Experience Sharing | National Financial Inclusion Strategy in Nigeria

BCEAO| Regional Financial Inclusion Strategy Workshop

Dakar, Senegal | October 23th, 2018

Temitope Akin-Fadeyi (Mrs.)

Head, Financial Inclusion Secretariat

Presentation Outline

1. Introduction: **NFIS 1.0**
2. Governance and Coordination Structure
3. Monitoring and Evaluation Flow

- Challenges, Opportunities and Future Perspectives: **NFIS 2.0**

Introduction:
NFIS 1.0

Financial Inclusion is a key public policy priority in Nigeria…

WORLD ECONOMIC FORUM Initiatives Reports Events About

An Insight, An Idea with Yemi Osinbajo

"We now want a situation where you are able to do much more with mobile phones with respect to financial inclusion. That will help a great deal because we would be able to reach the farthest reaches of our country and bring more people into the regulated financial space so that more people can benefit from credit, funds and payments made by government and individual payments" ***– Yemi Osinbajo, Vice-President of Nigeria at Davos 2018***

LEADERSHIP NCC, CBN Sign MoU On Mobile Money, Financial Inclusion

NCC, CBN Sign MoU On Mobile Money, Financial Inclusion

"The MoU between the CBN and NCC provides the framework for licensing of payment service providers and also guides the workings of the stakeholders both in the banking and telecommunication industries about driving not just the mobile payment but also the payment system in Nigeria. "I am very delighted today because with this signing, we are now very sure and certain that we will very easily improve the level of financial inclusion from the level it is today which is about 48 percent" ***– Godwin Emefiele, CBN governor on April 11, 2018***

FG Will Turn Around Nation's Financial System – Osinbajo

"We run an economic system that essentially favours the strong and excludes the weak. It has been our task as government to turn that around, first by social investment programmes, we provided in the budget N500 billion and a more financial inclusion strategy" ***– Yemi Osinbajo, Vice-President of Nigeria on March 13, 2018***

Source: The leadership https://leadership.ng/2018/03/13/fg-will-turn-around-nations-financial-system-osinbajo/; The leadership https://leadership.ng/2018/04/11/ncc-cbn-sign-mou-on-mobile-money-financial-inclusion/; World Economic Forum https://www.weforum.org/agenda/2017/01/an-insight-an-idea-with-yemi-osinbajo/

Imagine

millions

of financially excluded people enabled to reach their financial goals…

Education

Electricity

Health

Business

Security

Family

Food

Wealth

Car

Community

House

Farm

Water

Retirement

How do we promote financial products and services that are fit for purpose?

Why Financial Inclusion?

Financial Inclusion has the potential to improve the economic situation of people and alleviate poverty

Nigerian Sustainable Banking Principles (NSBP)

P5: Financial inclusion

"…adult Nigerians need easy access to a broad range of financial services that meet their needs at an affordable cost"

- enhanced economic opportunities;
- boost in productivity across various sectors and,
- contribution to economic growth and development.

impacts 3/5 of CBN strategic objectives

O2. Safe, Stable & Sound Financial System

O3. Credible, Reliable, & Efficient Payments System

O4. Sustainable Finance & Inclusive Growth

Formal Financial System:	GDP Boost:	Public Sector Savings:	New Jobs:	Credit to SMEs:
46million new adults	12.4%	$2 billion	3million	4.6million

Source: NSBP | National Financial Inclusion Strategy (2012) | Digital Finance For All, Mckinsey Global Institute (2016) | CBN's Corporate Strategy Map (2015-2019)

Overview of National Financial Inclusion Strategy 1.0

Nigeria's Financial Inclusion Strategy was drafted using a evidence-based and analytical approach that considered global best practice

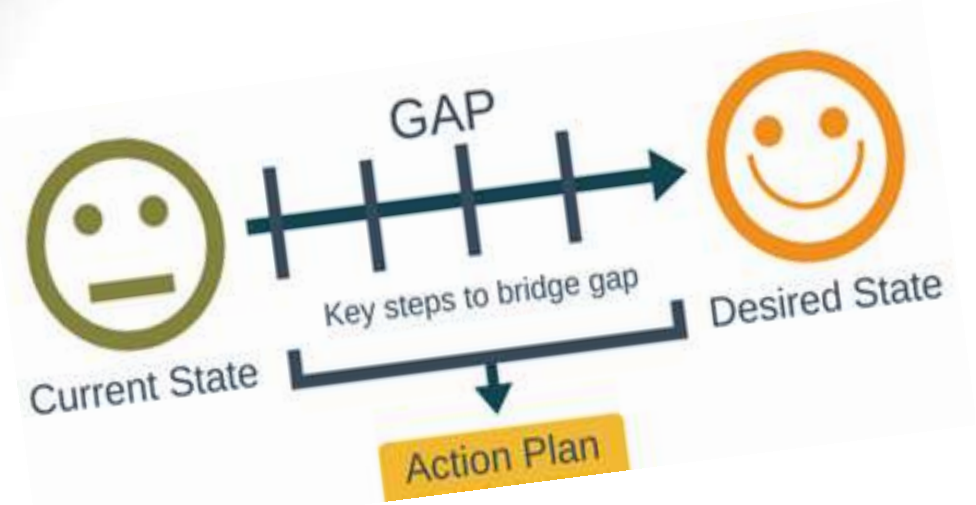
Process for developing the NFIS

1. As-is Analysis
2. Assessments of Peer Countries
3. Stakeholder Interview
4. Drafting of the Strategy
5. Exposure to Stakeholders for inputs
6. Review of original draft
7. Launch: October 23, 2012

The NFIS is implemented through wide range of stakeholders and regularly monitored through the National Financial Inclusion Governing Committees

"To increase adult Financial Inclusion Rate **from 53.7% to 80% by 2020**"

