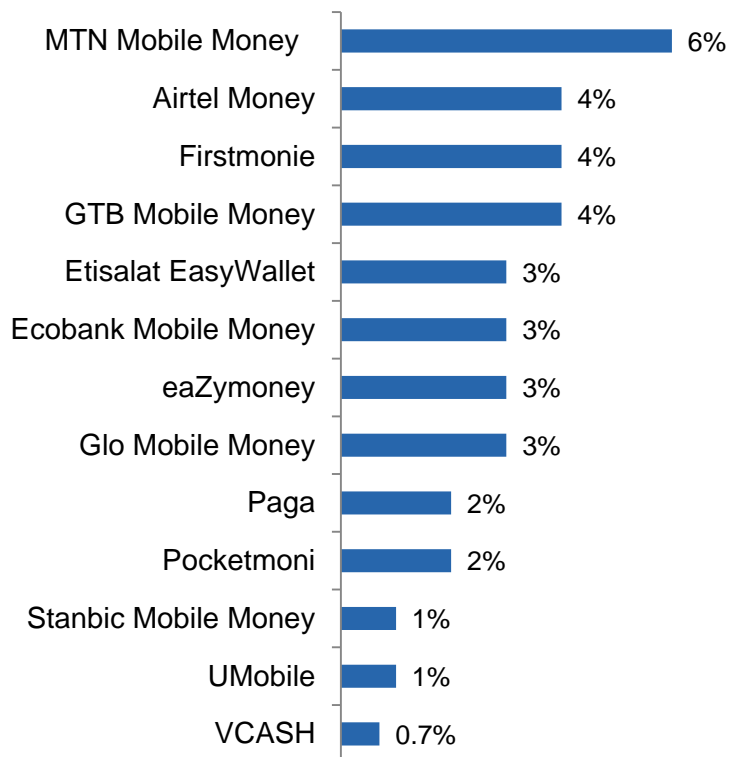
Source: InterMedia Nigeria FII Tracker surveys Wave 1 (N=6,002, 15+), September-December 2013; Wave 2 (N=6,000 15+), July-September 2014; Wave 3 (N=6,001, 15+), August-September 2015.

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Very few know about MTN Mobile Money, the largest provider in Africa; other providers remain virtually unknown

Awareness* of mobile money providers

(Shown: Percentage of all adults, N=6,001)



- MTN Mobile Money is the best known provider of mobile services.
- More men (14%) than women (10%) know about at least one provider.
- The difference in provider recognition is more noticeable between urban dwellers (18%) and rural residents (8%), and between those living above the poverty line (22%) and those living below the poverty line (11%).
- By region, South East, South and North Central show the highest rates of provider awareness at 17%, 17% and 16% of residents, respectively.

*Awareness of mobile money providers includes both spontaneous and prompted recall.

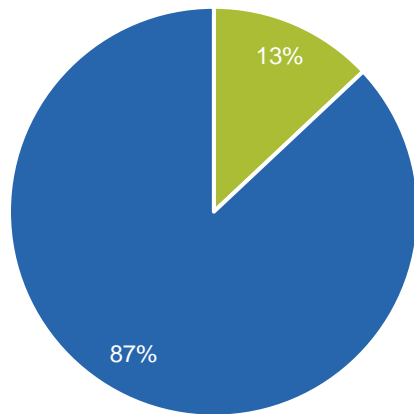
Source: InterMedia Nigeria FII Tracker survey Wave 3 (N=6,001, 15+), August-September 2015.

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Nigerians tend to be unaware of both the concept of mobile money and providers

Awareness of "mobile money" as a concept

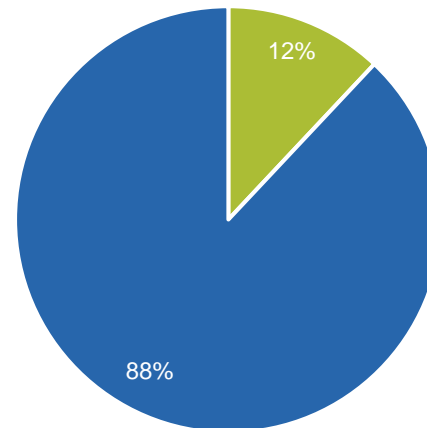
(Shown: Percentage of all adults, N=6,001)



