NIGERIA

FII FOLLOW-UP STUDY ON G2P PAYMENTS WAVE 2

June 2015
Overall research goal:
• To inform government and donor stakeholder strategies for building a G2P infrastructure to support greater financial inclusion across Nigeria

Objectives:
• Define consumer behaviors and practices around G2P payments (salaries, pensions, bursaries, business startups, subsidies)
• Identify existing consumer pain points and gaps that provide opportunities for introducing digital financial services (DFS)
• Explore the existing levels of consumer awareness and understanding of DFS
• Document the existing system for disbursing different types of G2P payments
• Identify the existing pain points within the system and develop recommendations towards alleviating them
• Explore the existing levels of awareness and understanding of DFS
NIGERIA

Research Program

Description:
Focus group discussions and in-depth interviews with G2P recipients and government officials, respectively, were used to identify and explore the pain points in the current G2P payment process

Focus groups:
• Sixteen focus groups with recipients were conducted across Nigeria (South West, South East, South South, North East and North West regions) in January and February 2015
• Each focus group consisted of six recipients, all of whom received some form of G2P payment
• Focus groups were led by a professionally trained moderator, who followed a custom-designed discussion guide
• Discussions, lasting two to three hours, centered on the use of technology and financial services, routine expenses and the digitization of G2P services

In-depth interviews:
• Five interviews with government officials who administer G2P payments were conducted in March and April
• The interviews were led by a professionally trained moderator, who followed a custom-designed discussion guide
• Discussions lasted two hours and centered on current G2P payment structures, channels and challenges in the disbursement of G2P, as well as the potential benefits and challenges of switching to digital delivery of G2P payments outside of salaries and pensions
EXECUTIVE SUMMARY
Overview

- **G2P remittances include salaries, pensions, welfare payments, bursaries/scholarships, business startups, agriculture subsidies**
  - All salaries and pensions are paid through digital G2P transfers, as mandated by the government.
  - Some scholarship and bursary recipients also get their payments digitally from the government.
  - G2P payments for business startups are grants that are primarily issued in cash.

- **Recipients use G2P remittances to cover essentials**
  - They mostly spend to buy basic necessities such as foodstuffs.
  - Often, the payment does not cover all of their expenses.
  - Whenever there is money left over, recipients will save it in informal groups or at home.

- **Even when remitted digitally, recipients typically cash out their remittances to pay their typical expenses**
  - Use of cash is widely utilized to purchase goods and services, pay bills such as school fees and rent, and repay debts to friends and relatives.
  - The current infrastructure cannot support the use of digital payments, pushing recipients to use cash.
Overview (cont.)

• There is a lack of awareness, understanding and know-how around formal financial services
  – Almost all participants were not aware of mobile money (MM) services prior to the focus group discussions; they were provided some information about the services during the exercise.
  – Limited literacy skills hinder bank use.

• The concept of formal financial services (banks and mobile money) holds interest and appeal
  – With government endorsement of mobile money, participants are willing to adopt it.
  – Those who receive their bursaries through cash would prefer to receive them through a bank.

• Poor infrastructure detracts from recipients’ ability to see formal financial services as attainable and useful
  – Poor network affects banking systems and mobile phone operations in general, including the ability to deliver payments or enable cash-in/cash-out operations.
  – There are fewer bank branches in rural areas, especially in the Northern part of the country, thus users have to travel long distances to access bank services.
  – The distraction of the poor infrastructure (few bank branches and poor network coverage) prevents recipients from understanding the potential benefits of digital financial channels.
Overview (cont.)

• **The current G2P recipient experience is characterized by infrequent notifications, long wait times and system breakdowns**
  - Poor infrastructure leads to long queues both at the bank, and at the secretariats (local administrative offices where G2P recipients get their cash) for those who receive their payments in cash.
  - The government exclusively relies on their own system – the Government Integrated Financial Management Information System (GIFMIS) -- to distribute funds electronically; when the system fails, it causes adverse repercussions for recipients.
  - For cash payments, the method of notification is word-of-mouth and notifications are infrequent.