Key tasks in the pre-formulation stage and why they are important



Conduct Status Quo/Gap Analysis

- Nationally representative Baseline survey or similar proxy data required to determine status of financial access in the country.
- ***Determines the basis for the development of a NFIS.***

Establish dedicated Financial Inclusion Unit

- Need for a **lead institution** to champion financial inclusion agenda at national level and secure buy-in of relevant public-private sector stakeholders.
- ***Implementation Unit drives the NFIS process.***

Key tasks in the pre-formulation stage and why they are important

Assessment of Peer Countries for benchmarking purposes

- Determine the "route to market", and benchmark potential options.
- ***Avoid pitfalls, leverage AFI Strategy Peer Learning approach.***

Diagnostics/Analysis

- Review findings from previous stages and document key insights to support NFIS formulation.
- ***Articulate a concise, NFIS Concept Paper for Senior Management.***

Overview of National Financial Inclusion Strategy 1.0

Demand and Supply-side data indicated there are 6 key issues related to low uptake and usage of formal financial services

Financially Excluded Adult Population of Nigeria

Key Barriers:

1. **Irregular Income / High Cost**
2. **Financial access points are too far away**
3. **Lack of education and awareness** about financial services
4. **Cumbersome documentation or identification requirements**
5. **Lack of trust**
6. **Religious and cultural reasons**

Financial Services:

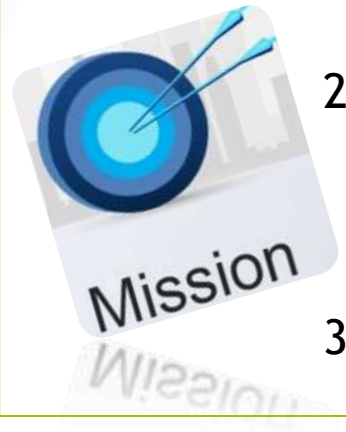
- Bank or mobile money accounts
- Loans
- Insurance
- Pension

Source: Stakeholder Reports, Team Analysis

Source: EFInA's Access to Financial Services in Nigeria Survey (2010 – 2016)

Overview of National Financial Inclusion Strategy 1.0

Strategic Objectives



1. To set a clear agenda to significantly increase access to and use of financial services by 2020.
2. To ensure that the concerns and inputs of all stakeholders are considered and that roles and responsibilities are defined before financial inclusion regulations and policies are established.
3. To outline a framework for increasing the formal financial services from 36.3% of adults in 2010 to 70% by 2020.

*"**Targets** are powerful tools to translate the **ambition of goals** into **practical outcomes**. When well-defined, publicized, and monitored, targets can have a **rallying effect**"* - Global Partnership for Financial Inclusion (GPFI)