■ Aware ■ Unaware

Awareness of at least one mobile money provider

(Shown: Percentage of all adults, N=6,001)



■ Aware ■ Unaware

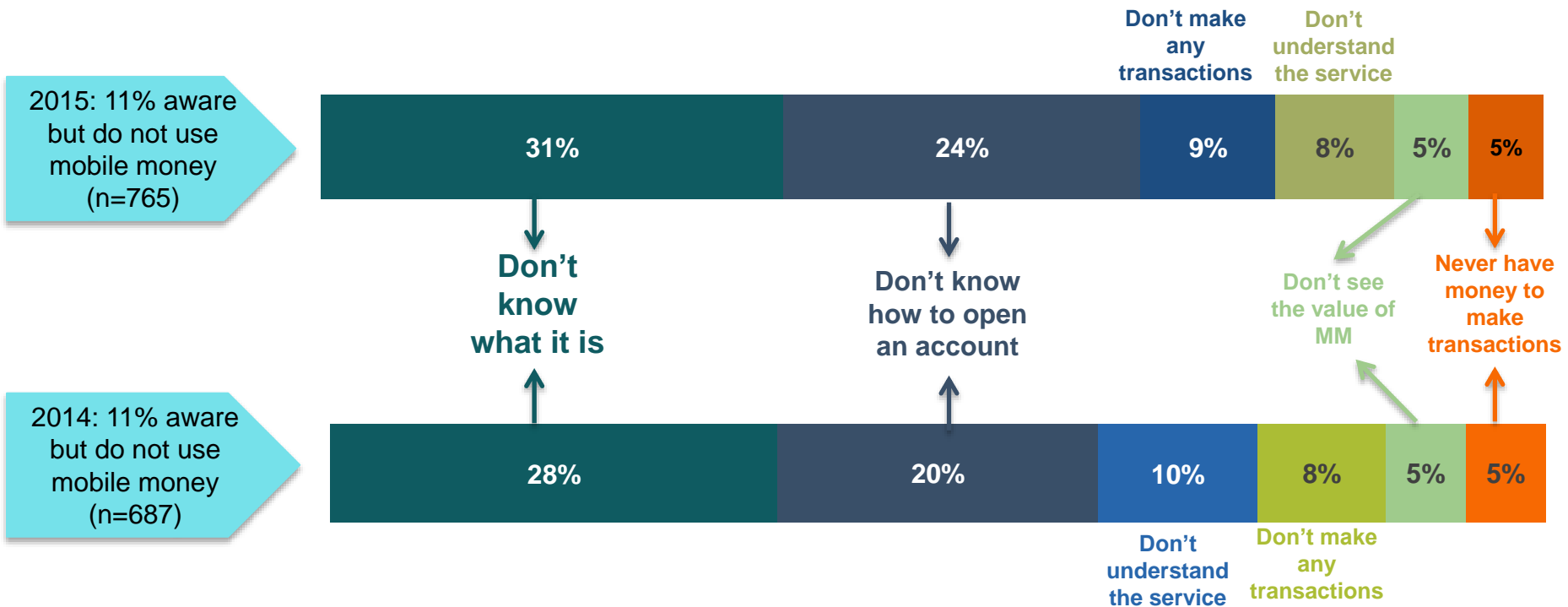
(Nigerian adults are almost as unaware of the concept of mobile money as they are of a service provider.)

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Nigerians who know of mobile money and do not use it find they do not understand or know how to use it

Top reasons for not using mobile money

(Shown: Percentage of adult Nigerians who are aware of mobile money providers but do not use mobile money, for each year)



Source: InterMedia Nigeria FII Tracker survey Wave 3 (N=6,001, 15+), August-September 2015.

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Mobile money users are drawn to mobile money as a remittance channel; additional use cases include CICO, airtime top-ups and bill pay

Common mobile-money use cases

(Shown: Percentage of mobile money users, n=70)



0.9%

of Nigerian adults have ever used mobile money services

Why did you start using mobile money?

28%, I had to send a P2P transfer

15%, a person recommended it

10%, I had to receive a P2P

Somebody requested I open an account

8%

My friends and family are already using it

7%

Have you ever done this transaction via a mobile money service?

