



DIGITAL FINANCIAL SERVICES IN NIGERIA

STATE OF THE MARKET REPORT // 2019



LAGOS
BUSINESS
SCHOOL

PAN-ATLANTIC UNIVERSITY



SUSTAINABLE
+ INCLUSIVE
DIGITAL FINANCIAL SERVICES

ACKNOWLEDGEMENTS

This work would not have been possible without the support of: The Nigerian DFS ecosystem, most especially financial services regulators, licensed mobile money operators (MMOs), deposit money banks (DMBs), microfinance banks (MFBs), super-agents, telecommunications companies, agents, and the various industry associations serving the sector. We also recognise the support of various government ministries, departments and agencies (MDAs) with mandates essential to the DFS ecosystem. We also acknowledge the support of the Financial Services for the Poor (FSP) team of the Bill & Melinda Gates Foundation (BMGF).

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/// **2019**

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ABOUT LBS



Lagos Business School (LBS) is the graduate business school of Pan-Atlantic University and was founded on inspirations from the teachings of St Josemaria Escrivá, the founder of Opus Dei. LBS offers academic programmes, executive programmes and short courses (customised to specific company needs, as well as open-enrolment courses) in management.

Its offerings have been ranked among the best in Africa as it systematically strives to improve the practice of management on the continent. Besides the quality bar set at world-standards, LBS programmes also stand out because of the emphasis on professional ethics and service to the community.

Education at LBS is comprehensive, drawing on the experiences of a multinational faculty and participants. Learning is participant-centred and uses the case study. Activities hold on the school's purpose-built facilities with more than 3,000 participants yearly from indigenous and multinational companies. These attest to the expert teaching, the relevance of the programmes and the overall benefits derived from attending.

6,000+

LBS ALUMNI
ASSOCIATION

3000+

ANNUAL
PARTICIPANTS
ON CAMPUS

27

YEARS OF
UNDENIABLE
COMMITMENT

50

LISTED AMONG
TOP 50 GLOBAL
BUSINESS SCHOOLS

LBS is the first business school in West, East and Central Africa regions to be accredited by The Association of MBAs (AMBA).

This puts LBS amongst the exclusive group of only 2 percent of business schools in 70 countries to achieve this accreditation.

LBS has a robust alumni association with more than 6,000 members. This asset base, as well as the close relationship with the corporate world, ensures that the programmes offered, as well as having international standards, also has local relevance.

Learning at LBS is based on a Christian conception of the dignity of man, of society and economic activity. The Prelature of Opus Dei, an institution of the Catholic Church, takes responsibility for guaranteeing that this vision underlies all teaching, publishing and research activities of the School.

LBS is a member of the Association of African Business Schools (AABS), the Global Business School Network (GBSN), the Principles for Responsible Management Education (PRME), AACSB International-The Association to Advance Collegiate Schools of Business and the Graduate Management Admission Council (GMAC), alongside 220 leading graduate business schools worldwide. GMAC is an organisation of leading graduate management schools in the world and the owner of the GMAT exam.

In recognition of the quality of Lagos Business School's programmes and of being structured in line with global best practices, it has received several international accreditations. LBS is the first business school in West, East and Central Africa regions to be accredited by The Association of MBAs (AMBA). This puts LBS amongst the exclusive group of only 2 percent of business schools in 70 countries to achieve this accreditation.

The Association to Advance Collegiate Schools of Business (AACSB) has also accredited LBS, the first institution to be so recognised in all of West Africa. LBS thus joined the league of less than 5 percent of business schools globally, to be accredited by AACSB in December 2016. This accreditation affirms Lagos Business School's undeniable commitment, over the last 27 years, to world-class standards in teaching, learning, research, academic and professional management.

LBS is listed among the top 50 global business schools on The Economist magazine's 2018 Executive MBA ranking. The School has also been ranked every year, since 2007 by the Financial Times of London, among the top global providers of open enrolment executive education and in custom executive education since 2015. LBS is the only school in Africa to feature on CEO Magazine's global MBA rankings.



ACRONYMS

Acronym	Description
A2F	Access to Finance
AIP	Approval-in-Principle
ATM	Automated Teller Machine
BN	Bank Verification Number
BOI	Bank of Industry
CBN	Central Bank of Nigeria
CCT	Conditional Cash Transfer
CICO	Cash-In Cash-Out
DFS	Digital Financial Services
DMB	Deposit Money Bank
EFInA	Enhancing Financial Innovation and Access
FAS	Financial Access Survey
FSI	Financial Services Industry
FSP	Financial Service Provider
GDP	Gross Domestic Product
GEEP	Government Enterprise and Empowerment Programme
GPZ	Geo-Political Zone

Acronym	Description
GSMA	Global System for Mobile Association
ICT	Information and Communications Technology
KYC	Know-Your-Customer
LDR	Loan-Deposit Ratio
LSMS	Living Standards Measurement Study
MFB	Microfinance Bank
MDA	Ministries, departments and agencies
MMO	Mobile Money Operator
MNO	Mobile Network Operator
MSME	Micro, Small and Medium Enterprises
NAICOM	National Insurance Commission
NBS	National Bureau of Statistics
NCC	National Communications Commission
NDIC	National Deposit Insurance Commission
NEFT	NIBSS Electronic Funds Transfer

Acronym	Description
NFIS	National Financial Inclusion Strategy
NIBSS	Nigeria Inter-Bank Settlement System
NIMC	National Identity Management Commission
NIN	National Identity Number
NSIO	National Social investment Office
P2P	Person-to-Person
PENCOM	National Pension Commission
PSB	Payment Service Bank

Acronym	Description
SANEF	Shared Agent Network Expansion Facilities (SANEF)
SDG	Sustainable Development Goals
SEC	Securities and Exchange Commission
SIM	Subscriber Identity Module
SIDFS	Sustainable and Inclusive Digital Financial Services initiative
SIP	Social Investment Programmes
UFA	Universal Financial Access
USSD	Unstructured Supplementary Service Data

AUTHOR'S NOTES



Welcome to the 2019 State of the Market Report on Digital Financial Services in Nigeria. This is our fourth report and I am excited to present this overview of information on financial inclusion in Nigeria. I am also quite humbled that through the cooperation of the digital financial services (DFS) ecosystem, we have been able to sustain our momentum.

At the start of our project, our intention was just to produce one State of the Market Report (SoMR) to provide a global overview of DFS and financial inclusion in Nigeria. However, we were overwhelmed by the acceptance and acclaim at the launch. Hence, we were encouraged to continue highlighting and proffering evidence-based thought leadership to support creating a market-enabling environment for DFS and financial inclusion for poor unbanked Nigerians. Yes, it is a mouthful but a very deliberate one. Perhaps, a chronological review of the previous SoMRs will shed more light on this.

We were encouraged to continue highlighting and proffering evidence-based thought leadership to support creating a market-enabling environment for DFS and financial inclusion for poor unbanked Nigerians

In 2016, we started with the hypotheses that:

- 1) financial services providers (FSPs) addressing financial inclusion had little understanding of the customers they were serving;
- 2) FSPs could learn distribution solutions from fast moving consumer goods (FMCG) companies that seemed to be able to reach all parts of Nigeria;
- 3) the operating business models, resources and capabilities deployed by FSPs to address the poor were inadequate.

In addition, we took a stab at the economic issue of cost-to-serve. Armed with our findings, the next year, we delved into the enabling environment and policy landscape. Addressing policy, we embarked on doctrinal and policy analyses that highlighted the gaps and issues within the ecosystem. We then convened a multi-stakeholder forum in search of solutions. In that year's report, we continued peeling the layers and exposing consumer habits and also launched a section on women's financial inclusion.

In 2018, we broadened the net and examined the impact of financial inclusion on macroeconomic development. Our findings showed that financial inclusion is good for the economy and necessary for achieving our sustainable development goals (SDGs). On women's financial inclusion, we got bolder and actually sized the gender gap.

This year, we provide the consumer and gender profiles with some more contextual relevance and linkage. We evaluate the progress of the market-enabling policy recommendations made in 2017. How have we progressed? What is outstanding? How can we continue to move the needle?

As we progress in this work, I have witnessed financial exclusion across various dimensions - product, gender, location, and many other factors. While I still lay claim to my assertion at the maiden International Financial Inclusion Conference that "there's no magic bullet to addressing financial inclusion" and "we can only eat an elephant one bite at a time", at this moment, the challenge is jaw-ache from chewing! We seem to make progress and then fall back. The waves may be tall and discouraging, but I truly believe in financial inclusion and affordable financial services for all. We just need to think differently, work collaboratively and co-create. Our Sustainable and Inclusive Digital Financial Services (SIDFS) Initiative was established to support the Nigerian ecosystem. We will continue to produce thought leadership, support product innovation and women's financial inclusion. It's a journey and we hope you find our insights thought-provoking.

However, while we sit and provide the thought leadership, the spirit of co-creation is required. We need interventions that work. We need FSPs to innovate and build interventions that address the gaps identified. We need to knock on the doors of policy makers and regulators to continue changes and reforms.

The time for collective action is now.

Professor Olayinka David-West

November 2019

DIGITAL FINANCIAL
SERVICES IN NIGERIA

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Whilst the formal financial inclusion rate remained flat at 48.6 percent in 2018, unbanked adults decreased by 4 percent, leading to a corresponding 4 percent increase in under-banked figures. Only 4.1 percent of the financially excluded know about mobile money services while 8.4 percent of the under-banked adults are aware of the services.

However, 56.4 percent of the banked population now access loans, a significant increase in access to formal credit. Also, increasingly, more people now hold voter's cards allowing them to open higher KYC level accounts with higher daily transaction limits.



2018 DATA

48.6%

FINANCIAL
INCLUSION

4%

DECREASE IN
UNBANKED
ADULTS

4.1%

MOBILE MONEY
AWARENESS
AMONG THE
UNBANKED

About 36.7 percent of adults live in urban areas¹ while about 63.3 percent of total adult population in rural areas. The distribution of banked persons is evenly split between rural and urban areas, but the number of under-banked and unbanked in rural areas is averagely above 70 percent.

This reflects the varying levels of infrastructural development, availability of internet, ownership of computers and mobile phones. Northern regions play host to about 60 percent and 50 percent of the unbanked and under-banked populations respectively, vis-à-vis 36 percent of the banked. Access declined in the South South and South West but increased in South East marginally by about 2 percent, respectively. A worrisome trend is the growing population of urban adults accessing only informal financial services.

Households of the financially excluded are larger, with a quarter of such households having eight or more members, reflecting previous trends. Women, particularly young and married, still constitute most of the financially excluded. Whilst banked figures increased by 7.6 percent compared to 2017, they remain flat compared to 2016. Youths and young adults, particularly young married women, still make up the largest share of the unbanked and under-banked population in Nigeria.



1

EFInA 2018 Access to Finance Household Survey

Predictably, a larger percentage of the financially excluded have no formal education. There was an improvement in employment rate especially among the under-banked population.

A sizable number of adult Nigerians, who earn above 730 Naira (US\$2) per day or 21,900 Naira (US\$60) monthly, are still financially excluded or use only informal financial services.

Women of all educational qualifications experienced deepening financial exclusion in both under-banked and unbanked segments except for those with higher education. Also, the number of employed under-banked and unbanked women has been higher than that of men since 2016.

Interestingly, the proportion of women with all forms of required identification remains significantly higher than that of men. Again, while women who do not own a mobile phone are 55 percent more likely than men to be unbanked, that likelihood is reduced to 0.7 percent with mobile phone ownership.

The financially excluded are predominantly rural dwellers, however, the number of under-banked women in urban locations increased by about 11 percent in 2018. Women with an average monthly income of up to N40,000 are more in number than men in the excluded and under-served segments, however, there are fewer under-banked and unbanked women than men earning over N40,000.

More under-banked women than men saved while more unbanked men saved than unbanked women in 2018. However, under-banked and unbanked women who have access to loans are 11 percent and 10.2 percent more likely to be banked than under-banked men. The data suggests that inclusion of women can be accelerated and may be more promising in terms of improved economic activity and outcomes, if the right measures are adopted.

The recommendations made at the 2017 Stakeholder Forum published in the 2017 State of Market Report have been, or are being, implemented and the revised National Financial Inclusion Strategy (NFIS) largely incorporates and builds on them. The apparent overly cautious methodology of bringing in telco's and fintech's into the space, the slow rate of National Identity Number registrations, insecurity in the North East and North West and lack of inclusive products are mainly responsible for the insignificant financial inclusion achievement to date.



2018 DATA

10.9% ↓

RURAL UNDER-BANKED WOMEN

0.3% ↓

RURAL UNBANKED WOMEN

UNDER-BANKED WOMEN BY GPZ

SOUTH EAST

3.8% ↓

SOUTH WEST

9.2% ↑

NORTH WEST

10.1% ↓

SOUTH SOUTH

1.7% ↑

Social programmes, such as Government's Enterprise and Empowerment Programme (GEEP) which included two million people since 2016 are essential components.

However, bolder measures, timeous implementation of the revised NFIS, smarter and more collaborative, cross cutting and holistic efforts are required to bring more adults into the formal financial system.

ONE

DIGITAL FINANCIAL
SERVICES IN NIGERIA

CONSUMER INSIGHTS

: FINANCIAL INCLUSION

DIGITAL FINANCIAL INCLUSION

: WOMEN AND FINANCIAL INCLUSION

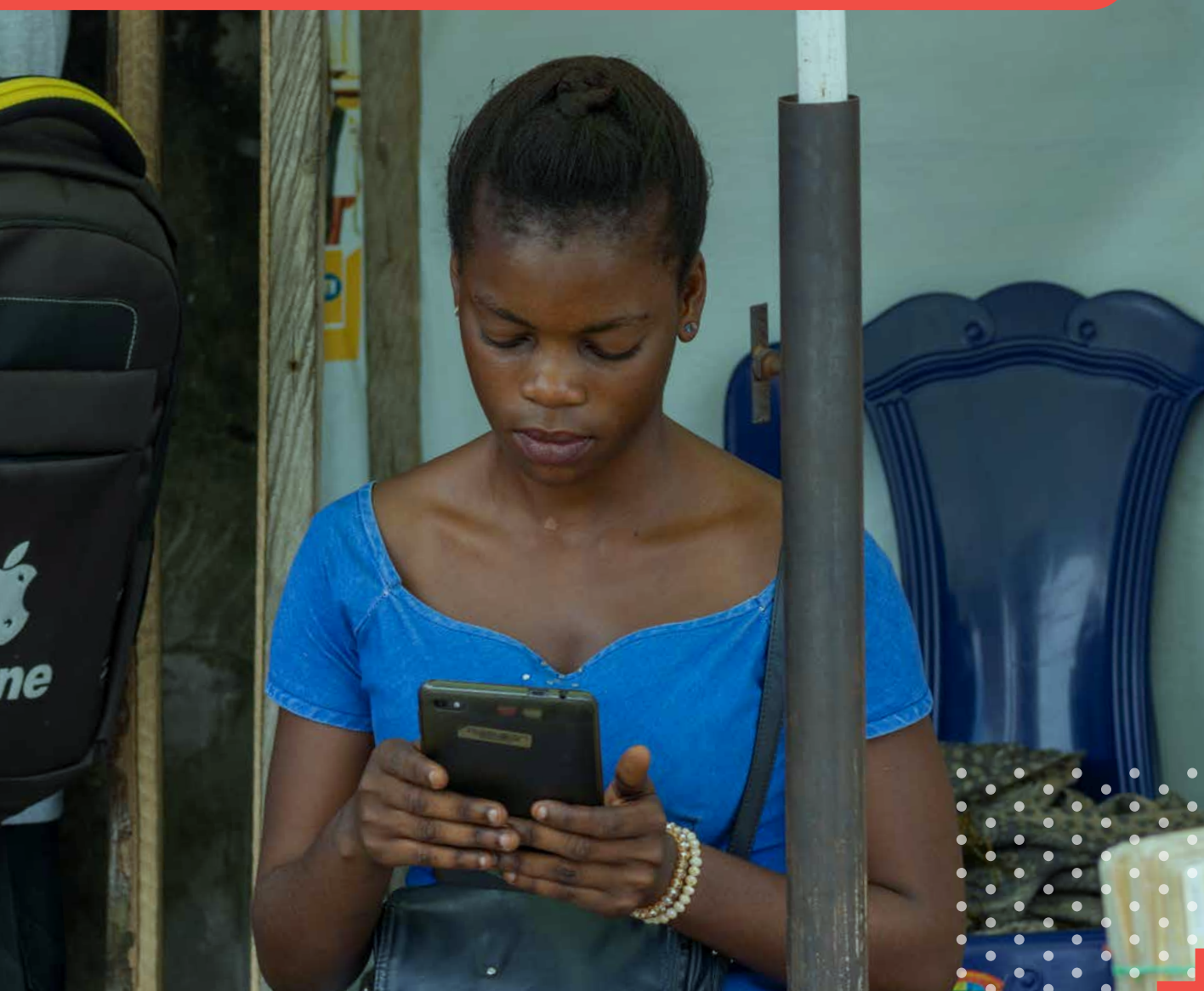
WOMEN'S DIGITAL FINANCIAL
INCLUSION



CONSUMER INSIGHTS

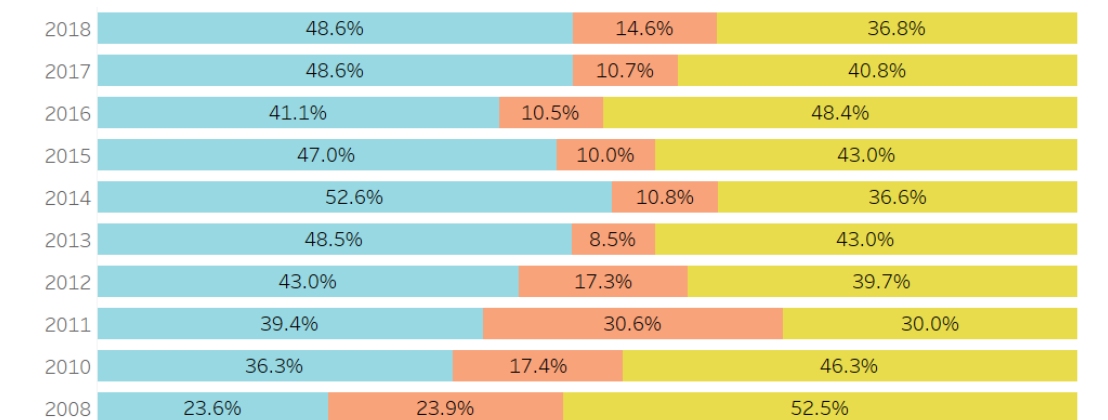
This section presents key insights from our analysis of disaggregated data on banked, under-banked and unbanked adult Nigerians. The insights presented here build on the results published in the 2018 State of Market Report and are discussed in light of current realities in the digital financial services ecosystem.

FINANCIAL INCLUSION: WHERE ARE WE?



On average, the banked population as a percentage of the total adult population shows little or no improvements (Figure 1, Figure 2 and Figure 3). This is in spite of more than half of the beneficiaries of the Government Enterprise and Empowerment Programme (GEEP), with about two million beneficiaries², operating bank accounts or mobile wallets for the first time. This confirms additional financial inclusion efforts are needed to bring more adults into the formal financial system.

Figure 1 National financial inclusion strands

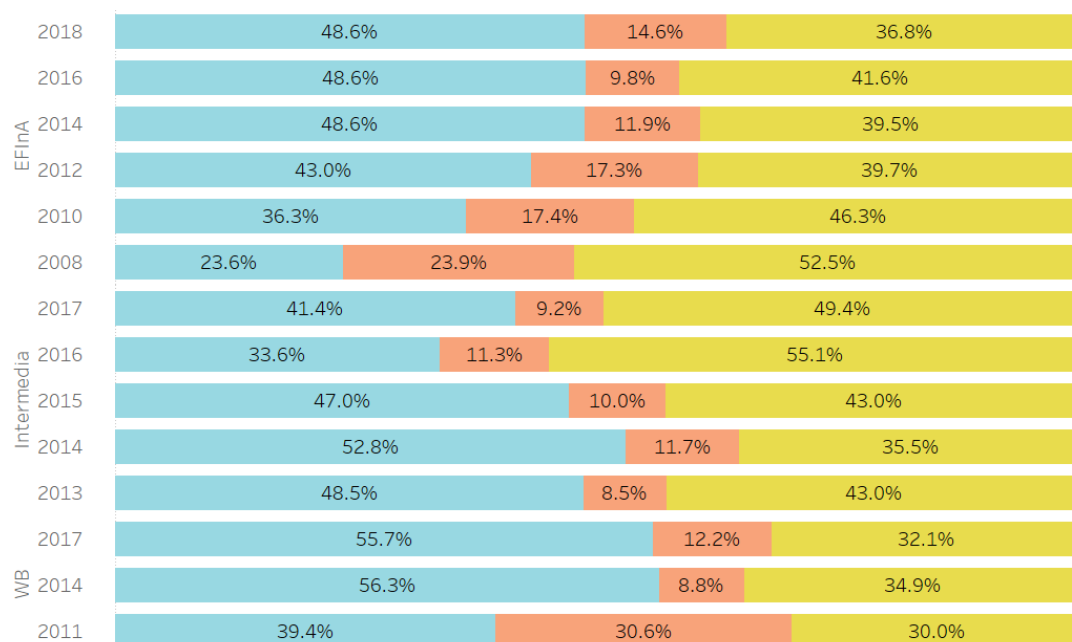


National financial inclusion strands (2008 - 2018)
Compiled by author with survey data from EFinA, Intermedia & World Bank

Legend

- Unbanked
- Under-banked
- Banked

Figure 2 National financial inclusion strands by dataset



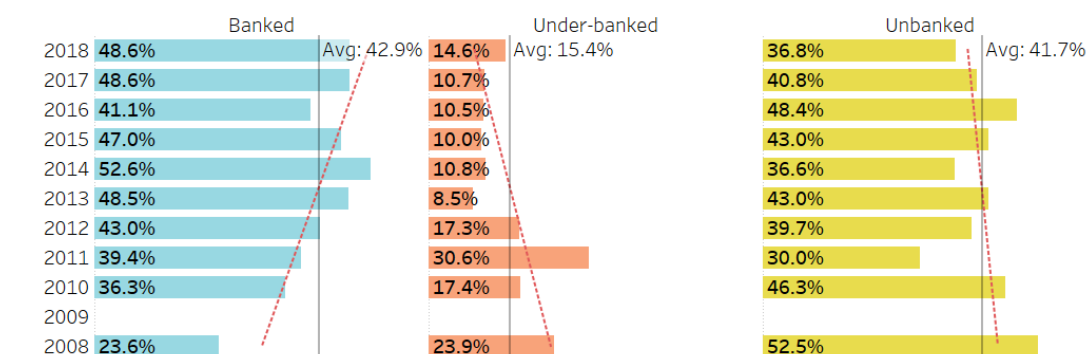
National financial inclusion strands (2008 - 2018)
Compiled by author with survey data from EFinA, Intermedia & World Bank

Legend

- Unbanked
- Under-banked
- Banked

² <http://statehouse.gov.ng/news/fgs-tradermoni-marketmoni-is-africas-most-impactful-financial-inclusion-scheme-african-bankers/> Accessed 11th October, 2019

Figure 3 National financial inclusion trends



National financial inclusion summary analysis (2008 - 2018)
Compiled by author with survey data from EFinA, Intermedia & World Bank

Nigerian adults accessing only informal financial services increased. The latest data shows that 14.6 percent of adult Nigerians use only cooperatives and saving groups for their financial services needs.

Financial Services Penetration

More than half of banked adults now have access to formal credit.

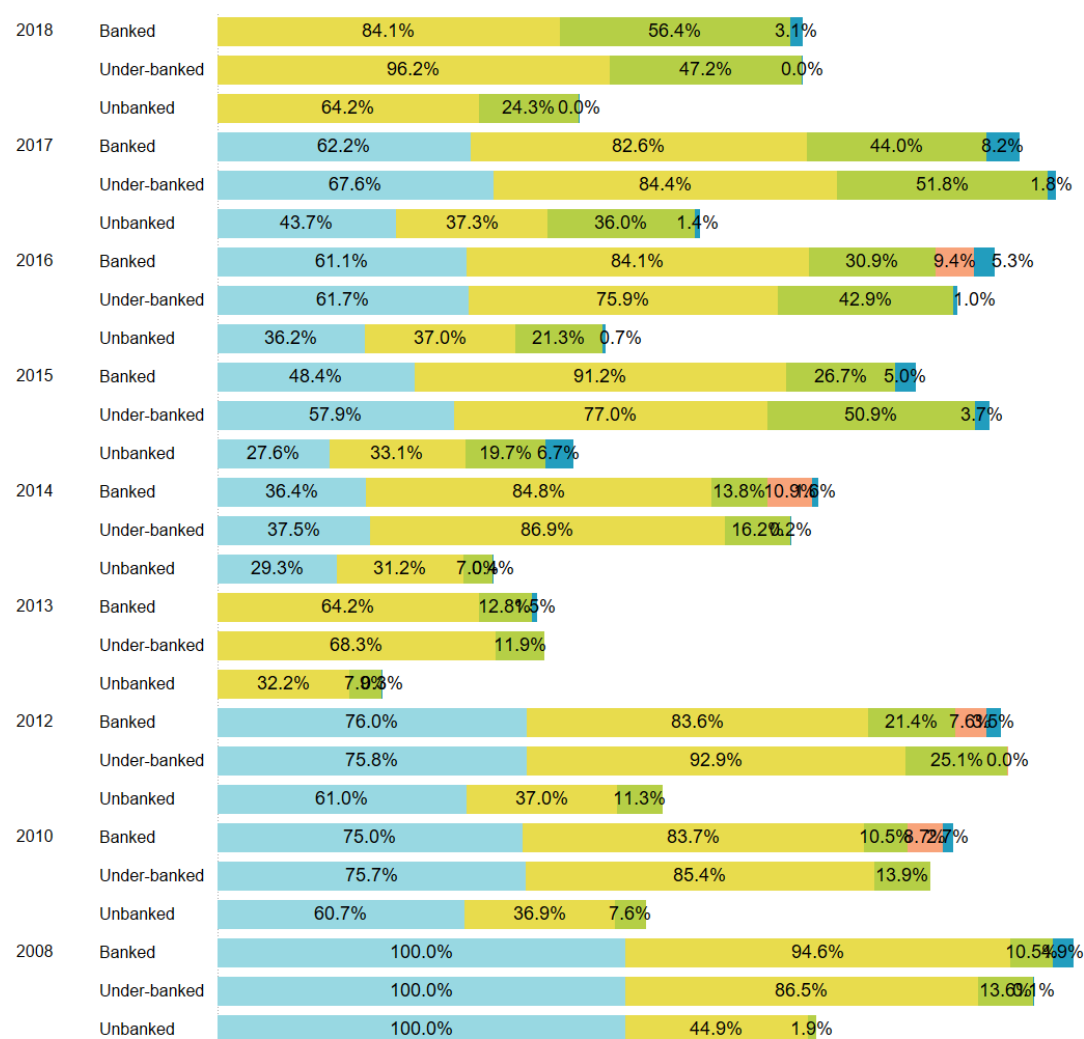
There were some noticeable changes in financial services penetration in 2018 (Figure 4, Figure 5). Although access to savings among the banked adults remained unchanged, the access to savings among the under-banked and the unbanked populations improved. The findings suggest that economic activities improved in the informal sectors.

While there was an increase in the informal savings rate, access to informal credit recorded a decline. There was however a significant increase in access to formal credit as 56.4 percent of the banked population now access loans. Possible explanations are the increased activities of digital credit providers and the government's micro-credit schemes.

An increasing number of fintechs are making collateral-free loans accessible. Likewise, according to the Bank of Industry, the GEEP programme has empowered over 2 million micro-enterprises with collateral-free loans to grow their businesses. The CBN's policy increasing the loan-deposit ratio (LDR) of deposit money banks to 65 percent by the end of 2019 is also expected to have a positive effect on access to formal credit in the coming years.

While insurance and pension adoption remains low among Nigerians, the recent policies introduced by the insurance and pension regulators are expected to improve access to these financial services. It is expected that the licensing of providers will increase the insurance and pension offerings available to low-income Nigerians.

Figure 4 National financial services penetration strands

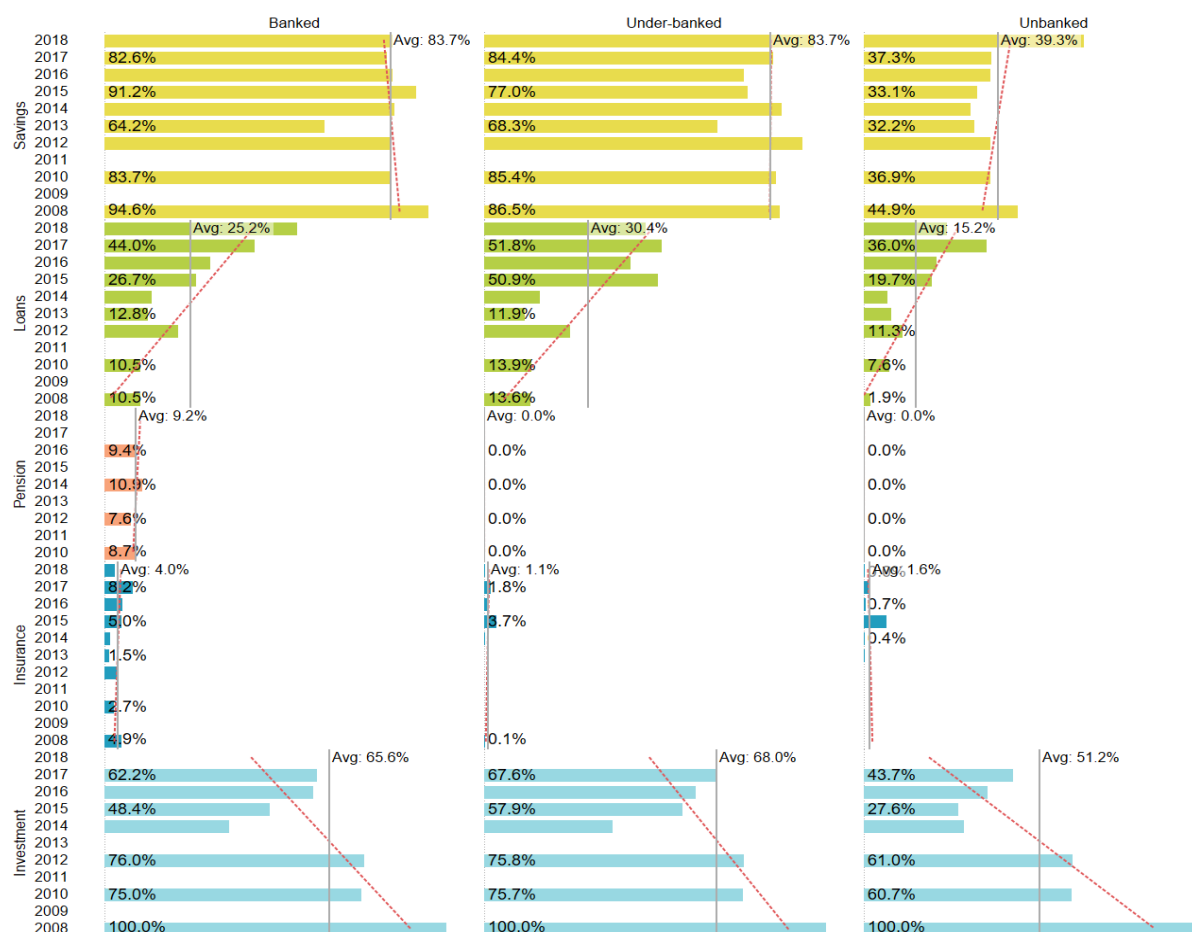


Financial services penetration strands (2008 - 2018)
Compiled by author with survey data from EFinA, Intermedia and World Bank

Legend
Insurance
Pension
Loans
Savings
Investment



Figure 5 National financial services penetration trends



Financial services penetration summary analysis (2008 - 2018)
Compiled by author with survey data from EFinA, Intermedia and World Bank

DFS Penetration

There was a little improvement in mobile money usage, however efforts to improve mobile money awareness are critical.