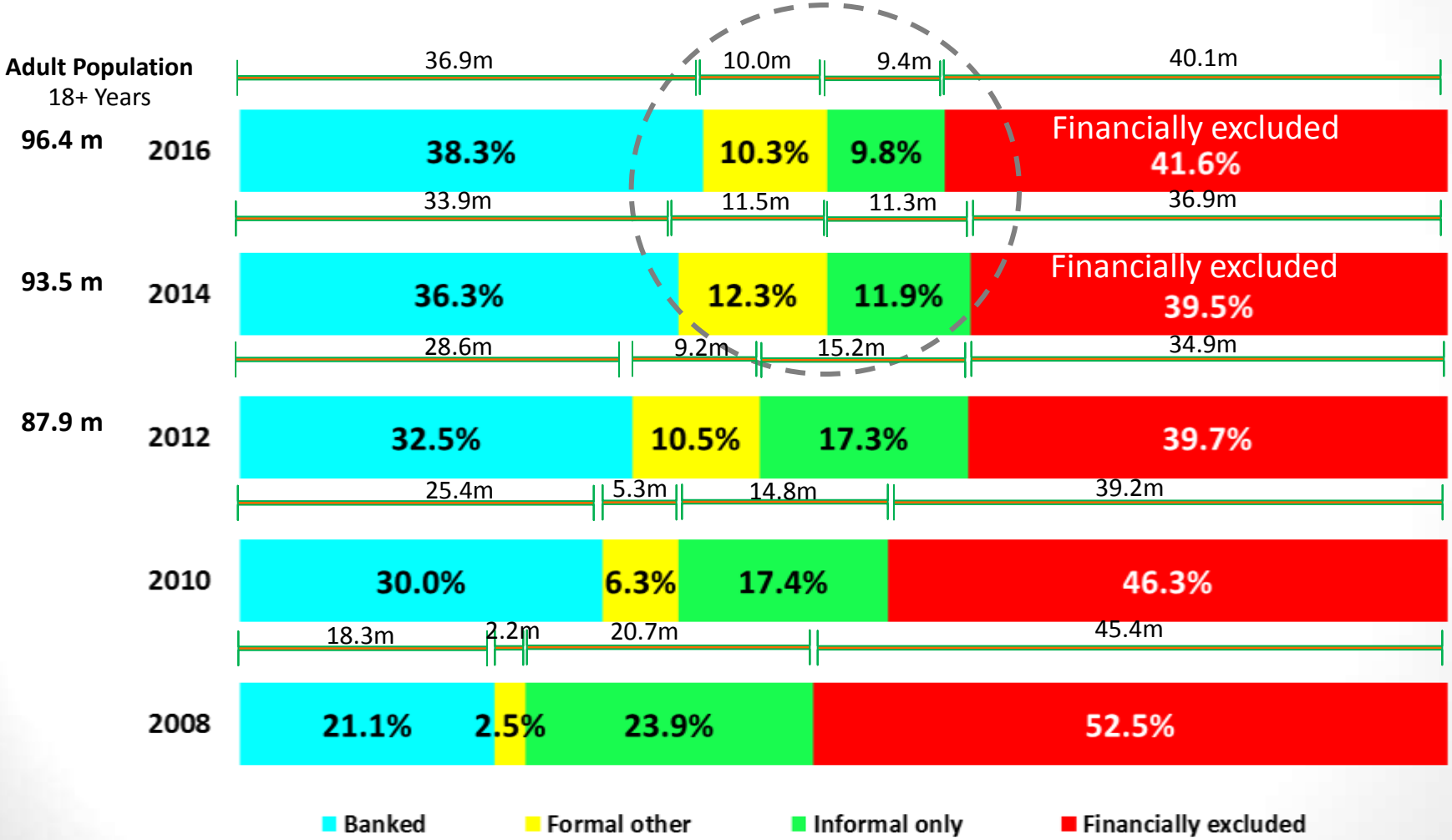
TABLE A1. NUMERICAL FINANCIAL INCLUSION TARGETS IN NIGERIA

	Status at 2010	Target for 2020
Payments	Usage: 21.6% of adults	Usage: 70% of adults
Savings	Usage: 22.4% of adults	Usage: 60% of adults
Credit	Usage: 1.8% of adults	Usage: 40% of adults
Insurance	Usage: 1% of adults	Usage: 40% of adults
Pensions	Usage: 5% of adults	Usage: 40% of adults

The National Financial Inclusion Strategy

The Journey so far

In 2012, Nigeria launched the *National Financial Inclusion Strategy* to reduce the percentage of adult Nigerians excluded from financial services from **46.3%** in **2010** to **20%** in **2020**.



Source: EFInA Access to Financial Services in Nigeria surveys

The National Financial Inclusion Strategy

The Journey so far

North West	2012	2014	2016
Formally Included	23%	35%	24%
Informal Only	14%	9%	6%
Financially Excluded	64%	56%	70%

North Central	2012	2014	2016
Formally Included	48%	49%	48%
Informal Only	20%	19%	14%
Financially Excluded	32%	33%	39%

South West	2012	2014	2016
Formally Included	58%	63%	78%
Informal Only	18%	13%	4%
Financially Excluded	25%	25%	18%

North East	2012	2014	2016
Formally Included	26%	26%	25%
Informal Only	15%	5%	14%
Financially Excluded	60%	68%	62%

South South	2012	2014	2016
Formally Included	52%	52%	55%
Informal Only	18%	15%	14%
Financially Excluded	30%	33%	31%

South East	2012	2014	2016
Formally Included	52%	63%	59%
Informal Only	22%	11%	13%
Financially Excluded	26%	25%	28%

Source: EFInA Access to Financial Services in Nigeria survey (2012-16)

Governance and Coordination Mechanism

Why coordination structures are important to all four phases of the NFIS process

Data Collection → Strategy Formulation → Strategy Implementation → Monitoring & Evaluation

Ownership

Accountability

Buy-in

I. Conceptualizes a commonly shared vision for financial inclusion and articulate series of actions for driving strategic objectives.
II. Defines the stakeholders and apportions their respective roles and responsibilities.
III. Establishes a mechanism for NFIS process and provides avenue for key tasks central to all four phases.

Financial Inclusion Unit (FIU)| Models
Taskforce? Unit? Department? Others?

There are several pertinent reasons why coordination of stakeholder efforts has become critical to NFIS implementation process

- **Diverse headship** with diverse strategic visions, missions, mandates and priorities.
- **Location and Spatial dispersion** of stakeholders and partners.
- **Inadequate understanding** of the reasons for the Strategy, the benefits and why they should participate, sustain momentum.
- **Capacity required** to drive each component of the implementation activities and these need be appropriately identified and built.
- **Need for concerted action** and sustainable interest in the performance of stakeholder roles and responsibilities.
- **Need to avoid overlap**, achieve synergy, efficiency and effectiveness on stakeholder initiatives
- **Monitoring and evaluation** of initiatives to drive target achievement and strategy ownership

The Strategy categorizes the stakeholders and pinpoints what should be their motivation for supporting implementation

Stakeholder Type	Stakeholder Roles	Key Motivation / Driver
Providers e.g. Deposit Money bank, Microfinance banks, Telcos, Insurance, Pension and Technology firms	Offer products and services, as well as infrastructure and technology required for the implementation of the NFIS	Opportunity to expand business into the untapped, potential market of the unbanked and underserved people.
Enablers e.g. Government, Regulators, Other Public sector agencies and Departments	Responsible for setting regulations and policies on financial inclusion	Federal Government's commitment to make Nigeria one of the top 20 economies by the year 2020
Supporting Institutions Development Partners	Provision of experts advise and technical assistance in the implementation of the strategy	Development focus and partnership with the Nigerian government to achieve financial inclusion goals.
Consumers Beneficiaries of financial inclusion i.e. the users of financial services in this case, the target adult population in the country.	Patronize the service providers for financial products and related services, also utilize the various channels of access e.g. ATMs, Agent banking, etc.	Individual, household and/or enterprise needs, lifestyle and income-level driving patronage and adoption decisions.