48%, deposit money

41%, buy airtime

38%, withdraw money

36%, send P2P transfers

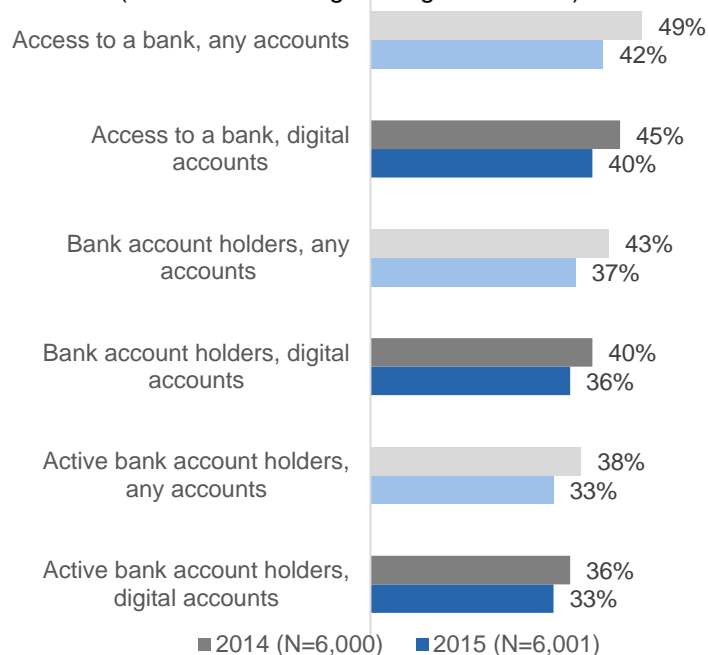
18%, pay bills

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There's a decrease in adults' access to/use of digital bank accounts; debit/ATM and credit cards remain the most common digital banking tools

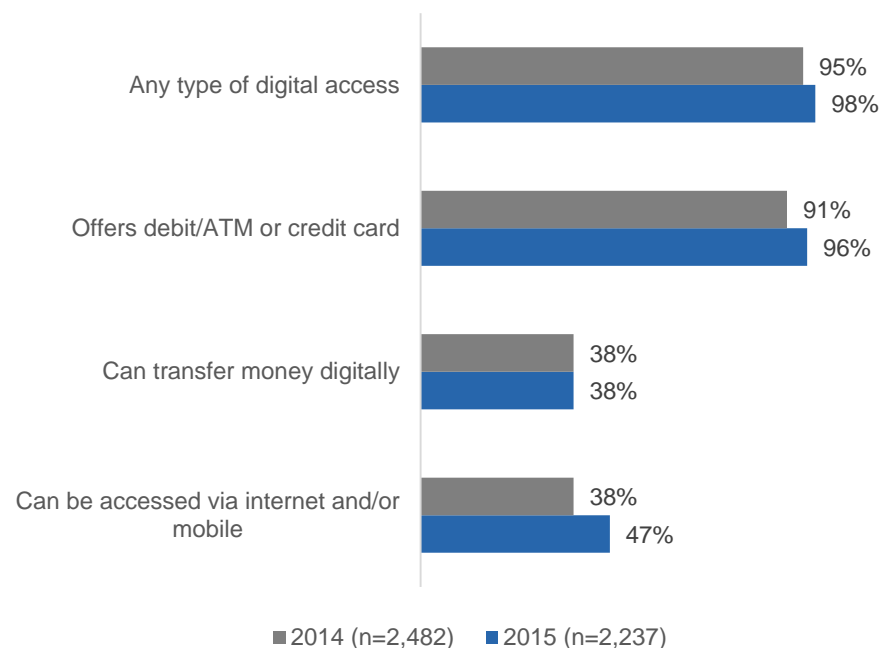
Overall and digital bank account access and usage

(Shown: Percentage of Nigerian adults)



Digital access among active bank account holders

(Shown: Percentage of active bank account holders)



