2015 Annual Report

National Financial Inclusion Strategy

Financial Inclusion Secretariat
Central Bank of Nigeria

Stakeholder Institutions

PROVIDERS:

THE NIGERIAN BANKERS' COMMITTEE

NATIONAL ASSOCIATION OF MICROFINANCE BANKS (NAMB)

NIA Nigerian Insurers Association

ASSOCIATION OF NON-BANK MICROFINANCE INSTITUTION OF NIGERIA ...promoting microfinance for sustainable development

PenOp Pension Fund Operators Association of Nigeria

BANK OF INDUSTRY ...transforming Nigeria's industrial sector

FUND MANAGERS ASSOCIATION OF NIGERIA

ENABLERS:

NDIC Nigeria Deposit Insurance Corporation

NCC NIGERIAN COMMUNICATIONS COMMISSION

FEDERAL MINISTRY OF WOMEN AFFAIRS AND SOCIAL DEVELOPMENT

NATIONAL INSURANCE COMMISSION NAICOM

PENCOM

NIPOST

FEDERAL MINISTRY OF INFORMATION

National Identity Management Commission Nimc

FEDERAL MINISTRY OF EDUCATION

FEDERAL MINISTRY OF FINANCE

FEDERAL MINISTRY OF YOUTH DEVELOPMENT

NATIONAL BUREAU OF STATISTICS

THE Nigerian STOCK EXCHANGE

FEDERAL MINISTRY OF COMMUNICATION TECHNOLOGY

SUPPORTING INSTITUTIONS:

EFInA Enhancing Financial Innovation & Access

MercyCorps

BILL & MELINDA GATES foundation

giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

afi Alliance for Financial Inclusion

ACKNOWLEDGEMENTS

The Annual Report on the National Financial Inclusion Strategy is an outcome of statistical analysis, reviews of periodic returns from stakeholders, desk research on local and international developments, discussions, review meetings and exposure for comments.

The Financial Inclusion Secretariat acknowledges the contributions of all stakeholders whose input, involvement, and participation have helped in the publication of this Report.

It is our earnest expectation that the report would stimulate greater commitment by stakeholders to achieve a 20 per cent adult financial exclusion rate in Nigeria by the year 2020.

LIST OF ACRONYMS

ABP	Anchor Borrowers' Programme
AFI	Alliance for Financial Inclusion
ALMPO	Association of Licensed Mobile Payments Operators
ANMFIN	Association of Non-Bank Microfinance Institutions of Nigeria
ATM	Automated Teller Machine
BOI	Bank of Industry
BVN	Bank Verification Number
CB	Commercial Bank
CBN	Central Bank of Nigeria
CPS	Contributory Pension Scheme
DMB	Deposit Money Bank (Commercial Bank)
EDC	Entrepreneurship Development Centre
EFInA	Enhancing Financial Innovation &Access
FIS	Financial Inclusion Secretariat
FMAN	Fund Managers' Association of Nigeria
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft fuer Internationale Zusammenarbeit
KPI	Key Performance Indicator
KYC	Know Your Customer
MFB	Microfinance Bank
MFI	Microfinance Institution
MM	Mobile Money
MMO	Mobile Money Operator
MNO	Mobile Network Operator
MSMEs	Micro, Small, and Medium Enterprises
MSMEDF	Micro, Small, and Medium Enterprises Development Fund
NAICOM	National Insurance Commission
NAMB	National Association of Microfinance Banks
NBS	National Bureau of Statistics
NCC	Nigerian Communications Commission
NDIC	Nigeria Deposit Insurance Corporation
NFIS	National Financial Inclusion Strategy
NHIS	National Health Insurance Scheme
NSITF	Nigeria Social Insurance Trust Fund
NIA	Nigerian Insurers Association
NIBSS	Nigeria Inter-Bank Settlement Scheme
NIMC	National Identity Management Commission
NIN	National Identification Number
NIPOST	Nigerian Postal Service
NSE	Nigerian Stock Exchange
PenCom	National Pension Commission
PenOp	Pension Fund Operators Association of Nigeria
PoS	Point-of-Sale
PWD	People with Disabilities
RSA	Retirement Savings Account
SEC	Securities and Exchange Commission

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Financial inclusion has remained a crucial topic on the global development agenda over the recent years. For instance, the International Monetary Fund has sustained its supply-side financial inclusion database and the World Bank conducted the demand-side Findex survey to inform global policies on financial inclusion. The G20 Global Partnership for Financial Inclusion anchors a financial inclusion action plan, while the Bill & Melinda Gates Foundation funds projects on financial inclusion in many countries, including Nigeria. The Alliance for Financial Inclusion (AFI), an independent international member-owned network of financial inclusion policymakers and regulators, has continued to support financial inclusion efforts of member countries through technical assistance, knowledge exchange and experience sharing.

Nigeria made a commitment to financial inclusion in the Maya Declaration, which was adopted in Riviera Maya, Mexico, in 2011. The commitment was to develop and pursue a financial inclusion strategy that would reduce the adult financial exclusion rate from 46.3 per cent in 2010 to 20 per cent by 2020. The National Financial Inclusion Strategy was launched on 23rd October, 2012. The Strategy has specific targets for products, including payments, savings, credit, insurance, and pensions, as well as channels, including commercial bank branches, microfinance bank branches, ATMs, POS devices, and agents. Additional targets were defined for key enablers of financial inclusion, including Know Your Customer identification, financial literacy, consumer protection, women initiatives and children & youth initiatives.

In 2015, the Nigerian economy grew by 2.8 per cent, which was a lower growth rate than in previous years. One key factor for the growth moderation was the persistent decline in the global oil price which resulted in a substantial reduction of fiscal revenues. Other factors included insurgency in the North Eastern region and increased transportation costs due to recurring fuel scarcity. The macroeconomy, therefore, provided a less favourable environment to financial inclusion developments than in previous years.

In spite of lower economic growth, many financial inclusion initiatives progressed in 2015 (see Table 1). The two Governing Committees, the National Financial Inclusion Steering and Technical Committees, were inaugurated in January 2015 in order to oversee the implementation progress of the Strategy. Additionally, four National Financial Inclusion Working Groups were established to address specific implementation issues related to products, channels, financial literacy and vulnerable segments. The National Insurance Commission granted window microinsurance operation licenses to 17 insurance companies to drive insurance penetration among the low-income segment of the population, while the National Pension Commission established a department dedicated to micropensions. The Central Bank of

Nigeria, in collaboration with the Bill & Melinda Gates Foundation, completed the second round of the Geospatial Mapping Survey of financial access points across the country. The Bank also approved the Regulatory Framework for Licensing Super-Agents in Nigeria as well as the National Financial Literacy Framework, while the Nigeria Deposit Insurance Corporation extended deposit insurance to subscribers of mobile money products in order to enhance consumer protection in Nigeria and support uptake of mobile money.

Table 1: Implementation Status of Key Initiatives as at December 2015

Status	**Implementation Area**	**Initiative**
Completed	Governance Arrangement	The Governing Committees, the National Financial Inclusion Steering Committee and the Financial Inclusion Technical Committee, were inaugurated. Four Working Groups were established to assist the Technical Committee. Statutory meetings were held in 2015.
	Insurance	The National Insurance Commission granted window microinsurance operation licenses to 17 insurance companies.
	Pensions	The National Pension Commission established a department dedicated to micropensions.
	Financial Access Points	The Central Bank of Nigeria in collaboration with the Bill & Melinda Gates Foundation completed the second round of the Geospatial Mapping Survey of financial access points in Nigeria.
	Agent Banking	The Central Bank of Nigeria approved and released the Regulatory Framework for Licensing Super-Agents in Nigeria.
	Consumer Protection	The Nigeria Deposit Insurance Corporation extended deposit insurance to subscribers of mobile money products.
	Financial Literacy	The Central Bank of Nigeria approved the National Financial Literacy Framework as well as the results of the National Financial Literacy Baseline Survey.
On Track	Payments	The Central Bank of Nigeria rolled out the Cashless Nigeria Project in six States and the Federal Capital Territory.
	Credit	The web-based National Collateral Registry was developed in 2015 and the first User Acceptance Test conducted.
	Pensions	The National Pension Commission drafted guidelines on micropensions.

Status	Implementation Area	Initiative
At Risk	Consumer Protection	The Central Bank of Nigeria developed the Consumer Protection Framework, but approval is still outstanding.
	Insurance	The Bancassurance Guidelines have not been finalized.
	Unique National Identification Number	The harmonization exercise of different identifications by the National Identity Management Commission progressed slowly.

While these initiatives are positive and surely will promote financial inclusion further in the coming years, in terms of progress made on the defined targets for 2015, the status is presented as follows (see Table 2):

Products:

- **Electronic payments:** While the number of transaction accounts increased by 5.3 million or 7.8 per cent from 2014 to 2015, it is not clear whether the target of 53 per cent of the Nigerian adult population having and using an electronic payment product was reached. This is mainly because of a lack of unique identification of customers across financial institutions and data constraints as at December 2015.
- **Savings:** Similar to electronic payments, the number of savings-related accounts increased by 5.6 million or 7.8 per cent from 2014 to 2015. It is not clear whether the 2015 target was achieved because of the issue of a lack of unique identification of customers and data constraints at the time of writing.
- **Credit:** The number of credit accounts increased by approximately 380,000 from 6.9 to 7.2 million from 2014 to 2015, representing a growth of 5.6 per cent. While this increase is positive, the target of 26 per cent of the adult population using a credit product at a formal financial institution was not achieved.
- **Insurance:** An assessment on the achievement of the insurance target cannot be made because data provided by insurance companies was incomplete at the time of preparing the report.
- **Pensions:** The number of adult Nigerians registered with a regulated pension scheme increased by approximately 770,000 from 6.6 in 2014 to 7.3 million in 2015. The percentage of adult Nigerians registered in a regulated pension scheme went up from 7.0 to 7.6 per cent over the period under review. While the trend is positive, the 2015 target of 22 per cent enrolment of adult Nigerians was not achieved.