Mandate of the Financial Inclusion Secretariat

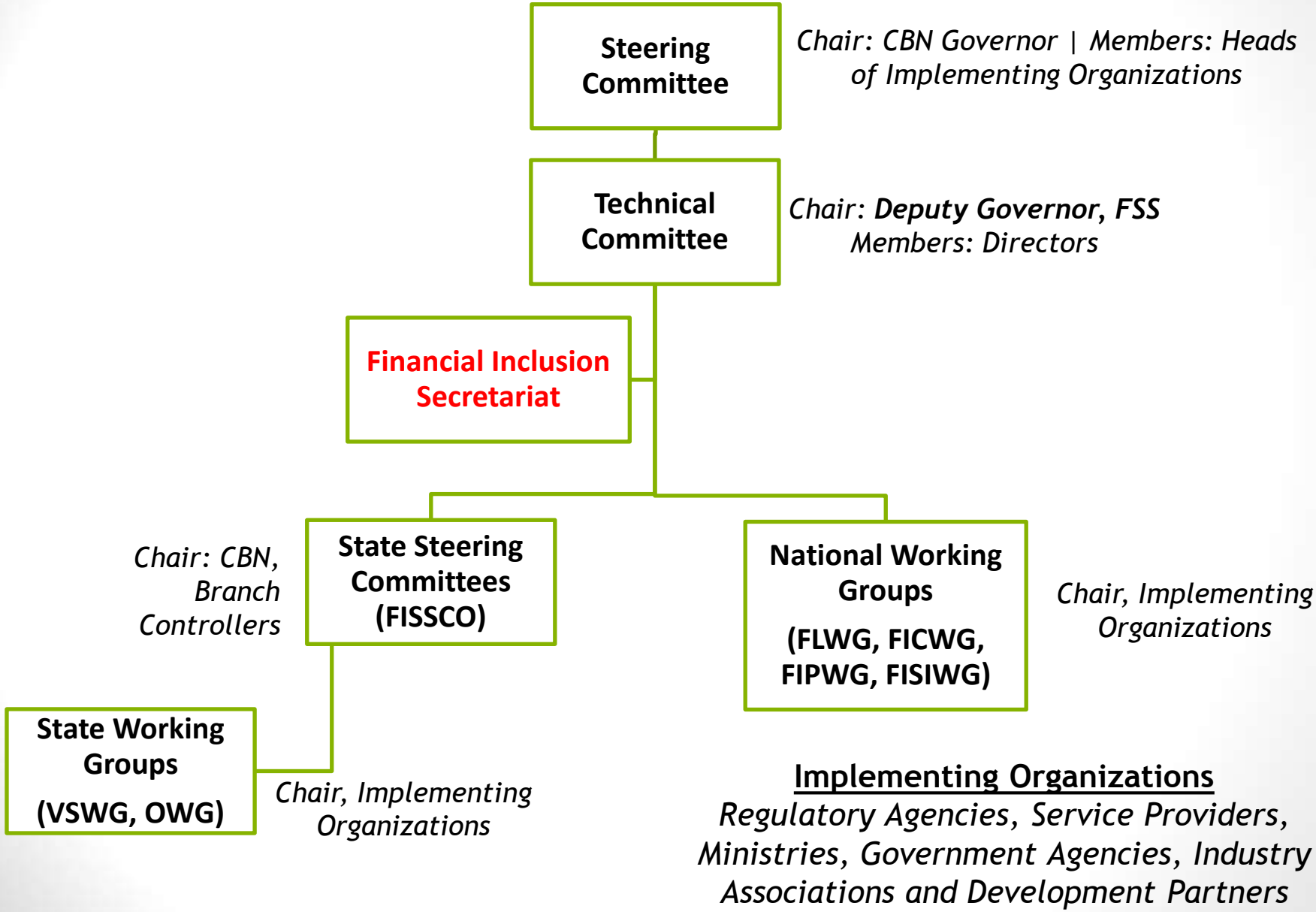
The Financial inclusion Secretariat (FIS) is the coordinating body for the implementation of the *National Financial Inclusion Strategy*. FIS is a liaison for all stakeholders in the Financial Inclusion space and is responsible for leading, engaging, coordinating and evaluating initiatives geared towards the achievement of the Strategy targets.

Core mandate:

- Coordinate stakeholder activities aimed at increasing financial inclusion
- Track and monitor progress on achievement of the targets set
- Ensure that appropriate arrangements are made for data gathering, analysis and publishing of annual reports on national financial inclusion
- Maintain a database on achievements relating to financial inclusion in Nigeria as well as global trends in financial inclusion
- Build capacity of stakeholders on financial inclusion
- Review and revise the responsibilities of stakeholders when necessary
- Secretary to Financial Inclusion Governing Committees
- Coordinator of Technical Working Groups setup to address implementation gaps

Offices: **Strategy Coordination** → **Data Management** → **Programme Management (DFS)**

Establishing coordination structures for NFIS formulation *and* implementation



Establishing coordination structures for NFIS formulation *and* implementation

Implementation at the Federal Level

National Financial Inclusion Steering Committee **(NFISC)**

National Financial Inclusion Technical Committee **(NFITC)**

Four National Financial Inclusion Working Groups

- Products **(FIPWG)**
- Channels **(FICWG)**
- Financial Literacy **(FLWG)**
- Special Interventions **(FISIWG)**

Implementation at the State Level

Financial Inclusion State Steering Committee **(FISSCO)**

Two State Financial Inclusion Working Groups

- Outreach **(OWG)**
- Vulnerable Segments **(VSWG)**

Financial Inclusion Secretariat

Strategy Coordination → **Data Management** → **Programme Management (Digital Financial Services)**

Initiatives and Policies Introduced to address Identified Implementation Issues

2012

- National Financial Inclusion Strategy
- National Financial Literacy Framework
- Cashless Policy

2013

- Introduction of Three-tiered KYC Requirements
- Revised Guide to Bank Charges
- Guidelines for the Regulation of Agent Banking and Agent Banking Relationships in Nigeria
- Release of the Microinsurance Guidelines

2014

- Release of the Takaful Guidelines
- Revised Guidelines on the Electronic Payments of Salaries, Pensions, Suppliers and Taxes in Nigeria
- Introduction of Bank Verification Number
- Set-up of the Financial Inclusion Secretariat in CBN

2015

- Guidelines on Mobile Money Services in Nigeria
- Regulatory framework for licensing Super Agents in Nigeria
- Draft Guidelines on the Regulation and Supervision of Non-interest (Islamic) Microfinance banks (MFBs)
- Guidelines on the Pass-Through Deposit Insurance Scheme