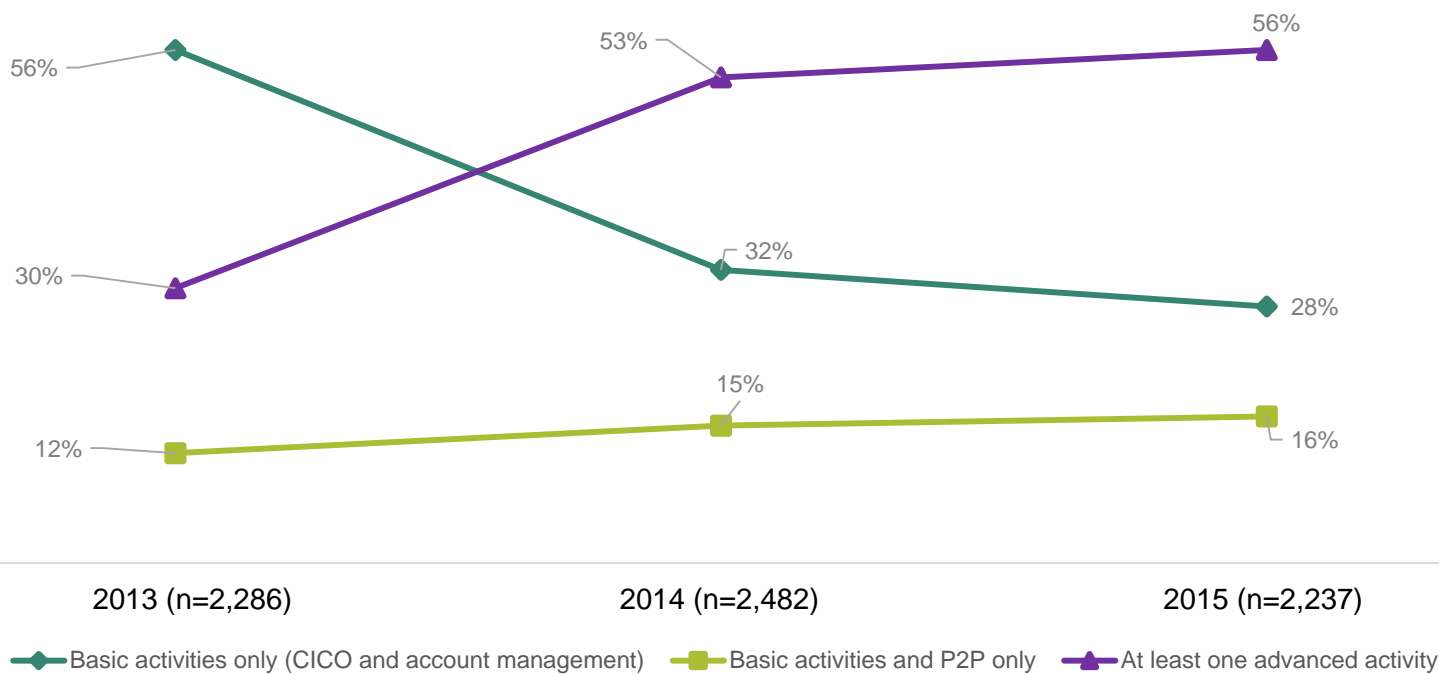
Digital bank accounts are those that offer at least one of the following options: debit/ATM or credit cards, internet or mobile access, or a digital money transfer capability.

Source: InterMedia Nigeria FII Tracker surveys Wave 2 (N=6,000, 15+), June-July 2014; Wave 3 (N=6,001, 15+), August-September 2015.

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Active bank account holders' use of banks is static across the three years; since 2013, three in five use banks for advanced activities

Bank uses, by type
(Shown: Percentage of active bank account holders for each year)



Due to the changes in the questionnaire some data points may not be directly comparable across years.

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.