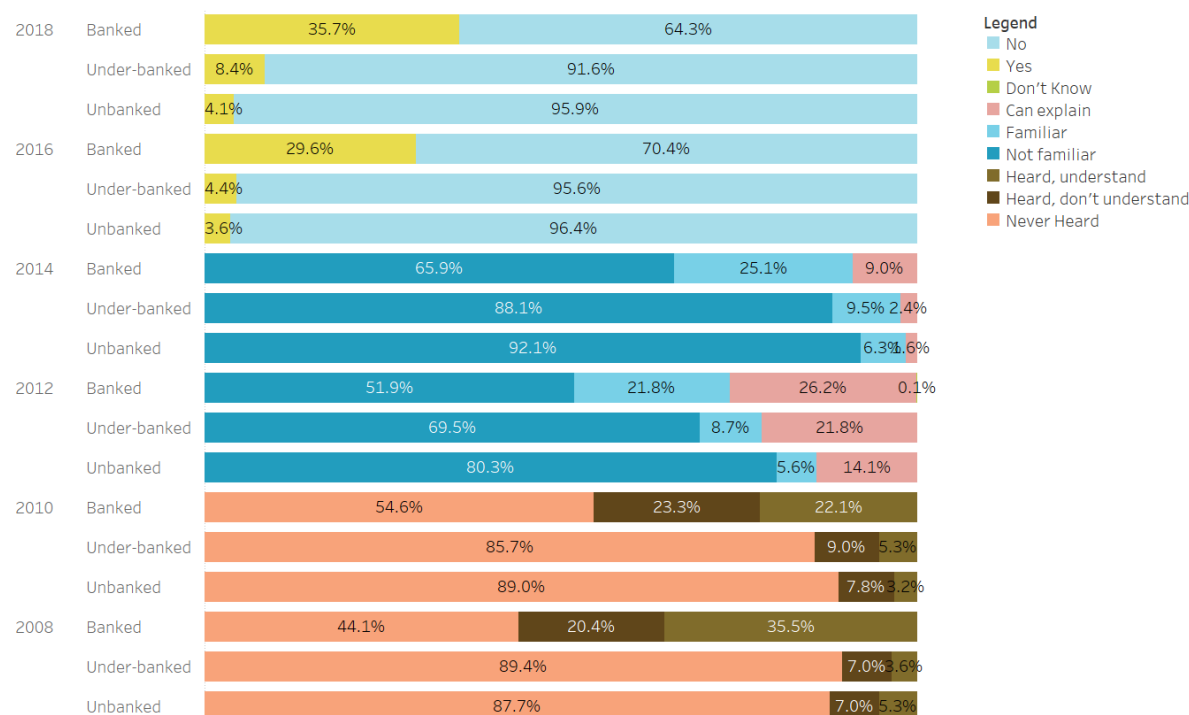
Mobile money awareness is still very low as at the end of 2018 among the under-banked and unbanked populations. The latest data shows that only 4.1 percent of the financially excluded are aware of mobile money services while 8.4 percent of the under-banked are aware of the services (Figures 6 and 7).

Transaction data from the Nigerian Interbank Settlement System (NIBSS) however shows the acceptance of mobile as a channel and mobile banking services through Unstructured Supplementary Service Data (USSD) services and mobile apps.

Concerted efforts by financial service providers and other stakeholders are required to create awareness for mobile money as an easily accessible, cost-effective and secure financial services product. Figures 8 and 9 show that 3.4 percent of the banked adults in Nigeria are registered mobile money users. An additional 2.3 percent are unregistered users of mobile money services. This shows some improvements over the 1.6 and 0.5 percent respectively reported in 2016. However, EFINA's 2018 data shows that 9.3 million Nigerian adults or 24 percent of bank account holders use the USSD services via their mobile phones for banking transactions.

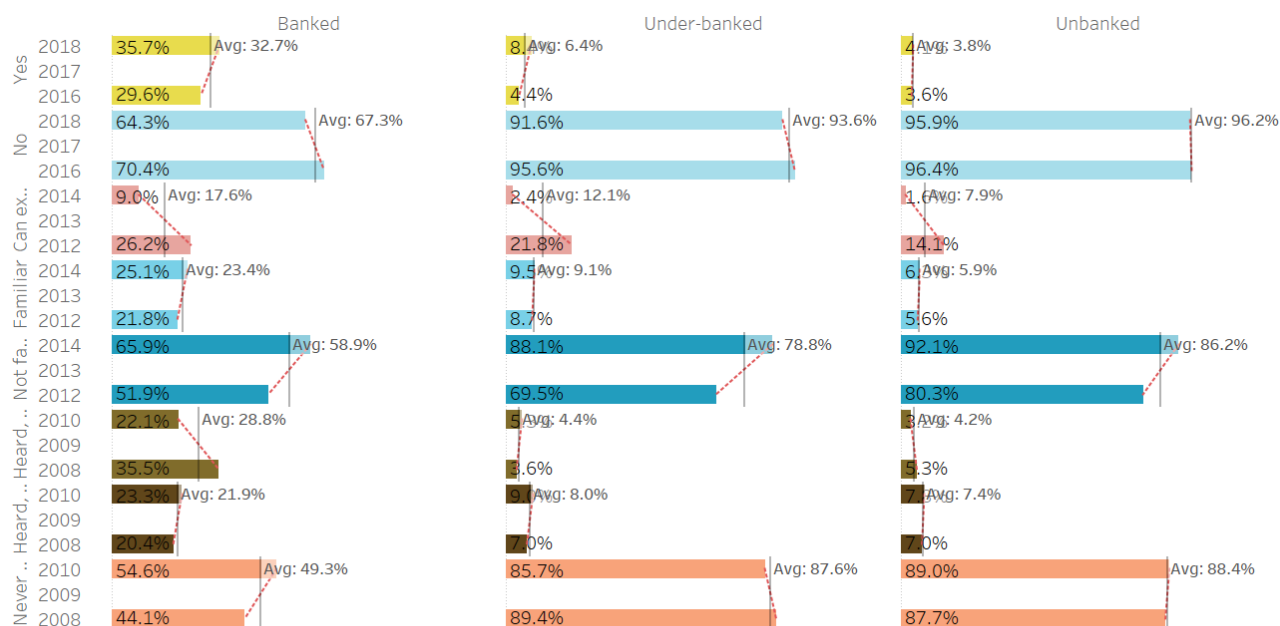
The findings show that more Nigerian adults now have or use mobile money while many more access financial services via mobile channels (mobile banking).

Figure 6 National mobile money awareness strands



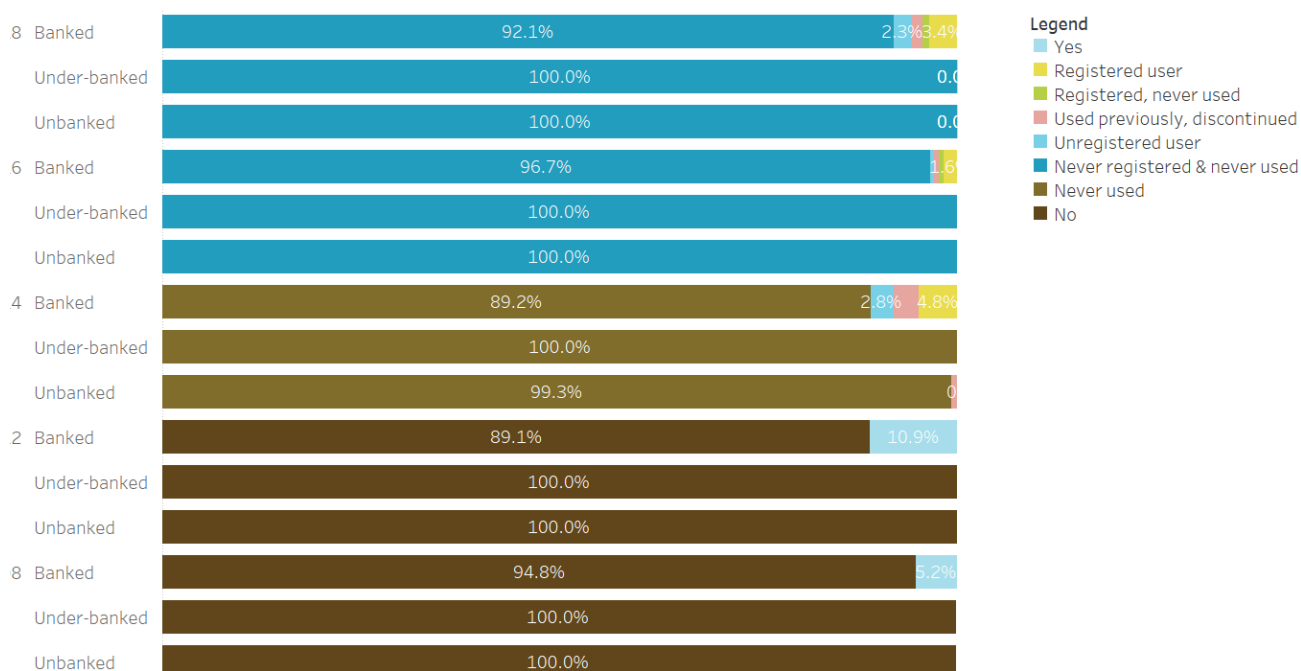
Mobile money awareness strands (2008 - 2018)
Compiled by author with survey data from EFINA

Figure 7 National mobile awareness trends



Mobile money awareness summary analysis (2008 - 2018)
Compiled by author with survey data from EFINA

Figure 8 National mobile money utility strands



Mobile money utility strands (2008 - 2018)
Compiled by author with survey data from EFINA

Financial Inclusion Outlook

The following are the activities of ecosystem stakeholders, especially financial services regulators and other government agencies, that are likely to affect the outlook of financial inclusion in the coming years:

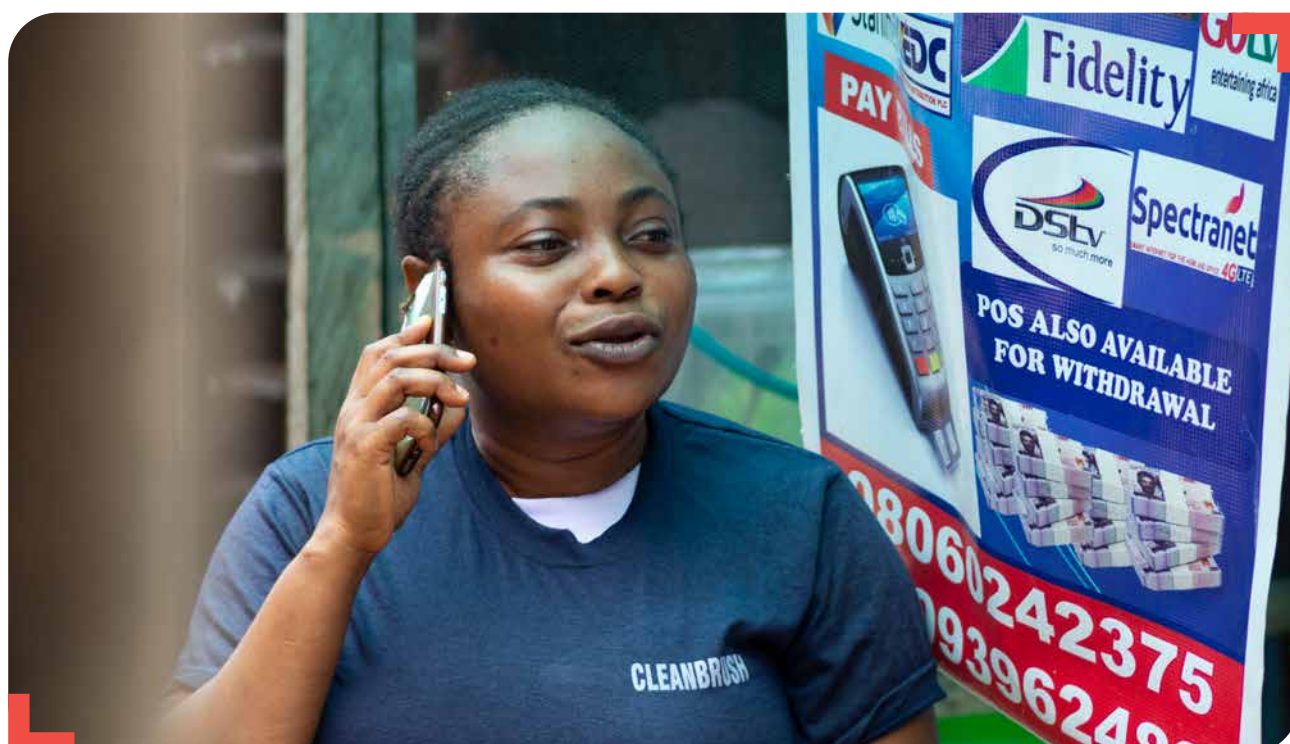


Table 1: Ecosystem activities shaping the future of financial inclusion

S/N	Ecosystem Actor	Category	Activity	Likely Implications for financial inclusion
1	Central Bank of Nigeria (CBN)	Regulator/ Government	Granting of Approval-in-Principle to three (3) Payment Service Banks (PSBs)	The PSBs are expected to leverage their distribution network and technology to deliver financial services especially to the underserved and the financially excluded
			Increasing loan-deposit ratio of deposit money banks to 65 percent	This is likely to increase access to formal credit with the potential to attract the under-banked and the unbanked into the formal financial system
			Implementing the cashless policy in six pilot states and Federal Capital Territory in September	This is likely to drive the use of digital channels for financial services and reduce the cost of providing the services by providers in order to financially include the excluded
			Stamp duty on disaggregated merchant transactions	The collection of 50 Naira stamp duty charge on every point of sale (PoS) transaction of N,1000 or more is likely to discourage the use of this digital channel. This will negatively affect the critical mass needed by providers to lower cost of providing financial services and boost financial inclusion

S/N	Ecosystem Actor	Category	Activity	Likely Implications for financial inclusion
2	The National Social Investment Office (NSIO)	Government	Continuing the national social investment programmes - the conditional cash transfer (CCT), home grown school feeding programme, a job creation and skills empowerment programme (N-Power) and Government Enterprise and Empowerment Programme (GEEP)	The programmes started in 2016 continued in 2019 and have brought over a million financially excluded into the formal financial system. Financial inclusion is likely to be positively affected as more Nigerians benefit from the programme in the coming years
3	National Insurance Commission (NAICOM)	Regulator/ Government	Introduction of micro insurance guidelines	This is likely to boost financial inclusion as it targets low-income Nigerians that constitute the majority of the underserved and financially excluded
4	National Pension Commission (PenCom)	Regulator/ Government	Introduction of micro pension guidelines	This is likely to improve adoption of pension services especially by low-income adults who operate largely in the informal sector. This is expected to boost financial inclusion



COMMUNITY PERSPECTIVE

The notion of community refers to distinguishing characteristics about geography. This section provides financial access insights by settlement area (urban or rural) and region (geo-political zone).

Settlement Structures

Though there are no specific indicators regarding the proportion of the population living in peri-urban areas, about 36.7 percent of adults live in urban areas and about 63.3 percent living in rural locations.

The urban-rural settlement data in the 2016 Nigeria Living Standards Measurement Study (LSMS)³ presents household (HH) size, female household leadership, home ownership status, access to electricity supply, digital asset ownership and access to mobile phones and internet.

The data shows that rural areas have larger household sizes and lower access to infrastructure and digital assets when compared to urban areas.

Table 2: Digital Asset Ownership (%)

	Computer	Mobile Phone
Urban	8.3	89.5
Rural	2.5	71.7
Country Average	4.8	78.9

(Source: Nigeria Living Standard Measurement Study – 2016)

Table 3: Access to Mobile Phone and Internet (% of Persons Aged 10 Years and Older)

	Access to Mobile Phone	Access to Internet
Urban	92.9	29.0
Rural	86.2	9.8
Country Average	88.7	17.4

(Source: Nigeria Living Standard Measurement Study – 2016)

Table 4: Household demography

	Average HH Size	Percentage of Female Headed HH (%)
Urban	4.9	23.8
Rural	5.9	19.2
Nigerian Average	5.5	21.1

(Source: Nigeria Living Standard Measurement Study – 2016)

Table 5: Housing Ownership by Place of Residence (%)

	Owned	Employer Provided	Free Authorized	Free Unauthorized	Rented
Urban	48.1	0.9	16.3	1.7	33.0
Rural	82.4	0.3	10.7	1.3	5.3
Country Average	68.5	0.5	12.9	1.5	16.6

(Source: Nigeria Living Standard Measurement Study – 2016)

Table 6: Electricity Access (Grid System)

	Electricity in Dwelling (%)	Weekly Electricity (Hours)	Yearly cost of electricity
Urban	86.0	41.4	28,388
Rural	41.1	27.9	24,713
Nigerian Average	59.3	35.8	26,966

(Source: Nigeria Living Standard Measurement Study – 2016)

Table 7: Source of Electricity (by Grid System) (%)

	PHCN (NEPA) Only	Rural Electrification
Urban	98.7	1.3
Rural	92.0	8.0
Nigerian Average	95.9	4.1

(Source: Nigeria Living Standard Measurement Study – 2016)

As expected, the distribution of banked, under-banked and unbanked persons is akin to the levels of infrastructural development (power, telecommunications) in rural and urban settlements. Rural settlements are predominantly inhabited by unbanked and under-banked persons, and urban residents with a larger proportion of banked persons (Figures 9 and 10).

The distribution of banked persons is evenly split in rural and urban areas while the split of under-banked and unbanked in rural areas is on average, above 70 percent. Despite the infrastructure deficits in rural settlements, the even split of banked persons in rural and urban settlements is attributed to post-employment relocation.

Other factors limiting financial access in rural locations include:

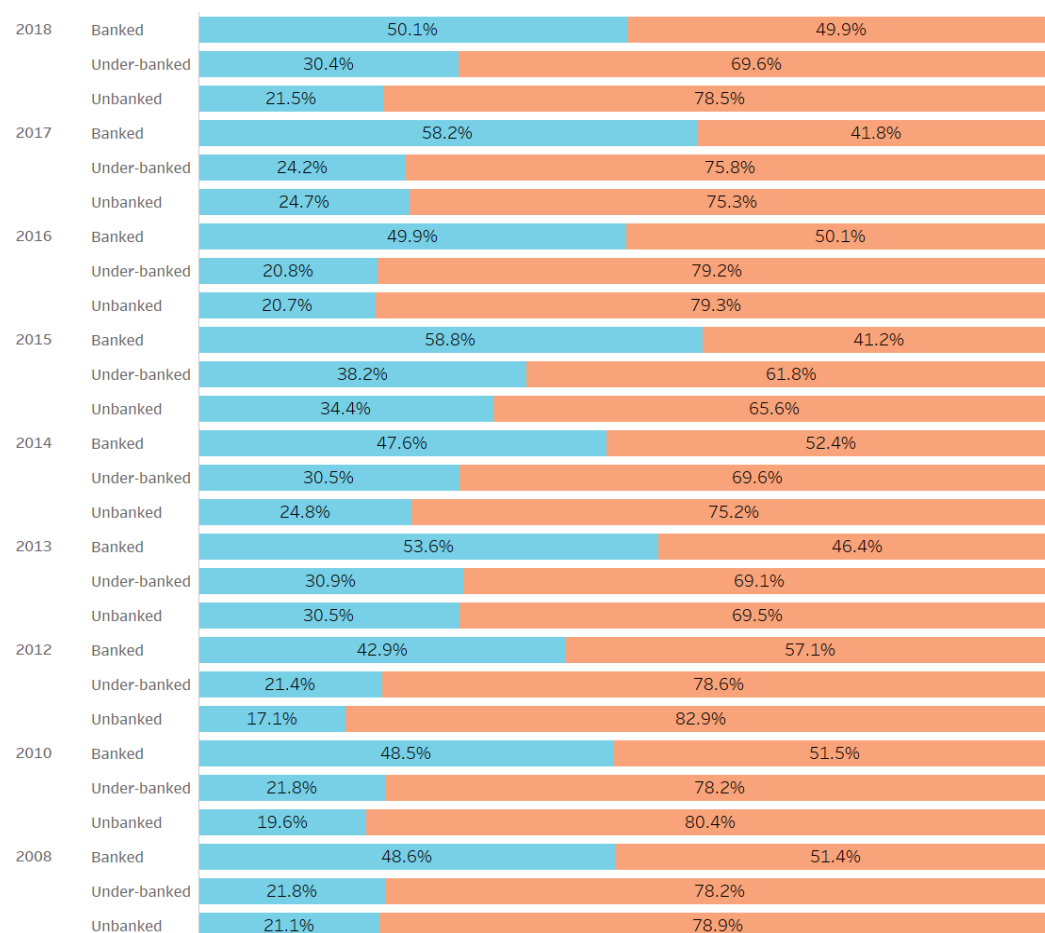
- Low presence of financial services infrastructure (brick and mortar) branches and ATMs
- Agent presence and sustainability
- Agent sustainability

The complimentary trend analysis shows similar patterns- urban access is on the rise while rural access is declining.

Inhabitants in rural settlements have less access to financial products and services. The number of under-banked persons in urban areas is also increasing.

Improving financial access in rural areas will require the provision of infrastructure, including power, telecommunication and financial services infrastructure. There may be opportunities for governments at all levels to intensify their empowerment programmes in these areas to boost economic activities which should then lead to the adoption of financial services. The latest data also shows that the population of urban adults accessing only informal financial services is growing. These adults, in spite of having relatively easy access to financial service points are not banked. This presents an opportunity for financial services providers to develop compelling value propositions to bring these under-banked Nigerians into the formal financial system.

Figure 9 Location financial inclusion strands

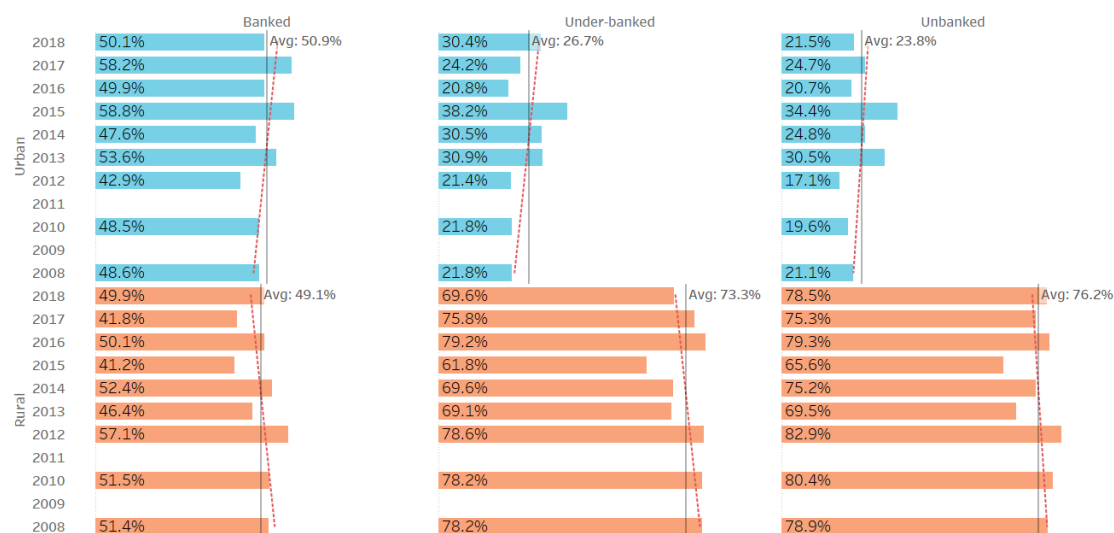


Location strands (2008 - 2018)

Compiled by author with survey data from EFiNA & Intermedia

Legend
■ Rural
■ Urban

Figure 10 Location financial inclusion trends



Location summary analysis (2008 - 2018)

Compiled by author with survey data from EFiNA & Intermedia

Region

Nigeria comprises 36 states and a Federal Capital Territory (FCT), which are further dimensioned into geopolitical zones (GPZ). In addition to grouping the six zones according to their geographical locations, other differentiating features among the geopolitical regions are along socio-cultural lines.

The Nigeria Living Standard Measurement (LSMS) data shows that household sizes in Northern Nigeria, especially in the North East and North West, are above the Nigerian average with very few of them headed by women. Also, access to power infrastructure and digital assets in the North, particularly in the North East and North West are below the Nigerian average.

Table 8: Household demography

	Average HH Size	Percentage of Female Headed HH (%)
North Central	6	19.3
North East	8	8.3
North West	7	4.5
South East	4	38.0
South South	6	29.1
South West	4.0	26.2
Country Average	6	21.1

(Source: Nigeria Living Standard Measurement Study – 2016)

Table 9: Electricity Access (Grid System)

	Electricity in Dwelling (%)	Weekly Electricity (Hours)	Yearly cost of electricity
North Central	44.8	44.1	23,165
North East	25.9	32.2	25,057
North West	39.3	29.9	30,724
South East	71.1	25.7	26,013
South South	82.3	29.7	29,900
South West	75.3	45.8	25,498
Nigerian Average	59.3	35.8	26,966

(Source: Nigeria Living Standard Measurement Study – 2016)

Table 10: Source of Electricity (by Grid System) (%)

	PHCN (NEPA) Only	Rural Electrification
North Central	98.1	1.9
North East	98.7	1.3
North West	91.6	8.4
South East	96.1	3.9
South South	91.5	8.5
South West	99.7	0.3
Country Average	95.9	4.1

(Source: Nigeria Living Standard Measurement Study – 2016)

Table 11: Digital Asset Ownership (%)

	Computer	Mobile Phone
North Central	4.1	76.6
North East	2.0	60.6
North West	2.1	67.9
South East	5.4	86.8
South South	9.6	88.0
South West	5.2	86.0
Nigerian Average	4.8	78.9

(Source: Nigeria Living Standard Measurement Study – 2016)

Table 12: Access to Mobile Phone and Internet (% of Persons Aged 10 Years and Older)

	Access to Mobile Phone	Access to Internet
North Central	89.7	18.2
North East	85.7	10.2
North West	82.5	7.1
South East	92.4	20.1
South South	88.7	28.4
South West	95.5	23.1
Country Average	88.7	17.4

Access to financial services is a challenge in Northern Nigeria, particularly the North West and North East.

The distribution of banked, under-banked and unbanked persons across Nigeria's six geo-political zones highlights economic, cultural and religious norms in the society. The evidence shows that the Northern regions play host to about 60 percent and 50 percent of the unbanked and under-banked populations respectively, as well as 36 percent of the banked (Figure 11, Figure 12).

The trends further illustrate the levels of financial services access by region, with higher rates of increase among the under-banked and unbanked in the North West. Likewise, the trends illustrate access declining in the South South and South West.

Figure 11 Regional financial inclusion strands



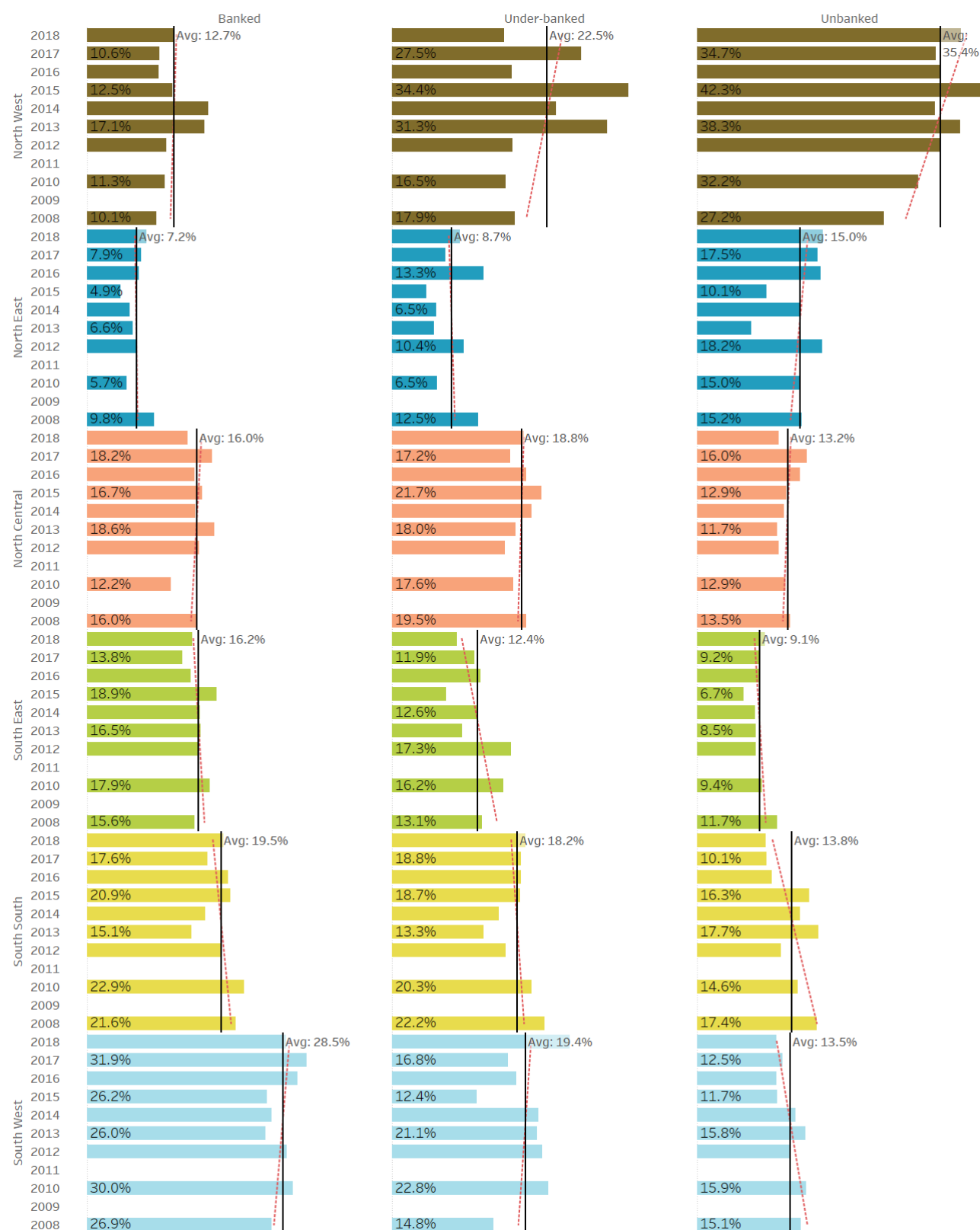
Geo-political zone (GPZ) strands (2008 - 2018)

Compiled by author with survey data from EFinA & Intermedia

Legend

- North West
- North East
- North Central
- South East
- South South
- South West

Figure 12 Regional financial inclusion trends



Geo-political zone (GPZ) summary analysis (2008 - 2018)
Compiled by author with survey data from EFinA & Intermedia



HOUSEHOLD PERSPECTIVE

The household perspective of financial inclusion highlights profiles of the under-banked and unbanked based on characteristics such as household size and number of income-earning household members.