• **There’s an opportunity for G2P to be a catalyst for greater financial inclusion among the poorest groups in Nigeria**
  - Poor government record-keeping leads to a prevalence of fraud and corruption in the disbursement of recipients’ payments; the use of digital financial systems offers automatic record-keeping, reducing fraud, and increasing the levels of financial inclusion by recipients’ participation in formal financial services.
  - G2P payments salaries and pensions are received as a direct deposit to a bank, the result of a government directive, not a personal choice by recipients; similar directives can lead to increased interest, awareness and knowledge of DFS for other types of government payments.
Recommendations

• **Address pain points in the customer journey for attaining G2P remittances**
  
  – Recipients need a better understanding of the benefits of using DFS vs. other financial instruments.
  
  – Recipients already have the equipment. Now they need to learn the skills necessary to be able to use DFS. This can be done through a media awareness campaign or through edutainment provided by nonbank financial groups and institutions (e.g., teachers’ associations that offer savings and credit tools to those who work in education). Informal groups can also be targeted to engage in banking and the use of DFS; these groups can be linked to bank and mobile money accounts and contributors can be asked to send their money directly to these accounts.
  
  – Introduction of a G2P mobile payment system would help save time and money for recipients. It would allow all stages of the remittance-disbursement process to be linked through one mobile device, a mobile phone. Through the phone, a G2P recipient can receive payment notifications and payments, and use the money to pay their expenses.
  
  – Lastly, all those involved in G2P payments need a streamlined process for disbursing, facilitating and attaining remittances. Spending hours planning, disbursing, tracking remittances on the government side, and then hours in line on the recipient side, can be eliminated with the introduction of DFS.
Recommendations (cont.)

• Expand digital G2P options
  – Recipients regard using formal banks as expensive and inconvenient, yet, there is a certain level of security of funds offered by banks. At the same time, recipients enjoy the flexibility of having cash on hand, but they also understand the dangers of carrying cash, including impulse buying, a disincentive to save, and exposure to possible crime. The introduction of DFS can help merge the security of a bank with the flexibility of being able to spend their money when they want to, eliminating perceived problems attached to either cash or a bank.
  – DFS (mobile money or mobile banking) can be used to address the issue of system/network failure. The recipients can choose which type of DFS they prefer, or use both interchangeably. This allows them access to their money even if one of the options fails, which, in turn, helps build consumer confidence in DFS.
  – DFS can provide the door-to-door money delivery recipients want.
  – DFS creates an automatic record of each transaction, which eliminates the need to create a record of each payment being delivered.

• Consider digital G2P as more than just a way to distribute payments – consider it a way to build financial inclusion among the poorest groups within the population
  – There is a need to invest in the expansion of digital infrastructure, which can enable a wide range of financial activities from receiving money to making payments, savings, investments, loans, etc. If DFS is used exclusively for receiving money, there will be no incentive for recipients to keep money in digital accounts, and they will continue to rely on cash.
Nigeria G2P payments: ecosystem

- gov’t systems for digital remittances
- knowledge of financial products
- usage of financial products
- banking, MM, network infrastructure
- digital forms of G2P
- interest in financial products
- desire for timely, speedy G2P
- desire for two-way remittances with government

Potential ecosystem catalysts:
- digital G2P remittance types
- two-way remittances
- infrastructure investments
- training, tech. literacy
- MM services awareness

Fraud, corruption with cash
Preference for cash

Digital G2P Payments

"Payments get to the recipients fast... it is more transparent... reduces opportunities for fraud... reduces cost on the part of the government... prevents diversion of money for pensioners..." (Pension Transition Arrangement Directorate, Abuja)

"The scheme is very good and government should expand on it." (Government official, Kano State Ministry of Agriculture)
### There are four main points of frustration surrounding bank interactions