Channels:

- **Commercial Bank Branches:** The number of commercial bank branches decreased marginally from 5,508 to 5,462 branches between 2014 and 2015. Relative to the adult population, there were 5.7 branches per 100,000 adults in Nigeria as at December 2015, compared with 5.9 branches per 100,000 adults as at December 2014. Comparing the achieved value with the defined target of 7.5 branches per 100,000 adults by 2015, the actual status is not on track.

- **Microfinance Bank Branches:** Although the number of microfinance bank branches increased by 120 or 5.7 per cent between 2014 and 2015, the number of microfinance bank branches per 100,000 adults remained at 2.3 during the review period. Compared to the 2015 target of 4.5 microfinance bank branches per 100,000 adults, the achieved value was only slightly more than half of the target.

- **Automated Teller Machines (ATMs):** The number of ATMs in Nigeria increased by 517 or 3.2 per cent from 2014 to 2015, while the number of ATMs per 100,000 adults grew marginally from 17.0 to 17.1. As the actually achieved value was only about 40 per cent of the target, the 2015 target of the ATM key performance indicator (KPI) was not met.

- **Point-of-Sale (PoS) Devices:** For the computation of the PoS devices KPI, only deployed PoS terminals were considered. Based on this narrower definition, there were 116,868 POS devices as at December 2015, compared to 82,549 deployed devices as at December 2014. In terms of PoS devices per 100,000 adults, the value increased by 37.6 per cent from 88.3 to 121.5. While this was only 27.5 per cent of the 2015 target of 442.6 PoS devices per 100,000 adults, the status is not fully clear as other PoS devices, such as mobile phones, were not captured.

- **Agents:** As at December 2015, there were 688 bank agents at three financial institutions. Additionally, the Geospatial Mapping Survey of financial access points captured 3,567 agent locations which were engaging in mobile money activities as at April 2015. While based on these numbers, the 2015 target of 31.0 agents per 100,000 adults would not have been met, a complete assessment cannot be made. This is because data on the number of mobile money agents as at December 2015 was not fully available from mobile money operators. Also, agents were not uniquely identifiable across financial institutions and mobile money operators.

Enablers:

- **KYC Tier 1 ID:** 62.8 per cent of the adult population were found to have a mobile phone in 2014, and therefore would be able to open a KYC Tier 1 bank account. The 59 per cent target, therefore, was reached.

- **National Identification Number (NIN):** The number of adults with a National Identification Number advanced from 5.0 to 7.2 million during the year, while the percentage of adult Nigerians having a NIN increased from 5.3 to 7.5 per cent. The increase, however, feel short of the target of 59 per cent.

The following measures are recommended to the three key stakeholder groups:

Providers:

- Further commit to financial inclusion targets: Financial services providers are strongly encouraged to analyse the potential of the financially excluded segment of the population and develop specific financial inclusion targets, strategies, and implementation plans.
- Enhance financial inclusion database: Providers need to collect financial inclusion-related data and provide it to the respective regulators. This will make it easier to track financial inclusion achievements quantitatively from the supply-side in future.
- Improve the dispersion of financial access points: Financial access points need to be expanded substantially. However, in particular, new access points should be deployed in areas with a large financially excluded population and no or only few currently existing access points.
- Take advantage of new technologies: Mobile channels should be used to reach the financially excluded given its lower cost compared to traditional channels and the potential to reach Nigerians even in remote areas.
- Form targeted partnerships: Partnerships should be intensified in order to reach the excluded population more efficiently.

Enablers:

- Deliver on financial inclusion commitments: Regulators and government ministries, departments and agencies need to strictly pursue defined implementation plans in support of their roles and responsibilities. Also five-year targets should be broken down into yearly and quarterly targets in order to better measure progress made on a regular basis.

- Collate and publish financial inclusion data: Regulators shall ensure that financial inclusion-relevant data is collected from services providers in a timely manner and aggregate data are made available to the public to support decision-making.

- Leverage on new technologies: Regulators and public institutions need to provide an enabling environment for providers to use new technologies in delivering financial services to the financially excluded population. Also, regulators and public institutions should ensure that all their payments are digitized in order to promote financial inclusion directly.

Supporting Institutions:

- Coordinate with various stakeholders to maximize impact: Supporting institutions need to perform high level analysis when providing assistance in order to allow for synergies between different existing projects and to maximize the impact on financial inclusion.

2015 has been a year with many positive financial inclusion developments. However, concerted efforts of all stakeholders are needed over the next five years to achieve the defined 2020 financial inclusion targets. In the current times of a low oil price and fiscal constraint, it is even more important that financial inclusion initiatives are reinforced to contribute to job creation, poverty reduction and economic growth.

The 2015 Annual Report on the National Financial Inclusion Strategy provides an update on the progress made towards achieving the targets set in the Strategy. Chapter 1 briefly describes global financial inclusion developments and reviews key components of the National Financial Inclusion Strategy. Chapter 2 summarizes the implementation environment, while Chapter 3 provides an update on the implementation progress. Chapter 4 describes the financial inclusion activities of key stakeholders up to 2015 followed by recommendations to three different stakeholder groups in Chapter 5. Chapter 6 concludes the report.

Table 2: Dashboard on Implementation Progress towards Targets

Definition of Desired Indicator	Definition of Proxy Indicator[a]	Baseline 2010[b]	Actual 2014[c]	Actual 2015[c]	Target 2015	Status	Target 2020	Comment
Payments: % of adult population having a payment product with a formal financial institution[d]	# of transaction accounts with a Deposit Money Bank or Microfinance Bank[e]	22%	67.87m trans-action accounts	73.17m trans-action accounts	53% (51.0m adults)		70% (77.4m adults)	Lack of unique identification of customers across financial institutions was challenge to measurement. However, # of transaction accounts increased by about 5.3m from 2014 to 2015.
Savings: % of adult population having a savings product with a formal financial institution[d]	# of savings-related accounts with a Deposit Money Bank or Microfinance Bank[f]	24%	71.31m savings-related accounts	76.89m savings-related accounts	42% (40.4m adults)		60% (66.3m adults)	Lack of unique identification of customers across financial institutions was challenge to measurement, but # of savings-related accounts only increased by 5.6m from 2014 to 2015.
Credit: % of adult population using a credit product with a formal financial institution	# of credit accounts with a Deposit Money Bank or Microfinance Bank[g]	2%	6.86m credit accounts	7.25m credit accounts	26% (25.0m adults)	[h]	40% (44.2m adults)	# of credit accounts as at 2015 was far below the # of adults required to meet the 2015 credit target.
Insurance: % of adult population being covered by an insurance policy with a formal institution	# of insurance policies registered by the National Insurance Commission[i]	1%	1% (Data in-complete)	- (Data in-complete)	21% (20.2m adults)		40% (44.2m adults)	Lack of unique identification of customers across financial institutions and lack of data as at 2015 was challenge to measurement.
Pensions: % of adult population that is registered with a regulated pension scheme[j]		5%	7.0% (6.6m adults)	7.6% (7.3m adults)	22% (21.2m adults)		40% (44.2m adults)	Progress made, but only 35% of the target was achieved.
# of Commercial Bank Branches per 100,000 adults[k]		6.8	5.9 (5,508 branches)	5.7 (5,462 branches)	7.5 (7,213 branches)		7.6 (8,398 branch-es)	# of commercial bank branches actually decreased from 2014 to 2015 and also had decreased since 2010 as banks are focusing on branchless models.
# of Microfinance Bank Branches per 100,000 adults		2.9	2.3 (2,107 branches)	2.3 (2,227 branches)	4.5 (4,328 branches)		5.0 (5,525 branch-es)	# of microfinance bank branches only increased slightly from 2014.
# of ATMs per 100,000 adults		11.8	17.0 (15,935 ATMs)	17.1 (16,452 ATMs)	42.8 (41,160 ATMs)		59.6 (65,859 ATMs)	Actual was only 40% of the target.
# of PoS Devices per 100,000 adults	PoS Terminals per 100,000 adults[l]	13.3	88.3 (82,549 PoS)	121.5 (116,868 PoS)	442.6 (425,638 PoS)	[l]	850.0 (939,267 PoS)	Not all PoS devices were measured as at 12/ 2015.
# of Agents per 100,00 adults[m]		0.0	- (Data in-complete)	- (Data in-complete)	31.0 (29,812 agents)		62.0 (68,511 agents)	Lack of unique identification of agents across financial institutions and lack of data as at 12/2015 posed challenge to measurement.
Know Your Customer (KYC) Tier 1 ID: % of adult population having a KYC Tier 1 ID[n]	% of adult population having a mobile phone[o]	18%	62.8% (58.7m adults)	- (Data in-complete)	59% (56.7m adults)[p]		100% (110.5m adults)	Likely to be on track based on 2014 demand-side survey data (EFInA, 2014).[q]
National Identification Number (NIN): % of adult population having a National Identification Number (NIN)[n]		0%	5.3% (5.0m adults)	7.5% (7.2m adults)	59% (56.7m adults)[p]		100% (110.5m adults)	Increase made over 2014, however, progress was slow.

Target achieved or exceeded (Actual > 100%)

Target not achieved, but could be achieved within next period (85% < Actual < 100%)

Target not achieved and unlikely to be achieved within next period (Actual < 85%)

Achievement unclear as indicator measured is different from desired indicator or data is incomplete

Notes on Table 2:

[a] Not all indicators were measured based on the desired definition due to data constraints from the supply side and because EFInA's biennial demand-side survey, which is used as the benchmark survey, was not conducted in 2015. This is why a definition of the proxy indicator was included. This is the definition describing how the indicator is being measured until existing data constraints have been removed.