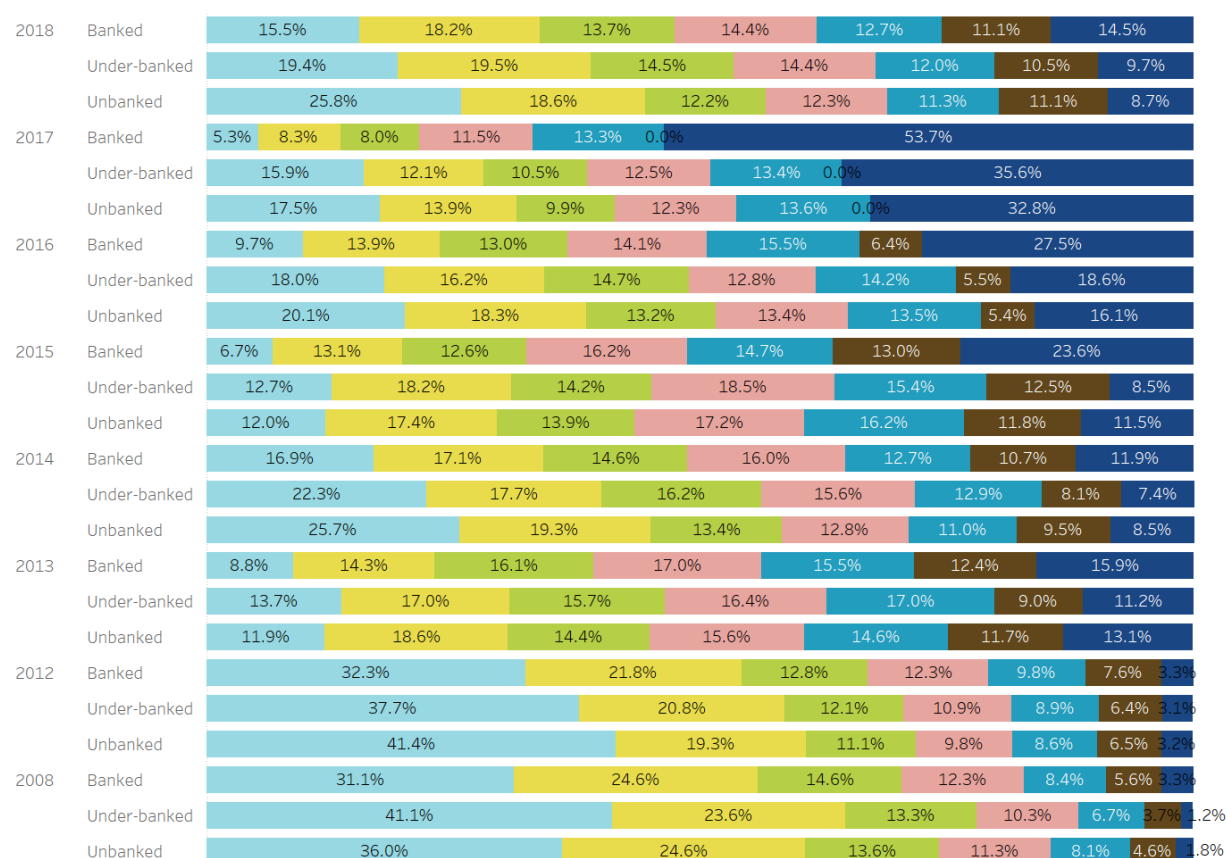
Size

Financially excluded households are typically large with more than 5 members.

Households of the financially excluded are larger, with a quarter of such households having eight or more members (Figure 13).

This shows that heads and/or members of these large households do not have access to formal and/or informal financial services. While the proportion of unbanked living in households of three members or less reduced between 2017 and 2018, the number of unbanked adults living in households of five or more members significantly increased between 2017 and 2018. This is also true for the under-banked and banked categories. With rising levels of unemployment especially among the youth, increasing levels of dependence could also be a factor driving rising household sizes.

Figure 13 Household size financial inclusion strands



Household size strands (2008 - 2018)
Compiled by author with survey data from EFINA & Intermedia

Legend

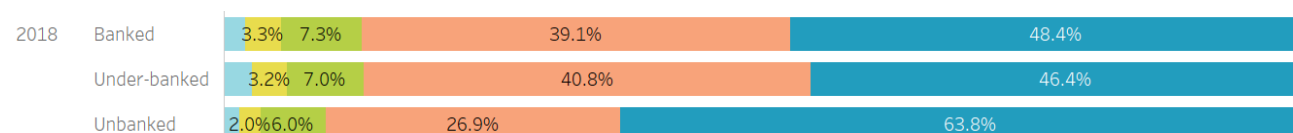
- One or Two
- Two
- Three
- Four
- Five
- Six - Seven
- Eight or More

Income-earning Household Members

Most financially excluded households have a single income source.

Figure 14 shows that only one family member earns the income in most financially excluded households. Based on the patriarchal system prevalent in Nigeria, the breadwinner is likely male while the women are responsible for the home. This singular source of income could also be a major reason why exclusion persists in some of these households.

Figure 14 Income-earning household members financial inclusion strands



Number of income-earning household members (2018)
Compiled by author with survey data from EFINA

Legend

- One
- Two
- Three
- Four
- Five or more



INDIVIDUAL PERSPECTIVE

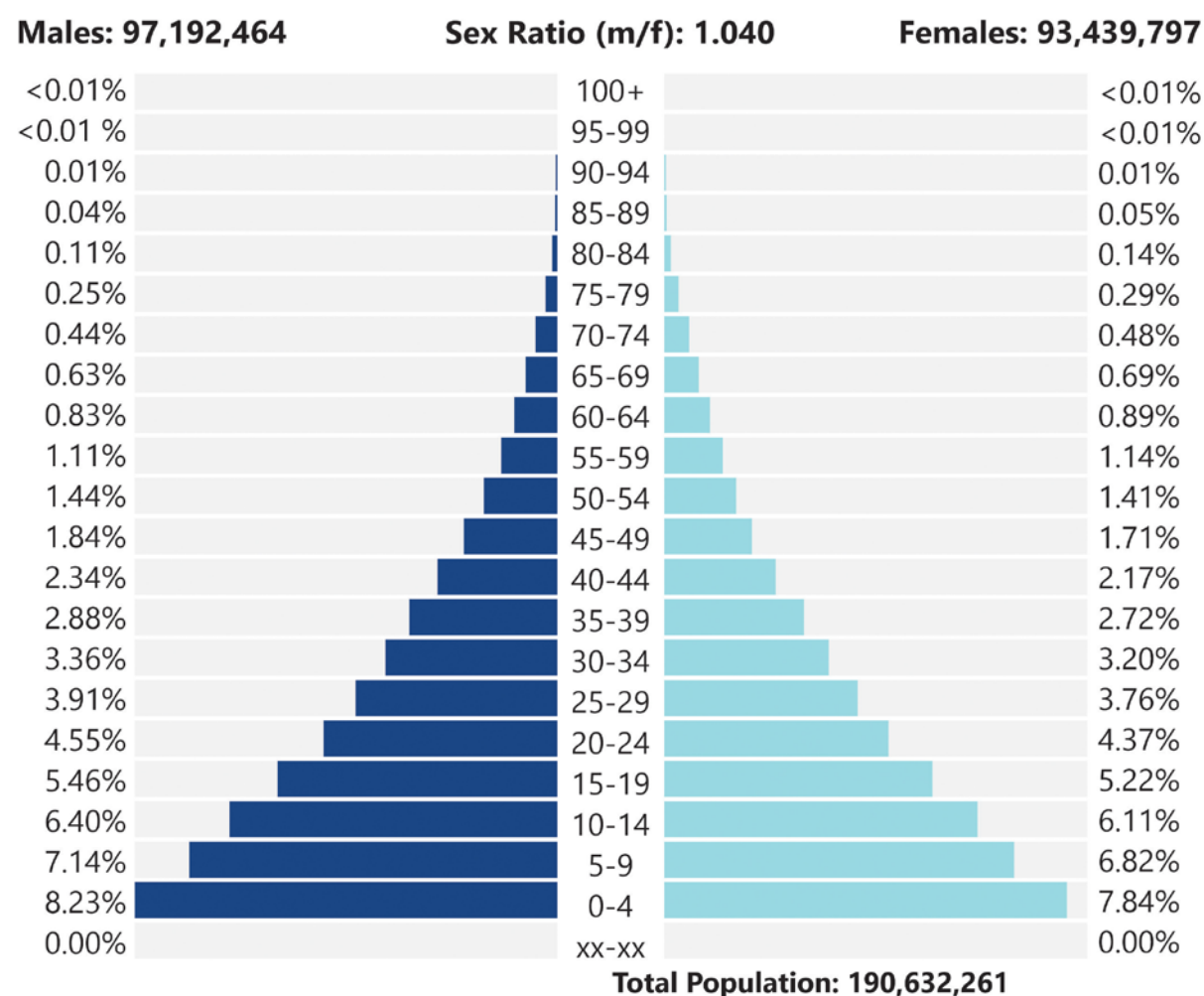
The individual perspective explores financial access among the under-banked and the unbanked in terms of their demographic and socio-economic profiles.

Young married women constitute the largest demographic group of the under-banked and unbanked populations.

Gender

Gender distribution in Nigeria is almost at par. The gender distribution pyramid (Figure 15) also suggests that women have higher life expectancy than men.

Figure 15 Gender Distribution in Nigeria

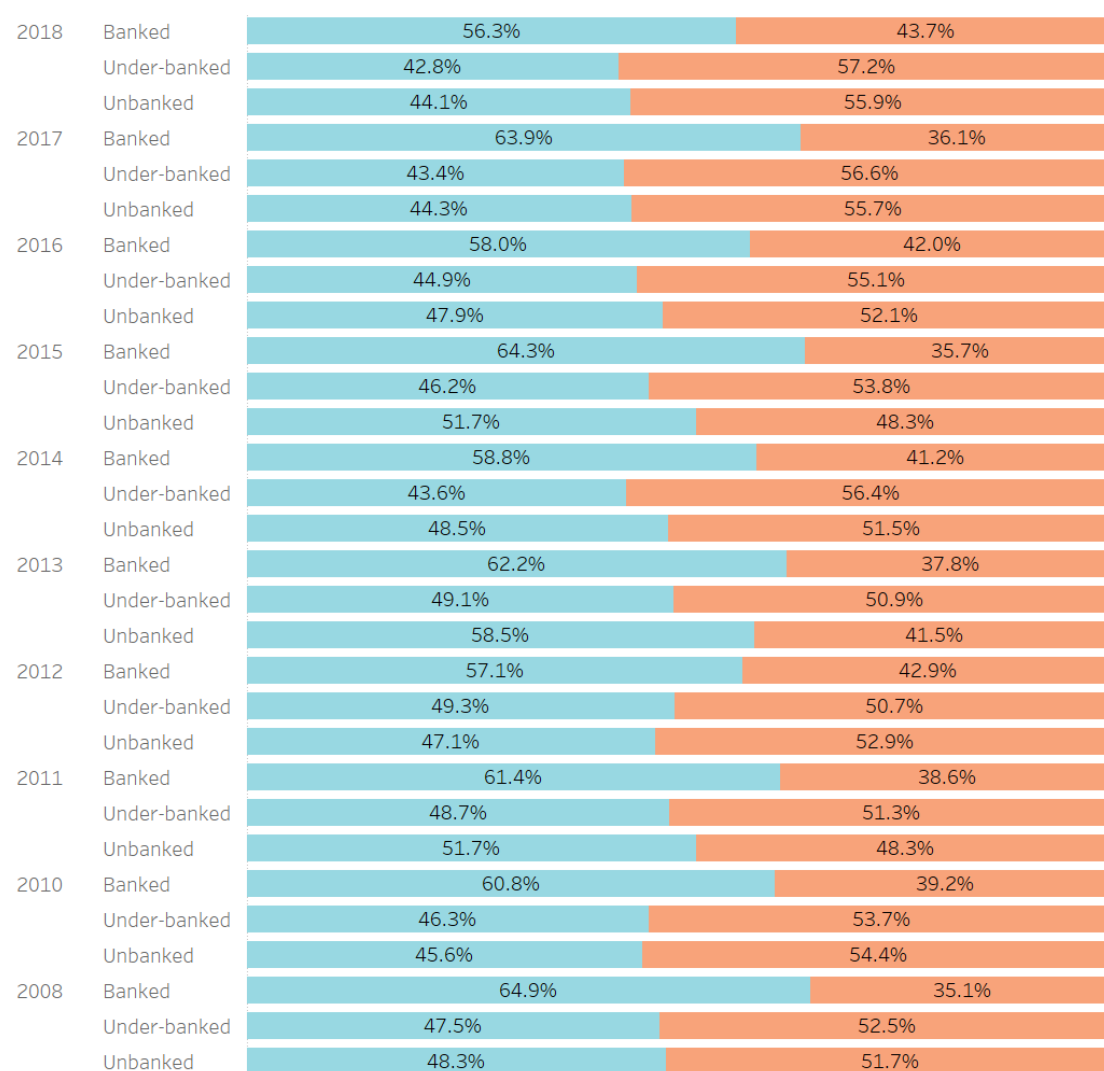


Source: US Census Bureau

Regarding financial access, the most recent dataset shows that women still constitute the majority of the financially excluded (Figure 16). Although the proportion of banked women increased from 36.1 percent in 2017 to 43.7 percent in 2018, a marginal increase was also seen in the under-banked and unbanked categories, signifying an increasing proportion of under-banked and unbanked women.

Women constitute the majority of the underserved and financially excluded.

Figure 16 Gender distribution financial inclusion strands



Gender strands (2008 - 2018)

Compiled by author with survey data from EFInA, Intermedia & the World Bank

Legend

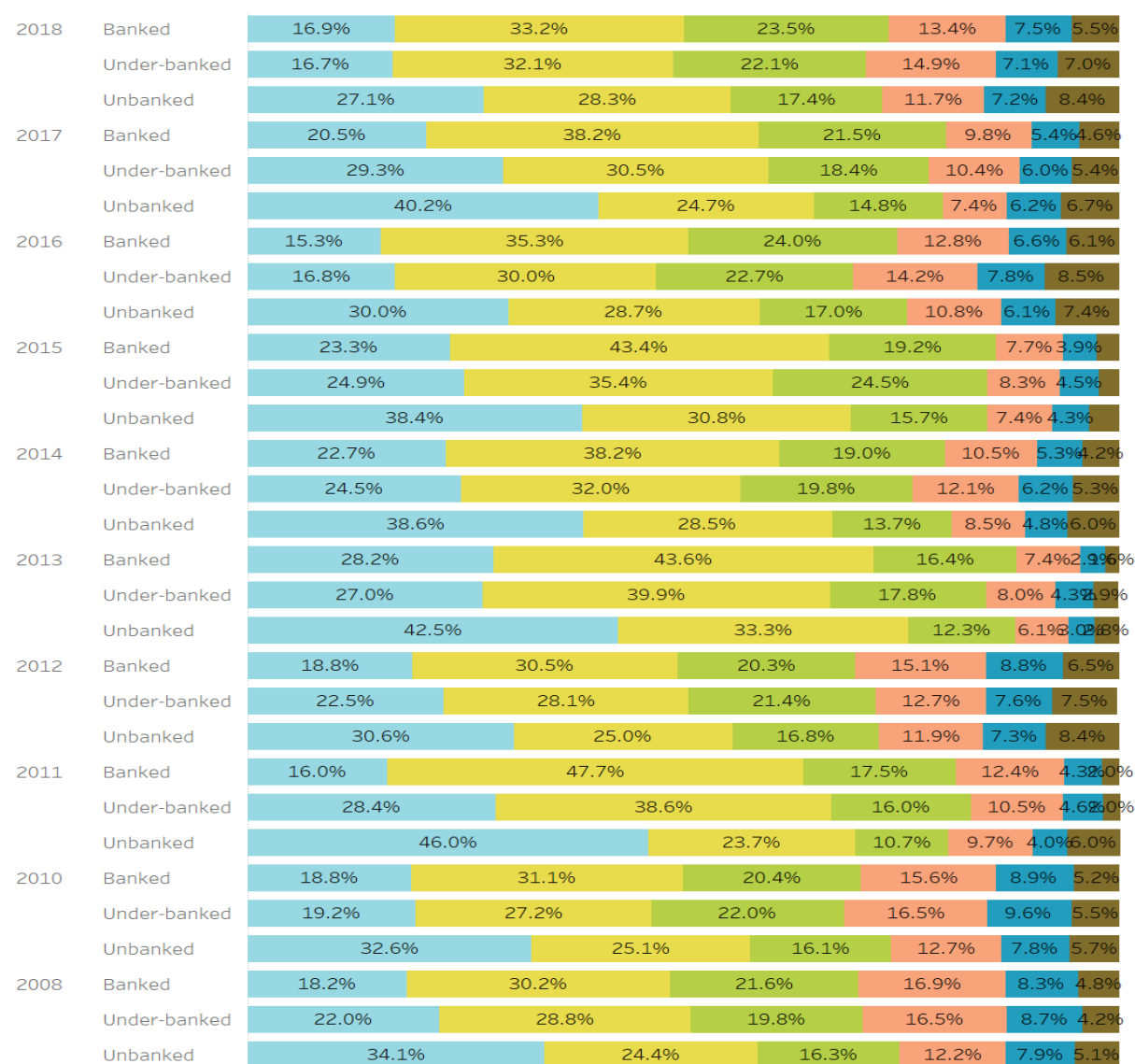
Female
Male

Age Distribution

Like most African nations, Nigeria has a youthful population, with about 51.8 percent of the adult population between the ages of 18 and 34 years. This is also reflected in the financial inclusion rate as over half of the financially excluded are aged between 18 and 34 years (Figure 17, Figure 18). When this is considered along with the gender distribution of the unbanked, it shows that young women are more likely than any other group to be financially excluded in Nigeria.

Youth and young adults still constitute the largest share of the unbanked population.

Figure 17 Age distribution financial inclusion strands



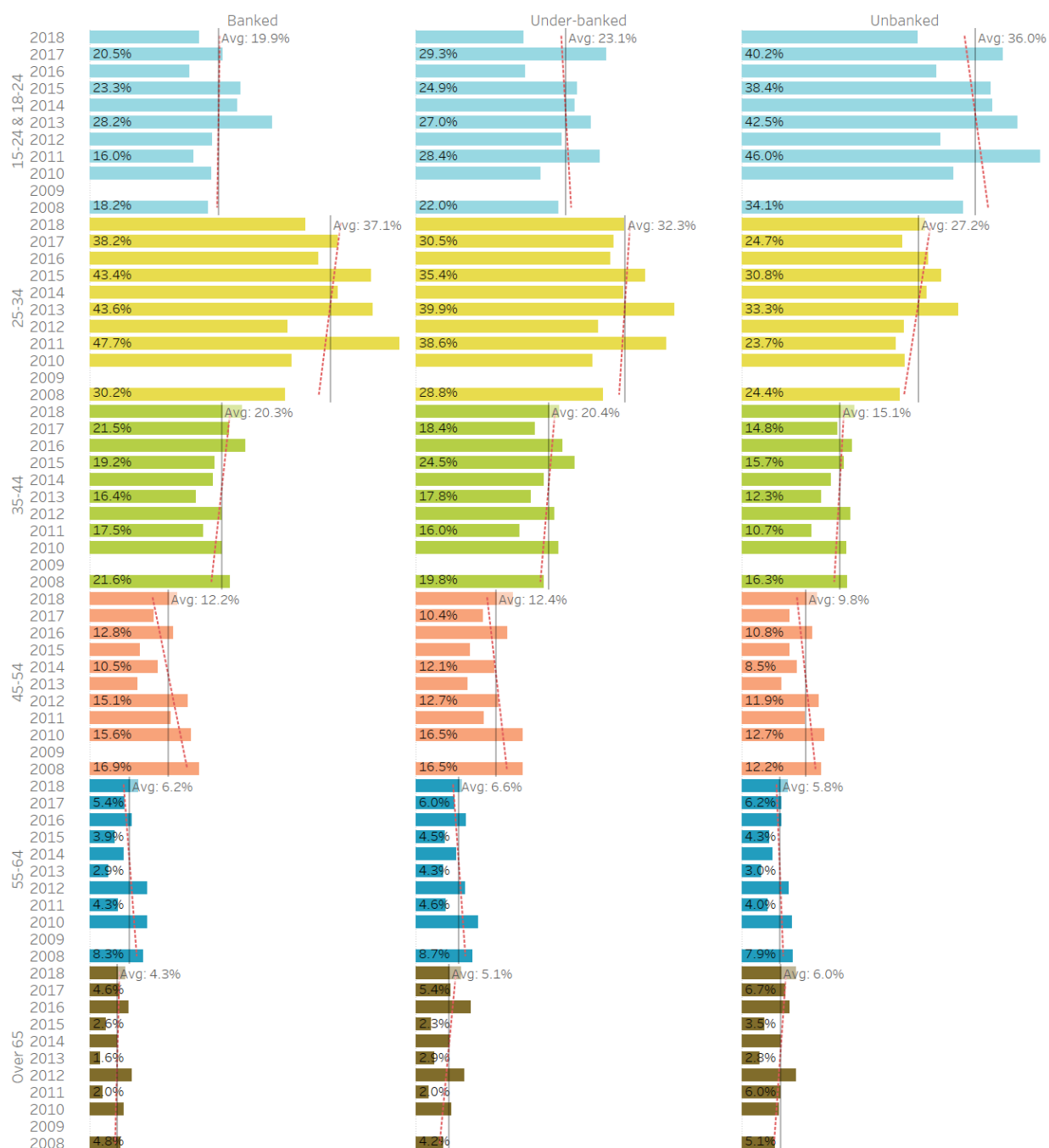
Age strands (2008 - 2018)

Compiled by author with survey data from EFinA, Intermedia & the World Bank

Legend

- Over 65
- 55-64
- 45-54
- 35-44
- 25-34
- 15-24 & 18-24

Figure 18 Age distribution financial inclusion trends



Age summary analysis (2008 - 2018)
Compiled by author with survey data from EFinA, Intermedia & the World Bank

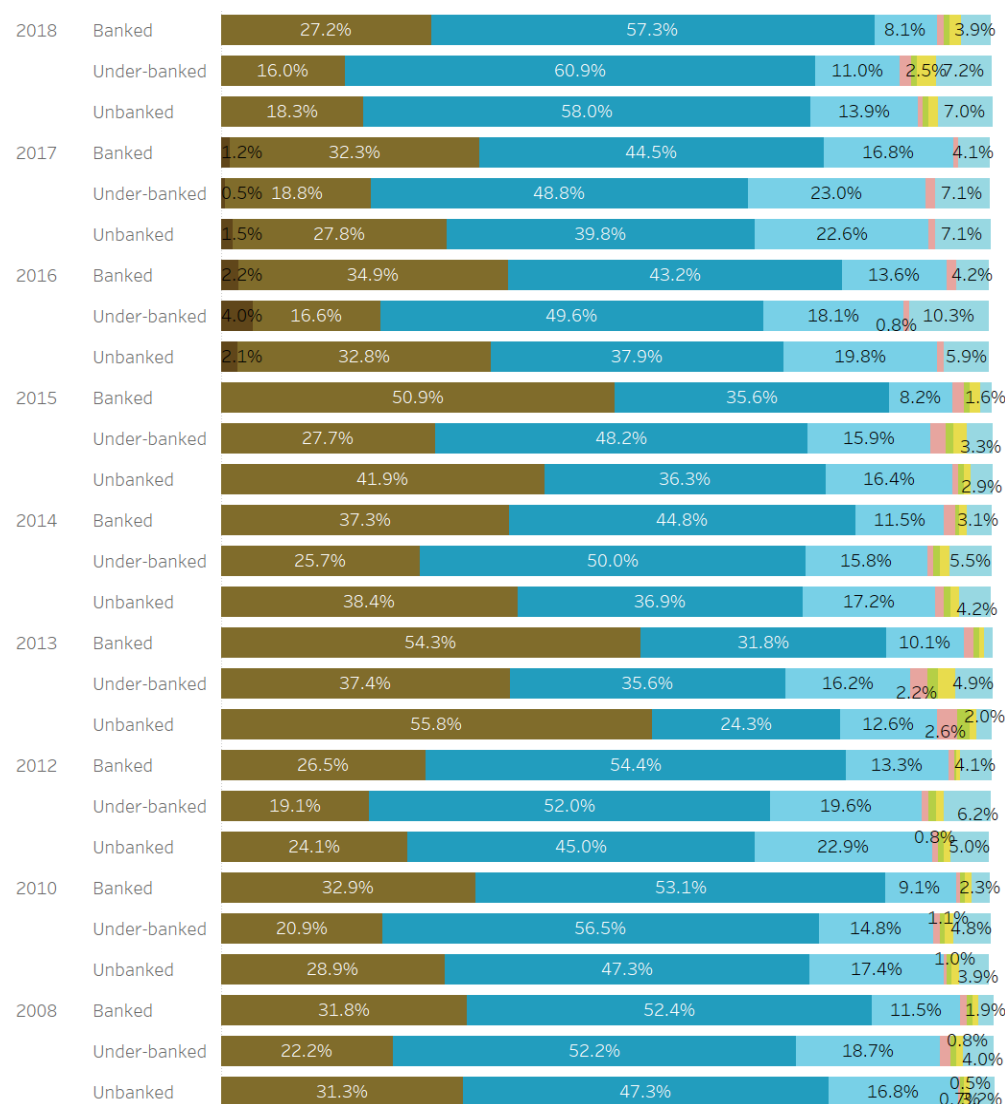
Marital Status

Monogamy and polygamy are the most common marriage types practiced in Nigeria⁴.

The 2018 survey results show that most of the underserved and unbanked adults in Nigeria are in monogamous relationships (Figure 19). The marital status data also shows that there are 1 million and 2.5 million under-banked and unbanked widows respectively. When this marital status demographic profile is combined with the gender and age profiles, it shows that young married women constitute the largest share of the under-banked and unbanked populations.

A majority of the under-banked and the financially excluded are in monogamous relationships while a sizable number are widows.

Figure 19 Marital status distribution financial inclusion strands



Marital status strands (2008 - 2018)

Compiled by author with survey data from EFinA & Intermedia

Legend

- Widowed
- Separated
- Divorced
- Living together/Cohabiting
- Polygamously Married
- Monogamously Married
- Single/Never Married
- Divorced/Separated

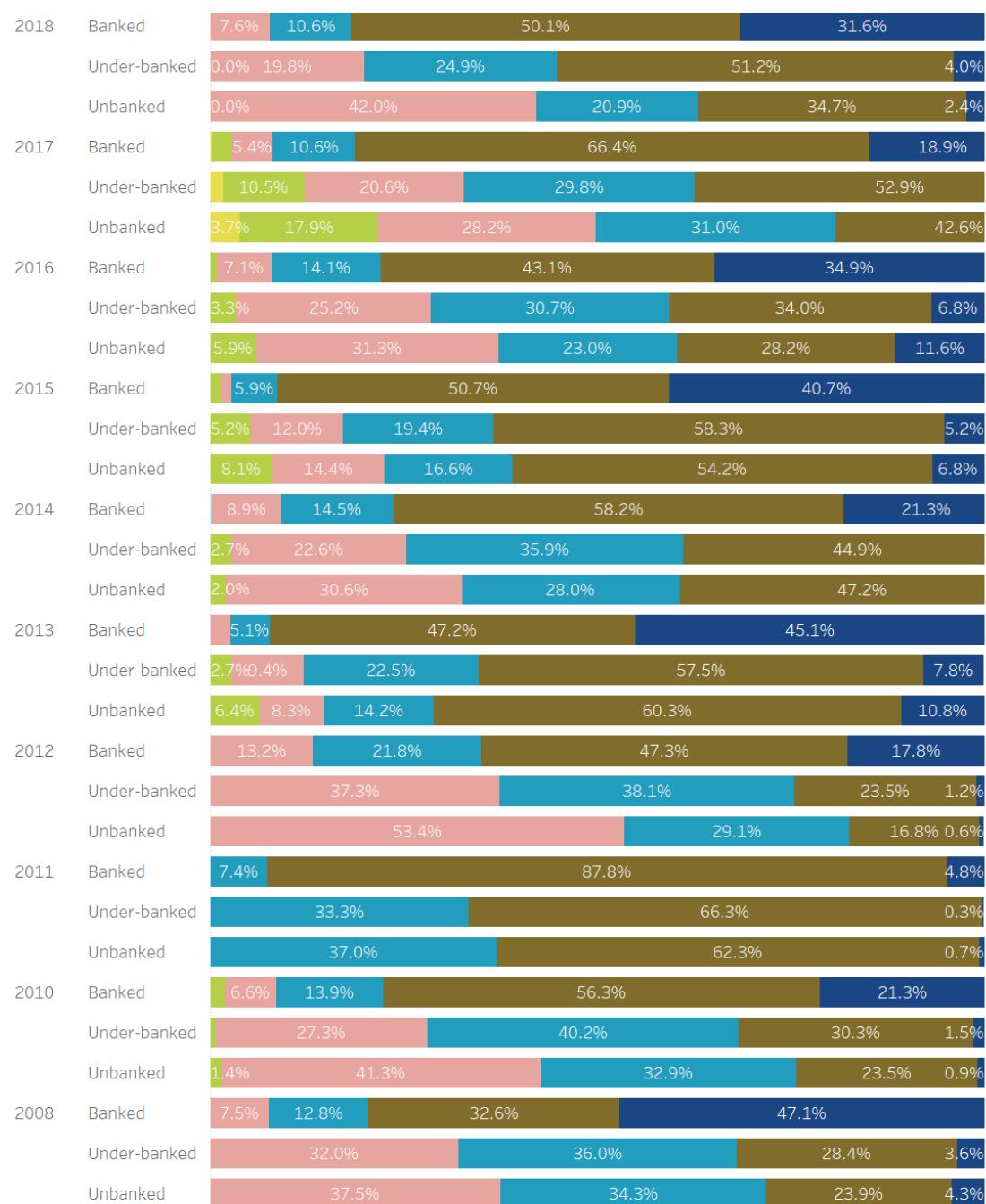


A large share of the unbanked adults in Nigeria have no formal education.

The education system in Nigeria is broadly classified as formal and informal. Formal education occurs at various levels- early childhood (nursery and primary), secondary and tertiary. Non-formal education in Nigeria is typically Arabic/Quranic education.

The insights from the 2018 data show that 44.6 percent of adult Nigerians have completed secondary or post-primary education while 16.9 percent have completed tertiary education. On the other hand, 10.4 percent only have Arabic/Quranic education, 18.2 percent have primary education or less while 10 percent have no education.