2016

- Guidelines on Transactions Switching in Nigeria
- Guidelines on Operations of Electronic Payment Channels in Nigeria

2017 – 2018: NFIS 2.0 Review & Refresh | FISSCO Inauguration/NFIS State-level Framework | Draft Payment Service Bank Regulation

Sample Stakeholders

Initiatives and Policies Introduced to address Identified Implementation Issues

S/N	Institution	Initiatives and Policies
1	**Central Bank of Nigeria**	▪ Credit Enhancement Schemes: Youth Entrepreneurship Development Programme, Anchor Borrowers Programme ▪ Mobile Money, Agent Banking Framework: Super Agent License ▪ Tiered Know-Your-Customer Framework ▪ National Collateral Registry ▪ Cashless Nigeria Policy ▪ Bank Verification Number (BVN)
2	**National Pension Commission**	▪ Guidelines on Micro Pension ▪ Joint Contact Group (JCG): established to drive compliance of Contributory Pension Scheme.
3	**National Insurance Commission**	▪ Micro and Takaful Insurance Framework approved ▪ Mobile Insurance products approved
4	**Securities & Exchange Commission**	▪ 10 year Capital Market plan/Financial Literacy programmes ▪ Mutual funds, Collective Investment Schemes
5	**Nigerian Identity Management Commission**	▪ Harmonization of Identity databases to foster unique identification ▪ ID4D World Bank Eco-system approach partnership
6	**Nigeria Deposit Insurance Corporation**	▪ Development of Pass through Deposit Insurance Framework for Microfinance and Mobile Money Customers ▪ Deposit Protection Framework for Banks depositors

Sample Stakeholders

Initiatives and Policies Introduced to address Identified Implementation Issues

S/N	Institution	Initiatives and Policies
7	**Federal Ministry of Finance**	▪ Anchoring social safety net programs ▪ Collaborating on the Nigerian Agricultural Payment Initiative (NAPI) for farmers.
8	**Federal Ministry of Education**	▪ Collaborating on the integration of financial literacy into the Educational Curriculum in the country ▪ Financial Literacy programmes ▪ Curriculum Development for Primary and Secondary Schools
9	**Federal Ministry of Women Affairs & Social Development**	▪ Women Fund for Economic Empowerment (WOFEE) ▪ National Database on Persons with Disabilities ▪ Financial Inclusion Gender Desks approved for all States
10	**Federal Ministry of Youth & Sport**	▪ Supporting empowerment programmes such as the Youth Employment In Agriculture Programme (YEAP).
11	**Federal Ministry of Communications**	▪ Initiated a bill to enable NIPOST provide financial services as agents of financial institution ▪ Promoting investments in long distance fiber optic cables for transmission of infrastructure and connectivity.
12	**Nigerian Postal Service**	▪ Commenced support for Agency Banking in some States of the Federation as a pilot. Payments for utility bills and school fees ▪ Approval in principle for Super Agency license in view

Showcase: Experiences from Nigeria on handling Challenges in Coordination and Collaboration among multiple Stakeholders

Strategy Appreciation	Continuous Engagement | Capacity Building
Institutional Commitments	Advocacy | NFIS embedded in Corporate Strategy | Governance
Conflicting Priorities	Joint Development of Annual Work & Implementation Plans | Governance
Measurement	Dynamic M & E Framework | Periodic Reporting & Review | Governance
Funding	Advocacy | Annual Budgeting | Alignment to Work & Implementation Plans | Governance
Long-term Sustainability	Evidence for Policy-making | Continuous Engagement | Governance
P E O P L E	**Soft Skills** | Shared Accountability | Visibility | Communication | Continuous Engagement

Showcase: Experiences from Nigeria on handling Challenges in Coordination and Collaboration among multiple Stakeholders

Deputy Governor, Financial System Stability (CBN), with a cross-section of members at the 14th Technical Committee Meeting

Governance

Shared Accountability

Chairperson, FIPWG from the Nigeria Deposit Insurance Corporation (NDIC) leading the 8th Working Group Meeting. Leadership of Working Groups elected by stakeholder institutions. FIS serves as the Secretariat.

Showcase: Experiences from Nigeria on handling Challenges in Coordination and Collaboration among multiple Stakeholders

Governor – Chair of Steering Committee with Bill Gates during a financial inclusion country visit to Nigeria

High-level Visibility

State-level Implementation

CBN Branch Controller, Jigawa with the Secretary to the State Government during the Jigawa FISSCO inauguration

Showcase: Experiences from Nigeria on handling Challenges in Coordination and Collaboration among multiple Stakeholders

Stakeholder Engagement session on annual work plan development and review

Evidence for Policy-making

Financial Inclusion Secretariat presenting State-specific data and strategy progress updates to Kwara State Executive Council Members

Joint Development of Annual Work & Implementation Plans

Showcase: Experiences from Nigeria on handling Challenges in Coordination and Collaboration among multiple Stakeholders

Financial Inclusion Secretariat with the Presidential Adviser on Disability Matters, Leaders of the Disability Community and potential beneficiaries of the N220 Billion MSMEDF during a Pre-Disbursement Workshop for Entrepreneurs with Disabilities

Advocacy

NFIS embedded in Corporate Strategy

Financial Inclusion Secretariat at a review meeting with a Deposit Money Bank on the 5-year NFIS implementation plan for the banking sector

Showcase: Experiences from Nigeria on handling Challenges in Coordination and Collaboration among multiple Stakeholders

Financial Inclusion Secretariat anchoring Data Workshop for Service Providers to enhance Regulatory Returns on NFIS indicators

Capacity Building

Financial Inclusion Secretariat during a Technical Committee Retreat

Dynamic M & E Framework | Periodic Reporting & Review

Showcase: Experiences from Nigeria on handling Challenges in Coordination and Collaboration among multiple Stakeholders