[b] Central Bank of Nigeria (2012a).

[c] The data sources used are the following: Banking Supervision Department, Central Bank of Nigeria for Payments, Savings, Credit and Commercial Bank Branches indicators; Other Financial Institutions Supervision Department, Central Bank of Nigeria for Payments, Savings, Credit and Microfinance Bank Branches indicators; Banking and Payments System Department, Central Bank of Nigeria for ATMs and PoS Devices indicators; National Pension Commission for the Pensions indicator; EFInA (2014) for KYC Tier 1 ID indicator; National Identity Management Commission for NIN indicator. The number of adults is estimated based on data from EFInA's Access to Financial Services in Nigeria 2014 survey and projections made by the National Population Commission based on the 2006 Population Census. Data on microfinance banks is based on the returns of 81% and 67% of all registered microfinance banks for the data as at 12/2014, and 12/2015, respectively.

[d] The National Financial Inclusion Strategy defined indicators based on the *usage* of financial services, including payment and savings products. However, because it is easier to track *ownership* of payment and savings products from the supply side and the proxy indicators are closer to the definitions based on ownership, the stated indicators were defined based on *ownership* of payment and savings products.

[e] Transaction accounts include current and savings deposit accounts at commercial banks and current and voluntary savings accounts at microfinance banks; Please note that merchant banks are not considered; Mobile money accounts are not considered in this report because of data issues; Individual as well as corporate accounts are considered in this report because of a lack of differentiation in the data.

[f] Savings-related accounts include current, savings deposit and fixed/term deposit accounts at commercial banks and current, voluntary savings, mandatory deposit, fixed/term deposit and other deposit accounts at microfinance banks; Please note that merchant banks are not considered; Mobile money accounts are not considered because of data issues; Individual and corporate accounts are considered because of lack of distinction in the data.

[g] Credit accounts include both individual and corporate accounts because of lack of distinction in the data.

[h] Status is red as the actual based on the proxy indicator would only be about 7.5% if each of the 7.2 million accounts was linked to one adult only and it is very unlikely that including additional accounts held with Primary Mortgage Banks would close the existing gap.

[i] No data is provided for 2015 as only less than half of the registered insurance companies rendered returns. Also, no data from the National Health Insurance Scheme and the Nigeria Social Insurance Trust Fund were collected at the time of preparing the report. 2014 data is based on EFInA, 2014.

[j] Data as at December 2014 does not include adults enrolled in the old defined benefit scheme, Pension Transitional Arrangement Directorate (PTAD), as the data was not available at the time of writing. Therefore, the value of the indicator as at 12/2014 may have been higher by up to approximately 0.2%-points.

[k] Note that both approved and deployed branches and cash centres are included. However, approved but unutilized branches and cash centres are not included.

[l] Only deployed PoS terminals were considered. PoS terminals refer to devices used for electronic payments by inserting or swiping a debit or credit card. Additional PoS devices, which the data as at December 2015 does not capture, include mobile phones or tablets. Therefore, the status as at December 2015 is unclear.

[m] No data was provided on the number of agents as not all mobile money operators had replied at the time of writing and because of lack of unique ID of agents which bears the risk of multiple counting of agents.

[n] The National Financial Inclusion Strategy document defined a unique National Identity, issued by the National Identity Management Commission (NIMC), as the actual KYD ID. However, given that the harmonization exercise of several IDs, such as the BVN or the voter's card, with the National Identification Number (NIN) is still ongoing at the time of writing, another KYC ID indicator in addition to the National Identification Number has been defined. This indicator is based on the KYC Tier 1 requirements, which state that to open a KYC Tier 1 bank account, it is necessary to have a passport photograph as well as a telephone number in addition to personal details such as, name, address, and gender. Therefore, provided that an individual has an address and can obtain a passport photograph, the only identification he or she needs, is a telephone number. This is why the percentage of the adult population which has a mobile phone number can be used as a proxy to measure the percentage of the adult population that has sufficient identification materials to open a KYC Tier 1 bank account.

[o] The value refers to the percentage of adults owning a mobile phone (62.8%). Owning a mobile phone is used here as a proxy for having a mobile phone number.

[p] The target on KYC ID defined in the National Financial Inclusion Strategy is based on total population. As all other indicators focus on the adult population only, the target for KYC ID has been modified according to the adult population. This means that the same target of 59 per cent of the total population 2015 and 100 per cent of the total population by 2020 was used analogously for the adult population only.

[q] Status is green based on the assumption that the percentage of adults owning a mobile phone did not decrease from 2014 to 2015.

CHAPTER ONE

1. INTRODUCTION

This chapter provides a brief overview of global financial inclusion developments, the National Financial Inclusion Strategy and summaries of key financial inclusion developments in Nigeria since the launch of the Strategy in 2012.

1.1. Overview of Global Developments in Financial Inclusion

Financial Inclusion has been increasingly accepted globally as an effective tool to support economic development (e.g. Sahay et al., 2015; Andrianaivo and Kpodar, 2011). There has thus been increasing commitment of various global institutions to financial inclusion pursuits:

- The World Bank conducts the demand-side Findex survey every three years[1].
- The International Monetary Fund (IMF) has sustained its global supply-side financial inclusion database[2], and has recently published a paper showing a positive effect of financial inclusion on economic growth (Sahay et al., 2015).
- The African Development Bank considers financial inclusion as a key factor to sustainable growth for all Africans and argues that it is imperative for fragile African countries to include financial inclusion within national recovery strategies. It published a report on financial inclusion in Africa in 2013.[3]
- The G20 Global Partnership for Financial Inclusion has developed a financial inclusion action plan.[4]
- The Bill & Melinda Gates Foundation's Financial Services for the Poor team continues to fund projects across the world to improve access to financial services for poor households.[5]

The Alliance for Financial Inclusion (AFI), a global network of financial policymakers with members from over 90 countries, has been consistently galvanizing global efforts towards the adoption of proven and innovative

---

[1] See www.worldbank.org/en/programs/globalfindex for more information. Accessed in June 2016.

[2] Available here: http://data.imf.org/?sk=E5DCAB7E-A5CA-4892-A6EA-598B5463A34C. Accessed in June 2016.

[3] Available here: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Financial_Inclusion_in_Africa.pdf. Accessed in June 2016.

[4] The latest version is available here: www.gpfi.org/sites/default/files/documents/2014_g20_financial_inclusion_action_plan.pdf. Accessed in June 2016.

[5] See www.gatesfoundation.org/What-We-Do/Global-Development/Financial-Services-for-the-Poor for more information. Accessed in June 2016.

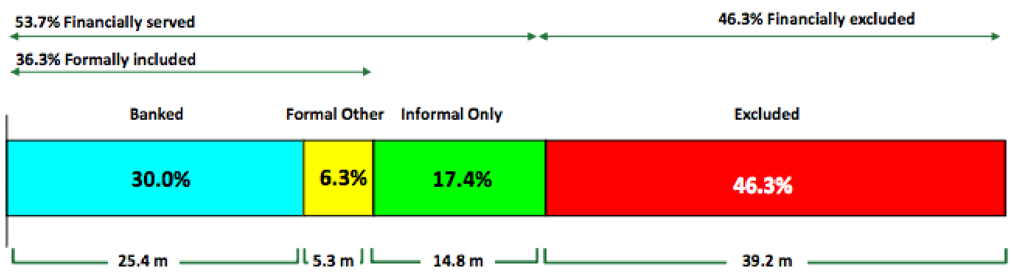
financial inclusion policy solutions that improve access of the world's two billion unbanked people to financial services. At AFI's Annual Global Policy Forum in Riviera Maya, Mexico in 2011, some member countries specifically made measurable commitments on financial inclusion in what is now called the "Maya Declaration".

At AFI's Global Policy Forum in Maputo, Mozambique in September 2015, member countries adopted the "Maputo Accord" as an addition to the "Maya Declaration". The Accord formalizes the AFI Network's commitment to financing small and medium enterprises (SMEs) in recognition of the impact of the subsector to the global economy and encourages member countries to specifically define targets for SME finance in their respective country strategies.[6]

1.2. Overview of the National Financial Inclusion Strategy

In 2010, Enhancing Financial Innovation & Access (EFInA) conducted the Access to Financial Services Survey, which revealed that roughly 31 million (36.3 per cent) out of an adult population of 85 million Nigerians were served by formal financial services (see Figure 1) compared with 68 per cent in South Africa and 41 per cent in Kenya (Central Bank of Nigeria, 2012a).

Figure 1: Financial Inclusion Status in Nigeria, 2010



Source: EFInA (2010)

The major barriers to financial services as listed in the study included irregular income or unemployment, long distance to access points and high transportation costs, low financial literacy and trust in the financial sector, high cost of financial services and cumbersome documentation requirements. On 23rd October 2012, the Nigerian financial sector launched the National Financial Inclusion Strategy. The Strategy provides initiatives to address the barriers and set a clear agenda for increasing both access to and usage of financial services in Nigeria. It ***targets to reduce adult financial exclusion from 46.3% in 2010 to 20% by 2020***.

[6] The report of AFI's 2015 Global Policy Forum is available here: http://www.afi-global.org/publications/1959/2015-Global-Policy-Forum-GPF-Report-Inspiring-Innovation-to-Advance-Inclusion. Accessed in June 2016.

The Strategy stated that the proportion of adult Nigerians with access to formal payments, savings, credit, insurance, and pensions services should increase to 70, 60, 40, 40, and 40 per cent, respectively, by 2020. Pursuant to this, the number of bank branches, microfinance bank branches, ATMs, POS devices and agents per 100,000 adults was targeted to increase from 6.8 to 7.6, 2.9 to 5.0, 11.8 to 59.6, 13.3 to 850.0, and from 0 to 62.0, respectively, between 2010 and 2020 (see Table 3).