<table>
<thead>
<tr>
<th>Pain points</th>
<th>Opportunities</th>
<th>In their own words</th>
</tr>
</thead>
<tbody>
<tr>
<td>Few bank branches, far apart and long queues</td>
<td>Engage informal groups like Asusu and Adashi (informal credit and savings groups)</td>
<td>“Why I preferred it in cash is, if it is in the bank, you’ll encountered problems. Like meeting too much queues. Because we here the queues we have here in the bank, if you go to the bank by 6am it will take you up to 6pm.”</td>
</tr>
<tr>
<td>Not readily available in case of emergency at night</td>
<td>Promote the use of mobile money as a mode of payment even in emergencies</td>
<td>“Before you will even get to the bank and come back, you would have spent either N400 or N500 just because you want to collect your money.” (Female participants, 18-34, Ezeagu, Enugu)</td>
</tr>
<tr>
<td>System outages</td>
<td>An alternative system needed so as not to delay payments with a leaning toward mobile money</td>
<td>“If you go to ATM on Saturday or Sunday after they have closed on Friday, there won’t be money on the machine, they write 24 hours on the machine, but if you go there will be no money on the machine...” (Male participant, 35-55, Kura, Kano)</td>
</tr>
<tr>
<td>Poor interest rates</td>
<td>Develop investment opportunities at the bank and with mobile money that seek to generate higher revenues</td>
<td>“You will meet people like 50 or 70 waiting to receive their salary, because there is a problem with the network.” (Male participant 35-55, Ningi, Bauchi)</td>
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</table>

And we once had problem on the remittance. And that last for four days before it was rectified. So we need another platform as a backup.” (Government official, Kano State Pension Board)  
“There is one thing I don’t like about how bank charge me when I am on loan with them, if we have an agreement to be deducting a particular fixed amount, they don’t adhere to it.”  
“As a clerk we don’t have access to loan but that is what we need.” (Female participants, 18-34, Badagry, Lagos)
There are three main points of frustration surrounding cash interactions

<table>
<thead>
<tr>
<th>Pain points</th>
<th>Opportunities</th>
<th>In their own words</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long queues when receiving their benefits</td>
<td>Work with government to identify a service that can deliver the money conveniently, introducing the mobile money concept</td>
<td>“My own bursary is paid cash and before you get yours, you will almost faint because you have to queue for it.” (Female participant, 35-55, Ukana Ofot, Akwa Ibom)</td>
</tr>
<tr>
<td>Payment is irregular and notifications sent via word-of-mouth</td>
<td>A good case for mobile money here, as once the money has been transferred you see an SMS notification</td>
<td>“If it is the end of the month, like last year as I told you I saw the alert, they give me. But this year I haven’t seen anything. And at the same time no fertilizer, too.” (Male participant, 35-55, Kura, Kano)</td>
</tr>
<tr>
<td>Risk of losing cash and no proper records, as records can be misplaced</td>
<td>Explore paperless systems; mobile money avoids the extra record of producing a register for the bank to confirm the money is in the account</td>
<td>“I don’t have an alert, but I get to know that we will get paid from my friends, they too are getting paid.” (Female participant, 18-34, Lagos)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“Risk of carrying cash, the risk of paper loss.” (Government official, Post Primary Education Management Board, Enugu)</td>
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</table>
There are three main points of frustration surrounding MM interactions

<table>
<thead>
<tr>
<th>Pain points</th>
<th>Opportunities</th>
<th>In their own words</th>
</tr>
</thead>
</table>
| Poor mobile phone network and network packages  | Providers to invest in mobile money service infrastructure, there is a willingness to invest in new SIM cards to enjoy the service | “The network usually fluctuates if it started loading it will stops…”  
(Male participant, 18-34, Bichi, Kano)   
“MTN service is not always available and if you don’t want to be offline all the time you just have to buy an Etisalat line because the network signal it’s better here.”  
(Female participant, 18-34, Ezeagu, Enugu) |
| Low awareness of mobile money services         | A communication strategy to be developed together with the mobile providers targeting different segments | “I was just walking around on that day and they called us to come for it [mobile money] but I don’t really know it [mobile money] deeply. ”  
(Female participant, 18-34, Ikwa Ibom) |
| Insecurity of using agents                     | Consider replacing agents with ATMs, however retain agents so recipients have a place to register and deposit funds with the option of withdrawing | “There are some agents that would be agents just to steal people’s money. Once he gets the money he will disappear with it without giving it to the right person.”  
(Female participant, 35-55, Ezeagu, Enugu) |
CONTEXT: G2P PAYMENTS
G2P payments are:

✓ Paid either for salaries, pensions, welfare, bursaries/scholarships, agriculture subsidies or business startups. The government issues money to recipients, either electronically or in cash

✓ Remitted mostly through cash, except for government salaries and pensions, which are remitted via digital transfers as mandated by the government

✓ Currently limited in number and monetary amount but are expected to increase substantially in the future

  ✓ A large proportion of G2P payments, such as social benefit payments, covers some of the most excluded and vulnerable populations ($1.37 billion reaching 980,000 people*)

✓ Potentially able to stimulate the uptake and use of DFS

Across Nigeria, 8% receive G2P payments (excludes government salary earners)

<table>
<thead>
<tr>
<th>National Statistics: Percentage of adults (age 15+) receiving G2P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
</tr>
<tr>
<td>8%</td>
</tr>
</tbody>
</table>

% of G2P recipients by demographic (N=481)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>71%</td>
<td>29%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Urbanicity</th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>37%</td>
<td>63%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Poverty Level</th>
<th>Above poverty</th>
<th>Below poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7%</td>
<td>93%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education</th>
<th>No formal education</th>
<th>Primary education</th>
<th>Secondary education</th>
<th>Higher education</th>
<th>Not specified</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5%</td>
<td>8%</td>
<td>37%</td>
<td>49%</td>
<td>1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>15-34</th>
<th>35 and above</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>52%</td>
<td>48%</td>
</tr>
</tbody>
</table>

| Have basic literacy | 91% |
| Have basic numeracy | 93% |

Source: InterMedia FII qualitative research among G2P recipients and government officials in Nigeria, January-April 2015.
Recipients can receive G2P payments in two ways

- Received through bank account
  - Better notifications
  - Standard deposits
  - Less fraud
- Received through cash
Salaries, pensions are mandatory remits via bank accounts

G2P

Received through bank account

- Better notifications
- Standard deposits
- Less fraud

Received through cash

Government salaries

Government pensions

[Mix of digital/cash]

Government scholarships/bursaries
G2P business startup funds, agriculture subsidies and welfare payments are typically remitted through cash.
G2P VIA BANK ACCOUNT REMITTANCE
Recipients head to banks upon notification, only to spend time getting and cashing out their remittances

Gov’t employees and retirees receive monthly alert: G2P deposited

Head to bank same/next day

Bank requires average of five approvals to reduce fraud

2-3 hour process

Network problems characterize experience
Long lines, long process, system downtime

Infrastructure pain point

Remittances range from N5000 to N200,000; the higher end for pensions

Recipient typically cashes out remittance from bank and leaves

“At the end of the month I don’t like going there, because you will meet people like 50 or 70 waiting to receive their salary, because there is a problem with the network.”
(Male participant, 35-55, Ningi, Bauchi)

*Only paid if beneficiary dies before receiving payment for five years
Remittances go toward basics and essentials, but aren’t always enough to cover what the household needs or owes

Pays for
- Food
- Shelter
- Clothing
- School fees
- Debts

Rarely enough or extra
- Any remaining is believed to be too small to leave in an account
- Anticipate fees for leaving in account

Therefore, money is saved in the home for emergencies

“Imagine when somebody is collecting N2000 as pension in a month and the person would end up spending roughly N10,000 in a month.”
(Male participant, 35-55, Epe, Lagos)

“It is difficult to save from government money as the money is not enough for spending.”
(Male participant, 35-55, Epe, Lagos)
Remittances are withdrawn in cash due to recipient convenience and lack of digital infrastructure to support consumer needs

Remittances range from N5000 to N200,000; the higher end for pensions

Recipient typically cashes out remittance from bank and leaves

Pays for
- Food
- Shelter
- Clothing
- School fees
- Buying books
- Debts
- Medical bills
- Welfare contributions
- Farming