Communication

Financial Inclusion Gender Gap Challenge:

Courtesy Visit to the Permanent Secretary, Federal Ministry of Women Affairs and Social Development

Continuous Engagement

FINANCIAL INCLUSION NEWSLETTER

A Quarterly Publication of the Financial Inclusion Secretariat

2nd Quarter (June 2018) Volume 3, Issue 2

Deputy Governor, Financial System Stability charges stakeholders to sustain commitment to the Financial Inclusion agenda

Inside this issue:

Cover Story	1
National Financial Inclusion Governing Committee meetings	2-3
Critique Workshop on the Draft NFIS Refresh	4
Spotlight: NYSC Peer Educator Programme for Financial Inclusion	5-6
Knowledge Exchange	7-8
Phonorama	9
Stakeholder Engagements	10-11
Financial Literacy	12
Credit Enhancement	13
Digital Financial Inclusion	14
Closing the Financial Inclusion Gender Gap	15-16
Nigerian Financial Inclusion News	17
International Financial Inclusion News	18
National Dialogue on bridging the Humanitarian Development in the North East	19
Contact details	20

DG, FSS—Mrs. Alshah Ahmad chairing the 14th National Financial Inclusion Technical Committee meeting, in Abuja

The Chairperson, National Financial Inclusion Technical Committee (NFITC), Mrs. Alshah Ahmad - Deputy Governor, Financial System Stability (DG, FSS), formally assumed leadership of the Committee at its 14th meeting held on Thursday, June 21st, 2018 at the Central Bank of Nigeria (CBN) Headquarters in Abuja.

Mrs. Ahmad commended the former Chairperson, Dr. Joseph Olowu Nnanna (now Deputy Governor, Economic Policy, CBN), for successfully piloting the affairs of the Committee to the level where it was. She equally expressed appreciation for the sustained commitment of all the members, the respective Working Groups and the Financial Inclusion Secretariat towards the actualization of the financial inclusion goals for the country.

She reminded members of their critical roles in delivering the 80% financial inclusion target by 2020, particularly in view of EFInA's biennial report which showed 58.4% financial inclusion rate, as at 2016. She noted that a lot of grounds were still to be covered considering the country's demographics which popped out adults yearly.

The Deputy Governor stated that despite the challenges, achieving the set financial inclusion target was possible and required a strong will, sustained commitment and active collaboration of all stakeholders towards the removal of bottlenecks militating against financial inclusion in the country ■

Financial Inclusion Status as at December 2018

Source: Enhancing Financial Innovation & Access (EFInA)

58.4% Financially served | 41.6% Financially excluded

48.6% Formally included

Banked 38.3% | Formal other 10.3% | Informal only 9.8% | Financially excluded 41.6%

36.9m | 10.0m | 9.4m | 40.1m

96.4m

Monitoring and Evaluation Flow

Monitoring & Evaluation Flow

1) What do you want to monitor?

2) What data set do you need?

3) Who will collect the data?

4) How would you report the findings?

5) Who will examine the report and take further action?