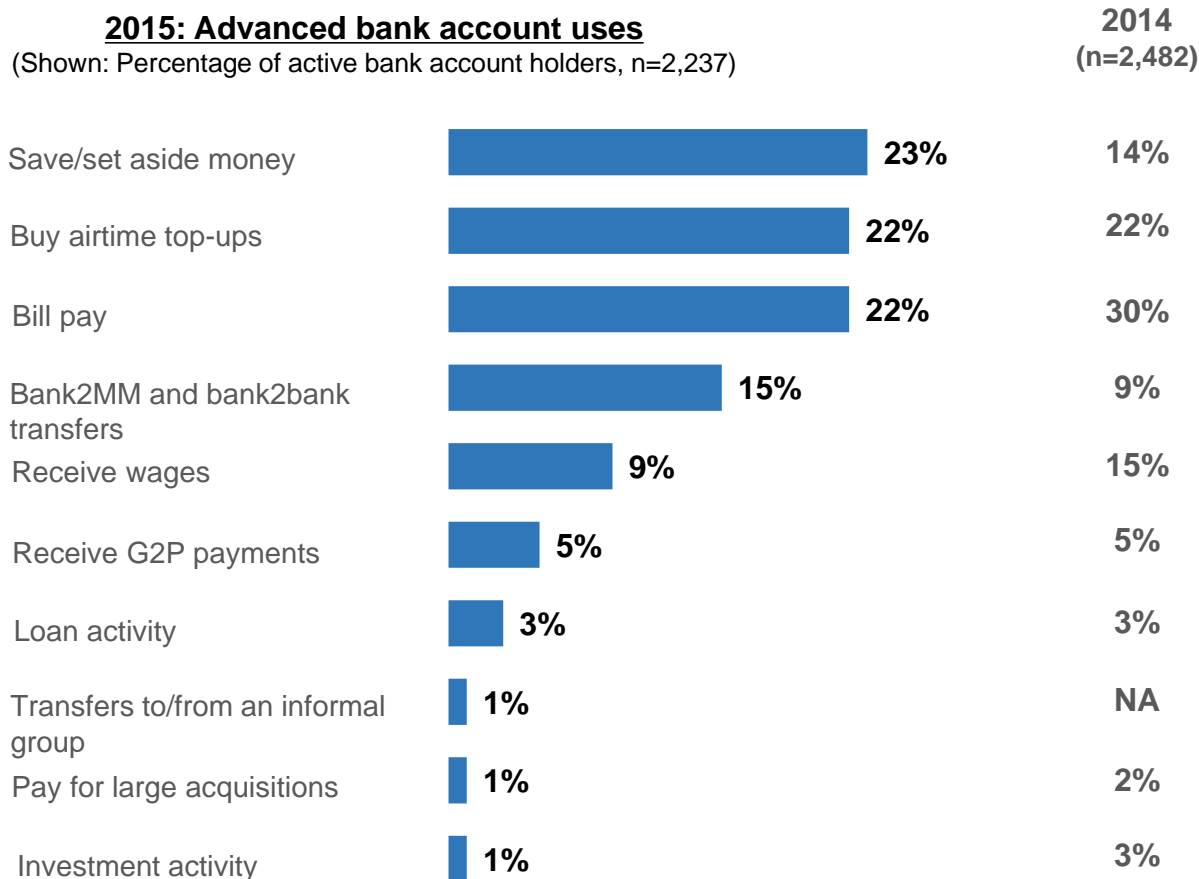
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Twice as many account holders now use their bank accounts to save money; fewer receive wages and pay bills through their accounts

56%

of active bank account holders have used at least one advanced banking feature

(vs. 53% in 2014 and 30% in 2013)



Due to the changes in the questionnaire some data points may not be directly comparable across years.

*Question allowed for multiple responses.

Source: InterMedia Nigeria FII Tracker surveys Wave 2 (N=6,000 15+), July-September 2014; Wave 3 (N=6,001, 15+), August-September 2015.