Table 3: Nigeria's National Financial Inclusion Targets

		2010 Baseline	2015	2020
% of total adult population	Payments	22%	53%	70%
	Savings	24%	42%	60%
	Credit	2%	26%	40%
	Insurance	1%	21%	40%
	Pensions	5%	22%	40%
Units per 100,000 adults	Bank Branches	6.8	7.5	7.6
	MFB Branches	2.9	4.5	5.0
	ATMs	11.8	42.8	59.6
	POS	13.3	442.6	850.0
	Mobile Agents	0.0	31.0	62.0
% of Population	KYC ID	18%	59%	100%

Source: Central Bank of Nigeria (2012a)

The key stakeholders that would shoulder the responsibility for implementation of the Strategy were identified and categorized as follows:

1. **Providers:** These are institutions that provide financial products and services, their partner infrastructure and technology. They include banks, other financial intuitions, mobile money operators, insurance firms and technology/telecommunications firms.

2. **Enablers:** These are institutions responsible for setting regulations and policies with regard to financial inclusion, such as regulators and public institutions.

3. **Supporting Institutions:** These are institutions that can provide technical services, funding, and other assistance for driving financial inclusion activities, such as development partners and experts.

4. **Clients:** These include individuals, micro, small and medium enterprises who use financial services.

1.3. Overview of Financial Inclusion Developments in Nigeria since 2012

Since the launch of the National Financial Inclusion Strategy, high level commitment to implementation has been demonstrated by financial services providers/regulators, government agencies, industry apex associations, and development partners.

Specialized units/divisions/offices have been set up by some stakeholders to drive financial inclusion programmes, while necessary regulations/guidelines for services providers have been rolled out.

The Central Bank of Nigeria has:

1. Transformed existing **Know Your Customer (KYC)** regulations into a simplified risk-based three-tiered framework that allows individuals who do not currently meet formal identification requirements to enter the banking system.

2. Developed and commenced the implementation of a **Regulatory Framework for Agent Banking** to enable financial institutions bring banking services to the unbanked in all parts of the country.

3. Developed and is implementing a **National Financial Literacy Framework** to increase awareness and understanding of financial products and services, with the ultimate goal of increasing sustainable usage.

4. Commenced the process of developing a comprehensive **Consumer Protection Framework** to safeguard the interest of clients and sustain confidence in the financial sector.

5. Continued the pursuance of **Mobile Payment Systems and other Cash-less Policies** to reduce the cost and increase the ease of financial services and transactions.

6. Sustained the implementation of various **Credit Enhancement Schemes/Programmes** to empower micro, small, and medium enterprises.

In addition, specific financial inclusion activities have been undertaken by agencies as follows:

1. Development of a draft guideline on **micro pensions** to include the informal sector in the pension scheme and establishment of a department to pursue micro pension programmes by the **National Pension Commission (PenCom)**.
2. Review of Microinsurance Guidelines to allow the licensing of standalone microinsurance operators and implementation of **Takaful and Microinsurance Guidelines** by the **National Insurance Commission (NAICOM)**.
3. Extension of **deposit insurance coverage to subscribers of mobile money operators** to engender confidence in the mobile payment services by the **Nigeria Deposit Insurance Corporation (NDIC)**.
4. Development and implementation of a **10-year Capital Market Master Plan** to promote awareness on opportunities in the capital market and on how to take advantage of them by the **Securities and Exchange Commission (SEC)**.
5. Intensification of efforts to **harmonize the Nigerian Identity Management Framework** to provide unique identification for Nigerians by the **National Identity Management Commission (NIMC)**.

In addition to the above, government ministries such as the Federal Ministries of Finance, Information, Education, Women Affairs and Youth have shown strong will to partner with stakeholders to support financial inclusion drives.

Implementation efforts by stakeholders have contributed in no small measure to financial inclusion in Nigeria, with the financial exclusion rate declining from 46.3 to 39.5 per cent between 2010 and 2014 (EFInA, 2014).

CHAPTER TWO

2. IMPLEMENTATION ENVIRONMENT

This chapter describes the implementation environment of the National Financial Inclusion Strategy in 2015. It focuses on the macroeconomic environment as well as several sectors of the Nigerian economy which are relevant to financial inclusion. It concludes with a description of the governing structure for the implementation of the National Financial Inclusion Strategy.

2.1. Macroeconomic Environment

The Nigerian economy witnessed modest economic growth in 2015. Data from the National Bureau of Statistics (NBS) showed that Gross Domestic Product (GDP), measured at 2010 constant basic prices, stood at ₦69.0 trillion in 2015. This indicated a growth rate of 2.8 per cent, compared with 6.2 per cent recorded in 2014. The trade sector grew by 5.1 per cent followed by services, construction and the agricultural sector at 4.5, 4.4 and 3.7 per cent, respectively. However, the industry sector declined by 3.4 per cent, compared to the level in 2014. Non-oil GDP grew at 3.8 per cent which was higher than the overall GDP growth rate for 2015 but lower than the 7.2 per cent growth rate recorded by the non-oil sector in 2014 (see Table 4).

Table 4: Sectoral Growth Rates of GDP at 2010 Constant Basic Prices

Sectoral Growth Rates of GDP at 2010 Constant Basic Prices (Per cent)					
Activity Sector	**2011**	**2012**	**2013**	**2014**	**2015**
1. Agriculture	**2.9**	**6.7**	**2.9**	**4.3**	**3.7**
2. Industry	**7.0**	**1.2**	**-0.1**	**6.0**	**-3.4**
3. Construction	**15.7**	**9.4**	**14.2**	**13.0**	**4.4**
4. Trade	**7.2**	**2.2**	**6.6**	**5.9**	**5.1**
5. Services	**4.1**	**5.0**	**9.4**	**7.1**	**4.5**
TOTAL (GDP)	**5.3**	**4.2**	**5.5**	**6.2**	**2.8**
NON-OIL (GDP)	**5.9**	**5.8**	**8.4**	**7.2**	**3.8**

Source: Reports of the National Bureau of Statistics (NBS)

The overall increase in domestic output in 2015 was attributed to the economic reform programmes of the Federal Government in some sectors, particularly growth in the telecommunications sub-sector as well as an increase in agricultural output. However, GDP growth was moderated by the continued volatility of the global oil price which resulted in a sharp decline in fiscal revenues. Other factors that moderated GDP growth in the period under review included increased cost of transportation due to recurring fuel scarcity, insurgency and exchange rate challenges.

In 2015, the average inflation rate, at 9.0 per cent, was contained within the single digit target. This development was attributed largely to induced fiscal constraint and tight monetary stance adopted by the Central Bank of Nigeria. A trend analysis of the movement in headline inflation during the year indicated a steady rise from 8.2 per cent in January to 8.5 per cent in March and further rose to 9.2, 9.4 and 9.6 per cent in June, September and December, 2015, respectively. This development was attributed to the rise in prices of various food and non-food items arising from increases in the cost of transportation, shortages in the supply of goods as a result of persistent fuel scarcity, increased cost of consumables arising from foreign exchange pass through and insurgency in the north-eastern part of the country.

In the foreign exchange market, the annualized average exchange rate of the naira to the US dollar at the interbank and bureau de change (BDC) segments in 2015 were ₦195.52/US$ and ₦222.75/US$, representing a depreciation of 15.6 and 22.8 per cent, respectively, compared to the levels attained in 2014. Thus, the premium between the annual average interbank/BDC rates in 2015 was 13.9 per cent, exceeding the internationally accepted benchmark of 5.0 per cent.

Overall, as a result of lower economic growth in 2015 than in previous years, the macroeconomic environment provided less support to financial inclusion in 2015 compared with previous years.

2.2. Banking Sector

The structure of the financial system in 2015 comprised the Central Bank of Nigeria, the Federal Mortgage Bank of Nigeria (FMBN), and twenty-five (25) banks comprising twenty (20) commercial banks, four (4) merchant banks and one (1) non-interest bank. Others were one (1) discount house, nine hundred and fifty-eight (958) microfinance banks, sixty-six (66) finance companies, thirty-five (35) primary mortgage banks, one (1) mortgage refinance company, and six (6) development finance institutions. Two banks, Enterprise and Mainstreet banks, were acquired by Heritage and Skye banks, respectively, during the year, while SunTrust bank Ltd was issued a commercial banking licence.

Loans and advances increased slightly by 0.7 per cent to ₦12.3 trillion at end-December 2015, compared with a growth of 82.3 per cent at end-December 2014. Total assets of the banking sector increased marginally by 2.9 per cent from ₦27.6 trillion at end-December 2014 to ₦28.4 trillion at end-December 2015. From 2013 to 2014, total assets had grown by 12.7 per cent. Total deposit liabilities grew by 13.8 per cent from ₦15.2 trillion in end-December 2014 to ₦17.3 trillion by end-December 2015. This was a stronger growth than the 10.2 per cent growth from 2013 to 2014. While credit from the Central Bank increased significantly from ₦224.6 billion to ₦732.2 billion from end-

December 2014 to end-December 2015, foreign assets decreased substantially from ₦969.5 billion to ₦108.0 billion (see Table 5).