5 Questions

Monitoring & Evaluation Flow

Action plans by stakeholders

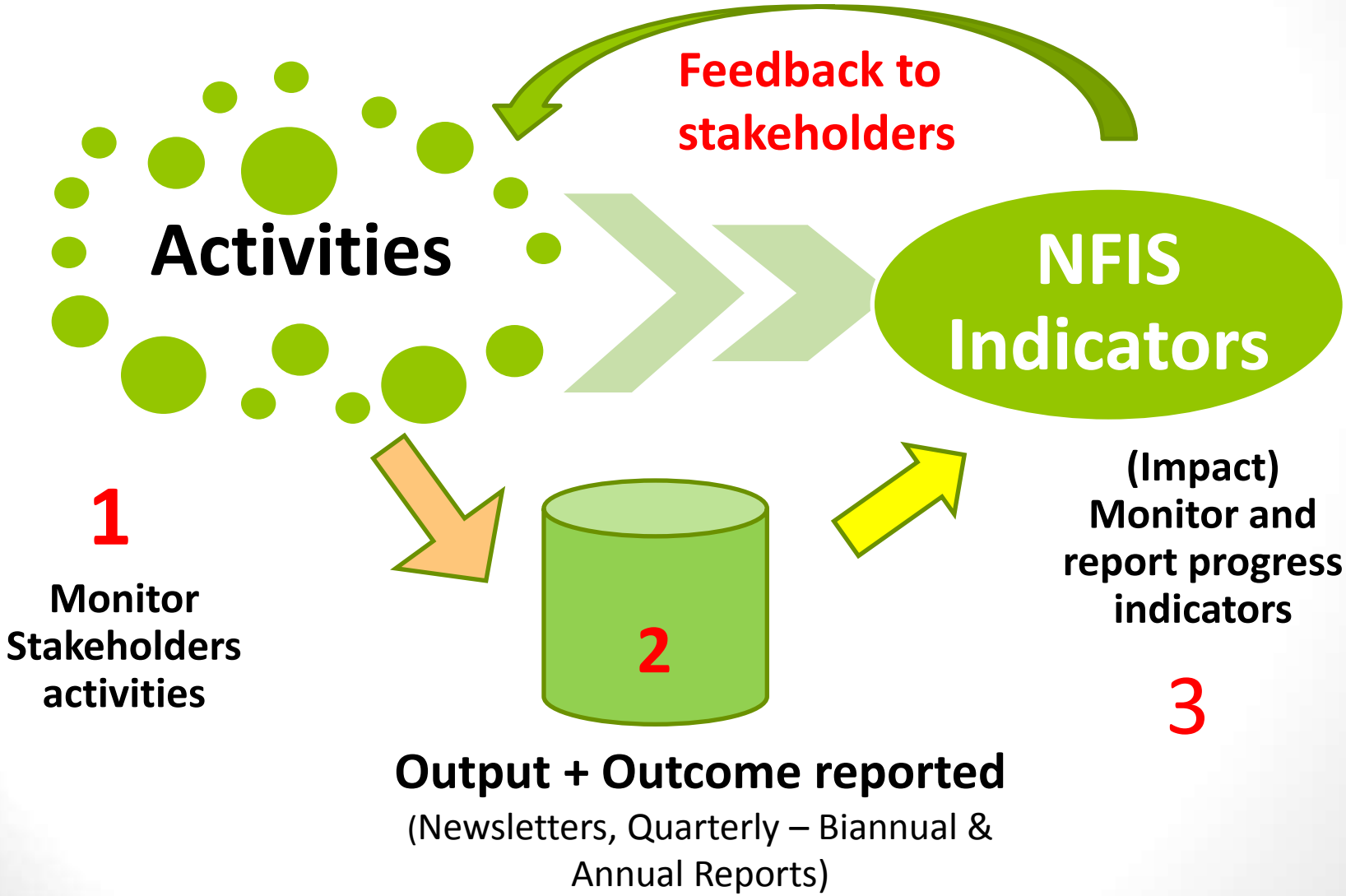
Strategic plan

Measured by engagement and follow-up

Measured by KPIs

• Reports of activities • Quarterly report | Annual report • Qualitative data | Quantitative data	• Demand-side survey data • Supply-side data

Relevant stakeholders need to have an annual work-plan, with clearly defined initiatives and timelines. A quarterly review of progress constitutes an important part of the M & E process



Enablers of good Monitoring & Evaluation Process

Unique identity

of adult citizens

Regular data flow from service providers to the regulators

Clearly defined indicators

Data Collection

Data directly derived from consumers of financial services including small businesses:

- How do they want to be served?
- what are their financial service preferences?
- Reasons for using a particular product and not the other?

National Financial Inclusion Strategy

Data generated from the service providers. It measures what is provided over a given period, monthly, quarterly or yearly.

Demand-side Data + **Supply-side Data**

Data is needed for measuring baseline status; indicator formation, target setting, progress updates and measuring impact.

Thus, both Demand and Supply side data are required for effective M & E of a Financial Inclusion Strategy.

Challenges, Opportunities and Future Perspectives:

NFIS 2.0

National Financial Inclusion Strategy 2.0

In 2017, Dalberg Consultants were engaged to review the 2012 NFIS 1.0 with a view to improve the strategy and enhance the outcomes by 2020

Rationale

- Provision in the Strategy document to conduct a mid-term review
- 58.4% Financial Inclusion rate as at 2016 Access to Finance Survey
- Critically of focal areas: ***Gender***; **Disadvantaged Groups** and **Geographical Variation.**
- Changes in Macroeconomic Environment e.g. insecurity; recession; increase in unemployment rate and advancement in dynamic technology.

Methodology

The exercise consists of two (2) phases, namely:

Strategy Review

Strategy Refresh

Governance

To solicit broad stakeholder inputs, informing the mid-term review & refresh

Core Team

Inter-agency Taskforce

FIS Shadow Team

Source: 2017, *Mid-Term Review Report of NFIS – Dalberg Consultants*

National Financial Inclusion Strategy 2.0

The Mid-term review provides a summary of the findings, intended to provide a backward looking perspective, but also extracting useful insights and lessons learned to incorporate in the strategy refresh phase

Findings

- Late take off of the Financial Inclusion Secretariat (late 2014)
- Performance did not meet expectations as at 2016s
- Lingering critical barriers to financial inclusion- Insufficient agent networks; lack of national ID; low digital adoption; Low literacy levels; apathy from financial service providers
- Need to prioritize high-impact initiatives

Five target demographic groups remain the most excluded

1. Gender gap
2. Urban-rural gap
3. Age gap
4. Regional gap
5. Formality gap

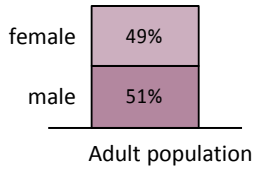
Source: 2017, *Mid-Term Review Report of NFIS – Dalberg Consultants*

5 Demographic groups are most financially excluded

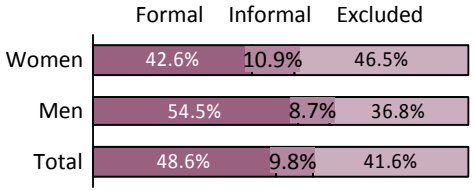
Target group and size (total adult population of 96.4m as of 2016)

Financial inclusion situation (national total inclusion 58% ; formal inclusion 49%)

1 Gender gap

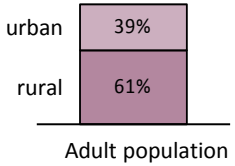


There are ~47 million female adults in Nigeria, representing nearly half of the adult population

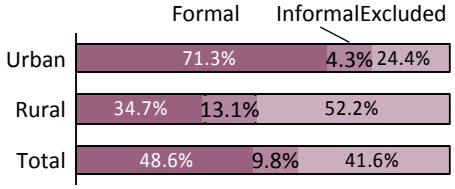


Financial inclusion rates are lower among women than men. However, informal inclusion is higher for women than men

2 Urban-rural gap

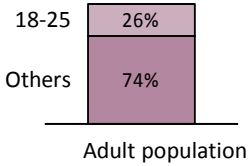


~60m Nigerian adults live in rural areas, while just ~37m live in urban areas

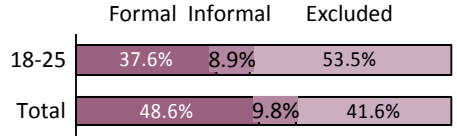


Financial inclusion rates are much lower in rural areas than in urban areas , However informal inclusion is higher in rural than urban areas