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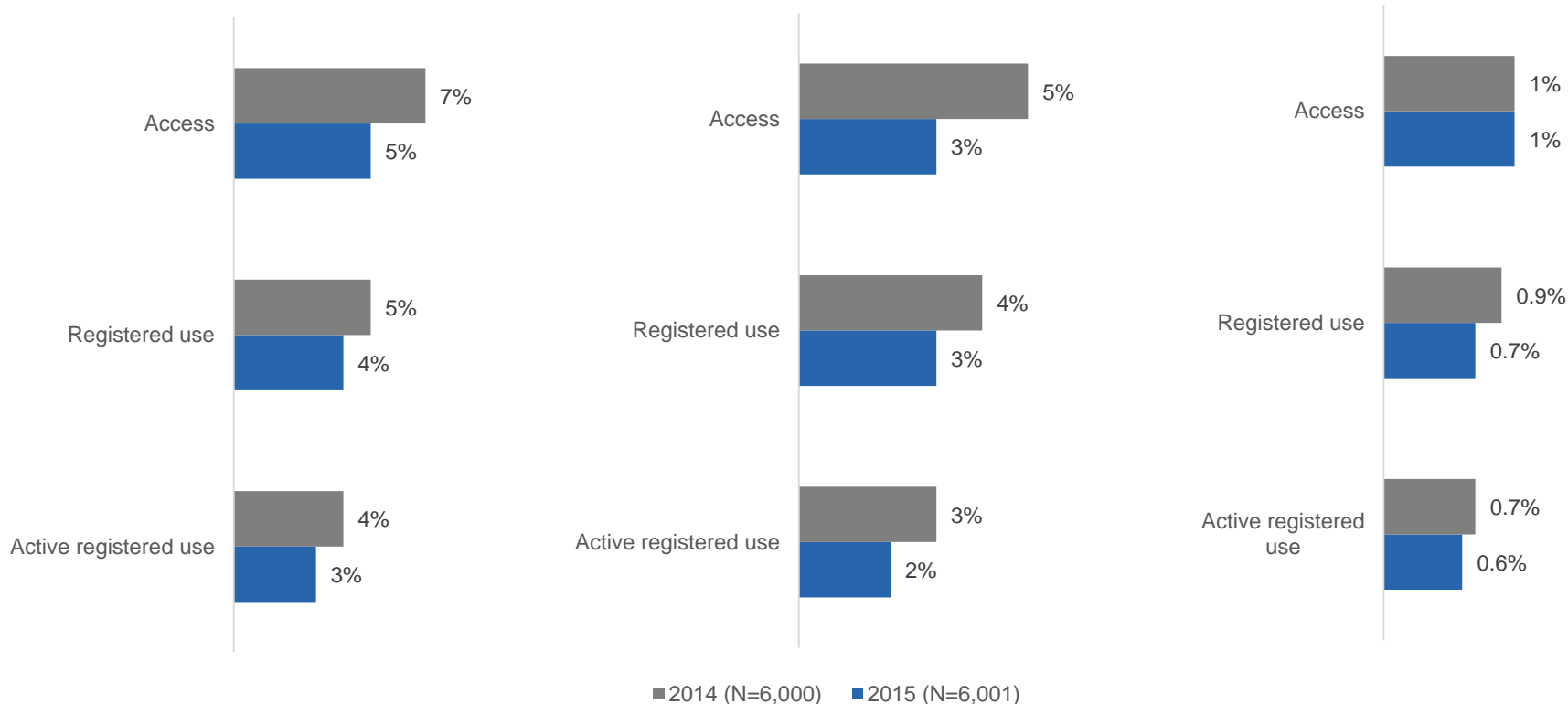
Most nonbank financial institutions (NBFIs) offer their customers at least one more service aside from credit

All NBFIs

Full-service NBFIs

Credit-only NBFIs

(Shown: Percentage of Nigerian adults for each year)



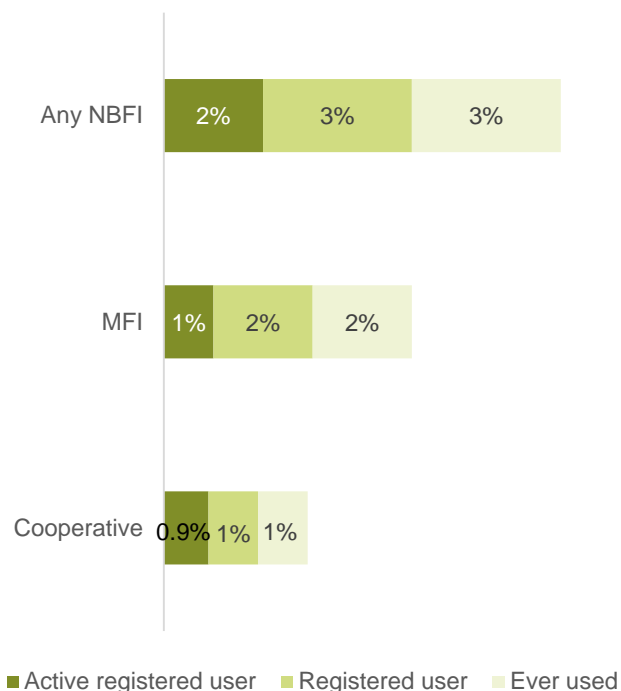
Source: InterMedia Nigeria FII Tracker surveys Wave 2 (N=6,000 15+), July-September 2014; Wave 3 (N=6,001, 15+), August-September 2015.