Figure 20 Education attainment distribution financial inclusion strands



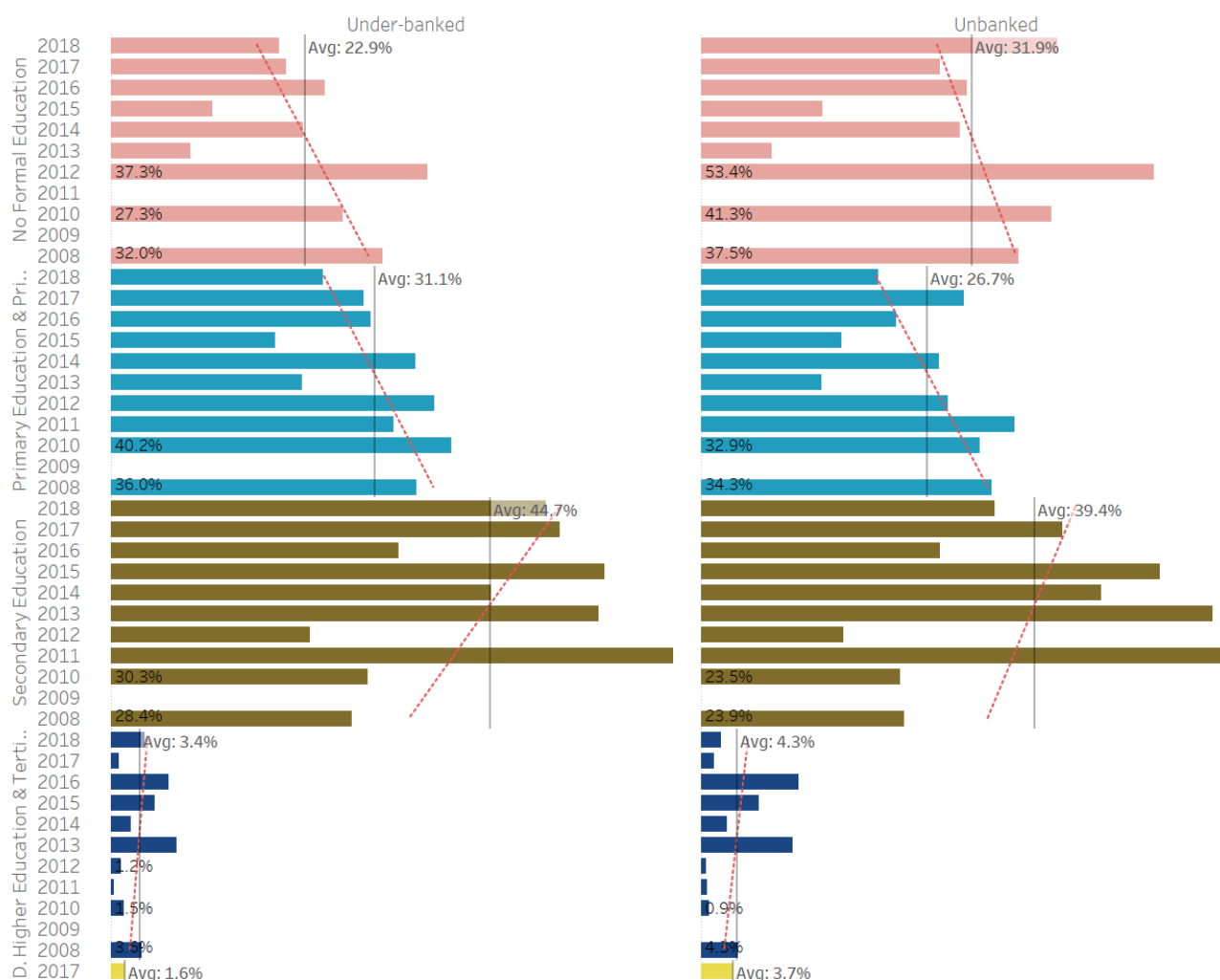
Education qualification strands (2008 - 2018)

Compiled by author with survey data from EFinA, Intermedia & the World Bank

Legend

- Higher Education & Tertiary or Higher
- Secondary Education
- Primary Education & Primary or Less
- No Formal Education
- Other
- Don't Know
- Refused

Figure 21 Education attainment distribution financial inclusion trends

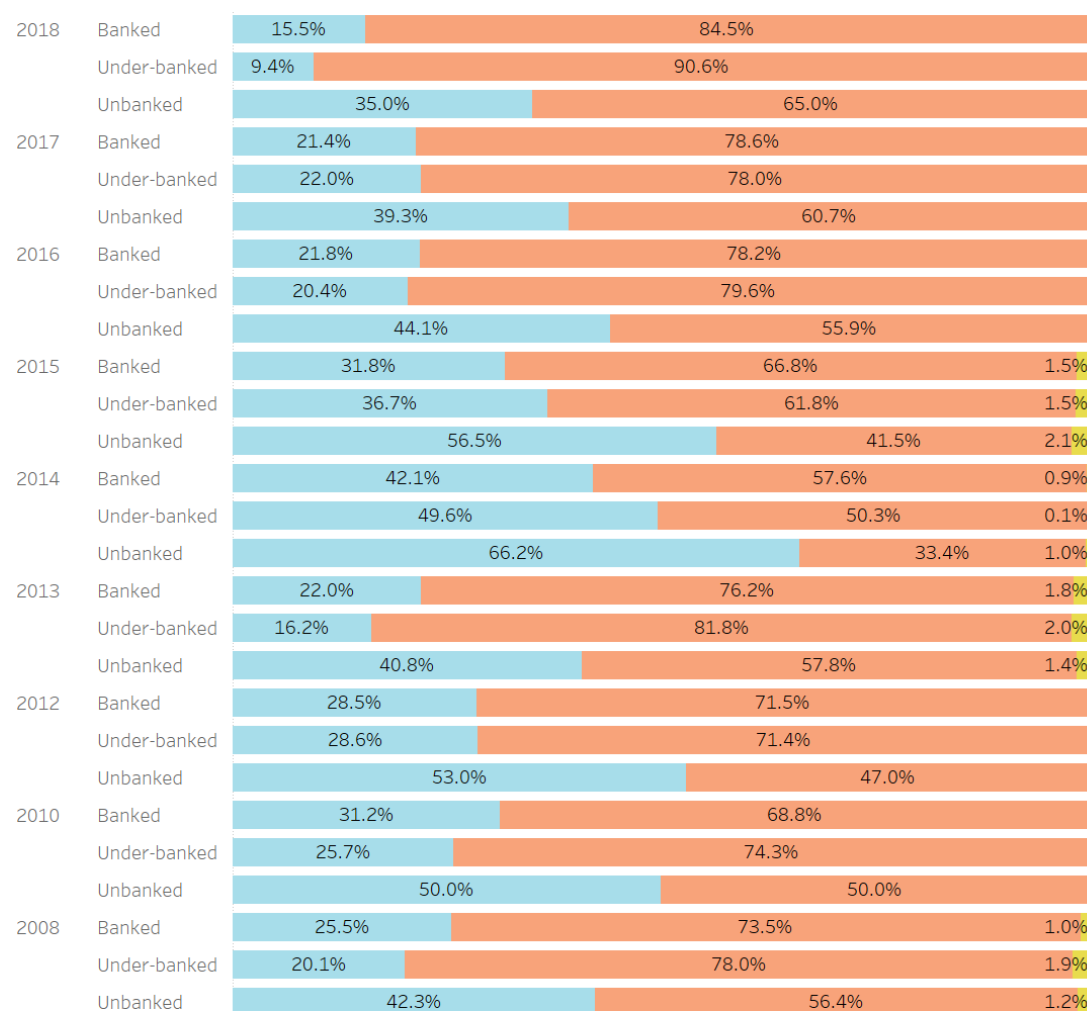


Education qualification summary analysis (2008 - 2018)
Compiled by author with survey data from EFinA, Intermedia & the World Bank

There was an improvement in employment rate especially among the under-banked.

While the unemployment rate among the financially excluded is high, there was a reduction in the unemployment rate among the under-banked (Figure 22, Figure 23).

Figure 22 Employment status financial inclusion strands



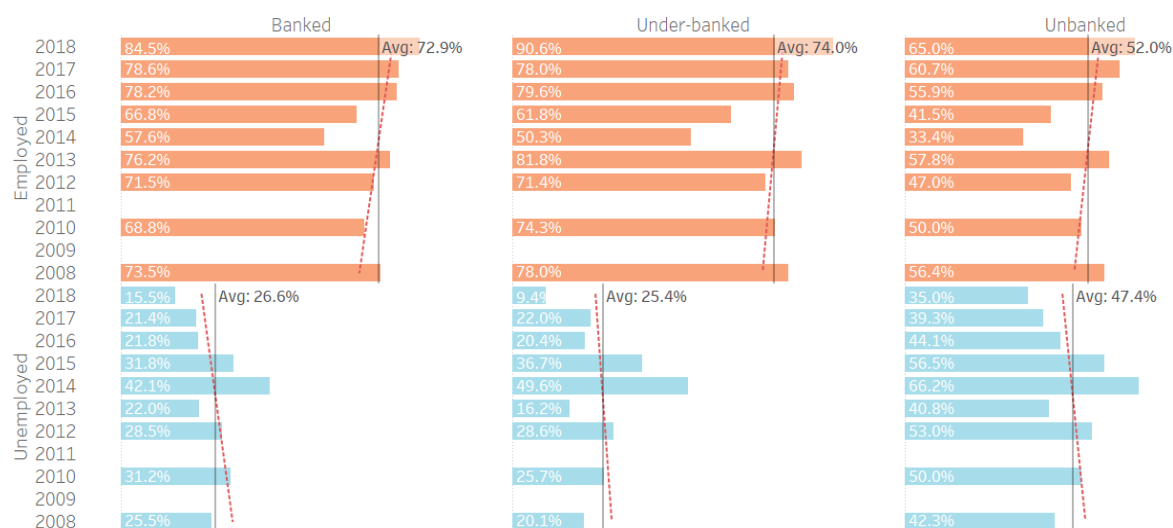
Employment status strands (2008 - 2018)

Compiled by author with survey data from EFinA, Intermedia & the World Bank

Legend

- Don't Know
- Employed
- Unemployed

Figure 23 Employment status financial inclusion trends



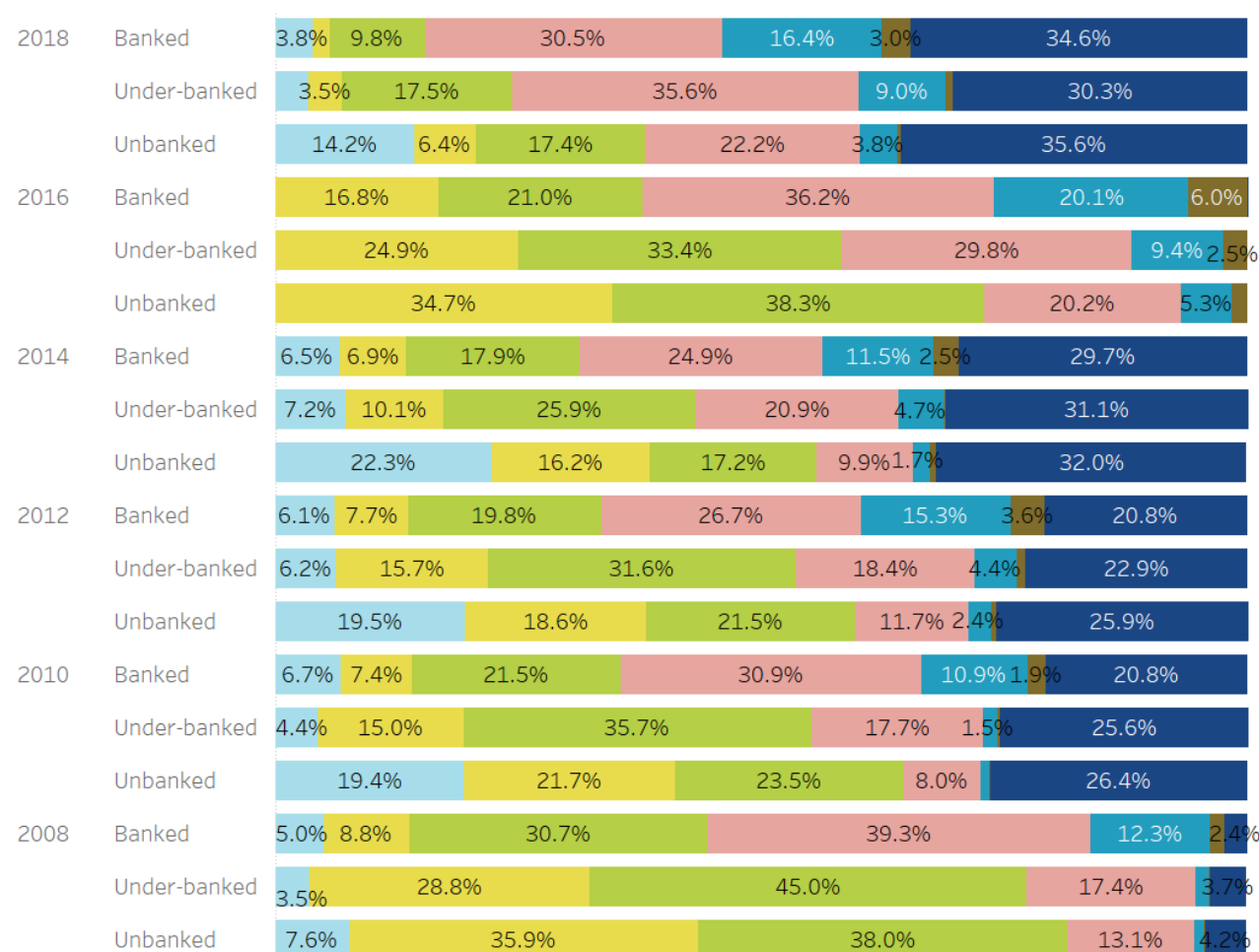
Employment status summary analysis (2008 - 2018)

Compiled by author with survey data from EFinA, Intermedia & the World Bank

A sizable number of adult Nigerians who live above poverty lines are financially excluded or use only informal financial services.

There is a sizable number of adult Nigerians who earn above 730 Naira (US\$2) per day or 21,900 Naira (US\$60) monthly who are still financially excluded or use only informal financial services (Figure 24, Figure 25).

Figure 24 Income distribution financial inclusion strands

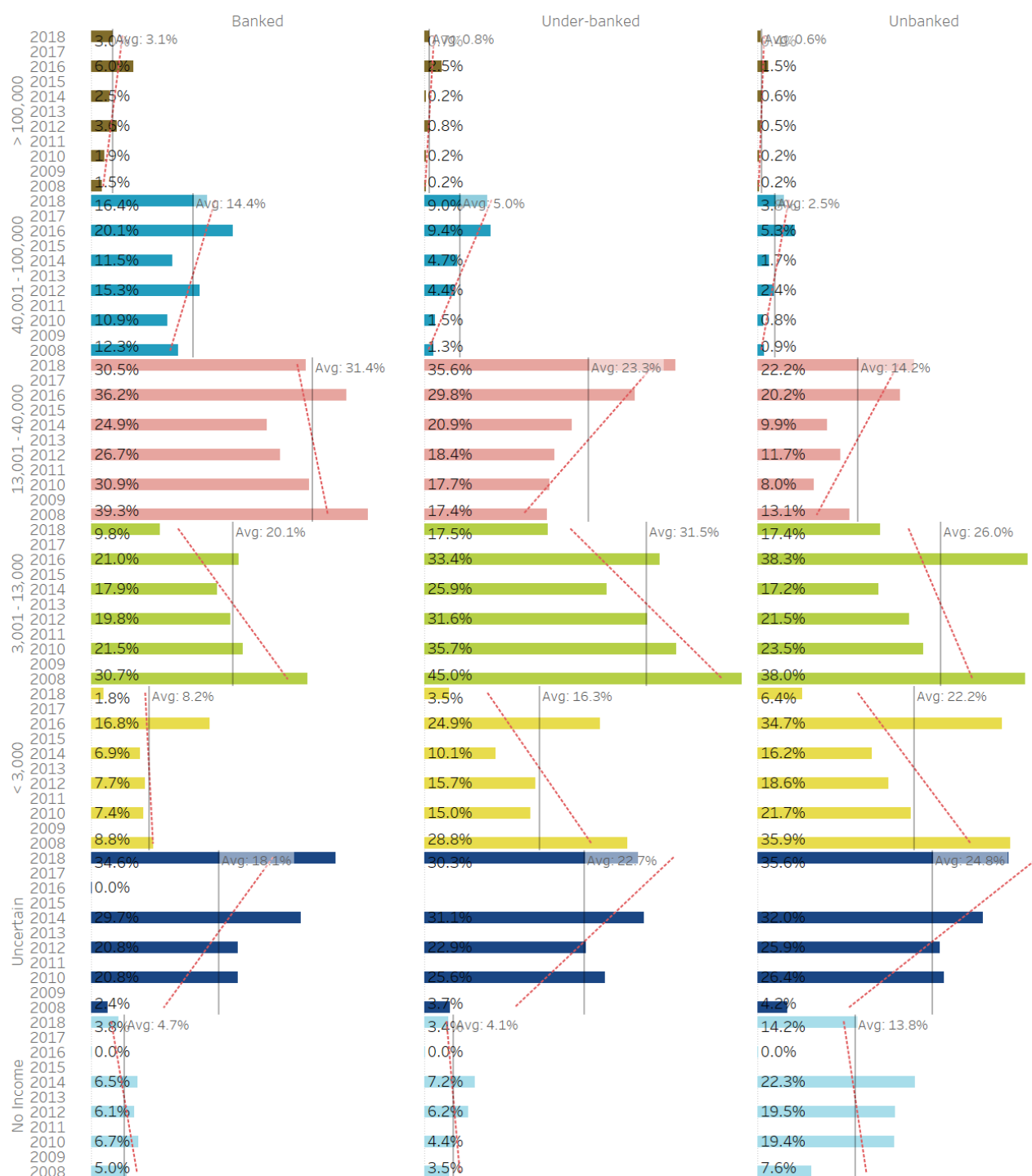


Income Strands (2008 - 2018)
Compiled by author with survey data from EFinA

Legend

- Uncertain
- > 100,000
- 40,001 - 100,000
- 13,001 - 40,000
- 3,001 - 13,000
- < 3,000
- No Income

Figure 25 Income distribution financial inclusion trends



Compiled by author with survey data from EFinA (2008 - 2018)

DIGITAL INCLUSION

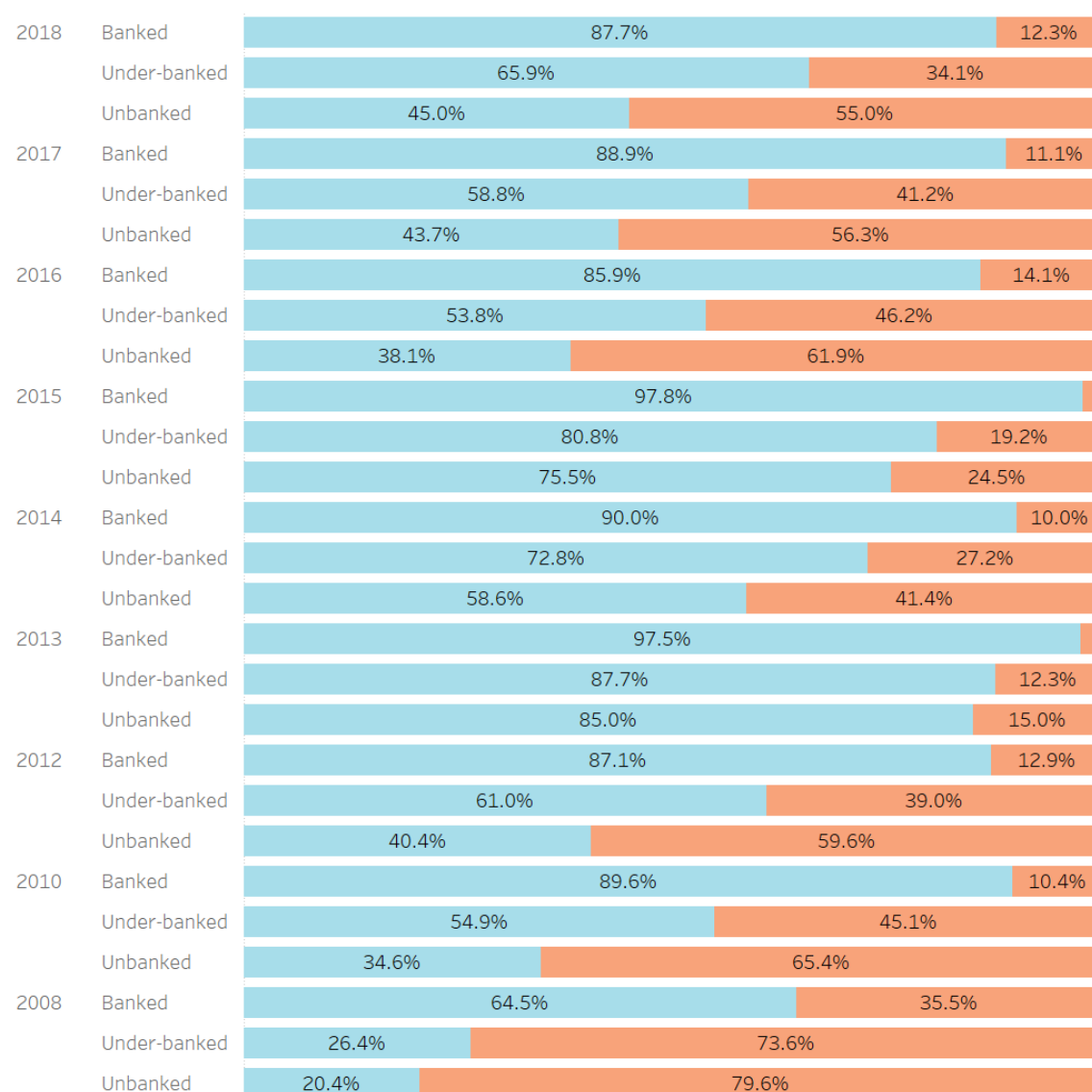
Providers can leverage mobile channels to deliver financial services to large populations of the under-banked and unbanked adults who own and/or have access to mobile phones.

Phone Ownership

Even though digital assets are ubiquitous, Nigeria is a mobile-first market with significantly high levels of ownership and access in both rural and urban locations. In spite of high mobile device access, internet penetration levels are low in both rural and urban locations.

Although phone ownership is skewed in favour of the banked population in Nigeria, a large share of the under-banked and unbanked also own mobile phones (Figure 26, Figure 27).

Figure 26 Phone ownership distribution financial inclusion strands



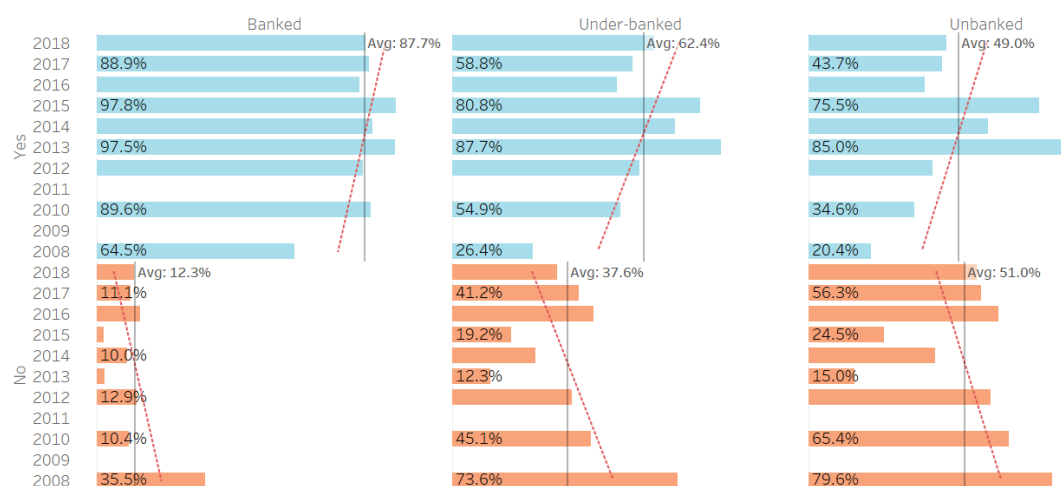
Phone ownership strands (2008 - 2018)

Compiled by author with survey data from EFinA & Intermedia

Legend

■ No
■ Yes

Figure 27 Phone ownership distribution financial inclusion trends

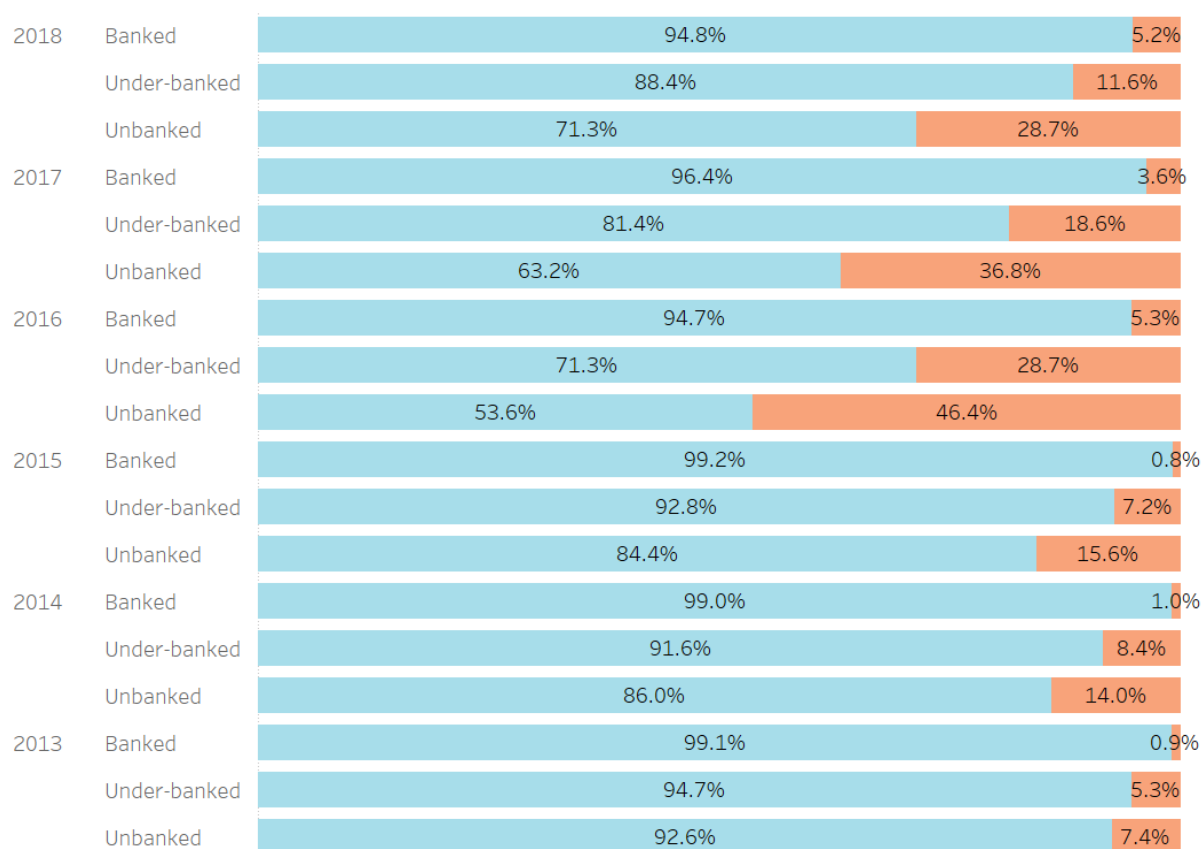


Phone ownership summary analysis (2008 - 2018)
Compiled by author with survey data from EFinA & Intermedia

Phone Access

Figures 28 and 29 show that 22.5 and 26.3 percent of under-banked and unbanked adults respectively do not own mobile phones but have access to mobile phones.

Figure 28 Phone access distribution financial inclusion strands



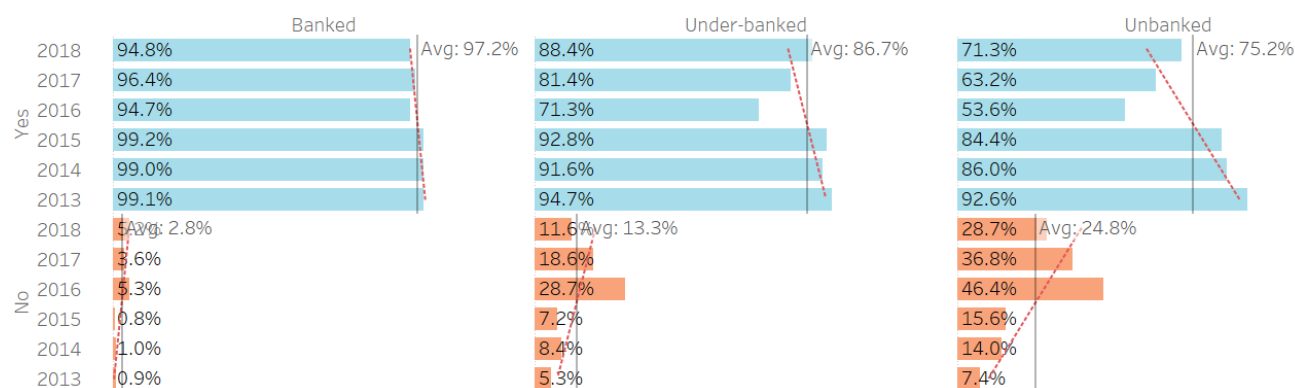
Phone Access Strands (2013 - 2018)

Compiled by author with survey data from Intermedia & EFinA

Legend

- No
- Yes

Figure 29 Phone access distribution financial inclusion trends



Compiled by author with survey data from Intermedia & EFinA (2013 - 2018)

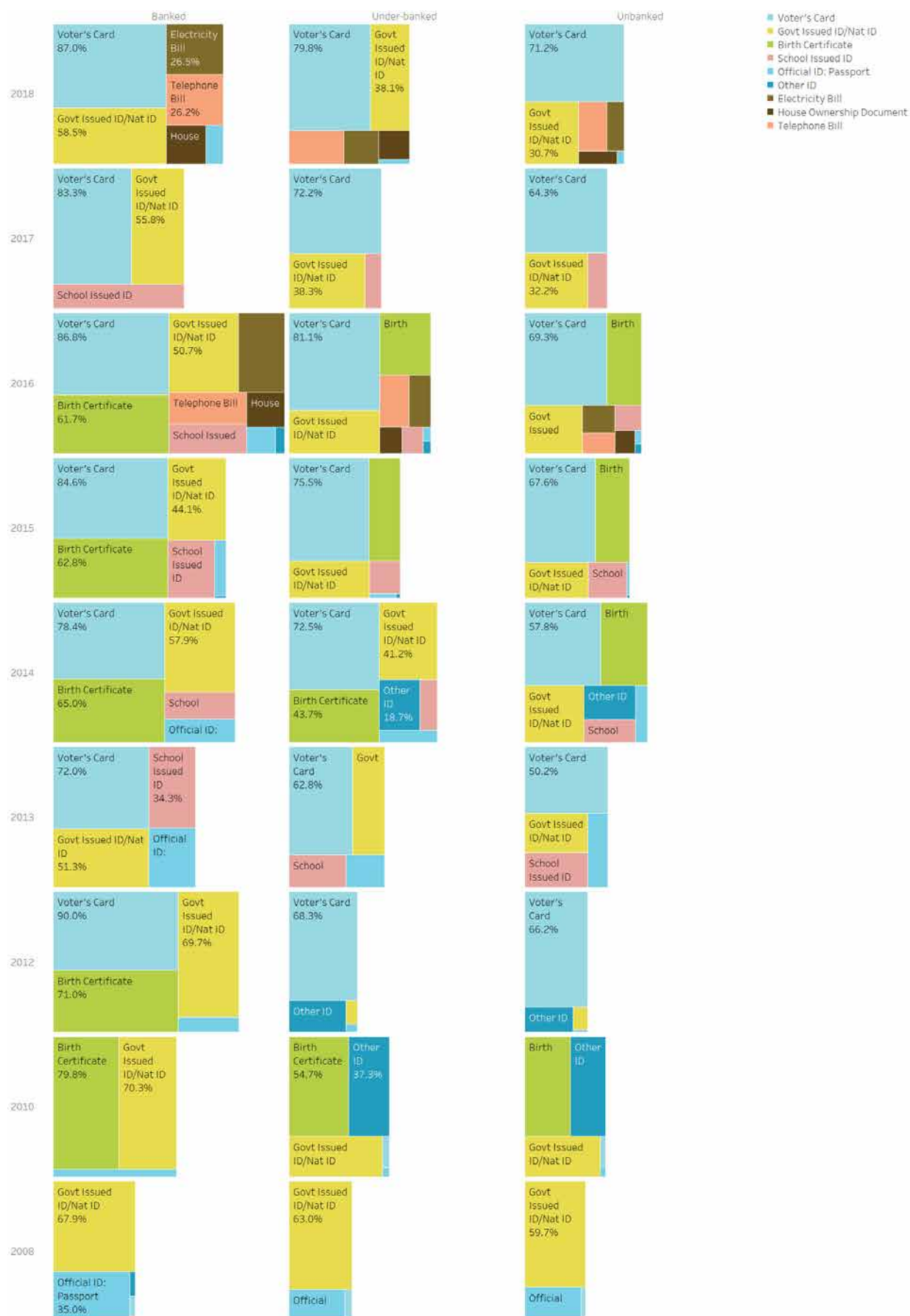
Identification

More adult Nigerians now hold voter's cards which allow them to open higher KYC level accounts with higher daily transaction limits.

The CBN's tiered Know Your Customer (KYC) policy allows anyone without any acceptable identity document to open and operate KYC level-1 bank accounts or wallets that are subject to a daily cumulative transaction limit of 50,000 Naira.