Table 5: Statistics of the Banking Sector, Data in Million Naira

Item	2011	2012	2013	2014 /1	2015 /2
Reserves /3	1,756,449.24	3,481,412.44	3,794,118.56	5,522,612.24	5,097,605.47
Aggregate Credit (Net)	12,878,259.06	13,424,886.00	12,207,717.51	16,437,093.55	18,091,452.53
Loans and Advances	6,489,761.77	6,833,636.59	6,677,225.03	12,175,750.47	12,262,502.40
Total Assets	19,396,633.76	21,303,951.77	24,468,368.48	27,581,647.55	28,369,031.69
Total Deposit Liabilities	11,452,763.25	13,135,887.35	13,825,188.77	15,234,775.34	17,343,986.35
Demand Deposits	4,920,850.24	5,072,986.00	5,169,063.97	4,668,215.23	5,885,856.53
Time, Savings & Foreign Currencies Deposits	6,531,913.01	8,062,901.35	8,656,124.80	10,566,560.11	11,458,129.82
Foreign Assets (Net)	1,314,878.51	1,650,121.00	1,614,722.37	969,549.18	107,999.86
Credit from Central Bank	294,984.06	228,036.25	262,170.55	224,581.43	732,244.52
Capital Accounts	3,682,121.44	3,640,682.01	3,915,405.55	4,269,522.17	5,051,419.96
Capital & Reserves	2,486,966.78	2,408,141.11	2,649,166.02	2,963,361.18	3,470,957.43
Other Provisions	1,195,154.66	1,232,540.90	1,266,239.52	1,306,160.99	1,580,462.52

Source: Central Bank of Nigeria

/1 Revised

/2 Provisional

/3 Includes CBN bills held by Deposit Money Banks

2.3. Microfinance Bank Sector

The number of microfinance banks, following the issuance of additional 45 licenses during the year under review, rose to 958 at end-December 2015, compared with 913 in 2014, while there was one (1) non-interest microfinance bank at the end of 2015.

Total assets within the microfinance industry rose to ₦343.9 billion in 2015 from ₦300.7 billion recorded in December 2014, representing a growth of 14.4 per cent above the level attained in 2014. This was a higher growth rate than the 11.0 per cent recorded in 2014. Similarly, deposit liabilities within the sector increased by 9.3 per cent from ₦145.8 billion in 2014 to ₦159.5 billion as at end-December 2015. Again, compared with the growth rate in 2014 (7.3 per cent), higher growth was attained in 2015. Loans and advances also rose from ₦162.9 billion in 2014 to ₦173.7 billion at end-December 2015, representing an increase of 6.6 per cent during the period under review, while investments grew by 12.4 per cent from ₦15.8 billion in 2014 to ₦17.7 billion in 2015 (see Table 6).

Table 6: Statistics of the Microfinance Sector

Item	2011	2012	2013	2014	2015 /1
Number of Licensed MFBs	873	879	820	913	958
Number of Reporting MFBs	474	566	820	679	684
Capital and Reserves (Million Naira)	29,094.80	53,282.13	72,963.74	91,008.80	91,376.50
Total Assets (Million Naira)	117,872.10	222,766.59	270,896.14	300,731.10	343,883.10
Deposit Liabilities (Million Naira)	59,375.90	132,154.70	135,918.73	145,830.02	159,453.50
Loans & Advances (Net) (Million Naira)	50,928.30	96,971.56	129,026.97	162,904.99	173,673.00
Investments (Million Naira)	8,959.80	14,529.43	14,703.04	15,785.58	17,737.90

Source: Central Bank of Nigeria

/1 Provisional

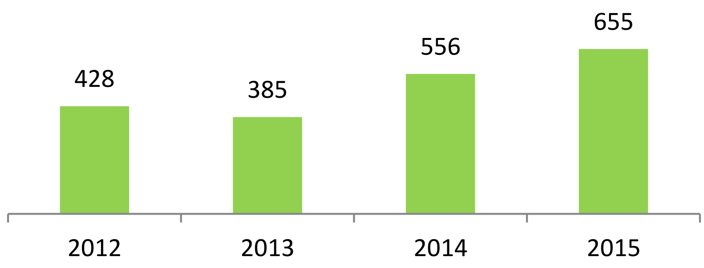
2.4. E-Payments Sector

In August 2011, the Central Bank of Nigeria approved the Guidelines on Point-of-Sale (PoS) Card Acceptance Services, which amongst others, mandated the Nigeria Inter-Bank Settlement System Plc (NIBSS) to act as the Payments Terminal Service Aggregator (PTSA) for the financial system. The Nigeria Inter-Bank Settlement System, established by the Central Bank of Nigeria (CBN) and the Bankers' Committee, provides the infrastructure for automated processing, settlement of payments and fund transfer instructions between banks and card companies in Nigeria. Eleven (11) Payment Terminal Service Providers (PTSPs) are currently licensed by the CBN to offer services to acquirers, covering all aspects relating to terminal management and support.

In April 2015, the Central Bank of Nigeria released the Guidelines on Mobile Money Services in Nigeria to address business rules governing the operation of mobile money services, and to specify basic functionalities of mobile payment services and solutions.

A trend analysis of volume and value of electronic transactions underlines the increasing importance of electronic transaction channels and a shift from the traditional to an electronic payment system. In terms of volume, the number of electronic transactions amounted to 655 million in 2015 compared to 556 million in 2014, representing an increase of 18 per cent (Figure 2).

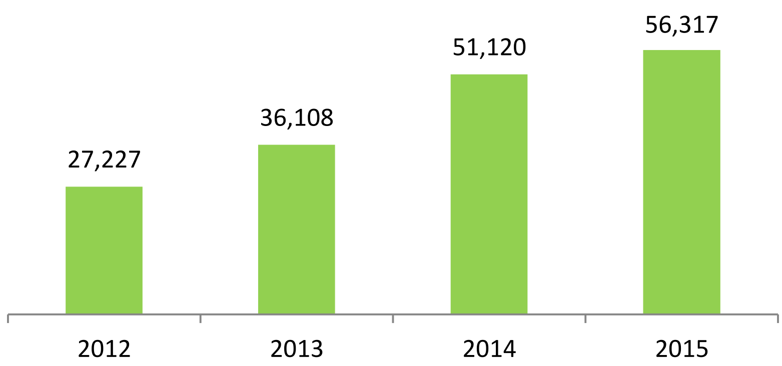
Figure 2: Volume (Number) of Electronic Transactions, 2012 to 2015, in Million



Source: Central Bank of Nigeria

Similarly, the value of electronic transactions increased from N51,120 billion in 2014 to N56,317 billion in 2015, indicating an increase of 10 per cent (Figure 3).

Figure 3: Value of Electronic Transactions, 2012 to 2015, in Billion Naira



Source: Central Bank of Nigeria

Further insights into the trend of volume and value from 2012 to 2015, by electronic transaction channel, are indicated in Tables 7 and 8 below.

Table 7: Volume (Number) of Electronic Transactions, 2012 to 2015, by Electronic Transaction Channel

Transaction Channel[7]	2012	2013	2014	2015	Compound Annual Growth Rate 2012-2015[8]
ATM	375,513,154 *(87.7%)*[9]	295,416,724 *(76.8%)*	400,269,140 *(72.0%)*	433,695,748 *(66.3%)*	4.9%
NIP	4,449,654 *(1.0%)*	17,112,158 *(4.4%)*	40,829,854 *(7.3%)*	71,223,545 *(10.9%)*	152.0%
Mobile Payments	2,297,688 *(0.5%)*	15,930,181 *(4.1%)*	27,744,797 *(5.0%)*	43,933,362 *(6.7%)*	167.4%
PoS	2,587,595 *(0.6%)*	9,418,427 *(2.4%)*	20,817,423 *(3.7%)*	33,720,933 *(5.2%)*	135.3%
NEFT	28,941,559 *(6.8%)*	29,834,317 *(7.8%)*	29,690,765 *(5.3%)*	28,935,605 *(4.4%)*	0.0%
Cheques	12,161,694 *(2.8%)*	14,211,078 *(3.7%)*	15,283,933 *(2.7%)*	13,466,461 *(2.1%)*	3.5%
Internet Banking	2,276,464 *(0.5%)*	2,900,473 *(0.8%)*	5,567,436 *(1.0%)*	7,981,361 *(1.2%)*	51.9%
E-Bills Pay	-	557 *(0.0%)*	593,579 *(0.1%)*	1,208,556 *(0.2%)*	103.6%
Remita	-	-	15,029,627 *(2.7%)*	19,417,371 *(3.0%)*	29.2%
Central Pay	-	-	1,384 *(0.0%)*	66,031 *(0.0%)*	-
NAPS	-	-	-	936,667 *(0.1%)*	-
Total	**428,227,808 *(100.0%)***	**384,823,915 *(100.0%)***	**555,827,938 *(100.0%)***	**654,585,640 *(100.0%)***	**15.2%**

Source: Central Bank of Nigeria

The data revealed that ATM transactions accounted for the largest segment of the total number of electronic transactions as it recorded 66.3 per cent of the total volume of electronic transactions (see Table 7).[10] Furthermore, the number of ATM transactions grew by eight per cent between 2014 and 2015, while the ATM share of the total number of electronic transactions decreased

[7] Please note that cheques only include clearing cheques and only inter-bank transactions are being considered. Similarly, figures provided for NEFT, ATM, Internet Banking, and NIP are based on inter-bank transactions only. Mobile Payments, E-Bills Pay, PoS, Remita, Central Pay and NAPS, in contrast, include both inter- and intra-bank transactions. For more information on the different channels, please visit the website of the Nigeria Inter-Bank Settlement System at: http://www.nibss-plc.com.ng/. Accessed in June 2016.

[8] For E-Bills Pay and Remita from 2014 to 2015 only.

[9] Percentages in parentheses refer to the share of the total number of electronic transactions made in the respective year.

[10] However, the data captured also covers ATM inter-bank withdrawals and not only money transfers from one party to another.

from 72.0 to 66.3 per cent in the same period. In 2012, the ATM share of the total number of electronic transactions had accounted for 87.7 per cent. This implies that while the ATM channel remained by far the most relevant channel in terms of volume of electronic transactions in 2015, its importance decreased relative to other channels since 2012.

