Expert Meeting on
THE IMPACT OF ACCESS TO FINANCIAL SERVICES,
INCLUDING BY HIGHLIGHTING THE IMPACT ON REMITTANCES ON
DEVELOPMENT: ECONOMIC EMPOWERMENT OF WOMEN AND YOUTH
12-14 November 2014

SESSION 1:
TRENDS IN FINANCIAL SERVICES AND FINANCIAL INCLUSION

Mr. Ade Shonubi
Managing Director
Nigerian Interbank Settlement Scheme
Trends in Financial Services and Financial Inclusion – A Nigerian Perspective
Females remain more financially excluded

Male
- Banked: 37.4%
- Formal other: 10.0%
- Informal only: 16.5%
- Financially excluded: 36.1%

Female
- Banked: 27.2%
- Formal other: 11.1%
- Informal only: 18.2%
- Financially excluded: 43.5%

Total
- Banked: 32.5%
- Formal other: 10.5%
- Informal only: 17.3%
- Financially excluded: 39.7%

Source: EFinA Access to Financial Services in Nigeria 2012 survey
Formally employed market almost saturated – opportunities lie among traders & farmers

- **Total**
  - Banked: 32.5%
  - Formal other: 10.5%
  - Informal only: 17.3%
  - Financially excluded: 39.7%

- **Regular-salaries and wages**
  - Banked: 76.8%
  - Formal other: 5.6%
  - Informal only: 7.5%
  - Financially excluded: 10.1%

- **Traders, own business**
  - Banked: 35.7%
  - Formal other: 13.6%
  - Informal only: 21.4%
  - Financially excluded: 29.3%

- **Farmers**
  - Banked: 14.9%
  - Formal other: 10.2%
  - Informal only: 23.3%
  - Financially excluded: 51.6%

- **Dependents**
  - Banked: 29.6%
  - Formal other: 9.4%
  - Informal only: 12.6%
  - Financially excluded: 48.4%

- **Other**
  - Banked: 56.3%
  - Formal other: 9.5%
  - Informal only: 11.2%
  - Financially excluded: 23.1%

*Source: EFINA Access to Financial Services in Nigeria 2012 survey*
Top 5 most important products

- Savings account: 58.7%
- Current account: 10.2%
- Money transfer: 2.8%
- Fixed deposit account: 1.9%
- Mortgage: 1.9%
- Loan: 0.7%

Top 5 ranking of why banking products are important

- Ease of access: 54.8%
- Safety of funds: 50.8%
- Convenience: 43.4%
- Availability: 24.0%
- Cost of product/service: 8.5%

Source: EFInA Access to Financial Services in Nigeria 2012 survey
The top three barriers to having a Deposit Money Bank or a Microfinance Bank account are irregular income, unemployment and distance to the bank.

**Banking (Deposit Money Banks)**

<table>
<thead>
<tr>
<th>Reason</th>
<th>% of adults that don’t have a bank account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irregular income</td>
<td>50.1%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>28.2%</td>
</tr>
<tr>
<td>Too far</td>
<td>18.0%</td>
</tr>
<tr>
<td>Transport costs</td>
<td>9.3%</td>
</tr>
<tr>
<td>Don’t have money</td>
<td>7.9%</td>
</tr>
<tr>
<td>Expensive</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

**Banking (Microfinance Banks)**

<table>
<thead>
<tr>
<th>Reason</th>
<th>% of adults that have never had MFB accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irregular Income</td>
<td>37.2%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>19.6%</td>
</tr>
<tr>
<td>Too far</td>
<td>15.3%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>12.6%</td>
</tr>
<tr>
<td>Lack of trust</td>
<td>8.8%</td>
</tr>
<tr>
<td>Transport costs</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

Source: EFInA Access to Financial Services in Nigeria 2012 survey
From the data, the factors that determine whether a person is formally included or not include the following:

**Determinants of individual’s behaviour**

<table>
<thead>
<tr>
<th>Determinants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual attributes</strong></td>
</tr>
<tr>
<td>- Whether saving or not</td>
</tr>
<tr>
<td>- Level of education</td>
</tr>
<tr>
<td>- Connectivity (mobile phone ownership, Internet)</td>
</tr>
<tr>
<td>- Source of financial advice (credibility of source)</td>
</tr>
<tr>
<td>- Reason for saving (long term, luxury, short term)</td>
</tr>
<tr>
<td><strong>Household attributes</strong></td>
</tr>
<tr>
<td>- Social economic status</td>
</tr>
<tr>
<td><strong>Community attributes</strong></td>
</tr>
<tr>
<td>- Proximity of nearest mobile phone kiosk</td>
</tr>
<tr>
<td>- Informal savings institutions in the community</td>
</tr>
</tbody>
</table>

Source: EFiNa Access to Financial Services In Nigeria 2012 survey
Dimensions and Determinants of Financial Inclusion?

- **Uptake**
  - Dependent on individual choice – not all those with access take it up

- **Usage**
  - Usage behaviour/transaction profile of the financially included – some with uptake may not be active users
  - Product will only be used if it meets needs of clients – quality dimension

- **Access**
  - External factors that influence uptake of financial services, such as proximity, eligibility & affordability

Source: EFINA Access to Financial Services in Nigeria 2012 survey
Low levels of awareness of financial terms/products could hinder the uptake of products such as mobile money, non-interest banking and microfinance.

However, high levels of awareness does not necessarily result in high levels of uptake. For example, almost 50% of the adult population state that they are familiar with insurance or are able to explain what it is, yet penetration is still very low.

Source: EFInA Access to Financial Services in Nigeria 2012 survey
The main challenge to financial inclusion is not technology, it is about understanding diverse people and their needs.
THANK YOU

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