Paid through: CASH! because:
- It’s convenient
- Bills determined by needs at the time
- Lack of digital infrastructure for remitting payments for necessities
- Lack of an alternative method

“\ It is not that convenient because you can imagine a situation whereby the person you want to pay is not in your neighborhood and you need to pay in cash, you will need to take bike to the person’s house. \”
(Male participant, 18-34, Bagadry, Lagos)

“\ I don’t save because even before the money comes it has what it would be used for. \”
(Female participant, 35-55, Ukanan Ofot, Ikwa Ibom)
There are known challenges in getting remittances in cash

“If I hold the money at hand I will just spend it unnecessarily.”
(Female participant, 35-55, Kura, Kano)

“Keeping money in the room has a lot of problems, sometime you can go out and somebody will broke the door and take the money.”
(Male participant, 18-34, Ginja, Bauchi)

“I will not be stress up again by going to Bauchi. And I will be free of buying whatever that I see passing by on the street like fish or meat, and sometimes again the money will even finish before you know what happens.”
(Female participant, 35-55, Ginja, Bauchi)
Government salaried workers show some tendency to remit other payments digitally

“I transfer money through the bank to my son immediately [after] I receive [G2P] money.”
(Male participant, 35-55, Epe, Lagos)

“Recharging my phone via my bank account, either I will buy N200 recharge card or N500 cards, than for me to go to a kiosk and request for it.”
(Male participant, 18-34, Bichi, Kano)

“What took me to the bank counter is when wants to transfer money to someone.”
(Male participant, 18-34, Ganjual, Bauchi)
### Differences between salaried workers and retirees

<table>
<thead>
<tr>
<th></th>
<th>Salaried workers</th>
<th>Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Withdrawal method</td>
<td>Over the counter (OTC) and ATM</td>
<td>OTC (preference for face-to-face interaction, belief that ATM fees are too high for them)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No savings</td>
</tr>
<tr>
<td>Savings method</td>
<td>Cooperatives and informal methods</td>
<td>Mostly are borrowing from friends</td>
</tr>
<tr>
<td>Borrowing method</td>
<td>A few are borrowing from banks</td>
<td>Mostly cash, hand delivery; no digital remitting</td>
</tr>
<tr>
<td>Payment of bills and sending remittances</td>
<td>Mostly cash; digital is limited, and through banks when it happens</td>
<td></td>
</tr>
</tbody>
</table>
Three core misconceptions around banks

1. Insufficient funds to save or transact through a formal bank

2. Difficult to access money in the bank

3. Limited or insufficient interest earnings on money left in the bank

“The disadvantage is now if I take the money to the bank… let say saving account and they don't pay good interest in saving account.”
(Male participant, 18-34, Bauchi)

“Why I don’t take my money to the bank is that the money that I have is not enough…”
(Female participant, 35-55, Kano)
G2P VIA CASH
G2P cash remittances are smaller, less frequent and sporadic

Business grants
Agriculture subsidies
Welfare payments
[sometimes] Scholarships and bursaries

Infrequently and sporadically distributed
Notification is by word-of-mouth
Some do not learn of payments

Head to distribution center same/next day
Face long lines and up to a full working day waiting for remittance

Receive between N10,000 to N20,000

“Pain point

“The pay day I make sure I take a flask of food with me because of the long queue.”
(Female participant, 18-34, Kura, Kano)

“No, they don’t have a specific date. If you’ve the phone number of the people that are paying I will now call them to remind them. We get to know from the accountant through the word-of-mouth.”
(Female participant, 35-55, from Gangural, Bauchi)
Spending behaviors reflect type of G2P payment:

<table>
<thead>
<tr>
<th>Bursaries</th>
<th>“We are buying garri (food)….. Handout…. Wears….. children’s school fees and buy some books for them.” (Female participant, 18-34, Ezeagu, Enugu)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture subsidies</td>
<td>“Well, for the farms I will make sure that I buy the fertilizer, and the spray for insecticide that I will use at my farms.” (Male participant, 35-55, Kura-Kano, North West)</td>
</tr>
<tr>
<td>Business startups</td>
<td>“I inject some for my business, and I pays my children school fees.” (Female participant, 35-55, Gangual, Bauchi)</td>
</tr>
<tr>
<td>Welfare payments</td>
<td>“We receive the benefit what we use it for is buying foodstuffs at home, at times too some new clothes for himself.” (Male participant, 35-55, Kura-Kano, North West)</td>
</tr>
</tbody>
</table>

- Money goes to transportation to and from school, buying textbooks and food
- Farmers use money for buying farm inputs, including seed and fertilizers
- Men invest in starting, sustaining a business
- Women invest in their business, share with husbands, fathers
- Money pays rent, school fees, hospital bills
- Most is spent the first day
There’s a preference for cash remittances

✔ Farmers get agriculture subsidies via cash, which is more conducive to them as the payments are one-off, irregular, with no associated costs

✔ Limited literacy skills also make the use of digital services more prohibitive as there is less understanding

✔ Digital infrastructure is poor

“I believe the person will prefer less cost, even cash payment. If there is any cost attached to it the person will prefer cash payment.”
(Post Primary Management Board, Enugu)

“We don’t have the knowledge of how to use the bank.”
(Male participant, 35-55, Kura, Kano)

“The benefit of Cash at hand is that, sometimes something that requires urgent attention can arise”
(Female participant, 35-55, North East)

“The basic challenges would be the connectivity. Like I say earlier, workers were paid their salary on the 25 of last month, but some did not see their alerts till the end of these month. So that is the challenges. And that is the problem with digitalization.”
(Government official, Kano State, Ministry of Agriculture)
There’s some recognition of digital advantages vs. cash

“I have been robbed before like that, I received my salary on the 24th and I was robbed as I got home with it.”
(Male participant, 35-55, Epe, Lagos)

“If it is table payment you realized that they deduct N500 or N200 from your money, you see I’ve lose that, but in the bank, my money is intact.”
(Male participant, 35-55, Kura, Kano)

“For bursary collection I don’t like that method because of the stress and I will love if it would change.”
(Female participant, 35-55, Ukana Ofot, Akwa Ibom)

“Because they’re paying me now in cash, but had it been it’s in a bank where I know that the money will be safe and secured, I will outrightly tell them to be saving it for me until the duration of the five month before I collect the money and do something tangible with it.”
(Female participant, 35-55, Bauchi)
G2P RECIPIENT SAVINGS HABITS
There are two main ways that G2P recipients save

**Informal channels**
- Asusu or Adashi
- Provides connection to family/friends: Member introduced by family member or friend
- Perceived as convenient:
  - Savings are either daily, weekly or monthly
  - Low-cost to use services
- Allows for lending

**At home**
- Pays for:
  - Household furniture
  - Utensils
  - Livestock
  - Starting business
  - Paying school fees
  - Ceremonies

For:
- Emergency sickness
- Entertaining visitors

"I'm the one that canvass the women and I tell them of the idea of the daily contribution. The problem is, you'll have a problem of N10,000 and no one that could have help you with it. And when doing the Adashi, we've people that are more richer more than I, and if I ask for a favor before I collect my money they can give it to me."

(Female participant, 35-55, Gangural, Bauchi)

"It is very important. For example, I can have visitors now and I would use the money that is with me to entertain them. It is more useful at that time than for me to say that I will go out and ask somebody else to borrow me."

(Female participant, 35-55, Bichi, Kano)
Informal groups could be an indicator for demand for financial products

Perks of informal groups are:

- Proximity, as banks are too far
- Require less knowledge about procedures versus banks
- You can save smaller amounts
- It’s a convenient saving system (daily/weekly/monthly- contribute around N1000)
- No fees

The drawback is personal relationships may lead to a misappropriation of funds.

Informal groups can be used as an entry point for mobile money as it ensures the perks and drawback are addressed.