Transactions through NIP (NIBSS Instant Payment) increased by 74 per cent from 40.8 million in 2014 to 71.2 million in 2015. The share of NIP transactions of total electronic transactions grew from 7.3 to 10.9 per cent, making this channel the second most relevant in 2015. E-Bills Pay, PoS (Point-of-Sale), mobile payments, internet banking, and Remita increased by 104, 62, 58, 43, and 29 per cent from 2014 to 2015, respectively. Their respective shares rose to 0.2, 5.2, 6.7, 1.2, and 3.0 per cent in 2015, respectively, indicating that while these channels are gaining importance relative to other channels, their shares were still small. The number of transactions through cheques and NEFT (NIBSS Electronic Fund Transfer) decreased from 2.7 to 2.1 per cent, and from 5.3 to 4.4 per cent, respectively, between 2014 to 2015. NAPS (NIBSS Automated Payment Services) and Central Pay were recently introduced and still account for less than 0.2 per cent of the total volume of electronic transactions in 2015.

Examining the trend since 2012, it can be observed that the increase in the share of total volume of electronic transactions was largest for mobile payments, NIP, and PoS, the compound annual growth rate accounting for more than 100 per cent between 2012 and 2015.

Compared to the share of total *volume* of 72.0 and 66.3 per cent in 2014 and 2015, the ATM share of total *value* of transactions decreased marginally from 7.2 per cent in 2014 to 7.1 per cent in 2015 (see Table 8). As for volume, this similarly indicates that ATMs' significance for the value of electronic transactions is decreasing relative to other channels. However, the absolute level of the ATM share is substantially lower when it comes to value, highlighting that the average amount in Naira of transactions made through an ATM is low. This is likely because ATMs are used more by individuals than firms as individuals are expected to make transactions of smaller amounts than firms.

In contrast, NIP, NEFT, Remita, and cheques had substantially higher shares in terms of *value* than in terms of *volume* of total transactions, implying that fewer but more valuable transactions are made through these four channels. In line with the trend for volume, the share of total value of NIP grew from 39.0 per cent (₦19.9 trillion) in 2014 to 45.4 per cent (₦25.5 trillion) in 2015, making it the most relevant channel in terms of value in 2015. In 2012, its share had only accounted for 14.3 per cent. NEFT's share of total value, on the contrary, decreased from 28.5 per cent to 23.2 per cent between 2014 and 2015. In 2012, its share had still accounted for more than 50 per cent.

Table 8: Nominal Value of Electronic Transactions, 2012 to 2015, by Electronic Transaction Channel, in Billion Naira

Transaction Channel[11]	2012	2013	2014	2015	Compounded Annual Growth Rate 2012-2015[12]
ATM	1,985 *(7.3%)*[13]	2,831 *(7.8%)*	3,682 *(7.2%)*	3,972 *(7.1%)*	26.0%
NIP	3,890 *(14.3%)*	10,849 *(30.0%)*	19,921 *(39.0%)*	25,541 *(45.4%)*	87.3%
Mobile Payments	32 *(0.1%)*	143 *(0.4%)*	339 *(0.7%)*	442 *(0.8%)*	139.9%
PoS	48 *(0.2%)*	161 *(0.4%)*	312 *(0.6%)*	449 *(0.8%)*	110.7%
NEFT	13,753 *(50.5%)*	14,368 *(39.8%)*	14,564 *(28.5%)*	13,087 *(23.2%)*	-1.6%
Cheques	7,487 *(27.5%)*	7,709 *(21.3%)*	7,269 *(14.2%)*	6,195 *(11.0%)*	-6.1%
Internet Banking	32 *(0.1%)*	47 *(0.1%)*	74 *(0.1%)*	92 *(0.2%)*	42.2%
E-Bills Pay	-	0 *(0.0%)*	44 *(0.1%)*	217 *(0.4%)*	393.2%
Remita	-	-	4,914 *(9.6%)*	6,223 *(11.1%)*	26.6%
Central Pay	-	-	0 *(0.0%)*	0 *(0.0%)*	-
NAPS	-	-	-	99 *(0.2%)*	-
Total	**27,227 *(100.0%)***	**36,108 *(100.0%)***	**51,120 *(100.0%)***	**56,317 *(100.0%)***	**27.4%**

Source: Central Bank of Nigeria

While Remita's share increased from 9.6 per cent in 2014 to 11.1 per cent in 2015, the share of cheques in terms of value decreased from 14.2 per cent in 2014 to 11.0 per cent in 2015, extending the declining trend of relevance of cheques since 2012.

For PoS, mobile payments, internet banking and E-Bills Pay, value increased in line with the trend for volume. While the value of E-Bills Pay almost increased by a factor of five between 2014 and 2015, PoS accounted for the highest

[11] Please note that cheques only include clearing cheques and only inter-bank transactions are being considered. Similarly, figures provided for NEFT, ATM, Internet Banking, and NIP are based on inter-bank transactions only. Mobile Payments, E-Bills Pay, PoS, Remita, Central Pay and NAPS, in contrast, include both inter- and intra-bank transactions. For more information on the different channels, please visit the website of the Nigeria Inter-Bank Settlement System at: http://www.nibss-plc.com.ng/. Accessed in June 2016.

[12] For E-Bills Pay and Remita from 2014 to 2015 only.

[13] Percentages in parentheses refer to the share of total number of electronic transactions made in the respective year.

growth rate of the other three channels in terms of value from 2014 to 2015. The respective shares of total value of transactions, however, remained below one per cent in 2015 for all the four channels and the value shares were significantly lower than the respective volume shares for PoS, mobile payments and internet. This indicates that the average amount in Naira of transactions made through PoS, internet banking and mobile payments was lower than the average amount of transactions made through other channels. This is likely because the channels are relatively more common among individuals than corporations.

2.5. Insurance Sector

The Nigerian insurance industry comprises Life, Non-Life (General) and Composite insurance businesses. There are presently 57 insurers, two reinsurers, 478 insurance brokers, 3,300 agents and 48 loss adjusters. The gross premium of the industry stood at ₦304.1 billion at end-December 2015, which indicated a 7.0 per cent increase from ₦284.2 billion in 2014. The life insurance sub-sector grew more strongly than the non-life insurance sector in terms of gross premium since 2009, as the life insurance's share of total gross premium increased from 19 per cent in 2009 to 30 per cent in 2015 (see Table 9).

Table 9: Industry Gross Premium by Insurance Type and Growth Rate, 2009 to 2015

Year	Non-Life Gross Premium (₦ Million)	Life Gross Premium (₦ Million)	Industry Gross Premium (₦ Million)	Growth Rate of Industry Gross Premium (Year on Year)
2009	153,127.12	36,833.33	189,960.45	-
2010	157,336.81	43,039.17	200,375.98	5.5%
2011	175,756.76	57,996.13	233,752.89	16.7%
2012	193,493.25	64,909.06	258,402.30	10.5%
2013	196,008.76	80,520.24	276,529.00	7.0%
2014	198,546.85	85,655.93	284,202.78	2.8%
2015	212,445.13	91,651.85	304,096.98	7.0%

Source: Returns from the National Insurance Commission

To complement the drive for increased insurance penetration and promote inclusive insurance participation in Nigeria, the National Insurance Commission (NAICOM) introduced the Microinsurance and Takaful Insurance models in Nigeria. "Takaful" is an Arabic word that represents a practice whereby individuals in a community jointly guarantee themselves against any loss or damage.

2.6. Pension Sector

Since the implementation of the 2014 Pension Reform Act, total pension contributions by both the public and private sectors into the Retirement

Savings Account of employees grew to ₦3.43 trillion as at the end of 2015. Total annual contributions during the year of 2015 amounted to ₦558.96 billion, indicating a decrease of 3.9 per cent versus 2014. The decrease was due to the decline in public sector contributions, which fell by 15.9 per cent from ₦237.76 billion in 2014 to ₦200.05 billion in 2015, while private sector contributions increased by 4.3 per cent from ₦343.97 billion to ₦358.91 billion during the same period (see Table 10).

Table 10: Annual Pension Contributions from 2004 to 2015, by Sector, by Sector, in Billion Naira

Year	Public Sector Contributions	Private Sector Contributions	Total Contributions	Growth Rate of Contributions (Year on Year)
2004	15.60	-	15.60	-
2005	34.68	-	34.68	122.3%
2006	37.38	23.03	60.41	74.2%
2007	80.63	68.34	148.97	146.6%
2008	99.28	80.81	180.09	20.9%
2009	137.10	91.21	228.31	26.8%
2010	162.46	103.03	265.49	16.3%
2011	228.92	119.53	348.45	31.2%
2012	331.14	174.43	505.57	45.1%
2013	278.50	225.42	503.92	-0.3%
2014	237.76	343.97	581.73	15.4%
2015	200.05	358.91	558.96	-3.9%
Total	**1,843.50**	**1,588.68**	**3,432.18**	**-**

Source: National Pension Commission (2016)

The pension sector automated monthly payments for pensioners under the old defined benefit scheme. The Supervising Government parastatal, the Federal Ministry of Finance, recently established a new oversight department, the Pension Transitional Arrangement Directorate (PTAD), with the primary objective of strengthening the pension system.

2.7. Capital Market Sector

The number of listed securities increased from two hundred and fifty-three (253) in 2014 to two hundred and fifty-seven (257) in 2015, while the number of listed companies declined to one hundred and eighty-four (184), from one hundred and eighty-nine (189) in 2014. Similarly, the number of listed bonds increased to sixty (60), above the fifty-two (52) recorded in the preceding year, while the number of listed equities decreased to one hundred and ninety (190) from one hundred and ninety-seven (197) at end-December 2014.

Available data on the activities of the Nigerian Stock Exchange (NSE) reflected the prevalence of bearish sentiments in 2015, as major market indicators generally trended downwards. Aggregate volume and value of traded stocks declined by 14.4 and 29.0 per cent, respectively, at end-December 2015.