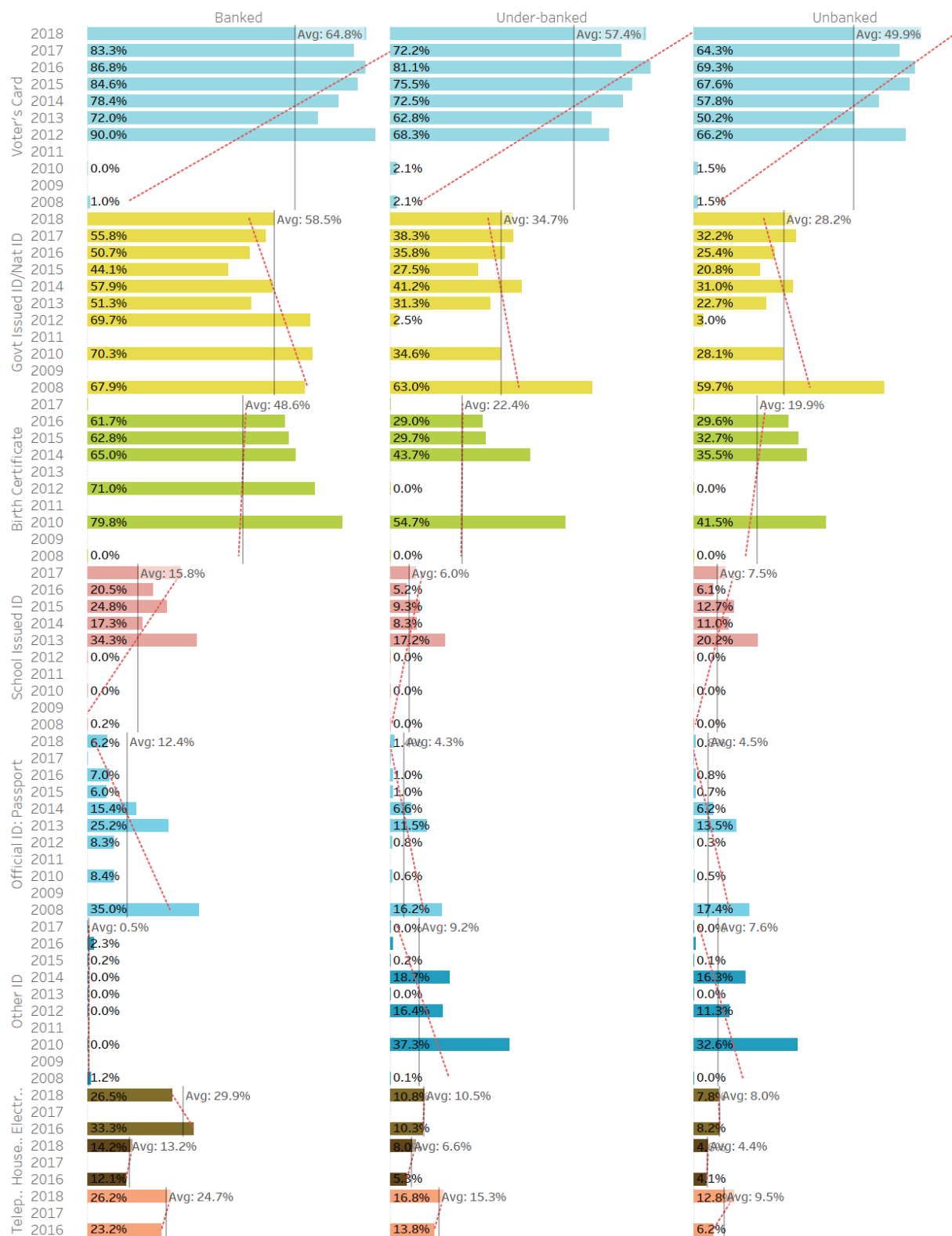
Increasingly, more people now hold voter's cards (Figure 30, Figure 31) which allows them to open higher tiered accounts with higher daily transaction limits. There are also ongoing efforts by financial services providers to enroll the under-banked and the unbanked on their own central identity system and issue enrollees bank verification numbers (BVNs) to meet KYC requirements.

Figure 30 Identity document financial inclusion treemap



Top 10 identification assets treemap (2008 - 2018)
Compiled by author with survey data from EFInA & Intermedia

Figure 31 Identity document financial inclusion trends





INTERVENTIONS TO ENHANCE FINANCIAL INCLUSION

The state of the DFS market, particularly the present financial exclusion levels, is worrisome. This is because, efforts to drop the National financial exclusion rate have been ongoing even before 2012 when the National Financial Inclusion Strategy was released.

However, examining the data gives us several useful insights which enhances our understanding of the state of the market, particularly the financially underserved populations. We also gain insights about where exactly barriers exist and where the opportunities are. These insights enable us to make recommendations on ways to move the needle.

Financially excluded households are typically large.

The data suggests that the breadwinner in such households is financially excluded. Between 2017 and 2018, we also observed that the number of excluded households with five or more members got larger and we think that increased unemployment may be partly responsible. Therefore, these households may need poverty alleviation interventions to increase the amount of income available to them. We also believe that financial literacy will influence their ability and willingness to plan their finances better and to utilise financial services and products.

A large portion of the financially excluded have no formal education.

Universal formal education features on the agenda of the Nigerian government and there have been several projects, programmes and policies to that effect over the years. However, based on budgetary and time constraints, the unbanked poor and financially underserved should be prioritised to receive formal education. This segment should also be beneficiaries of financial literacy programmes to improve their understanding of financial products and services.

A significant number of adults live above the poverty line but remain financially excluded or use only informal financial services.

These adults earn above 21,900 Naira (US\$60) monthly but are still financially excluded or use only informal financial services. FSPs should therefore direct their efforts at making appropriate financial services accessible to these economically active under-banked and unbanked adults.

A large percentage of the under-banked and unbanked own mobile phones.

This presents a huge opportunity for financial inclusion. The mobile phone has been an enabler for previously excluded populations to access financial services of diverse types. The data shows that about 10 million under-banked and 17 million unbanked adults own mobile phones. With an increasing adoption of USSD banking,⁵ leveraging the ubiquitous mobile telephone can be a low hanging fruit for including the excluded segments especially in remote locations where broadband penetration is low. Further understanding of the peculiarities and needs of these excluded populations will be helpful in developing financial products and services that may be well received by them.

Women are more financially excluded than men, and the margin is increasing.

The gender gap is widening both in the under-banked and unbanked categories. Closing this gap would require deliberate action from the ecosystem, for instance, providers becoming gender-intentional in their development and delivery of financial products and services. Financially excluded women also need to be the target of more empowerment programmes.

Young women are more likely than any other group to be financially excluded in Nigeria.

They are typically within the age bracket of 18 and 34. Considering that this is usually the most productive age range among all demographics, this is a big dent on the country's human capital. Interventions such as employment opportunities, empowerment and skills training could be instrumental in encouraging this demography to adopt financial services. Providers will also need to adopt a consumer-centric approach to product development as this is a unique customer segment with unique needs and challenges.

5 EFInA 2018 A2F survey shows that 24.1 percent of all bank account holders have or use USSD codes for banking transactions. By gender, 65.5 percent of all bank account holders that have or use USSD codes are male while 34.5 percent are female.

WOMEN AND FINANCIAL INCLUSION

This section presents key insights from our analysis of sex-disaggregated data on under-banked and unbanked adult Nigerians. The insights presented here build on the results published in the 2018 State of the Market Report and are discussed in light of current realities in the digital financial services ecosystem.

Women are more likely than men to be under-banked or unbanked.



Introduction

Our 2018 report established that gender gap was skewed in favour of males across all financial access strands. However, gender gaps have been more pronounced among the under-banked and unbanked segments. In this section, we present gender-based disaggregated profiles of under-banked and unbanked adults.

The gender gap persists nationally despite progress in growing financial inclusion in several African economies: Nigerian women are still less likely than men to have an account at a formal financial institution.⁶

Increasing women's financial inclusion is particularly important for inclusive economic growth as well as sustainably tackling poverty. This explains the priority placed on bridging the gender gap in the Nigeria's revised National Financial Inclusion Strategy (NFIS).⁷ Women, especially in rural areas, disproportionately experience poverty stemming from, among other things, unequal divisions of labour, and social norms severely limiting their control over economic resources in both households and communities.

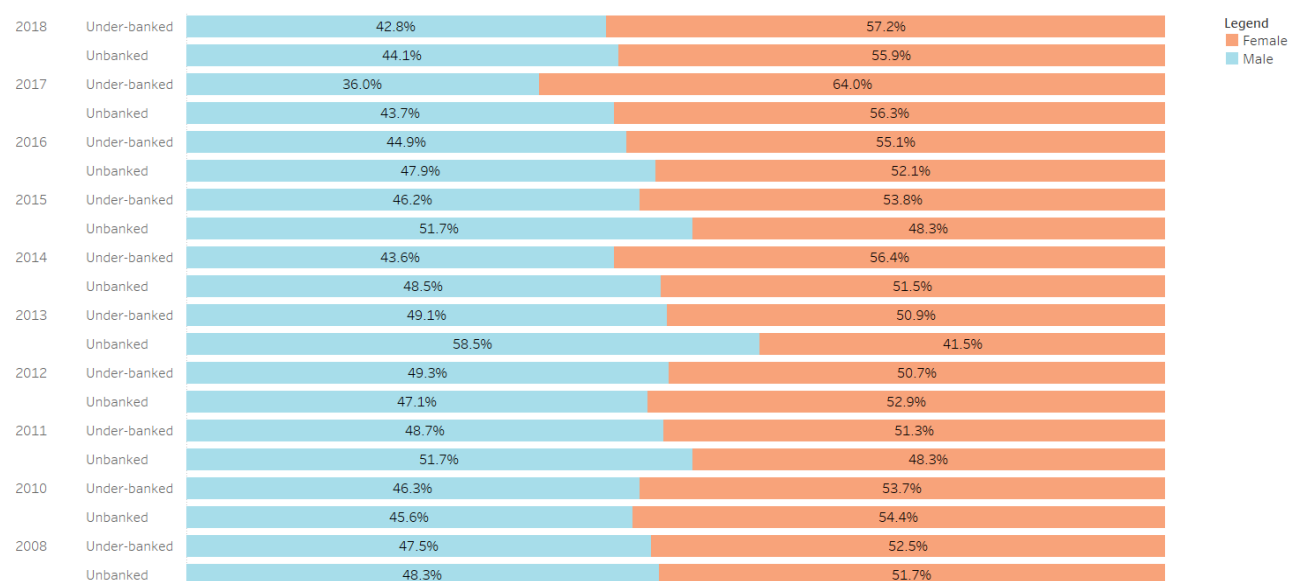
Nigeria is a country with a high level of poverty. The World Bank estimates that 53.5 percent of the population live below the international poverty line of \$1.90 per person per day.⁸ With regards to income levels, many women still face a high degree of vulnerability as over 90 percent of women earn below N40,000 monthly (approximately US \$111).

There is significant variation in the incidence of poverty across Nigeria. In northern Nigeria, projected poverty rates have been increasing while in the southern parts, the poverty incidence appears to have fallen significantly. More than half of the financially excluded are in the North West and North East, their situation exacerbated by conflict, the breakdown of financial infrastructure and preexisting underdevelopment of local economies.

Given the conflict in the northern agrarian regions, there is inflation in food prices which exacerbates poverty, as food comprises three-quarters of the consumption budget of low-income households. This forces women, especially in rural areas to spend most of their earnings on meeting basic needs such as food, energy and so on, thus limiting their chances of being financially included.

These findings suggest opportunities for financial service providers to create markets which can bridge the gender gap in terms of access and use of quality financial products and services. The insights below further the understanding of community, regional, household and individual variations in financial inclusion and exclusion. It provides a full picture of the adoption of financial services and the persisting gender gap.

Figure 32: Overview of gender distribution of Nigeria's under-banked and unbanked



Gender strands (2008 - 2018)
Compiled by author with survey data from EFinA, Intermedia & World Bank



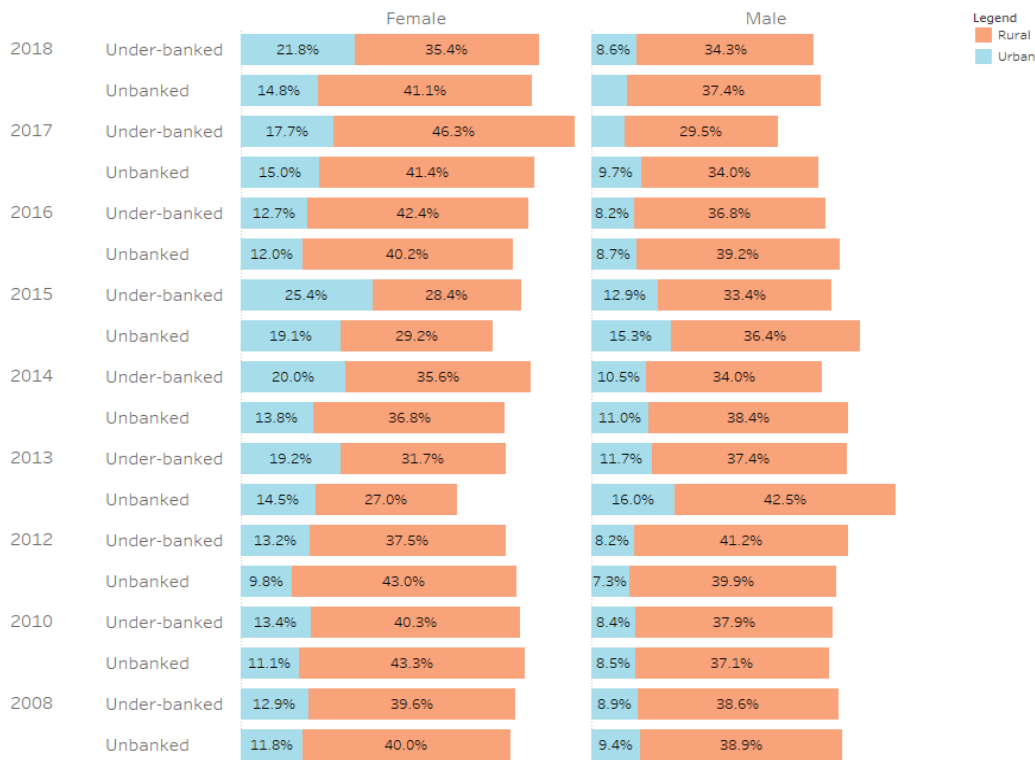
COMMUNITY PERSPECTIVE

Location

The gender disaggregated data on the under-banked and unbanked shows that women are more excluded than men across urban and rural locations.

The share of unbanked and under-banked women in urban and rural areas have been greater than that of men in 2016 and the trend continued to 2018 (Figure 33). When compared to 2017 results, rural under-banked women reduced by 10.9 percent while rural unbanked women only dropped by 0.3 percent. While the financially excluded are predominantly rural dwellers, under-banked women in urban locations increased from 17.7 percent in 2017 to 21.8 percent in 2018.

Figure 33: Gender profile of the under-banked and unbanked across urban-rural location



Location strands by gender (2008 - 2018)
Compiled by author with survey data from EFinA & Intermedia

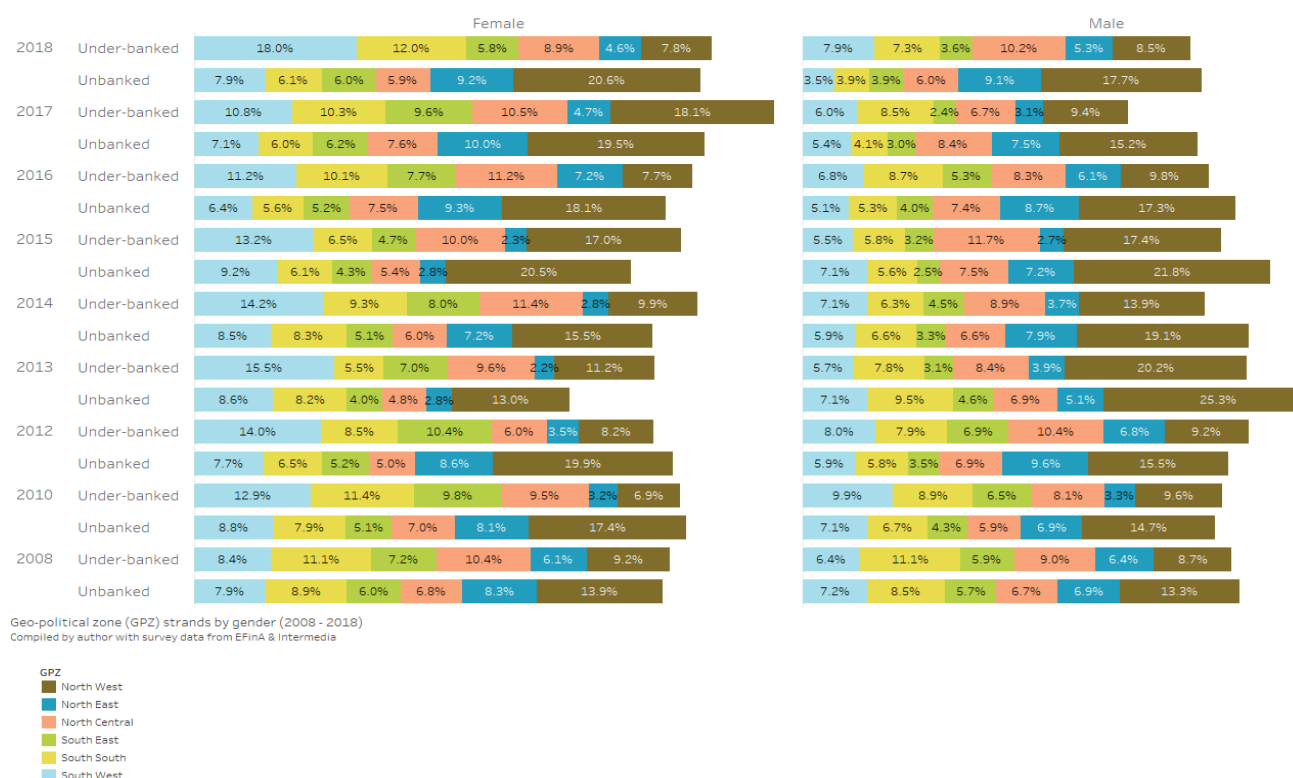
Regional Distribution

The distribution of financially excluded women across all geopolitical zones in Nigeria in 2018 remained higher than that of men, except for the North Central and North East zones where men featured more prominently in the under-banked category (Figure 34). Our analysis also shows that the rate of under-banked females in the South East dropped from 9.6 percent in 2017 to 5.8 percent in 2018.

In the South East, women still make up the majority of the under-banked.

Under-banked females in the North West also dropped from 18.1 percent to 7.8 percent in the same period. In contrast, under-banked females in South West and South-South increased by 9.2 percent and 1.7 percent respectively. In terms of female unbanked adults, there was a marginal increase between 2017 and 2018 in South West, South-South, and North West while the other regions recorded marginal decreases in the same period.

Figure 34: Gender profiles of the under-banked and unbanked across geo-political regions





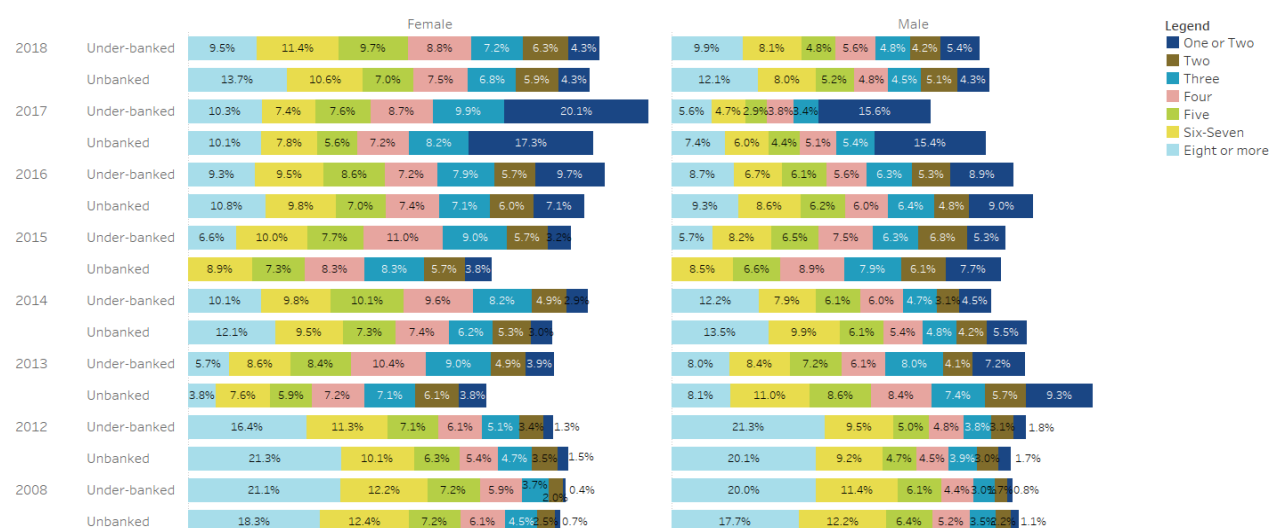
HOUSEHOLD PERSPECTIVE

Household Size

Since 2015, more women than men have remained under-banked across household sizes.

In 2018, however, there were fewer under-banked women than men living in households with one or two members. Although the proportion of women to men between 2015 and 2016 has fluctuated considerably in the unbanked category, there were more unbanked women than men across all household sizes in 2017 and 2018 (Figure 35).

Figure 35: Gender profiles of the under-banked and unbanked across household sizes



Household size strands by gender (2008 - 2018)
Compiled by author with survey data from EFINA & Intermedia

The following section traces the individual and socio-economic characteristics of unbanked and under-banked Nigerian adults, highlighting differences along gender lines. This lends further depth to the examination of gender gaps at the community, regional and household levels.

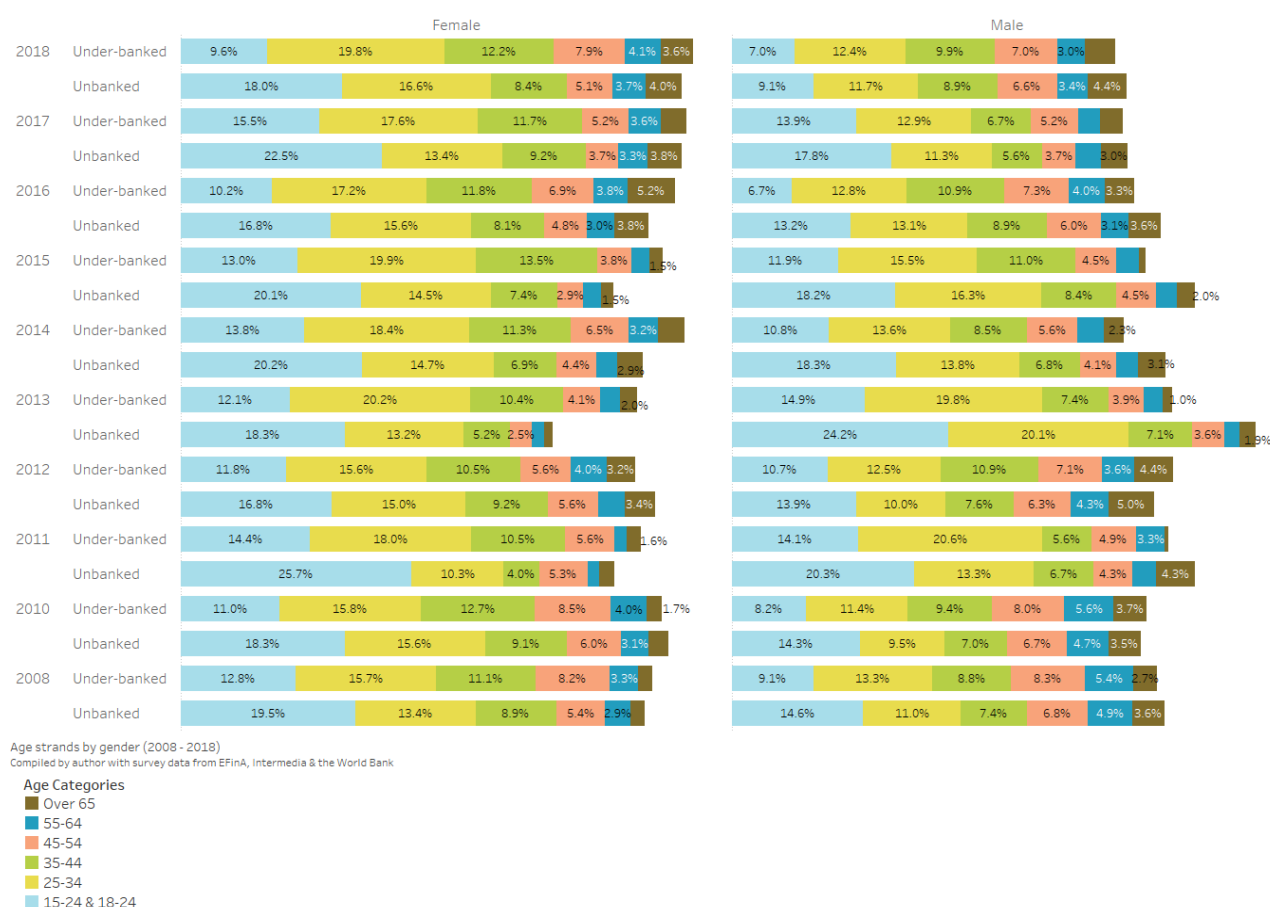
Individual Characteristics

Age

About half of Nigeria's population falls between 15 and 54 years⁹ – a pattern that is exhibited across the male and female population segments. Between 2017 and 2018, the proportion of women that were under-banked increased across all age categories except for women aged 15-25 years which saw a reduction in the under-banked category of about 6 percent (Figure 36).

This is also true for men with a reduction in the under-banked category of about 4.8 percent. Among unbanked women, there was an increase across all age groups except for ages 15-24 and 35-54 years (4.5 percent and 0.8 percent reduction respectively) in the same period. For unbanked men, a reduction was seen in age categories 15-24 (7.4 percent) and 45-54 (2.7 percent). Generally, the data suggests that movement from unbanked and under-banked categories occurred mostly among adults aged 15-24 years for both women and men.

Figure 36: Gender Profiles across age categories



9 National Bureau of Statistics (2018). Labour Force Statistics – Volume 1: Unemployment and Underemployment Report (Q4 2017 – Q3 2018)

Marital Status

Marital status in Nigeria is defined in the categories of single and married (polygamously and monogamously married are subcategories under married).

The proportion of under-banked single women and men reduced between 2017 and 2018 at 0.2 percent and 3.4 percent respectively.

The proportion of under-banked women and men in polygamous relationships also reduced between 2017 and 2018 by 11.2 percent and 0.9 percent respectively. On the contrary, while there was a 2.4 percent increase in the ranks of the under-banked among monogamously married women, the men in this category increased by 9.7 percent. The trend seen across these marital status strands among the under-banked was also exhibited across the unbanked segments for both women and men.

Figure 37: Gender profile of the under-banked and unbanked across marital status



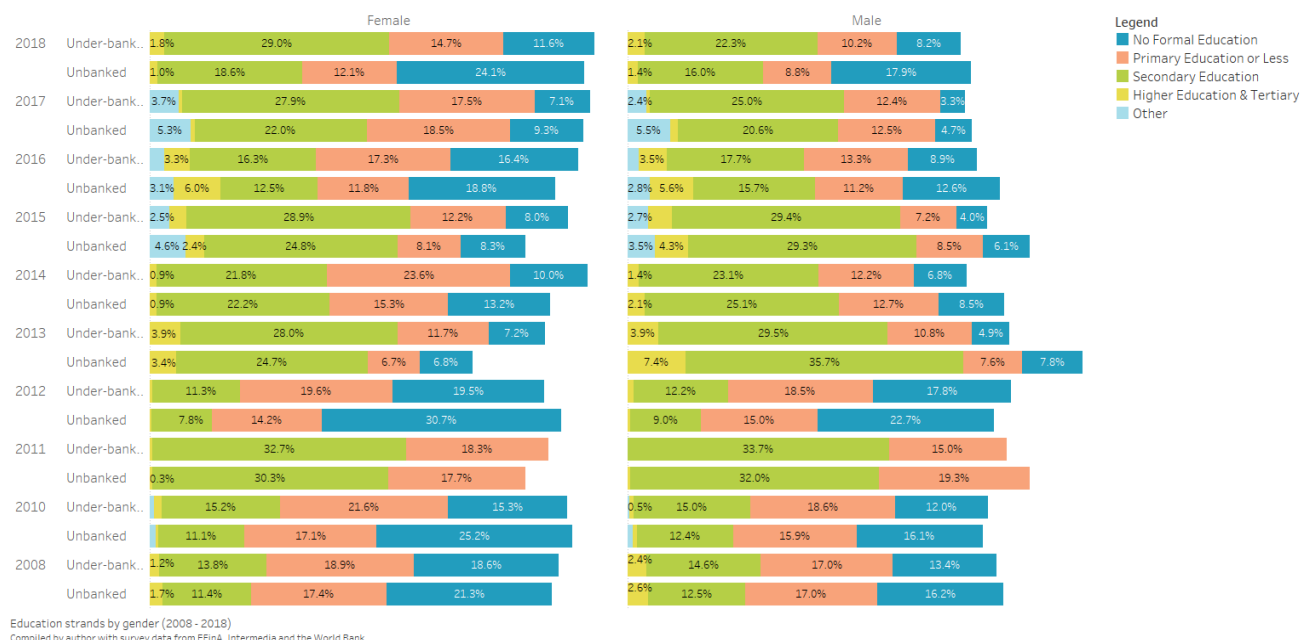
Socio-Economic Characteristics

Education

Since 2008, significantly less women (with higher or tertiary education) than men, have remained unbanked or under-banked showing that increasing educational levels can perhaps reduce exclusion among women.

While other factors may account for women's financial exclusion, the 2018 data shows that limits in education still feature in women's financial inclusion. Between 2017 and 2018, women of all educational qualifications experienced deepening financial exclusion in both under-banked and unbanked segments except for those with higher education. The proportion of under-banked and unbanked women with higher or tertiary education has remained significantly lower than that of men. Figure 38 shows that the proportion of under-banked and unbanked adults reduces with increasing educational level despite women being the most under-banked and unbanked compared to men.

Figure 38: Gender profiles of the under-banked and unbanked across educational status

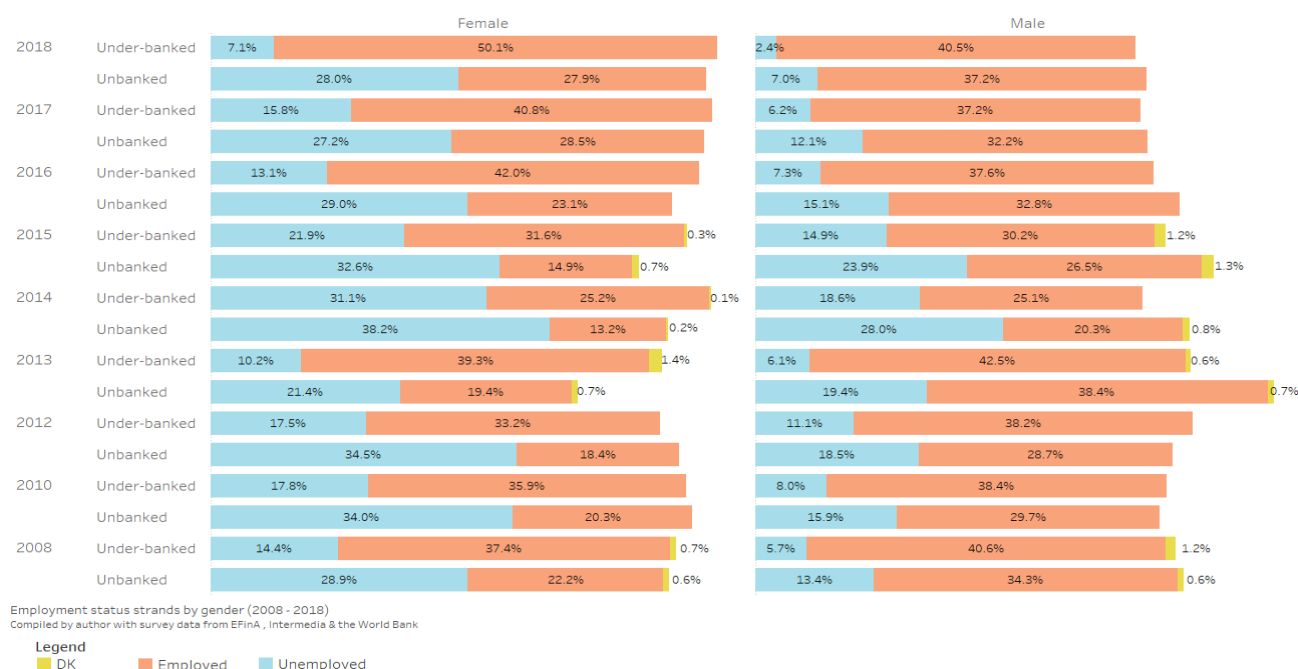


Employment

The number of unemployed unbanked and under-banked women in Nigeria has always been higher than men.