“[We use informal groups for savings and credit] Because we don’t have the knowledge of how to use the bank.”
(Male participant, 35-55, Kura, Kano)

“Because I contributes as low as N500 to N1000, because the bank is very far from the place that I live..”
(Female participant, 35-55, Bauchi)

“I use to save money with my relatives and what they do is…. they keep on using the money.....; whenever someone is sick they’ll tell me that they’ve used a portion of the money, and that is how they use to spoil the money for me. I had ...to open an account. I save at the bank without fears of losing the money.”
(Female participant, 35-55, Bauch)
EXPLORING ALTERNATIVES TO CASH: MOBILE MONEY
Mobile phones are a formidable avenue for expanding financial services

Activities (private uses):
- Calling
- Messaging
- Accessing the internet

*Older people (>35) are engaging in limited phone activities as compared with those who are younger*

Extensive use of text because:
- Poor network
- Not enough money in the phone
- To keep a record
- When one is too shy to talk on the phone

*The existing use of text messages is an avenue for the introduction and use of mobile money as it relies on text messaging*

“A phone is a secret companion.”
(Female participant, 35-55, Bichi, Kano)

“The major thing that we use our phones for is cheap communication, phone has brought cheap way of looking for somebody, we do not wait until you start, enter vehicle or motorcycle”
(Male participant, 18-34, Bauchi)
There’s a tendency to have more than one SIM for connectivity and discounts

✓ Poor network is prevalent leading to more people investing in more than one SIM card

✓ The willingness or ability to invest in more SIM cards is lower in the North due to poverty

✓ More males are using two SIM cards as compared with females

✓ Most of the people who reported using one SIM card said it is because they cannot afford to buy more than one

“Sometimes if there is network failure or problem I use the other one, and at times the other SIM card I will have bonus on it and I will use it, and I have different people that I have on my phone that I call either with MTN, ZAIN, ETISALAT or Glo. For the line that someone’s using that is one that I’ll use to call that person. MTN to MTN, ZAIN to ZAIN, ETISALAT to ETISALAT.”

(Female participant, 35-55, Bauchi)
G2P recipients trust government

- Awareness and knowledge of mobile money is low, leading to no or minimal usage of these services
- For the mobile money concept to be assimilated, government endorsement is key as G2P recipients trust government
- Once the mobile money concept is introduced, the capacity to use needs to be developed
- Government officials say that mobile money will be useful, however, network problems and insecurity at the agent level will be a major hindrance

“...It is a good development, fast in sending money, it is like a sub-bank without having an account and it will ease the cost of transport to send or receive money.”
(Male participant, 35-55, Kura, Kano)

“...I think people are not really aware of it, maybe if they can bring up a seminar on it to enlighten people.”
(Female participant, 35-55, Ofot Akwa Ibom)

“...It will be very easy if there will be a way that someone can receive the benefit even at the comfort of our home that is through our phone.”
(Female participant, 35-55, North)
APPENDIX
FOCUS GROUPS

- All focus groups were held in rural locations within the Southern and Northern regions.
- Focus group participants were recipients of government-to-person (G2P) payments.
- Sixteen FGDs were conducted with six participants in each group.
- FGD participants’ demographics were defined based on FII Wave 2 survey findings in Nigeria.
- Detailed demographic breakdowns are provided in the table below.

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<thead>
<tr>
<th>Southern Region</th>
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<td>South East</td>
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<td>1 male group 35-55</td>
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</table>
IN-DEPTH INTERVIEWS

• Fieldwork took place in March and April, 2015.

• To recruit participants for expert interviews, InterMedia worked with the subcontractor as well as with other/partner research organizations in the country to identify a list of up to 10 eligible government employees. The employees on the list were ranked according to their knowledge of G2P matters. The experts were then contacted individually (beginning with the most knowledgeable to least knowledgeable individual), and were invited to take part in the study.

• Five IDIs were done with government officials from the following government agencies:
  ❑ Post Primary Education
  ❑ Pension Transition Arrangement Directorate
  ❑ Kano State Pension Board
  ❑ Kano State Ministry of Agriculture
  ❑ Kano State Scholarship Board
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