As Table 11 shows, aggregate market capitalization of the 257 listed securities rose marginally by 0.8 per cent to close at ₦17.0 trillion, compared with ₦16.9 trillion recorded at end-December 2014. The increase was attributed wholly to the significant rise in the market capitalization of listed bonds. Market capitalization of the 190 listed equities fell significantly by 14.1 per cent from ₦11.5 trillion in 2014 to close at ₦9.9 trillion, and constituted 58.0 per cent of the aggregate market capitalization, compared with 68.0 per cent in the preceding year. The development was attributed to the effect of persistent bearish sentiments due to a combination of uncertainties in global oil prices and increasing currency risk.

Efforts to ensure that the Nigerian Stock Exchange (NSE) continued to serve as a platform for promoting Africa's biggest companies and influencing economic growth of Nigeria were sustained in 2015. To this end, the Exchange launched a new listing platform – the Premium Boards and the associated Premium Board Index. The NSE Pension Index was also launched with constituents that meet certain criteria. The index would serve as a performance benchmark for Pension Asset Managers, Non-Pension Asset Managers and investors and help the National Pension Commission monitor compliance and performance of equities portfolios held by Pension Managers. Other activities of the NSE during the year included the conclusion of the appointment of the consortium of financial advisers and legal consultants as well as tax advisers for the ongoing demutualisation process.

Table 11: Indicators of Capital Market Developments in the Nigerian Stock Exchange, 2011 to 2015

	2011	2012	2013	2014	2015
Number of Listed Securities	250	256	254	253	257
Volume of Stocks Traded (Turnover Volume) (Billion)	90.7	104.2	267.3	108.47	92.9
Value of Stocks Traded (Turnover Value) (Billion Naira)	638.9	809.0	2350.9	1338.6	950.4
Value of Stocks Traded/GDP (%)	1.0	1.1	2.9	1.5	1.0
Total Market Capitalisation (Billion Naira)	10,275.3	14,800.9	19,077.4	16,875.1	17,003.4
Of which: Banking Sector (Billion Naira)	1,839.3	2,251.3	2,939.9	2,367.0	1,447.6
Total Market Capitalisation/GDP (%)	16.06	20.40	23.51	19.00	18.0
Of which: Banking Sector/GDP (%)	1.8	3.1	3.62	2.7	1.5
Banking Sec. Cap./Market Cap. (%)	17.9	15.2	15.4	14.0	8.5
Annual Turnover Volume/Value of Stock (%)	14.2	12.9	11.4	8.1	9.8
Annual Turnover Value/ Total Market Capitalisation (%)	6.2	5.5	12.3	7.9	5.6
NSE Value Index (1984=100)	20,730.6	28,078.8	41,329.2	34,657.2	28,642.3

Source: Returns from the Securities and Exchange Commission

2.8. Informal Financial Sector

Informal financial services are common in Nigeria. As at 2014, 16.7 per cent of the adult population or 15.6 million adults were found to have savings with informal institutions, such as cooperatives, savings groups or village communities, only. Specifically, 10.6 per cent of adult Nigerians were found to save with savings groups or clubs, 10.0 per cent with savings collectors, and 5.4 per cent with village or community associations. Similarly, 1.8 per cent of the adult Nigerian population borrowed from savings groups or clubs and 1.3 per cent from money lenders (EFInA, 2014). While the latter numbers may not appear high at first glance, given the very low credit penetration in Nigeria, the informal financial sector is relevant for the provision of both saving and credit services, and can act as an important link between the financially excluded population and the formal financial sector.

2.9. National Financial Inclusion Governance Structure

In order to oversee and ensure successful implementation of the planned strategies, two Governing Committees and four Financial Inclusion Working Groups were established in 2015.

2.9.1. National Financial Inclusion Steering Committee

Chaired by the CBN Governor, the Steering Committee comprises the Heads of relevant Ministries, Departments and Agencies (MDAs) and Industry Associations (see Appendix 1). The Committee's mandate is to provide high level policy and strategic direction for the implementation process. It meets bi-annually, provides high level buy-in from stakeholders, formalizes an audience that provides feedback on progress against milestones and drives key decision making. The Head of the Financial Inclusion Secretariat serves as the Secretary to the Steering Committee.

2.9.2. National Financial Inclusion Technical Committee

Chaired by the CBN Deputy Governor, Financial System Stability, the National Financial Inclusion Technical Committee comprises CBN Directors as well as equivalents within relevant Ministries, Departments and Agencies, and Industry Associations (see Appendix 1). The Committee provides technical support and validates data supplied on financial inclusion. It meets quarterly, serves as the advisory body to the Steering Committee and supports the day-to-day activities of the Secretariat. Its five key mandates include but are not limited to:

- Providing technical support for the overall implementation of the Strategy.
- Discussing progress and challenges of respective organizations in reaching financial inclusion goals.

- Providing oversight function to the Financial Inclusion Secretariat to ensure that high-quality data on national financial inclusion, reflective of the industry and the country, is supplied on a regular basis.
- Providing updates to the respective Management/Directors of represented organizations and government institutions.
- Providing recommendations to the Steering Committee on the implementation of the Strategy.

The Head of the Financial Inclusion Secretariat serves as the Secretary to the Technical Committee.

2.9.3. National Financial Inclusion Working Groups

A major outcome of the Inaugural National Financial Inclusion Technical Committee Meeting was the inauguration of four Working Groups (see Appendix 1) as follows:

- Financial Inclusion Channels Working Group (FICWG): To address implementation issues on financial access points (e.g. branches, ATMs, agents) and their dispersion across the country.
- Financial Literacy Working Group (FLWG): To address the financial capability of consumers in order to improve their understanding of concepts and risks associated with financial products and services. This Working Group was established as a merger of the former Financial Literacy Committee and four additional institutions.
- Financial Inclusion Products Working Group (FIPWG): To address implementation issues on financial products and services, such as scaling up the adoption of savings, electronic payments, credit, insurance, and pension schemes.
- Financial Inclusion Special Interventions Working Group (FISIWG): To address implementation issues related to women, the youth and people with disabilities (PWD) in order to enhance their access to financial products and services.

Key deliverables of the Working Groups in 2015 included the following:

- Financial Inclusion Channels Working Group:
    - Implementation of the Shared Agent Network (Licensing of Super Agents to drive the implementation of the Shared Agent Network)
    - Pursuit of guidelines for the Bancassurance initiative
    - Development of distribution channels for the Capital Market
    - Deployment of internet access in all 774 Local Government Areas

- Financial Literacy Working Group:
  - Approval of the National Financial Literacy Framework by the Management of the Central Bank of Nigeria
  - Execution (signing) of the Memorandum of Understanding with the Nigerian Educational Research and Development Council (NERDC) for the development and integration of financial literacy in schools' curricula
  - Approval of the findings of the National Financial Literacy Baseline Survey by the Management of the Central Bank of Nigeria

- Financial Inclusion Products Working Group:
  - Approval of the creation of a Department in PenCom to handle coverage of informal pensions
  - Approval of the Framework for the National Collateral Registry by CBN
  - Approval of window microinsurance licenses to 17 insurance companies by NAICOM

- Financial Inclusion Special Interventions Working Group:
  - Development of Terms of Reference for a financial inclusion research study on people with disabilities
  - Launch of a Fashion Fund for women by the Bank of Industry (BOI)
  - Engagement with the Office of the Vice President on the financial inclusion of people with disabilities

2.9.4. Financial Inclusion Secretariat

The Financial Inclusion Secretariat was established in 2013 to run the day-to-day coordination of, data management of and reporting on the National Financial Inclusion Strategy (NFIS) implementation process. It comprises two offices: the Data Management and the Strategy Coordination Office. Its mandates are to:

- Coordinate stakeholder activities aimed at increasing financial inclusion.
- Track and monitor progress on financial inclusion vis-à-vis the targets.
- Ensure that appropriate arrangements are made for financial inclusion data gathering, analysis and publishing of annual progress reports.
- Maintain a database of financial inclusion in Nigeria as well as global trends in financial inclusion.

- Initiate necessary reviews on the National Financial Inclusion Strategy and support evidence-based policy making.
- Review and revise the roles and responsibilities of stakeholders as required.
- Address capacity building initiatives on financial inclusion issues.
- Act as Secretary to the Governing Committees on financial inclusion.

It also coordinates the activities of the four National Financial Inclusion Working Groups and implements the Digital Financial Inclusion Project, a joint initiative of the Federal Ministry of Finance, the Bill & Melinda Gates Foundation and the Central Bank of Nigeria.

CHAPTER THREE

3. STRATEGY IMPLEMENTATION PROGRESS

This chapter reviews the progress made in the implementation of the National Financial Inclusion Strategy with regards to product, channel and enabler key performance indicators (KPIs).[14] A detailed status quo analysis of the individual initiatives as defined in the National Financial Inclusion Strategy is provided in Appendix 3.

3.1. Products

Five product key performance indicators, one for each of payments, savings, credit, insurance, and pensions, are assessed in this section.[15] Product key performance indicators aim to track the percentage of adult Nigerians who own and use defined financial products.

3.1.1. Electronic Payments

Electronic payments include payments made through debit/ATM cards, credit cards, the internet, mobile phones as well as through bank tellers or agents. A bank or a mobile money account is usually necessary to use an electronic payment channel.

For the economy as a whole, electronic payments can contribute to economic growth as electronic payments can reduce corruption, increase efficiency and make monetary policy more effective. At the individual level, making electronic rather than cash transactions can be safer and more convenient, and can increase transparency as it allows individuals to track payments made over a certain period of time.

Key initiatives to drive usage of electronic payment channels among Nigerian adults, as mentioned in the National Financial Inclusion Strategy, include the implementation of the tiered KYC requirements, the roll-out of the Cashless Nigeria Project in all States of the Federation, and programmes to increase public awareness about mobile payments.