3 Age gap

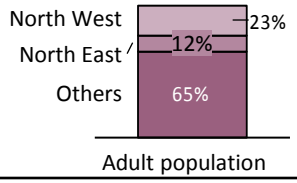


~26m youth aged 18-25 in Nigeria, and ~31m aged 25-35

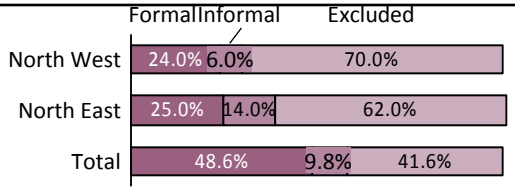


The 18-25 group is the least included age group – at~47% total and ~38% formal inclusion

4 Regional gap



~34 million adults live in North West and North East Nigeria, representing 35% of the adult population



Only ~33% of adults in the North East and North West (combined) are financially included

5 Formality gap

There are ~37 million **MSMEs**, and ~60 million Nigerians are employed in the MSME sector

Financial inclusion is thought to be lower for MSMEs than larger businesses *

Note: *Quantitative data about SME inclusion is not readily available

Source: EFinA Access to Financial Services in Nigeria 2016 Survey.

Source: Mid-Term Review Report of the National Financial Inclusion Strategy, Dalberg (2017)

Top Five priorities for NFIS 2.0

High priority themes (2018 – 2020)

Step I.

Building foundations

- Regulatory & policy environment
- Private sector understanding and interest
- Agent Network
- Identity/KYC

→

Step II.

Unlocking high potential models

- Digital financial services (DFS)
- Community Lending: MFI & MFB Model

→

Step III.

Broadening and deepening inclusion

- FSP investment in tailored savings and credit products
- P2G, G2P (Public sector), and digital payments ecosystems
- Financial and digital literacy

*…these themes are the bedrock of the **NFIS 2.0** Strategy Refresh Exercise for 2018 – 2020.*

Source: Mid-Term Review Report of the National Financial Inclusion Strategy, Dalberg (2017)

National Financial Inclusion Strategy 2.0

NFIS Review & Refresh focused on evaluating progress, identifying gaps and developing a refreshed strategy document which serves as a roadmap for implementation till 2020

Refreshed Strategy

- Non-Prescriptive
- Recommendations are prioritized
- "Design" Principle Based
- Decomposable to allow sectorial focus
- Improved M&E mechanism

Create Conducive environment for the expansion of DFS

Enable rapid growth of agent networks nationwide

Reduce KYC hurdles

Create an environment conducive to serving the most excluded

Digital payment, particularly G2P and P2G

NFIS and the Sustainable Development Goals

Queen Máxima of The Netherlands - United Nations Secretary General's Special Advocate for Inclusive Finance for Development (UNSGSA) and His Excellency - Vice President, Prof. Yemi Osinbajo

"Achieving financial inclusion is not an end in itself. It is the means to an end."
Queen Maxima

"There is academic evidence that financial inclusion models, can support overall economic growth and the achievement of broader development goals."
UNCDF

In spite of implementation progress made, challenges remain

- Large population and the need to drill down implementation to States.
- Low adoption of the agent banking model by banks and uneven distribution of access points across the country.
- Low literacy among clients on financial services particularly in rural areas
- Slow pace of implementation of the National Identification Scheme.
- Religious and cultural factors in the Northern parts of Nigeria hamper reach to women.
- Inappropriate financial services and continuous "sticking" to traditional and conventional models.
- Concentration of mobile money agents in the urban areas and slow penetration in the rural areas where they are most needed.
- Slow understanding on the opportunities in serving excluded groups by various financial service providers.
- **Paucity of Funds:** Stakeholders constrained by limited funding, "patient capital" to support initiatives and reach.
- **Conflicting priorities:** need for continuous engagement to retain share of mind and management focus on financial inclusion initiatives.

Sustained country and executive leadership engagements offers great opportunities

I. Davos meeting between Bill Gates and Nigerian Vice President.

II. Elevation of financial inclusion as a key public policy: sustained pronouncements and policy reviews by Government.

III. Sustained Governance oversight: 6th National Financial Inclusion Steering and 15th Technical Committee/Working Groups meetings held.

IV. State-level implementation structure established.

V. The launch of regulatory sandbox for FinTech start-ups by Nigeria Inter-Bank Settlement System (NIBSS) and CBN.

VI. Review of existing framework for regulation of payment system in Nigeria by Committee comprising CBN, Nigerian Communications Commission (NCC) and industry stakeholders.

VII. Signing of MOU between CBN and NCC on payment systems in Nigeria, noting areas for collaboration between the regulators.

VIII. Launch of 500,000 shared agent network by the Bankers Committee.

IX. NFIS 2.0 and the Public Exposure Draft of the Payment Service Banks.

Conclusion

- Financial Inclusion Strategy development and implementation is a multi-stakeholder initiative.

- Success depends on proper Stakeholder mapping, coordination of their activities in support of sustained interest and involvement in the implementation process.

- Effective coordination depends on:
  - **Clear communication of roles and responsibilities.**
  - **A governance arrangement that promotes and sustain concerted/strategic engagement.**
  - **Provision of regular feed back on the outcome of stakeholder activities**
  - **Incentives for continuous support from the stakeholder such as capacity building.**
  - **Focus on impact: Social, economic and financial – long-term.**

80% *by* 2020

Thank you.

…working together, we can achieve our goals and give Nigerians the chance to live longer, better and more fulfilled lives.

Godwin Emefiele

Governor, Central Bank of Nigeria

Further enquiries? FIS@cbn.gov.ng

Web Portal: https://www.cbn.gov.ng/FinInc/FinIncNewsletter.asp