Until 2016, there were fewer employed women than men in the under-banked and unbanked segments. However, the number of employed under-banked and unbanked women has since 2016 been higher than that of men.

Figure 39: Gender profiles of the under-banked and unbanked across employment status



Income

While there are more women than men with an average monthly income of up to N40,000 in the excluded and under-served segments, there are fewer under-banked and unbanked women than men earning over N40,000.

The comparative analysis (Figure 40) of the personal income of women and men across the under-banked and unbanked segments shows that there are more women than men in all the income bands. However, the data shows that the proportion of under-banked and unbanked women is lower than that of men in income bands of N40,001 and above.

Figure 40: Gender profiles of the under-banked and unbanked across income levels

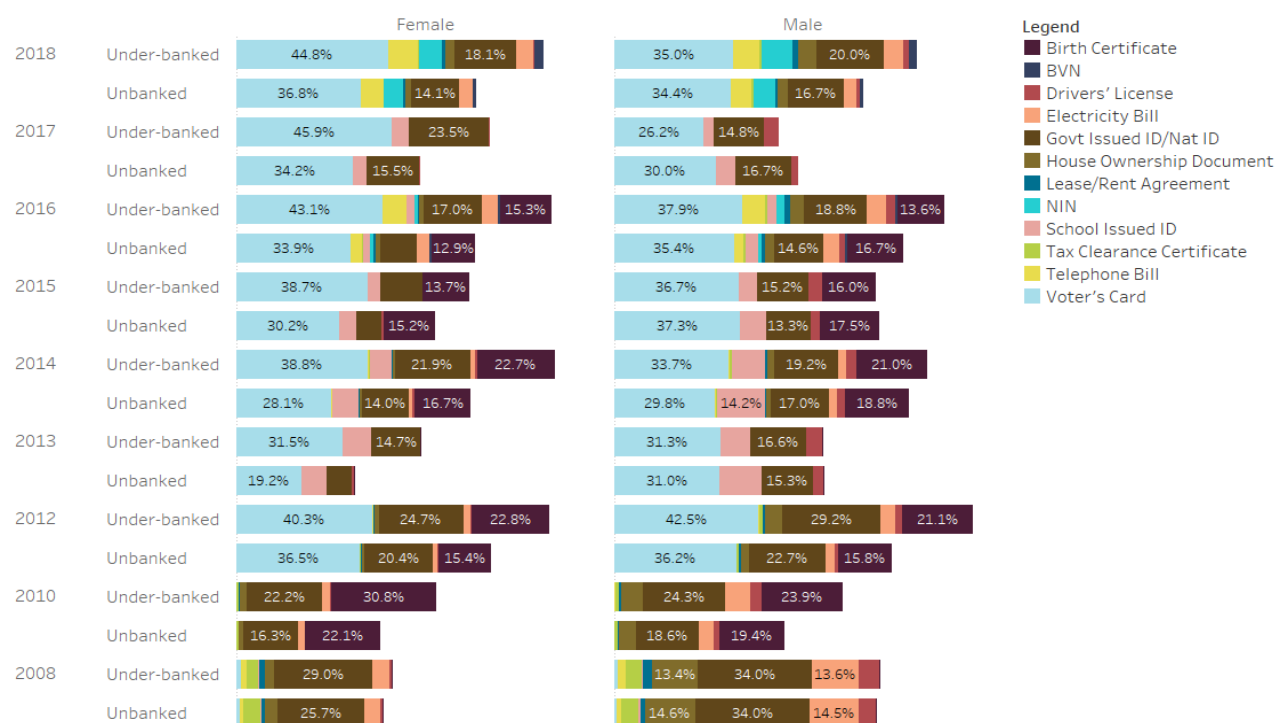


Identification

In spite of several identity documents available to Nigerians, most adults remain identity-poor and cannot meet the customer due diligence obligations required to be formally banked.

Like the trends reported in 2017 (Figure 41), the voter's card, birth certificate and government-issued identity cards remain the most dominant forms of identity across the adult population in 2018. Although the proportion of women who own these forms of identity is significantly higher than that of men, there are still more unbanked and under-banked women than men. Despite having the identification requirements for tier 1 and 2 accounts, these women remain unbanked and under-banked owing to other socio-economic factors.

Figure 41: Gender profiles of the under-banked and unbanked across ID documentation



Top 12 Identification assets strands by gender (2008 - 2018)
Compiled by author with survey data from EFInA & Intermedia

Digital Inclusion

Phone Ownership

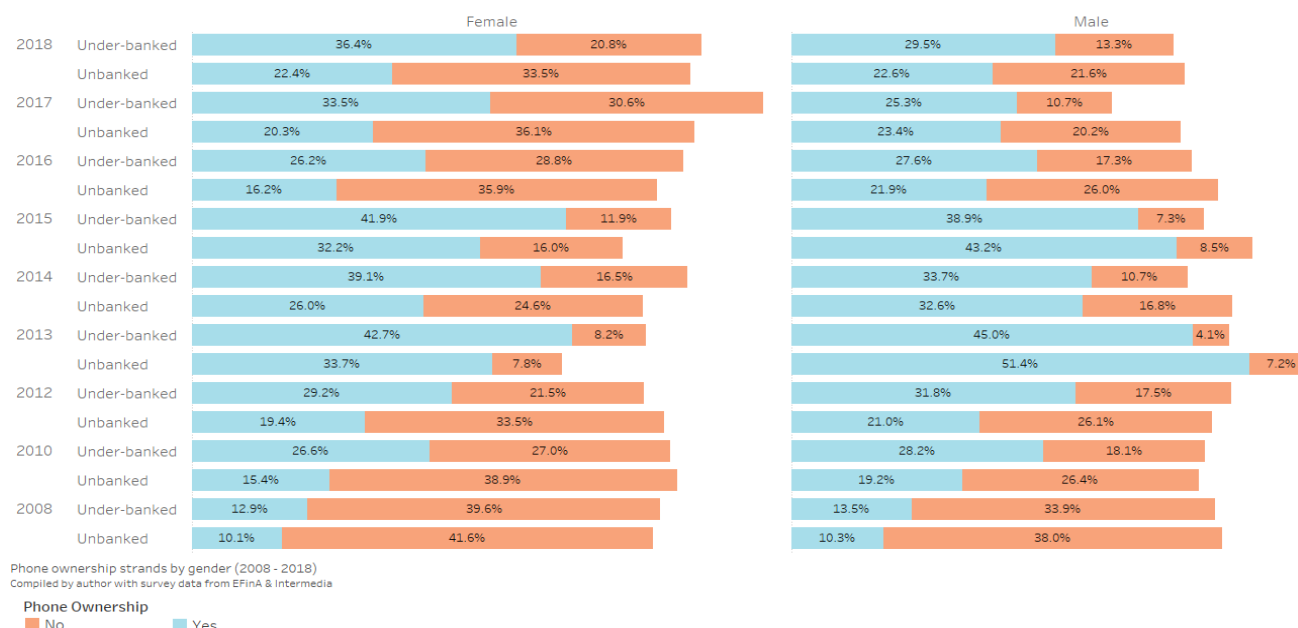
The growth of mobile phone ownership in Nigeria has been impressive over the years. This phenomenon has presented an opportunity for financial service providers to reach more customers through digital financial services. But what is the extent of mobile phone penetration with regards to women and what role has it played in their financial inclusion?

Mobile phone ownership among under-banked females rose by 2.9 percent (from 33.5 percent) in 2017 to 36.4 percent in 2018. Ownership among under-banked males also rose by 4.2 percent (from 25.3 percent to 29.5 percent) in the same period.

Mobile phone ownership among unbanked women has been rising since 2016—from 16.2 percent to 22.4 percent in 2018.

For unbanked males, while there was a marginal increase of 1.5 percent between 2016 and 2017, there was a 0.8 percent decline in 2018.

Figure 42: Gender profiles of the under-banked and unbanked across phone ownership

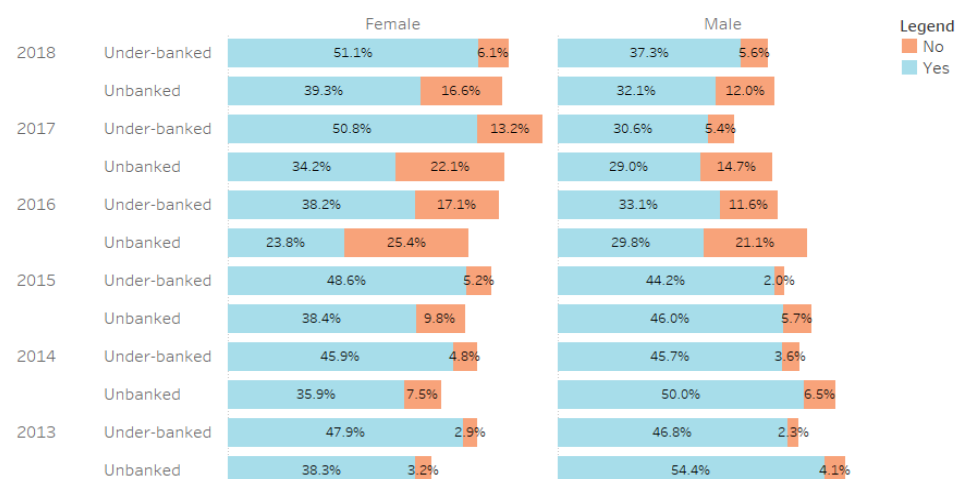


Access to Mobile Phones

Access to mobile phones (personal ownership and third-party access) continues to rise among women.

Since 2016, the number of under-banked women who have access to mobile phones has remained higher than men. This is also true for unbanked women except in the year 2016 where more unbanked men had access to mobile phones than women.

Figure 43: Gender profiles across phone access



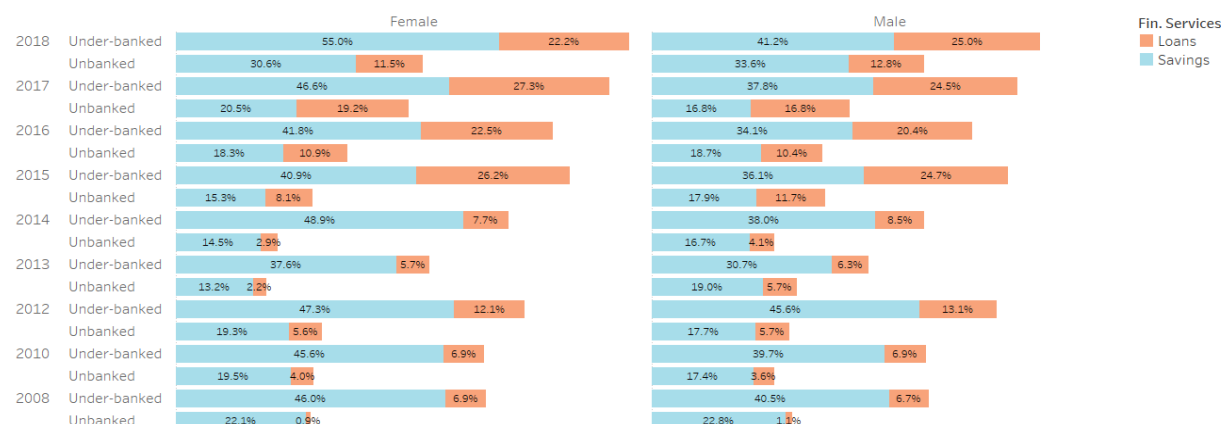
Phone access strands by gender (2013 - 2018)
Compiled by author with survey data from Intermedia (2013 - 2017) & EFinA (2018)

Product Adoption

Savings and Loans Penetration

In terms of savings penetration, Figure 44 suggests that there are more under-banked women who save than men while more unbanked men save than unbanked women. Notwithstanding, the savings rate among unbanked women has been increasing since 2013. However, while there were more unbanked women than men that saved in 2017, there were more unbanked men than women that saved in 2018.

Figure 44: Gender profiles across savings and loans penetration



Savings and loans penetration by gender (2008 - 2018)
Compiled by author with survey data from EFinA, Intermedia and World Bank

In terms of loans penetration, while there were more (27.3 percent) under-banked women than men (24.5 percent) that accessed loans in 2017, there was a 5.1 percent reduction among under-banked women and 0.5 percent increase among under-banked men in 2018. More (19.2 percent) unbanked women than men (16.8 percent) accessed loans in 2017 compared to 11.5 percent unbanked women and 12.8 percent unbanked men in 2018.



GENDER GAP ANALYSIS

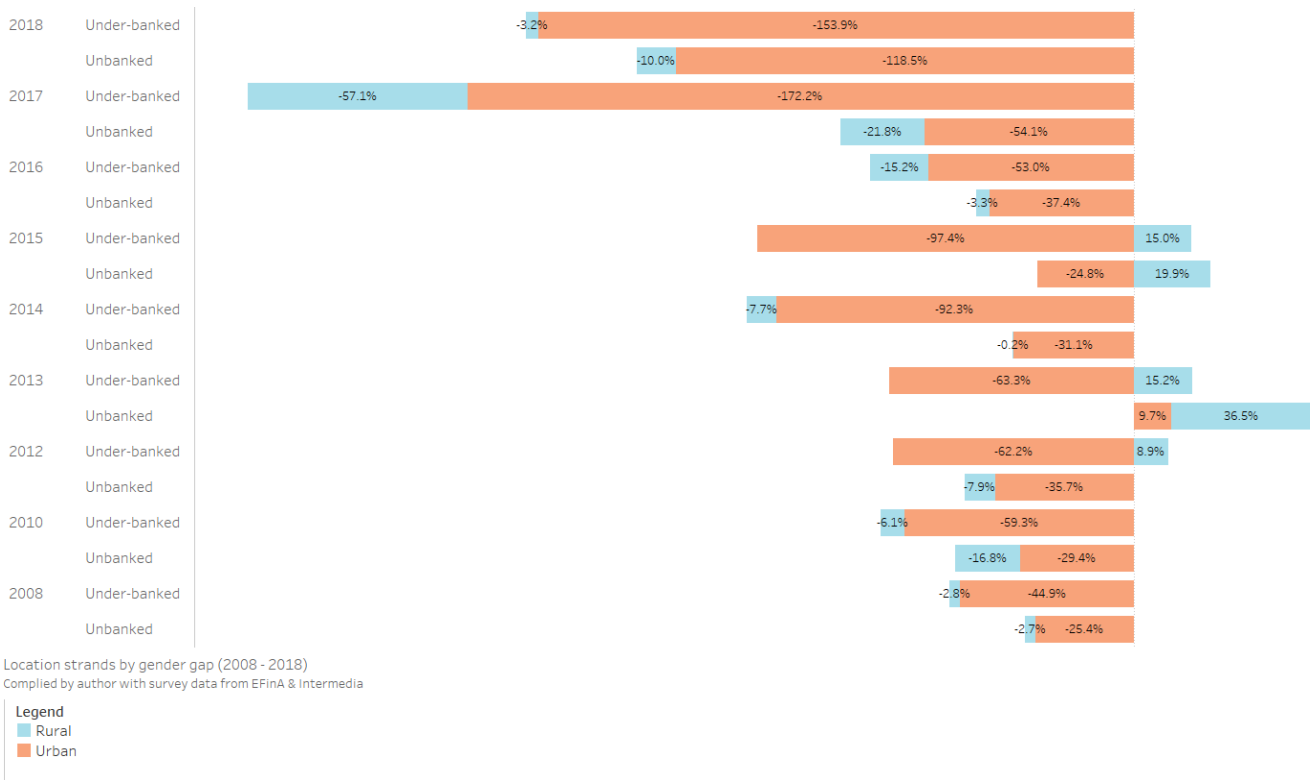
The gender gap persists nationally. At the most basic level, women are still less likely than men to own an account at a formal financial institution. The following section unpacks the gender gap in greater depth.

Community Perspective

Location

In rural and urban areas, men are less likely to be under-banked or unbanked when compared to women (Figure 45). In 2018, a rural woman has a 3.2 percent and 10 percent likelihood to be under-banked and unbanked respectively compared to a rural male. In urban areas, the likelihood for a female to be under-banked reduced from 172.2 percent in 2017 to 153.9 percent in 2018. Urban women are 118.5 percent more likely to be unbanked than their male counterparts. This likelihood increased by 64.1 percent within the same period.

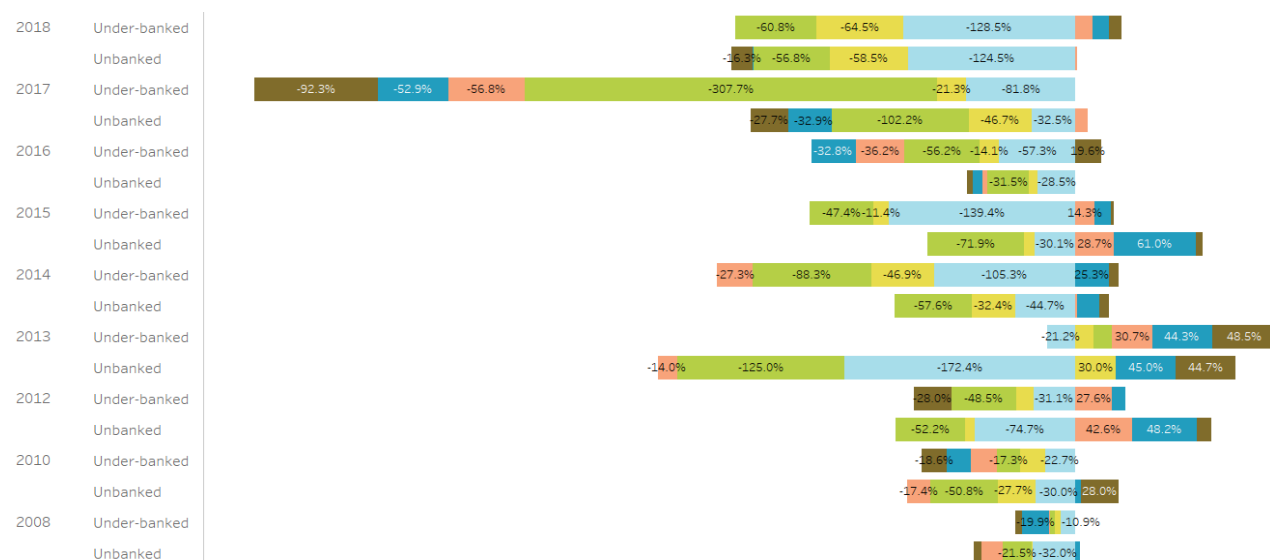
Figure 45: Gender gap of the under-banked and unbanked across urban rural location



Regional (GPZ) Distribution

In the under-banked segment (Figure 46), women are 60.8 percent, 64.4 percent, and 128.5 percent less likely to be banked than men in the South East, South-South and South West, respectively. In the unbanked segment, the gender gap is much wider in South West and South-South Nigeria.

Figure 46: Gender gap of the under-banked and unbanked across geo-political zones



Geo-political zone (GPZ) strands by gender gap (2008 - 2018)
Compiled by author with survey data from EFinA & Intermedia

GPZ
 North West
 North East
 North Central
 South East
 South South
 South West



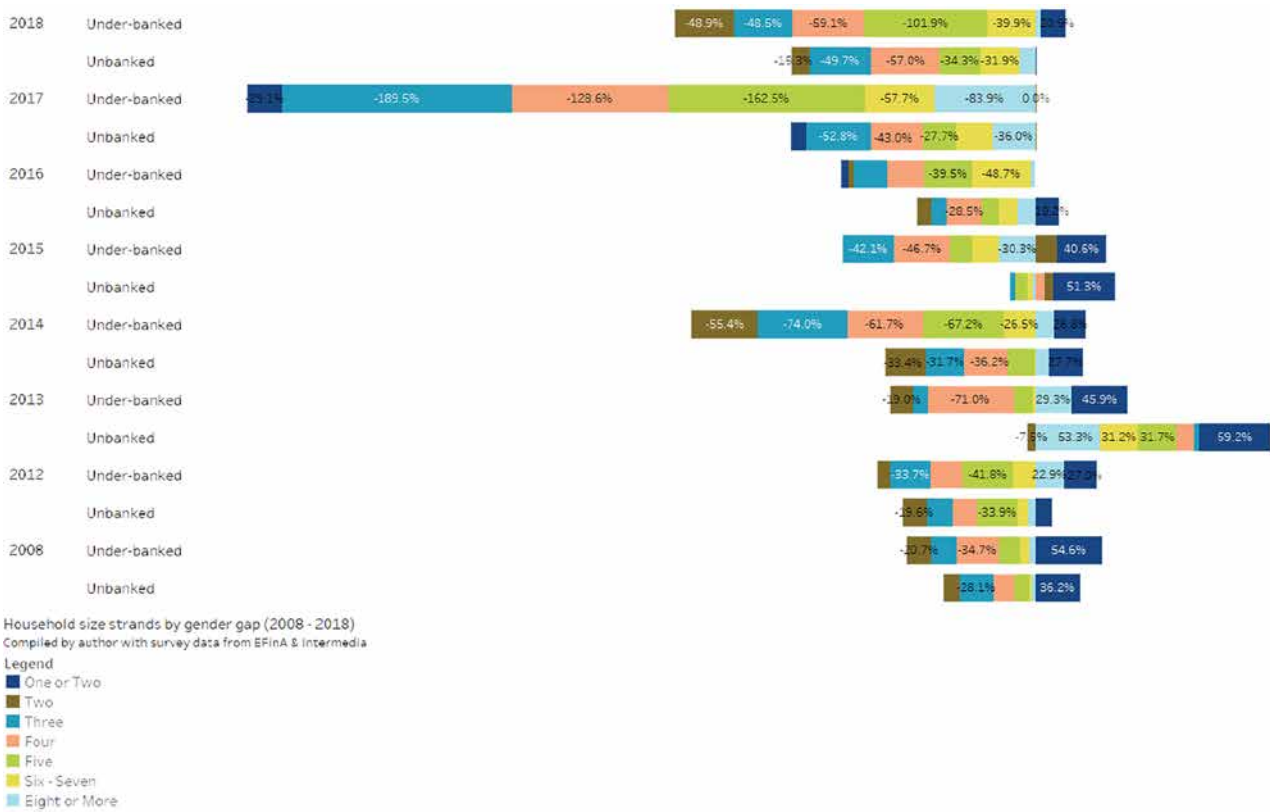
HOUSEHOLD PERSPECTIVE

Household Size

The gender gap persists across the under-banked and unbanked segments.

However, it reduced across all household sizes between 2017 and 2018 in the under-banked segment. This is also observed in the unbanked category. The reduction in the gender gap happened more across smaller household sizes.

Figure 47: Gender profiles of the under-banked and unbanked across household sizes



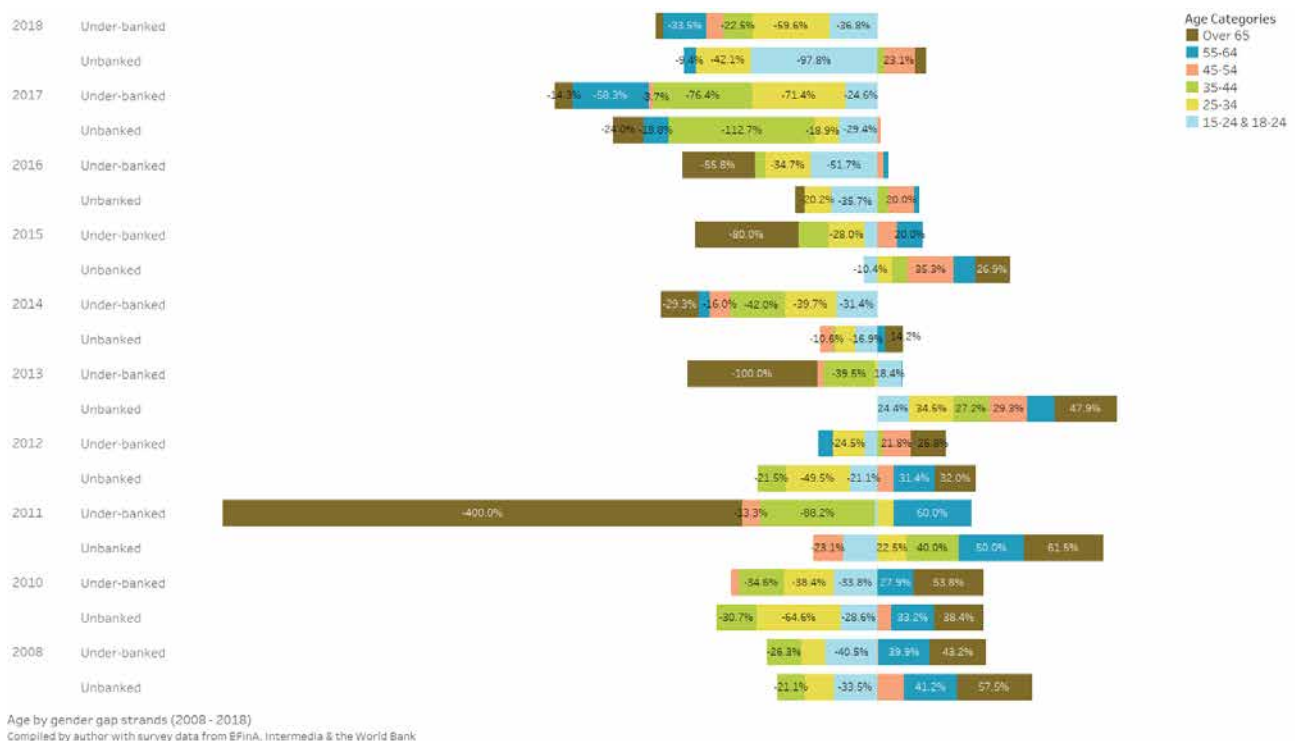
Individual Characteristics

Age

The gender gap persists between women and men across all age groups.

Similar to 2017 results, the gap is wider among the unbanked. While the gap reduced for under-banked women aged between 25 years or more, it increased for women aged 15-24 years. Although under-banked women in this category reduced between 2017 and 2018, the reduction was relatively more significant among men.

Figure 48: Gender gap of the under-banked and unbanked across age categories



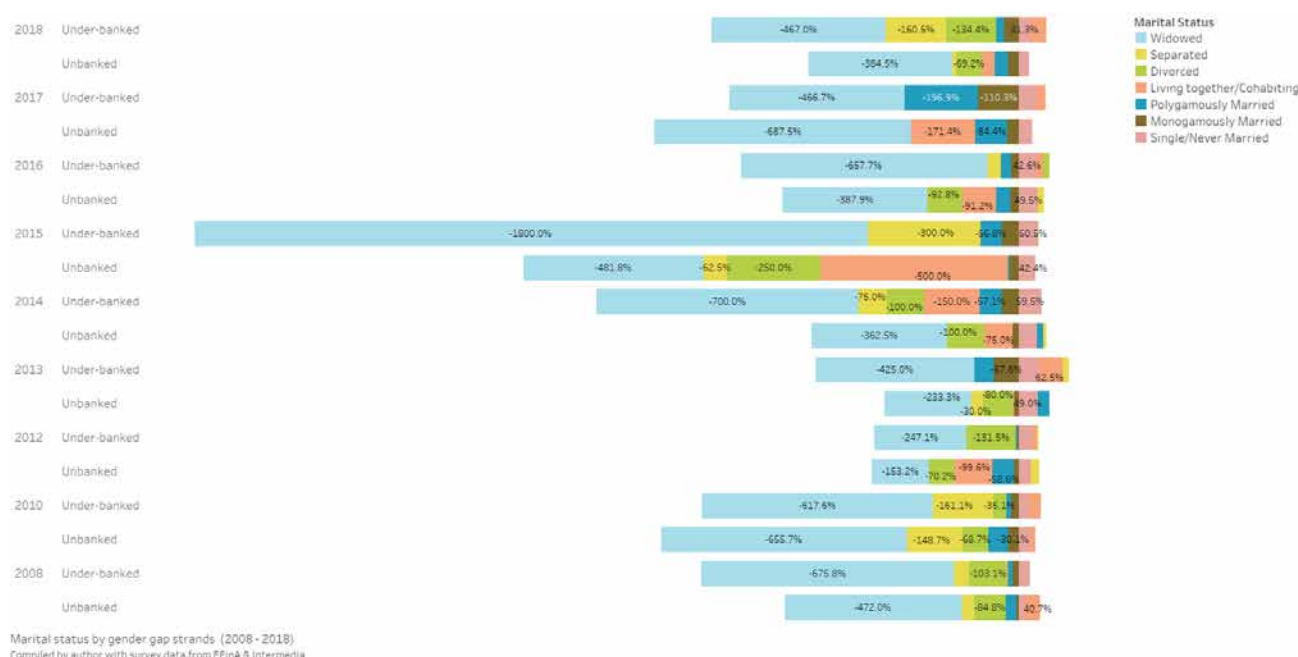
Marital Status

Similar to 2017 findings, the gender gap in 2018 (Figure 49) across marital status remains positive for under-banked singles.

Single women are 41 percent more likely than single men to be under-banked.

On the contrary, women who are widowed are about 450 percent more likely to be under-banked or completely excluded when compared to their male counterparts. This is also true for the unbanked population across all marital status groups.

Figure 49: Gender gap of the under-banked and unbanked across marital status



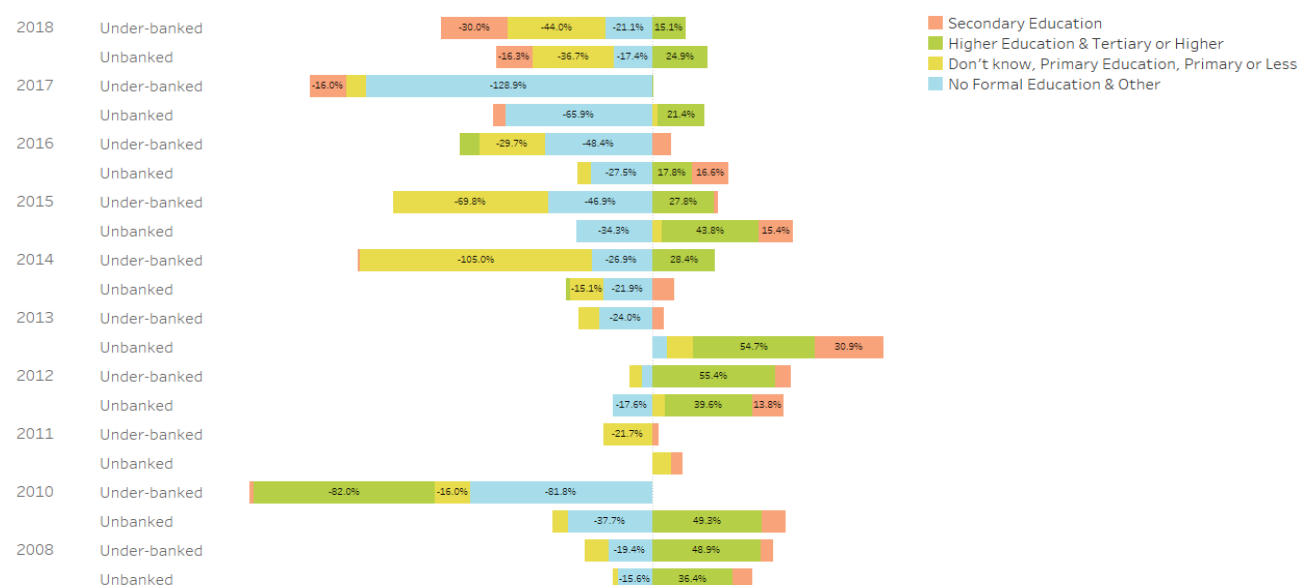
Socio-Economic Profiles

Education

The gender gap analysis across educational status (Figure 50) shows that without higher education, it is at least 21.1 percent more likely for women to be under-banked and 17.4 percent to be unbanked than their male counterparts.

Women with no formal education are less likely to become financially included while those with higher or tertiary education are at least 15.1 percent more likely to be financially included than men.