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Nonbank financial institution account holders use NBFIs for savings, loans and basic activities

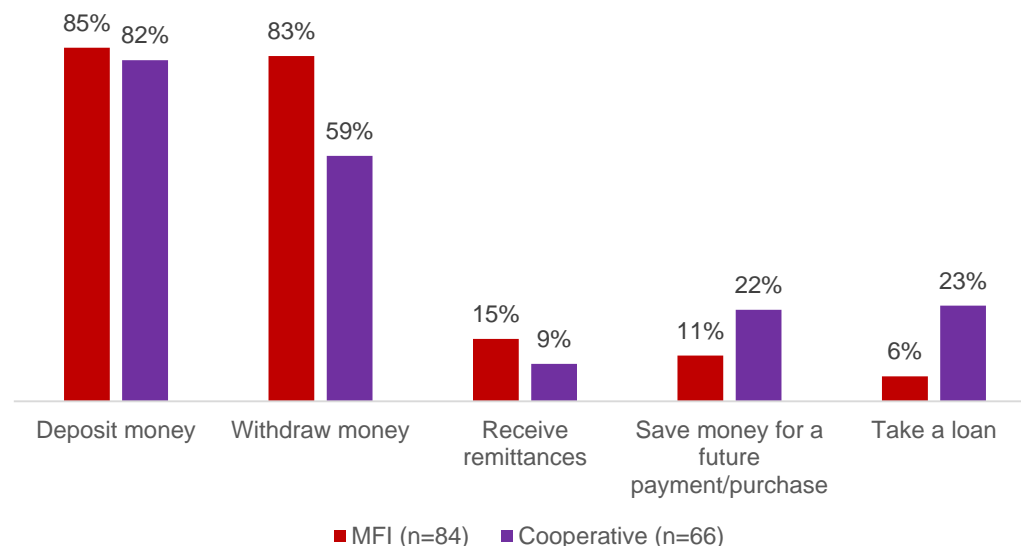
2015: Nonbank financial institution usage

(Shown: Percentage of Nigerian adults, N=6,001)



2015: Use of nonbank financial institution accounts*

(Shown: Percentage of account holders for each institution)



*Subgroups of registered village-level savings and lending groups and Post Office Bank users were too small for further analysis.

Question allowed for multiple responses.

Source: InterMedia Nigeria FII Tracker survey Wave 3 (N=6,001, 15+), August-September 2015.

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One third of have digital stored-value accounts; many now use them as an access channel to their financial accounts

Main FSP Indicator	2014	2015	Base Definition
	%	%	
	Base n	Base n	
Adults (15+) who have active digital stored-value accounts	36%	33%	All adults
	6,000	6,001	
Poor adults (15+) who have active digital stored-value accounts	35%	29%	All poor
	5,338	5,139	
Rural women (15+) who have active digital stored-value accounts	23%	17%	All rural females
	1,361	1,236	
Adults (15+) who have active digital stored-value accounts and use them to access other financial services (beyond basic wallet, P2P and bill pay)	12%	12%	All adults
	6,000	6,001	
Poor adults (15+) who have active digital stored-value accounts and use them to access other financial services (beyond basic wallet, P2P and bill pay)	11%	10%	All poor
	5,338	5,139	
Rural women (15+) who have active digital stored-value accounts and use them to access other financial services (beyond basic wallet, P2P and bill pay)	6%	6%	All rural females
	1,361	1,236	

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.

Source: InterMedia Nigeria FII Tracker surveys Wave 2 (N=6,000 15+), July-September 2014; Wave 3 (N=6,001, 15+), August-September 2015.

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