Figure 50: Gender gap of the under-banked and unbanked across educational status



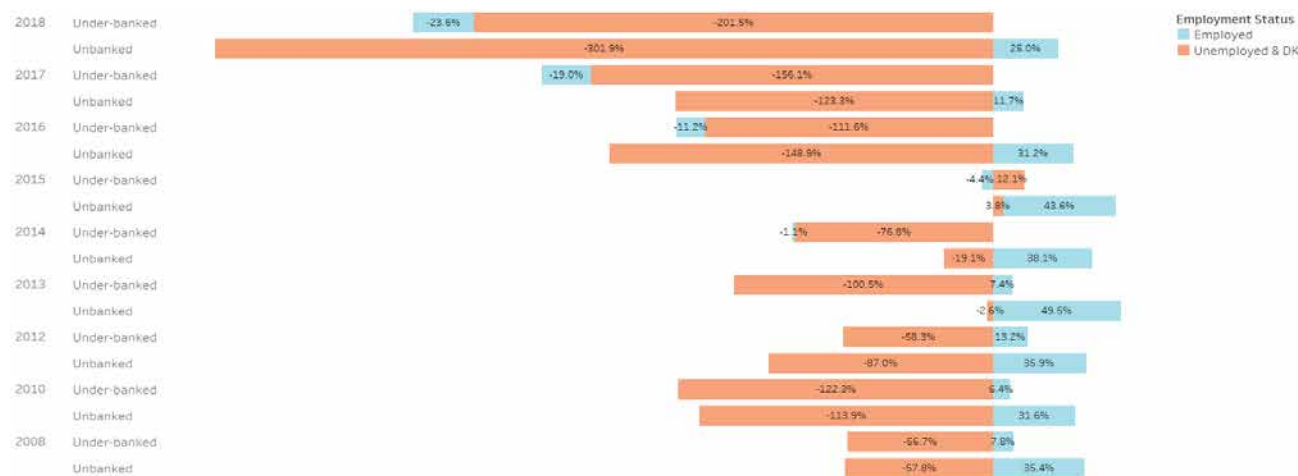
Education qualification strands by gender gap (2008 - 2018)
Compiled by author with survey data from EFinA, Intermedia & the World Bank

Employment

The gender gap is low among employed adults. However, it is 100 percent more likely for unemployed women than men to be under-banked and unbanked.

Gender roles and norms partly limit women's ability to gain employment outside the home, as they are more involved in family responsibilities, thereby exacerbating the financial access gender gap. Closing the gender gap will require deliberate interventions aimed at enhancing female employment and empowerment, which should have a ripple effect on their access to formal financial services.

Figure 51: Gender gap of the under-banked and unbanked across employment status



Employment status strands (2008 - 2018)
Compiled by author with survey data from EFinA & Intermedia

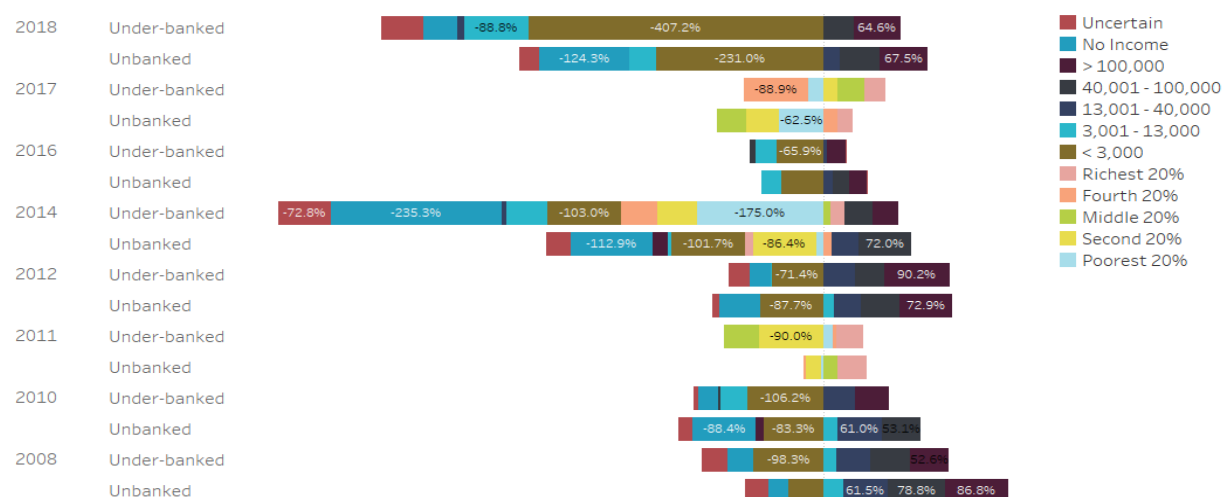
Income

As women's personal earnings increase, their chances of being financially included also increase.

Women with regular earnings of N40,000 or more, have greater chances of participating in the formal financial system than men. Figure 52 shows that on the average, women earning 40,000 or less are more likely to be under-banked and unbanked compared to men.

Between 2016 and 2018, the gender gap across the income band increased by over 150 percent for women earning less than N3,000 and about 124 percent for women with no income in both the under-banked and unbanked categories. On the contrary, women earning above 40,000, are on the average, 65 percent more likely to be under-banked than men in the same income band. Between 2017 and 2018, the likelihood of under-banked and unbanked women being financially included also increased by about 30 percent for women earning above N100,000. However, a majority of women still rely more on informal financial services than men, and do not feel they have enough money or conduct enough transactions to justify formal account subscription and use.

Figure 52: Gender gap of the under-banked and unbanked across income levels

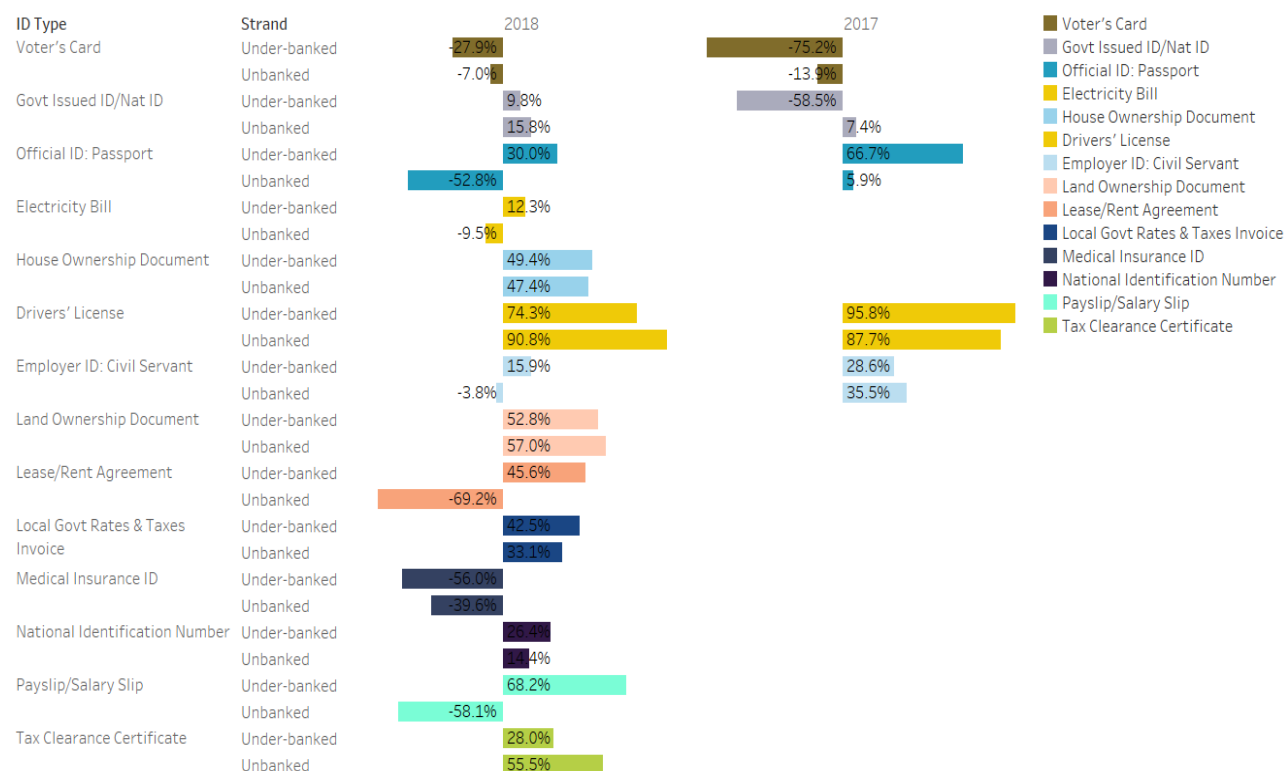


Identification

Identification remains a key requirement for account ownership at a formal financial institution. In a bid to advance financial inclusion, Nigeria's Central Bank introduced less stringent identification requirements for basic savings accounts. In spite of this, the financial access gender gap still persists.

The strands show (Figure 53) that in 2018, women with voter's cards are 28 percent less likely to be under-banked and 7 percent less likely to be unbanked when compared to men with voter's cards. The gender gap of women with voter's cards reduced in 2017 among the under-banked and unbanked. Women with any form of government issued identity documents are at least 9 percent and 15.8 percent more likely than men to be under-banked and unbanked respectively, pointing to the persistence of the gender gap despite advances in access to identification.

Figure 53: Gender gap of the under-banked and unbanked across ID documentation



Top identification assets (2017 - 2018)
Compiled by author with survey data from EFINA & Intermedia

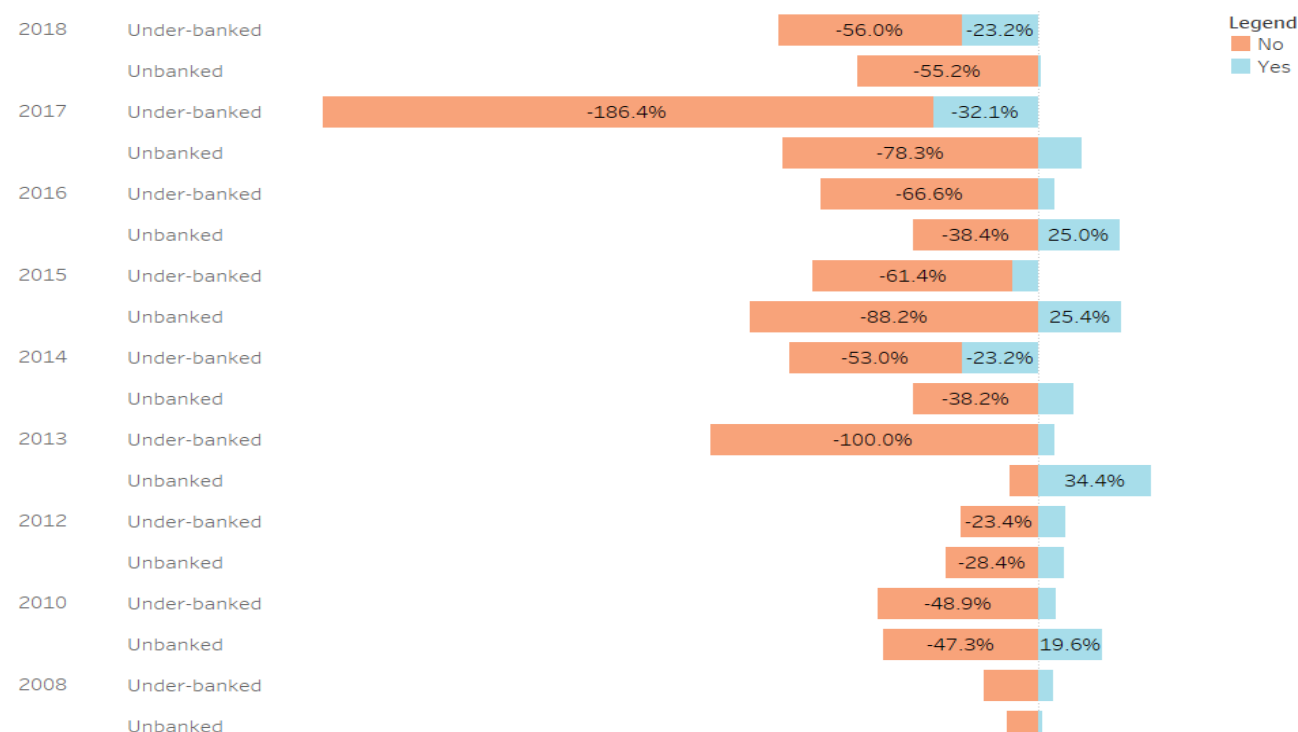
Digital Inclusion

Phone Ownership

Mobile phone ownership among women increases their likelihood of being financially included.

The gender gap (Figure 54) shows that women without mobile phones are 56 percent more likely than men to be under-banked. This gap is lower (23.2 percent) for those who own a mobile phone. However, the result further shows that while women who do not own a mobile phone are 55 percent more likely than men to be unbanked; the likelihood is reduced to 0.7 percent with mobile phone ownership.

Figure 54: Gender gap of the under-banked and unbanked across phone ownership

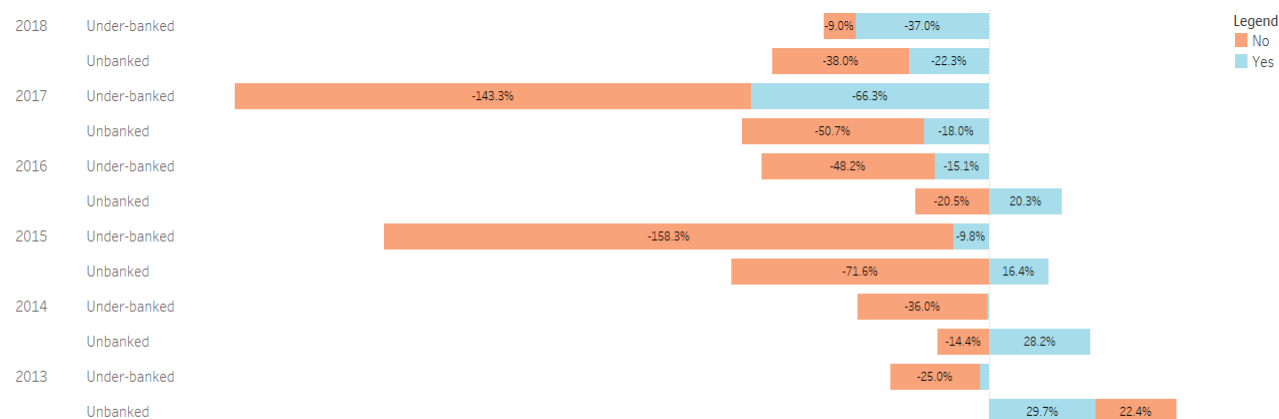


Phone ownership by gender gap strands (2008 - 2018)
Compiled by author with survey data from EFinA & Intermedia

Access to Mobile Phones

The number of women with access to mobile phones remain significantly higher than women who own a mobile phone across the under-banked and unbanked population. However, while women with access to mobile phones are 37 percent less likely than men to be under-banked (Figure 55), the gender gap is lower (22.3 percent) for women who own a mobile phone in the under-banked category. Women without access to mobile phones are only 9 percent less likely than men to be under-banked and 38 percent less likely than men to be unbanked.

Figure 55: Phone access by Gender Gap



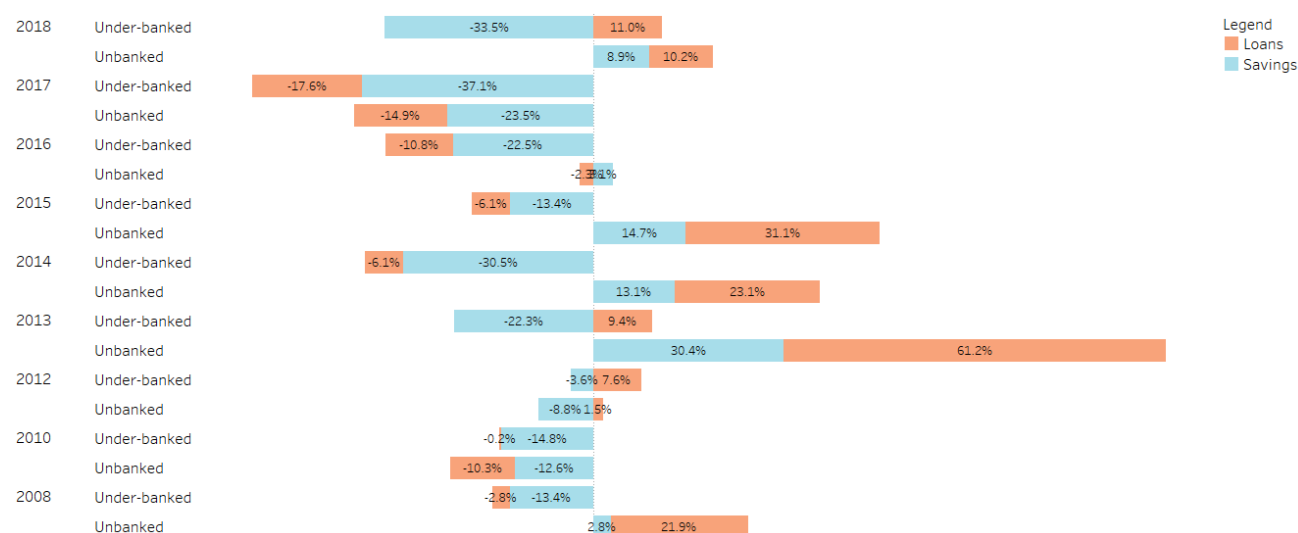
Phone access by gender gap strands (2013 - 2018)
Compiled by author with survey data from Intermedia & EFinA

Product Adoption

Savings and Loans Penetration

The gap analysis (Figure 56) shows that in 2018, women who have access to loans are 11 percent and 10.2 percent more likely to be under-banked and unbanked than men. This is a significant departure from 2017 results where the gap was negatively as wide as 17.6 percent and 14 percent for under-banked and unbanked women, respectively. In terms of savings penetration, women who saved are about 34 percent less likely than men to be under-banked and 9 percent more likely than men to be unbanked. While the savings gap reduced by about 4 percent between 2018 and 2017 in the under-banked category, the negative gap was reversed for women in the unbanked category.

Figure 56: Gender gaps In Financial Service Penetration



Financial services penetration strands by gender gap (2008 - 2018)
Compiled by author with data from EFinA, Intermedia and the World Bank

Barriers to Women's Financial Inclusion

For women in Nigeria, several barriers hinder access to services at financial institutions: time poverty arising from family and work responsibilities, distance from the bank, having insufficient identification documents to open a bank account, social norms as well as low trust of financial institutions. Similar to the findings of the Global Index¹⁰, our analysis shows that insufficient funds to open and maintain an account is a key reason woman do not have accounts at financial institutions. Evidence also suggests that as women's income level rises, their chance of being financially included also increases. Restrictions on mobility or interactions outside the home and across gender lines may limit women's access to finance.¹¹

Similarly, women are more likely to cite not having an account "because someone else in the family already has an account." Our findings also suggest that rural women living far away from banking premises are, more likely than men to be excluded.

Removing physical, bureaucratic, and financial barriers to expand financial access requires addressing underlying structural issues keeping women outside the formal financial system. Measures to improve underlying business and regulatory environments promise to advance the introduction and adoption of new products, processes, and technology that may help lower these barriers for women.¹²

¹⁰ World Bank, 2017 Global Index database

¹¹ International Finance Corporation. (2011). Strengthening Access to Finance for Women-Owned SMEs in Developing Countries. Washington D.C.

¹² Demircuc-Kunt,A., Klapper,A., Singer, D.,(2015) The Global Index Database 2014: Measuring Financial Inclusion Around The World.Policy Research Working Paper 7255, World Bank, Washington D.C.



Harnessing the Business Opportunity in Expanding Women's Access to Formal Financial Services

Financial service providers can realize substantial gains if they develop an innovative and commercially viable approach to serve women. Opportunities exist in creating markets for women along several dimensions. First, as the insights highlighted demonstrate, women are largely unserved and underserved at scale by formal financial institutions. Second, economically active poor women are reliable stewards of credit as shown by high rates of repayment of loans among microfinance institutions with a long track record of serving women. Third, creating products and services that meet the needs of women at different stages in their life-cycle will enable women to increase their assets and viability as consumers of financial services. More broadly, gaining access to a range of financial services enhances the contribution of women to economic growth and furthers women's autonomy.

At a household level, access to financial services allows women better steward their personal and household resources, building resilient households and businesses.

To leverage this opportunity financial service providers must be prepared to:

Treat women as a distinct market segment by collecting high-quality sex-disaggregated data on their client portfolio. Insights from such supply-side data can, in combination with high quality demand-side data, enable providers understand who is served, un-served and underserved by financial services.¹³

Develop appropriate products and services that take into consideration the perspectives, behaviours and needs of women. For instance, female customers have a higher propensity to save, growing their deposits over time and domiciling them with one (informal) financial service provider in the long-term.¹⁴ Female customers resort to savings to address emergencies and day-to-day household needs for groceries, and fees for health and education services.¹⁵

Rework processes for approval and delivery of financial services to women in order to innovate around socio-religious factors inhibiting women from moving freely and from interacting with men (in some areas), their tight time schedules between family and work.

13 Singh, A., Gachui, C. 2017. Enhancing Access to Finance for Women Entrepreneurs- What Should Financial Institutions Do? Retrieved from <https://nextbillion.net/enhancing-access-to-finance-for-women-entrepreneurs-what-should-financial-institutions-do/>

14 Schaner, Simone. (2015). The Cost of Convenience? Transaction Costs, Bargaining Power, and Savings Account Use in Kenya. Working Paper.

15 Innovations for Poverty Action. (2017). Women's Economic Empowerment Through Financial Inclusion: Review of Existing Evidence and Remaining Knowledge Gaps.

For example, institutions may, following the regulator's lead, relax identification requirements for account opening; bundle savings, loans and insurance products; implement loyalty bonuses; and generate differentiated marketing campaigns.¹⁶ Investments need to be made in raising awareness on what digital financial services are available and how to use them, in order to include women put off by the perceived complexity of financial services and limited access to mobile phones.

Introduce information and customer support systems to make financial services work for women. Providers need to establish information systems that track and analyze the performance of new products, services and channels customized for women. Non-financial service systems also need to be established to support banks' core financial services targeted at women. For instance, representatives of providers may be required to literally bring services to women's doorsteps at home or to their places of business, considering the household and enterprise responsibilities women typically juggle. Likewise, high-touch customer service facilities can provide the advice and recourse women may require on their customer journeys.

In the end, expanding access to financial services for women enables financial service providers increase their overall enterprise finance portfolio and prove their commitment to poverty reduction and inclusive growth.

16

Buvinic, Mayra. (2018). The Clock is Ticking on Financial Inclusion and a Focus on Women Can Help. Retrieved from <https://www.cgdev.org/blog/clock-ticking-financial-inclusion-and-focus-women-can-help>

STATE OF THE
MARKET REPORT
/// 2019

TWO

DIGITAL FINANCIAL
SERVICES IN NIGERIA

POLICY LANDSCAPE REVIEW



POLICY LANDSCAPE REVIEW

MARKET-ENABLING POLICIES

Progress Review 2017 - 2019

The 2017 State of Market Report presented a review of the DFS policy landscape and recommendations for reform of market-enabling policies in order to significantly accelerate progress towards achieving DFS and financial inclusion targets in Nigeria. These recommendations were the outcome of a 3-day Stakeholders' Dialogue where 63 delegates from more than fifteen industries and associations across the DFS ecosystem gathered to debate and review the DFS landscape, proffering solutions to the apparent lag in progress of DFS and financial access.

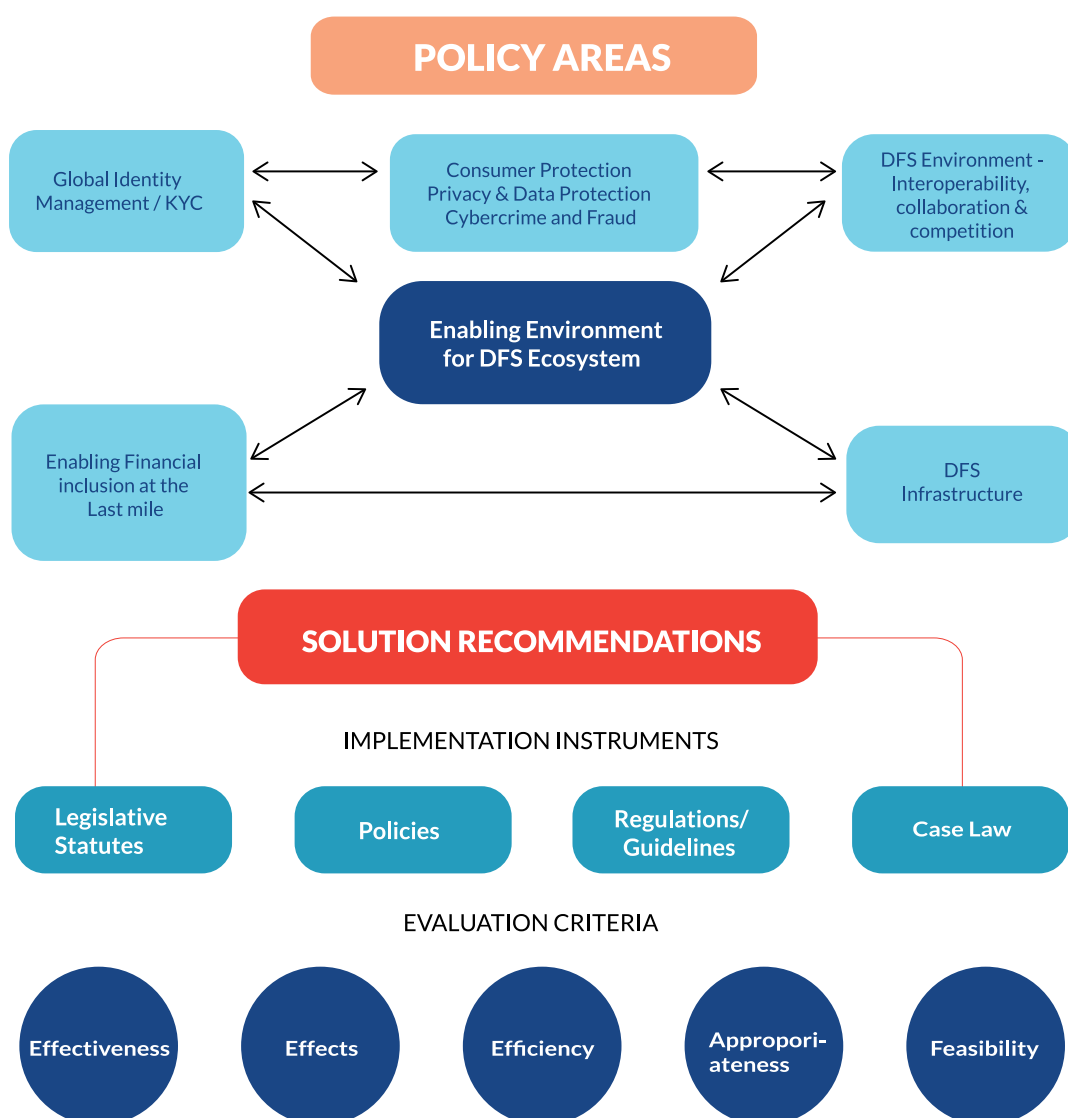


These market enabling policies covered six (6) primary policy areas:

- Global Identity Management/Know-Your-Customer (KYC)
- Consumer Protection, Privacy and Data Protection, Cybercrime and Fraud
- DFS Environment: Interoperability, Collaboration and Competition
- Enabling Financial Inclusion at the Last Mile
- Enabling Environment for DFS Ecosystem
- DFS Infrastructure


This chapter details the degree to which the recommendations have been implemented. It also includes an update on public policy and legislative measures regarding DFS and financial inclusion since the end of the 2017 Stakeholders' Dialogue.

Figure 57: Market enabling policy framework



LEGEND



Completed 

Ongoing 

Outstanding 

Global Identity Management/Know-Your-Customer (KYC)

The proposals on identity management and Know-Your-Customer mandates address identity document requirements and the possibility of reform driving financial inclusion nationwide. It covers identity frameworks - bank verification number (BVN), SIM, National identity number (NIN), among others - and also legal and policy changes required to move the financial inclusion needle.

Global Identity Management/Know-Your-Customer		
Status	Recommendation	Update
	<p>1</p> <p>NIMC, rather than seeking to enroll citizens through specialised enrolment centres, should provide specific data sets for all other governmental agencies and private sector institutions to assist in identity data capture to ensure the achievement of a universal identification number for all Nigerians.</p>	<p>The Federal Executive Council on 12 September, 2018, approved a Digital Identity Ecosystem which is currently being implemented. All agencies of the federal, state and local governments that require identification data and other NIMC approved and designated private vendors in Nigeria and abroad currently provide data collection services and issuance of the National Identification Number (NIN). NIMC's enrolment centres nationwide also continue providing enrolment and NIN issuance services. The priority of government was to create a unique identity that could be used for inclusive governance, amongst other things.</p> <p>On January 1 2019, the use of NIN became mandatory in order to access designated transactions such as issuance of passports, opening of bank accounts, and purchase of insurance and so on, as provided under section 27 of the National Identity Management Commission Act, 2007 and the Mandatory Use of the National Identity Number Regulations, 2017. In essence, anyone without NIN would have to undergo processing for NIN before accessing the service.</p> <p>On December 24 2018, a high court in Anambra State of Nigeria¹, held that the production of the unique NIN is sufficient identification of an individual and the NIN Slip issued temporarily in lieu of the National Identity Card is valid photo identification.</p>
	<p>2</p> <p>NIMC should develop standardised forms for the enrolment activity. Consequently, the NIMC Act should be amended to allow other agencies and suitable private sector institutions also assist in collecting relevant identity information.</p>	<p>The technical infrastructure, guidelines, processes, procedures and regulations for data capture, authentication and verification services across the ecosystem are anchored by NIMC primarily under the Licensing of the Frontend Services of the National Identity Management Commission Regulations, 2017.</p>

Status	Recommendation	Update
	<p>3</p> <p>Promoting consumer awareness and education on the use and benefits of the National Identity Number and NIMC's role, as well as providing adequate resolution mechanisms and financial resources.</p>	<p>In 2019, Nigeria became the first country in the world to formally adopt September 6 as Identity Day (ID-Day). The identity day is a major strategy for promoting global awareness on the importance of identification for national development and social inclusion.</p> <p>NIMC regularly carries out sensitization campaigns across the country as well as awareness programmes on broadcast, print and social media. It has a customer care unit and feedback mechanism for resolution of complaints, assessment of quality of service and suggestion box by email, phone call, direct interface with customer care officers and social media.</p> <p>The National Coordinator, SERVICOM, Mrs Nnenna Akajemeli, on February 27 2018 in Abuja, awarded a fair grade in service delivery to NIMC, whilst calling for reduction in customer complaints on delay in the registration process and card production.²</p> <p>NIMC has accorded greater priority for issuing of NIN (as a quasi-social security number), rather than the ID card, in order to immediately leverage the advantages of digitization and identification in the economy. According to the Director General of NIMC, about 36.6 million Nigerians have been enrolled³ as at September 11 2019. There are about 1000 enrolment centres nationwide, a number NIMC's Director General admits is too few, as the minimum number required is 4000⁴.</p>
	<p>4</p> <p>Legislators should be sensitised to appreciate the crucial importance and cross-cutting benefits of a quicker implementation of the national identity registration programme.</p>	<p>The Eighth Assembly on 3 June 2018 adopted a motion urging the Central Bank of Nigeria (CBN) to recognise the slip issued by the National Identification Commission (NIMC) as a statutory document for legitimate transactions.⁵ Meanwhile, on March 29 2019, the House of Representatives Committee on National Population commended NIMC for their high performance despite lean resources and advised it to devise innovative supplementary funding and private-public partnerships for special projects to augment the inadequate budgetary provision.⁶</p>

Status	Recommendation	Update
	<p>5</p> <p>Endeavour to keep in place the existing attenuated KYC requirements for level-1 customers.</p>	<p>The banks, Nigeria Immigration Service, Federal Road Safety Corps, National Pension Commission and others accept the NIN to give service to Level-1 customers.⁷</p> <p>A study reported that the requirement of the NIN was impeding the sale of micro pension plans, because many people in the informal sector lacked a NIN, even when they had a Bank Verification Number (BVN).⁸ PENCOM's Guidelines for Micro Pension Plan 2018 allows for permanent voters card, driver's license, and international passport as means of identification. Additional documentation may include: evidence of membership of a registered association, union or cooperative society, certificate of incorporation, letter of employment and BVN.</p>

Consumer Protection, Privacy and Data Protection, Cybercrime and Fraud

The proposals to alleviate consumer protection, privacy and data protection, cybercrime and fraud span themes such as cost, access, poverty, financial literacy issues as well as security and privacy, consumer dispute resolution, culture and cybercrime.

Consumer Protection, Privacy and Data Protection, Cybercrime and Fraud		
Status	Recommendations	Update
	<p>1.</p> <p>A legislative amendment that mandates zero-rated charges for level-1 customer transactions within their transaction threshold is required. Where fees apply, interchange arrangements such as revenue sharing with telcos and other players such as infrastructure providers should be encouraged. There should be zero-rated charges for the use of USSD services as well.</p> <p>2.</p> <p>Regulators should reduce the cost incurred by DFS operators in complying with relevant regulations by DFS operators to minimise the passing on of the cost to consumers. Therefore, revisions to existing legislation should consider this objective.</p> <p>3.</p> <p>All operators should be required by law to disclose their fees and the actual cost of services to consumers. Existing guidelines should be amended to require and emphasise adequate consumer education with adaptation in local languages for effectiveness.</p>	<p>Disclosure and Transparency</p> <p>Guidelines on Disclosure and Transparency (GDT) were issued by CBN in 2019 to give effect to the disclosure and transparency principle contained in the Consumer Protection Framework (CPF), 2016. Financial Institutions (FIs) shall inter alia:</p> <ul style="list-style-type: none"> • observe pre-contractual protocols, including allowing cooling-off period; • ensure that contracts are written in clear, legible and simple English language and are not misleading; • provide explanation of technical terms and language translation where required or deserving; • furnish contract copy to the customer; • avoid unsolicited, imbalanced, alluring, deceptive and misleading advertisements; • comply with their advertised rates, charges, fees or prices published; • disclose all relevant contract terms, the true annual percentage rate of interest according to formula annexed to the guidelines, true total cost and bear costs of disclosure; • notify breach of repayment on due date or not later than three days thereof and allow seven days before charging default penalty; <p>The 2018 NAICOM Guidelines for Microinsurance Operation in Nigeria, states that microinsurance products should be presented to consumers using simplified marketing and technical procedures which may be different from conventional insurance. Thus, the terms, coverage, delivery mechanism and services must be unambiguous and well understood.⁹ Cooling off period of a minimum of fifteen days is required and ex-gratia compensation should be made when the rule fails to deliver fair outcome.¹⁰</p> <p>Consumer Complaints</p> <ul style="list-style-type: none"> • On December 21 2018, CBN mandated DMBs from January 2 2019 to assign a tracking number to every complaint received from their respective customers, acknowledge receipt of every complaint through an e-mailed response, and to commence the uploading of all complaints on the Consumer Complaints Management System (CCMS). • Microinsurers shall have an internal conflict resolution mechanism in place for quick resolution of customer disputes and complaints with quarterly reporting and window of escalating issues by customers to the commission.¹¹ <p>Responsible Business Conduct</p> <p>On August 5 2019, CBN issued guidelines on responsible business conduct. Essentially, financial institutions are required to:</p> <p>Adopt good business practices, inculcate an ethical and customer focused staff culture, fairness in dealing with consumers and eschewal of trade malpractices;</p> <ul style="list-style-type: none"> • Ensure prior informed consent by consumers through honest financial advice suited to their true needs to ensure proper planning to meet those needs; • Fairly and professionally assess the capability of consumers to repay credits and provide mitigating procedures on consumer loans for default due to ill health, unemployment or other disabilities; • Ensure that debt recovery processes are transparent, courteous and fair, devoid of undue pressure, intimidation, harassment, humiliation or threat and utilizing foreclosure only as a last resort ; and ensure that advertisements and promotional materials on products and services are clear and not misleading, and that there is a prominent display of information that could affect consumers' decisions, as well as monitoring and supervision of sales personnel to preempt abuses.

Status	Recommendation	Update
	<p>4.</p> <p>Microinsurance claims must be settled within a maximum of 48 hours after the microinsurer has received all the requisite documentation and issuance of executed discharge vouchers.¹²</p>	<p>Redress for failed electronic funds transfer services</p> <p>With effect from October 2 2018, the Regulation on Instant (inter-bank) Electronic Funds Transfer Services in Nigeria made it mandatory for sending banks to refund into customer's account full proceeds of failed transactions returned by the receiving entity within 10 minutes and refund into customer's account full proceeds of the transaction which the sending entity is unable to process within one hour after the next settlement closure. The receiving entity shall not earn income on funds transferred.</p> <p>Failure to comply within 24 hours based on complaints of sender and/ or beneficiary and delayed remittance beyond 4 minutes into beneficiary's account after complaints by sender and / or beneficiary attracts a fine of N10,000 per item. Receiving entities shall apply instant EFT proceeds to the customer's account within 60 seconds, ensure that proceeds have been credited to customer's account before confirming to the Sending Entity that the transaction was successful. Customers shall promptly notify the receiving entity and authorise the reversal of erroneous credit and may utilize CBN complaints processes, if issues are not resolved within 3 working days.</p> <p>USSD Transactions</p> <p>Based on the outcome of a stakeholder engagement on July 3 2019, the Nigeria Interbank Settlement System (NIBSS) began exploring opportunities to grant a dedicated USSD code for financial services in a bid to drive digital financial inclusion.¹³</p> <p>Charges</p> <p>In October 2017, Deposit Money Banks were barred from levying Short Message Service (SMS) charges on bulk bank transfers done through the Real Time Gross Settlement (RTGS).</p> <p>Merchant banking charges on PoS transactions were revised downwards from 0.75 percent (capped at N1,200) to 0.50 percent (capped at N1,000) on September 19 2019. On the same day, the cashless policy meant to encourage more e-financial transactions with penalty charges for daily cash transactions above N500,000 for individuals and N3,000,000 for corporates was reintroduced on a pilot basis for six states.</p> <p>With effect from September 1 2019, telcos were required by the Nigerian Communications Commission (NCC) to reduce USSD charges from as high as N52 for mobile money transfers and N102 for utility payments to not more than N4.89 per session. Zero rated transactions such as customer service, balance enquiry, purchase of airtime and data services, etc. related to telecommunications services remain unaffected.</p>
	<p>5.</p> <p>Policies that support and institutionalise agent banking remain essential. However, existing policies and guidelines should be amended to include incentives for DMBs, MMOs and other players to focus on increasing rural penetration which will create better access and uptake.</p>	<p>The Central Bank of Nigeria in collaboration with the Body of Bank Chief Executives established the Shared Agent Network Expansion Facility (SANEF) in November 2018. The facility provides financing to CBN-licensed Super Agents and Mobile Money Operators, to expand their networks to across the 774 local government areas in Nigeria with 25 percent of agents to be located in the financially excluded locations in the North East and North West.</p> <p>Most DMBs report expansion of their agent network and Yello Digital Financial Services Limited, an MTN Nigeria subsidiary, and Itex Integrated Services Limited recently received Super-Agent licenses.</p> <p>CBN also introduced guidelines for licensing Payment Service Banks to facilitate high volume, low value payment transactions in rural areas in October 2018. Approval in principle was given to 3 applicants in September 2019.</p>

Status	Recommendation	Update
	<p>6. Policies that promote and incentivise inclusive new products and services are required, especially for insurance, pensions, credit and so on. Also, consider exploring the introduction of other financial services that will enhance incomes and create new sources of livelihood for the rural unemployed.</p>	Guidelines for micro insurance and micro pensions have been introduced but their uptake appears slow, in part due to constraints on NIN and BVN enrollment.
	<p>7. To improve the implementation of the National Financial Literacy Framework, the following are recommended: financial literacy and consumer education content should be adapted in local Nigerian languages.</p>	NFIS 2018 incorporated this emphasis on use of local languages in financial literacy training. CBN launched the National Financial Literacy Framework on January 17 2019, incorporating this approach to provide a high-level road map for the implementation of various financial literacy programmes for different identified target groups of the Nigerian population. It had also embarked on train-the-trainer collaboration with faith-based organisations across the country. ¹⁴ It announced its readiness to work with any organisation willing to set up an in house financial literacy programme. ¹⁵ PENCOT was also running a literacy programme on pensions with University of Lagos in 2019.
	<p>8. Stipulating communication guidelines of “terms and conditions”/consumer communication. In particular, legislation should make use of simple English in the drafting of ‘terms and conditions’ that will instead place the burden of vagueness and ambiguity (that results in a weak understanding of their actual legal import and effect) on service providers. The Consumer Protection Council (CPC) should provide additional legal and practice frameworks and guidance notes for terms and conditions obligations that protect consumers. Enact legislation to tackle unfair contracts terms, beyond the provisions in the Electronic Transactions Bill.</p>	The CBN Disclosure and Transparency Regulations ¹⁶ and the Federal Competition and Consumer Protection Act have largely implemented these recommendations.
	<p>9. Develop a robust, interactive and localised National Financial Education Curriculum that cuts across different financial services and is accessible on digital and social media platforms that are managed by the Financial Inclusion Secretariat.</p>	NIL

Status	Recommendation	Update
	<p>10.</p> <p>The introduction of legislation on data protection and agency with enforcement powers is needed. The proposed data privacy and protection legislation should consider the following:</p> <ul style="list-style-type: none"> • The inclusion of provisions that prohibit hacking, malware, and other forms of unauthorised access. • Stiff penalties for disclosure, sale or unauthorised use or handling of customer data. • Data residency mandates that ensure data encryption is transmitted to servers overseas. • To enhance the privacy frameworks in the ecosystem, the amendment of all guidelines for ecosystem operators should include disclosure obligations for data privacy breaches. <p>Other measures recommended include:</p> <ul style="list-style-type: none"> • The provision of fidelity bond insurance in existing guidelines is acknowledged. However, enforced implementation across financial services is required. • The maintenance of fraud insurance for both the consumers and financial institutions in the event of fraud. • The enforcement of a legal framework for reporting infractions more transparently to deter breaches to enhance information security. • Elimination of unnecessary identity verification costs. • Issuance of adequate requirements for operators to protect data from hacking, malware and other unauthorised access. 	<p>It is a crime under the Cybercrime Act (CPA) 2015 to hack, introduce malware, gain or attempt unauthorized access to computer systems and accounts.</p> <p>NITDA introduced data protection regulations similar to the European Union General Data Protection Regulation (GDPR) on January 25 2019 to protect privacy and rights of data subjects in the treatment of their data and to residency of their data in Nigeria. The Cybercrimes Act 2015 also contains provisions on wrongful treatment of customer data.</p>

Status	Recommendation	Update
	<p>11.</p> <p>NCC mandates MNOs to reverse USSD fees for failed transactions. Therefore, NCC should introduce regulations or guidelines that address quality of service (QoS) for USSD services. Additional proposals to enhance the consumer complaints process as well as address all issues include establishing online dispute resolution mechanisms and a clearing house for the redress of grievances.</p>	<p>This is implicit in CBN and NCC consumer protection regulations, grievance and dispute resolution processes; however, the recommendation for a clearing house is yet to be implemented.</p>
	<p>12.</p> <p>In all relevant organisations, there should be designation of senior/competent officers to handle customer complaints. The policy should also stipulate timelines for complaints resolution.</p> <p>13.</p> <p>In all relevant organisations, the institution of practical measures, processes and procedures to prevent systemic failures of consumer redress needs to be paramount.</p> <p>14.</p> <p>Establishing a consumer ombudsman, mediation services, arbitral organs and courts that finalise consumer complaints within twenty-one days.</p> <p>15.</p> <p>Establishing consumer redress mechanisms at the agent level in remote locations. Also provisioning of cost-free consumer complaints resolution services, such as toll-free telephone lines.</p>	<p>NCC's toll-free line 622 enables consumers to report complaints pertaining to unresolved issues with service providers to the commission. CBN does not have toll free lines, neither does it request banks to make any available. It requires them to set up consumer complaints help desks and customer service lines. Matters can be escalated to CBN at cpd@cbn.gov.ng, contactcbn@cbn.gov.ng, through an online form provided by the CBN at: http://www.cenbank.org/Contacts/Complaints/, by letter at any CBN branch or by phoning +234 7002255226.</p>

Status	Recommendation	Update
	<p>16. Development of policies that promote proactive consumer protection.</p> <p>17. Promote financial literacy education, training and re-training for judicial officers, litigators, enforcers and prosecutors. Thus, existing guidelines should be amended consequentially to provide for these improvements for consumer redress.</p>	<p>Under the 2018 FCCP Act, a fair measure of the consumer protection recommendations appear to have been implemented so far in the banking sector. NCC also had fairly detailed general consumer protection processes¹⁷ in place, including such for quality of service and timelines to resolve consumer complaints.¹⁸ A revised Consumer Code of Practice 2018 is apparently still under consultation. NAICOM's Micro insurance Guidelines 2018 also contains broad consumer protection/complaint resolution measures. NFIS 2018 adopts a zero tolerance and prompt resolution strategy for errors in payment transactions and special provisions for transactions below a certain value with tier 1 KYC users.¹⁹</p>
	<p>18. Policies are also required that provide alternative products and services that recognise diverse religious and cultural beliefs.</p> <p>19. Promote alternative and culturally-friendly financial service distribution channels (using peers as agents).</p>	<p>NFIS 2018 incorporates and seeks to devise actions and measures to optimise services and contributions of traditional and community-based finance channels in the financial inclusion ecosystem.²⁰</p>
	<p>20. Mandate providers to create such products that recognise diverse religious and cultural beliefs.</p> <p>21. Provide tax incentives to encourage culturally suitable products and their deployment in rural locations.</p>	<p>NAICOM 2013 guidelines led to the introduction of Takaful (Halal Insurance) and licensing of operators in 2016 and two more in 2019. CBN introduced guidelines on non-interest banking. NFIS 2018 adopts recommendations on increasing religious, culturally suited and more diverse product offerings.</p>

Status	Recommendation	Update
	<p>22.</p> <p>Regulatory policies and oversight activities should: require operators to train and retrain their staff on the latest security measures. ensure that DFS ecosystem staff do not connive with fraudsters.</p>	<p>The Cybercrimes Act(CPPA) 2015, contains stiff provisions making unlawful access and manipulation of customers' accounts, conniving with others to commit e-fraud, failure to secure access codes and to hand over access codes when leaving employment a crime. It is a crime also for organizations to fail to implement cybersecurity measures.</p> <p>CBN directed all MMOs and payment service providers from July 1 2018 to collect and remit the 0.005 percent levy for the National Cybersecurity Fund on service charge from all electronic financial transactions under section 44. CBN's Risk-Based Cybersecurity Framework and Guidelines for Deposit Money Banks and Payment Service Providers issued on 25 June, 2018, requires banks and payment service providers to develop cybersecurity awareness training. They are also required to communicate cybersecurity awareness to their customers in the language they understand, at least monthly and to devise mechanisms to communicate such cybersecurity awareness via SMS, emails, radio, newspapers and other mass media platforms.</p>
	<p>23.</p> <p>Enhance the capacity of law enforcement officers at the Special Fraud Unit (SFU), Economic and Financial Crimes Commission (EFCC) and other law enforcement agencies to combat and fight cybercrime.</p>	<p>A two-week training organized for EFCC officials by police from The Republic of Korea ended on October 5 2019.</p>
	<p>24.</p> <p>Promote cooperation between banks and law enforcement agents.</p> <p>25.</p> <p>Promote cybercrime education, training and retraining for judicial officers, litigators, enforcers and prosecutors.</p> <p>26.</p> <p>Prohibit re-assignment of SIM Cards in the event of de-activation.</p>	<p>In October 2018 and June 2019, NCC engaged judges of the supreme and other courts on issues of telecommunications, including cybercrime, at the annual Telecommunications Conference for Judges.</p>

Status	Recommendation	Update
	<p>27.</p> <p>Establish dedicated cybercrime units by all law enforcement agencies to avoid duplication of functions.</p>	NIL
	<p>28.</p> <p>Existing guidelines and legislation should be amended to reduce the rate of cybercrime by:</p> <ul style="list-style-type: none"> • Developing regulations that require minimum ICT security standards for financial inclusion and up-to-date training for ICT staff. • Securing current security clearance for bank employees. • Reviewing existing regulation on SIM card re-assignment. NCC should consider the possibility of blacklisting rather than re-assignment. • Developing a working relationship with international agencies for assistance in capacity building for local law enforcement that discourages direct subvention to the agencies which has a potential for diversion or misappropriation. • Developing a framework that guides a working relationship between the ecosystem and law enforcement agencies that makes interaction less cumbersome. • Amending existing industrial training fund (ITF) law to encourage refunds to service providers who invest in education. 	NIL

Status	Recommendation	Update
	<p>29.</p> <p>Cybercrime training for judicial officers and other law enforcement personnel from the Economic and Financial Crimes Commission (EFCC), Independent Corrupt Practices Commission (ICPC), Nigeria Police Force (NPF), Special Fraud Unit (SFU), etc. should be prioritised by the National Judicial Commission (NJC) with assistance from international agencies.</p>	NIL

DFS Environment: Interoperability, Collaboration and Competition

This section presents solutions to addressing merchant, software and agent interoperability as well as collaboration and competition practices.

DFS Environment: Interoperability, Collaboration and Competition		
Status	Recommendation	Update
	<p>1. Cross-subsidisation, such that one segment of the market (the high end-financially included) subsidises the other (the financially excluded), should be adopted.</p> <p>2. All tariffs should be cost-reflective while encouraging financial inclusion. Consequential amendments should be made to the CBN Guide to Charges for Mobile Money Operations and Agent Banking to provide a cost-reflective tariff structure.</p> <p>3. Regulators should prescribe a specific and open application programming interface (API) to be adopted by the various stakeholders within the DFS space. To achieve this, a memorandum of understanding (MoU) between the FSRCC and other stakeholders within the DFS space to adopt common standards should be drawn up. Therefore, the CBN Act should be amended to provide the FSRCC with additional powers in this regard, while also extending its membership to relevant non-financial sector regulators. In the interim, CBN should creatively use existing subsidiary legislation and guidelines to accommodate these regulators.</p>	<p>NIBSS offered in December 2018 to work with the industry to institute API standards that guarantee seamless interoperability with its attendant cost-saving, ease-of-implementation and security benefits, given its experience in this area over the years.²¹ It noted that it is essential for the Nigeria banking industry to evolve common API standards to drive Open Banking.</p>
	<p>4. The adoption of a market-led approach to pricing subject to regulation. Provision of better economic incentives is needed. Agents should be licensed to represent all financial institutions. Therefore, the issuance guidelines defining a unified interface for agents serving multiple operators will be necessary.</p>	<p>NFIS 2018 adopts the principle of market led business models and pricing, cost reflective tariffs and flexible agent networks.²²</p>
	<p>5. Financial institutions within the non-participatory sectors should make necessary investments to develop and grow the sectors. Affected regulators should take a more active role in encouraging and incentivising licensees in DFS deployments. Regulators should create additional collaborative platforms to facilitate engagements with market participants and consumers that will help keep abreast of market issues.</p> <p>6. The Copyright Act and the Patent and Designs Act should be amended adequately to cover layouts and integrated circuits, as well as allow the registering of software as inventions. An update to the Banking and Other Financial Institutions Act (BOFIA) and urgent enactment of competition legislation is required.</p>	<p>Nigeria now has a Federal Competition and Consumer protection Act, 2018.</p>

Enabling Financial Inclusion at the Last Mile

The recommendations to enhance financial inclusion at the last mile address consumer awareness, agent banking and liquidity, DFS advocacy, elevating the strategic importance and funding initiatives.

Enabling Financial Inclusion at the Last Mile		
Status	Recommendation	Update
Yellow	<p>1. Promote DFS through embedded content in Nigerian movies to serve as a useful non-advertorial mechanism.</p> <p>2. As radio remains an active channel, exclusive airtime slots for financial inclusion programmes should be made available.</p> <p>3. Use youths employed under the N-Power scheme as champions of financial inclusion messaging to the unbanked.</p> <p>4. The digitisation of government salaries and other payments associated with the Social Investment Programmes (SIPs) and National Youth Service Corps (NYSC) and their settlement through alternate digital channels like mobile money. This initiative will require amendments to government payments guidelines.</p>	<p>NFIS 2018 adopts the recommendation for expanding G2P and P2G and social welfare transactions.²³ NYSC members from January 1 2018 can now register and make payments through a digital portal, including with digital wallets.</p>
	<p>5. Make laws that institute instant settlement for risk-free transactions, especially for micro- and small business enterprises providing agency or merchant services- or possibly for the entire ecosystem. This proposal would require a review of the CBN transaction settlement framework.</p>	
	<p>6. Industry players should establish a lobby group to engage the National Assembly in formulating bills which would favour the cause of financial inclusion.</p> <p>7. Elevate financial institution commitment to financial inclusion by amending regulatory guidelines that stipulate the designation of an executive-level staff lead for financial inclusion initiatives.</p>	
	<p>8. Similar to the creation of the Universal Service Provision Fund (USPF), all DMBs should set up a Financial Inclusion Fund which would be for the sole purpose of supporting financial inclusion projects and campaigns with a regional/national ecosystem approach.</p>	
		<p>SANEF appears to be partly a fulfillment of this recommendation.</p>

Enabling Environment for DFS Ecosystem

In addition to general improvements in the business environment, additional themes related to the DFS ecosystem include access to consumer behaviour research, the notion of a single financial services agent, enhancing the cashless concept and the elimination of multiple business registrations and taxes.

Enabling Environment for DFS Ecosystem		
Status	Recommendation	Update
	<p>1.</p> <p>FSRCC should create a research and development framework that would increase the quantity and depth of research on the rural market. The structure should include the funding of research initiatives as well as making data public and available for relevant stakeholders to use.</p>	NIL
	<p>2.</p> <p>Pension and insurance regulators, PENCOM and NAICOM, should review existing policies governing the retail of pension and insurance services through agents. To ease the transition and enhance agency attractiveness, a consolidated implementation framework that would enable them to offer these other financial services will be necessary.</p>	NAICOM's January 1 2018 Guidelines for Microinsurance Operation in Nigeria authorises 15 different distribution channels, including corporate agents, cooperative societies, microfinance banks and institutions, Health Maintenance Organizations (HMOs), faith-based organizations, postal agents, esusu/adashi and age grade groups, telcos and e-payment channels and 'any other registered associations.'
	<p>3.</p> <p>The implementation of a harmonised referencing system that allows registration agents to share information.</p>	NIL
	<p>4.</p> <p>Review of the regulations guiding licensing in the DFS space, especially for new entrants. The proposal should focus on consolidating similar licenses and streamlining the requirements for each license category.</p>	<ul style="list-style-type: none"> The Exposure Draft of CBN Licensing Regime (License Tiering) For Payment System Providers Guidelines of October 15 2018 proposed three categories of licenses (essentially switches, MMOs and PSSPs), for payment service providers (super, standard and basic licenses) with minimum shareholder funds of N5 billion, N3 billion and N50-N100 million respectively. This sparked an outcry as it seemed designed to impose entry barriers to start-ups and innovation and is being reconsidered by CBN.²⁵ The Guidelines on and issuance of licenses to Payment Service Banks is another category of DFS licensing.
	<p>5.</p> <p>The issuance of cash handling penalties from consumer to merchants and from merchants to banks to make cash unattractive. Nonetheless, due to constraints that stalled the full implementation of the cashless policy, the CBN should manage the roll-out and any decisions related to the cashless initiatives.</p>	This recommendation is being addressed by the reintroduction of the Cashless Policy in September 2019.

Status	Recommendation	Update
	<p>6. One-stop shop arrangements to manage tax and other revenue payments across all tiers of government and multiple agencies is urgently required.</p>	NIL
	<p>7. In the case of excessive, disparate and indiscriminate right-of-way (RoW) pricing of infrastructure by state governments, the immediate implementation of the March 2013 National Economic Council (NEC) resolutions on “Multiple Taxation, Levies and Charges on information and communications technology (ICT) Infrastructure in Nigeria in respect of Right-of-Way”.</p>	<p>NCC continues to engage state governors on the matter.²⁶ The Vice President in May 2019 promised that the Federal Government “will revisit the National Economic Council Resolutions, with a view to revising it and encouraging the State governments to see to its practical implementation”.²⁷ NITDA in April 2019 published its 2025 Nigeria ICT Innovation and Entrepreneurship Vision and recommends a policy to “Drop Right of Way charges for fibre distribution and simplify administrative requirements to reduce capital requirements for expanding digital infrastructure, thereby reducing the costs passed on to consumers.”²⁸</p>

DFS Infrastructure

The recommendations on DFS infrastructure mainly address provisioning (financing) and security, especially telecommunications equipment deployment.

DFS Infrastructure		
Status	Recommendation	Update
	<p>1. CBN should avail long-term intervention funds at low-interest rates for rural telecommunication expansion.</p> <p>2. CBN's Foreign Exchange (FX) Policy should be modified to include telecommunication companies in the CBN FX window; also, existing spot rates should be revised downward and kept at par with rates obtainable in the forwards market deals, to enable operators to pay for equipment and services critical to their network operations and enhancements.</p> <p>3. The Universal Access and Universal Service Regulation 2007 should be reviewed to ensure easier access to Universal Service Provision Fund (USPF).</p> <p>4. Review the Universal Service Provision Fund (USPF) and Nigerian Information Technology Development (NITDEV) Fund; it should be actively deployed to fund enhancement of rural telephony by stipulating catchment areas for telecommunication companies and other infrastructure providers up to the ward level and promoting compliance through incentives.</p> <p>5. Furthermore, NCC should review spectrum pricing policy for rural area penetration by telecommunication companies, thereby inducing cheaper or free spectrums.</p>	<p>NFIS 2018 incorporates the issues of poor infrastructure coverage in financially underserved geographies and the need to carefully develop ameliorating measures, including the possibility of a special license for connectivity infrastructure providers, based on evidence.²⁹</p>

Status	Recommendation	Update
	<p>6.</p> <p>Complementing the efforts of the government in the identification and determination of critical national infrastructure would also require:</p> <ul style="list-style-type: none"> • The designation of critical national infrastructure according to the provisions of the Cybercrime Act and implemented by the President and National Security Adviser (NSA). • Legislators should kindly expedite the passage of the Critical National Infrastructure Bill. • Adequate protection of telecommunication infrastructure nationwide should be prioritised. 	<p>In November 2017, the Office of the National Security Adviser (ONSA) released the Action Plan for Implementation of the National Cybersecurity Strategy and reported the commencement of the process for comprehensive identification, classification and development of protection plan for critical national information infrastructure (CNII) for all sectors of the economy.³⁰ The Critical National Infrastructure (CNI) Bill sponsored by the Federal Government is yet to be assented to³¹, whilst the gazette of designated critical assets by the President, as envisaged by the Cybercrimes Act, 2015 also remains outstanding.</p>

The recommendations of the Stakeholder Conference hosted by the Sustainable and Inclusive Digital Financial Services initiative of the Lagos Business School in 2017 demonstrated a great deal of consensus by regulators, academia and civil society about the directions for reform and development of public policy, legislative and regulatory for attaining the national financial inclusion targets. The review in this chapter demonstrates that a good number of the recommendations have been or are being implemented. NFIS 2018 largely incorporates the recommendations and builds on them.

Why then is the inclusion needle moving ever so slowly ? The answer seems to be the lag in and apparently overly cautious methodology of bringing in telcos and fintechs into the space and the apprehensions around likely impacts on the banking industry and the safety of the financial system.

The rate of NIN registration is another issue, more so as NFIS 2018 proposes one hundred per cent coverage of the population by 2020. At 36.6 million NINs issued currently, the attainment of the stipulated target appears daunting. NCC and NIMC are cleaning up data on about 98 million SIM registration and other agencies are doing the same. Perhaps that will deliver a fillip to inclusion, especially when the PSBs begin operation. The SANEF initiative and the proposal to have NIPOST as a Super-Agent with its presence in all the 774 Local Governments, are among a raft of initiatives that raise hopes.

The insecurity, poverty and socio-economic issues around lower inclusion in the North East and North West remain difficult challenges. Again, the social intervention funds administered by the Federal Government which apparently led to the inclusion of 1,000,000 citizens¹⁷ was drastically reduced in the draft 2020 budget. In essence, a valuable and significant spur to inclusion and economic activity will be likely lost, thereby slowing down achievement of the target going forward. Moreover, the need to deliver inclusive products and not just to facilitate access to the financial system remains a greater challenge.

Endnotes

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- 4 Latest Nigerian News, Wednesday October 2, 2019: <https://www.latestnigeriannews.com/news/7721293/nin-impedes-micro-pension-sales.html>
- 5 Pulse.ng, June 3 2018: <https://www.pulse.ng/news/local/banking-reps-urge-cbn-to-recognise-nimc-slip-for-official-transaction/e8fbslz>
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- 9 Section 6.0, NAICOM Guidelines for Microinsurance Operation in Nigeria, 2018.
- 10 Section 6.5.
- 11 Section 6.3 & 4.
- 12 Section 6.2, , NAICOM Guidelines for Microinsurance Operation in Nigeria, 2018
- 13 Financial Inclusion Newsletter, 2nd Quarter (July 2019), Vol. 4 (2) : https://www.cbn.gov.ng/Out/2019/CCD/Q2%202019%20Financial%20Inclusion%20Newsletter_Final_08.08.19.pdf
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- 15 Ibid.
- 16 Discussed in sections 2 and 3 above.
- 17 Consumer Code of Practice Regulations 2007
- 18 Quality of Service Regulations 2013
- 19 At p. 23
- 20 At pp. 47, 48 & 62.
- 21 NIBSS position paper, December 3, 2018: <https://nibss-plc.com.ng/nibss-position-paper-on-open-banking-december-2018/>

- 22 At pp. 27 & 29.
- 23 At pp. 38 & 52.
- 24 Regulations for the operations of indirect participants in the payments system, issued by CBN on October 10 2019: [https://www.cbn.gov.ng/Out/2019/PSMD/Circular%20and%20Regulation%20for%20the%20Operation%20of%20Indirect%20Participants%20in%20the%20Payment%20System%20\(002\).pdf](https://www.cbn.gov.ng/Out/2019/PSMD/Circular%20and%20Regulation%20for%20the%20Operation%20of%20Indirect%20Participants%20in%20the%20Payment%20System%20(002).pdf)
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CONCLUDING REMARKS



CONCLUDING REMARKS

The growth of informal financial services is of concern. The trends show that the interventions addressing financial exclusion are moving the unbanked to the under-banked category rather than the banked category, as was envisioned. In addition, the progress in other critical segments – women, rural and northern Nigeria – still show a high proportion of adults are under-banked and unbanked.



Since 2017, the policy recommendations identified across the six cross-cutting dimensions further reiterate the need for a holistic ecosystem approach to addressing financial inclusion. The role of policy-makers – lawmakers and regulators – should not be underestimated.

While Nigeria's financial inclusion story remains incomplete, our 2020 deadline of 20 per cent inclusion now seems unattainable. However, refocusing on lessons learned and insights acquired should bring to the fore the need for a different approach to financial inclusion:

- An approach that addresses trust building and better market conduct of formal financial institutions.
- An approach that empathises with the poor and actively seeks to create appropriate product and services to meet their needs.
- An approach that imbibes a sense of urgency and the willingness to fail fast and fail forward.
- An approach that recognises the strengths in our diversity and is ready to collaborate, cooperate and co-create.
- An approach that is willing to analyse data and extant thought leadership that will highlight customer trends and preferences.
- An approach that is ready to build sustainable business models catered to the poor.
- An approach that understands the intersections of financial inclusion and the Sustainable Development Goals (SDGs).

While the points raised above are a provocative call to action, let us be reminded that addressing them will require the entire ecosystem – policy makers, operators and the consumers themselves. It is about inclusion and the inclusion mindset must resonate across the ecosystem.

NOTES

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