The three-tiered Know Your Customer (KYC) requirements were introduced in 2013 to simplify account opening requirements. The requirements state that accounts of all three tiers can be opened without any minimum amount. Additionally, to open a Tier 1 account, it is sufficient to have a passport photograph, a telephone number and to provide personal information such

[14] Please see Appendix 2 for an overview of additional KPI groups and an explanation for inclusion or non-inclusion in this Report.

[15] It should be noted that not all indicators have been measured based on the desired definition due to data constraints from the supply side at the time of writing. This is why a definition of the proxy indicator has been included. This is the definition describing how the indicator is being measured from the supply side until existing data constraints have been removed.

as the name, address and place and date of birth. This makes it easier for the low-income population to open accounts and make electronic payments.[16]

The Cashless Nigeria Project aims at reducing the amount of physical cash circulating in the economy by imposing charges on withdrawals above ₦500,000 for individuals and ₦3,000,000 for corporate bodies.[17]

In 2015, the Central Bank of Nigeria continued to hold several sensitization campaigns on the three-tiered KYC requirements on television and radio in order to inform, in particular, the low-income population about the simplified requirements to open a bank account. Also, the Cashless Nigeria Project was rolled out in six States plus the Federal Capital Territory and sensitization campaigns about the Project were held in nine States by the Central Bank of Nigeria. In order to increase public awareness about mobile payments, mobile money services were covered as a key topic in sensitization campaigns by the Central Bank of Nigeria across the country.

In addition to the strategies defined in the NFIS, the Digital Financial Inclusion Project, a collaboration between the Federal Ministry of Finance, the Bill & Melinda Gates Foundation and the Central Bank of Nigeria, was inaugurated in October 2015. It aims to increase the number of adult Nigerians that use electronic payments through the digitization of government payments, strengthen the digital payment infrastructure and reduce inefficiencies and leakages.[18]

Table 12: Status of the Payments KPI as at December 2015[19]

Definition of Desired Indicator	Definition of Proxy Indicator	Baseline 2010	Actual 2014	Actual 2015	Target 2015	Status	Target 2020
Ownership: % of adult population having a payment product with a formal financial institution **Usage:** % of adult population making use of electronic payments through a formal financial institution	# of transaction accounts with a Deposit Money Bank or Microfinance Bank	22%	67.87m trans-action accounts	73.17m trans-action accounts	53% (51.0m adults)	●	70% (77.4m adults)

Source for Actuals: Central Bank of Nigeria

[16] More information on the three-tiered KYC requirements is available here: https://www.cbn.gov.ng/out/2013/ccd/3%20tiered%20kyc%20requirements.pdf. Accessed in June 2016.

[17] See https://www.cbn.gov.ng/cashless/ for more information. Accessed in June 2016.

[18] See http://www.cbn.gov.ng/FeaturedArticles/2015/articles/CBNPartnersFMFand.asp for more information. Accessed in June 2016.

[19] Notes on the table are available underneath Table 2 (Dashboard on Implementation Progress towards Targets) in the Executive Summary.

As per the National Financial Inclusion Strategy, 53 per cent of the Nigerian adult population should have access to and use a formal payment product by 2015. As a bank or mobile money account is necessary to make an electronic payment, at least 53 per cent of the Nigerian adult population should have a bank or mobile money account with a formal financial institution as at 2015. Realistic measurement towards the achievement of the defined target depends on the existence of a unique identification of customers across financial institutions. The full implementation of the Bank Verification Number (BVN) will be expected to address the issue in future.[20]

However, Table 12 provides an update on the number of transaction accounts registered with commercial and microfinance banks. As at December 2015, there was a total of 67.9 million transaction accounts at commercial and microfinance banks. This represents an increase of 7.8 per cent compared to December 2014. Relative to the adult population, there were 76.1 transaction accounts per 100 adults in December 2015, which represents an increase of 4.9 per cent relative to the 72.6 transaction accounts per 100 adults recorded in December 2014.

In the upcoming years, the achievement of the 2020 target of 70 per cent of the adult population having a formal transaction account and using it for electronic payments will be enhanced by the continued roll-out of the Cashless Nigeria Project to all the States of the Federation and the implementation of the Digital Financial Inclusion Project. Given that even about 38 per cent of the financially excluded population own a mobile phone (EFInA, 2014), the adoption of mobile money also needs to be further promoted.

3.1.2. Savings

Savings enable individuals to set aside money for future consumption in periods of lower income or higher unexpected expenditures. Savings also allow individuals to make investments, such as a sewing machine for a micro entrepreneur, additional fertilizer for a farmer or a university course for a student. Compared to informal means of savings, saving at a formal financial institution can be safer as deposits are insured up to a limit by the Nigeria Deposit Insurance Corporation (NDIC) and more valuable because of interest earnings. At a macroeconomic level, savings can lead to higher productivity and economic growth if they are invested within the country.

In view of the above, the National Financial Inclusion Strategy defined several initiatives to drive the achievement of the target for savings, including

[20] Also, additional data, such as the number of mobile money accounts and the number of accounts held by individuals and corporate bodies, needs to be collected to compute the desired indicator.

the introduction and promotion of a basic "no frills" savings account[21], the implementation of the tiered KYC requirements, the implementation of a national savings mobilization programme and policies to support linkages to informal savings groups.

In 2015, the Central Bank of Nigeria held sensitization campaigns about the KYC requirements and financial institutions applied the requirements. Also, the Central Bank of Nigeria initiated a tender process for a study on a national savings mobilization programme. The evaluation process of the proposals received is ongoing at the time of writing. Linkages between informal and formal financial institutions have been created on a case-by-case basis in 2015, while a formal framework still needs to be developed.

As part of the Digital Financial Inclusion Project, which was inaugurated in October 2015, low-income adults will be encouraged to open bank accounts to receive payments from the government, which will also provide a savings platform for the recipients.

Table 13: Status of the Savings KPI as at December 2015[22]

Definition of Desired Indicator	Definition of Proxy Indicator	Baseline 2010	Actual 2014	Actual 2015	Target 2015	Status	Target 2020
Ownership: % of adult population having a savings product with a formal financial institution **Usage:** % of adult population saving with a formal financial institution	# of savings-related accounts with a Deposit Money Bank or Microfinance Bank	24%	71.31m savings-related accounts	76.89m savings-related accounts	42% (40.4m adults)		60% (66.3m adults)

Source for Actuals: Central Bank of Nigeria

The target for savings in 2015 is for 42 per cent of the Nigerian adult population to have access to and save through a savings product at a formal financial institution (see Table 13).

Based on the proxy indicator[23], the number of savings-related accounts held at commercial and microfinance banks stood at 76.9 million as at December 2015, which was an increase compared with 71.3 million accounts recorded in 2014. Relative to the adult population, the estimated number of savings-related accounts per 100 adults increased from 76.2 in December 2014 to 80.0 in December 2015. Figure 4 shows that while the number of savings-

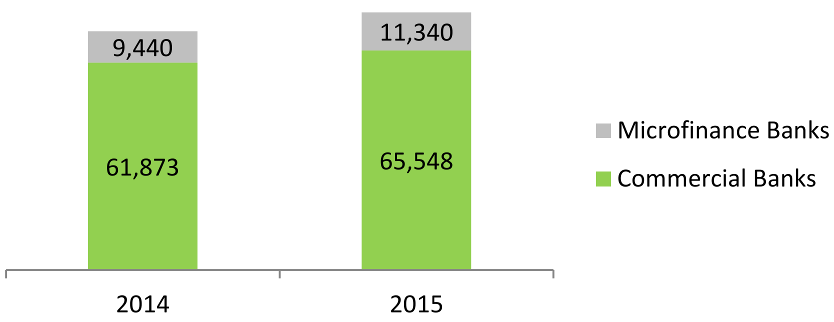
[21] "No frills" savings accounts are accounts which come without any required minimum balance requirement and opening charges, such as the Tier 1 KYC Level bank or mobile money account.

[22] Notes on the table are available underneath Table 2 (Dashboard on Implementation Progress towards Targets) in the Executive Summary.

[23] Measurement of the progress made based on the desired indicator is being constrained by the issue of a lack of unique identification of customers across financial institutions and because of lack of additional data as described in section 3.1.1.

related accounts at commercial banks grew from 61.9 to 65.6 million from 2014 to 2015, representing an increase of 5.9 per cent, the number of savings-related accounts at microfinance banks increased from 9.4 to 11.3 million, representing an increase of 20.1 per cent.[24] In spite of the stronger increase of savings-related accounts at microfinance banks, with 85.3 per cent, commercial banks still accounted for the large majority of all savings-related accounts.

Figure 4: Number of Savings-related Accounts by Type of Financial Institution, 2014 and 2015, in Thousands



Source: Central Bank of Nigeria

The prospects of achieving the savings target will depend to a large extent on the implementation of a national savings mobilization programme, the three-tiered KYC requirements, concerted implementation of the Digital Financial Inclusion Project, and the development of a formal framework on linkages between informal and formal financial institutions. Also, the uptake of mobile money accounts and agent banking need to be enforced by regulators and services providers.

3.1.3. Credit

Credit is important because it can induce investment, increase productivity and support economic growth of a country. At an individual level, access to credit can allow someone to make investments which he or she would not have been able to make and which either may raise productivity or the standard of living of an individual. While informal lending is an option to several Nigerians, formal credit is regulated, confers credibility, can entail more suitable, specialised credit products and may be cheaper than informal loans.

Key initiatives to drive the credit KPI, as defined in the National Financial Inclusion Strategy, include the implementation of the Micro, Small and

[24] It shall be noted that the data as at 2014 was based on returns from 81 per cent of microfinance banks as against 67 per cent of all microfinance banks for December 2015. This suggests that the real increase in the number of savings-related accounts at microfinance banks might even be higher.

Medium Enterprises Development Fund (MSMEDF), the development of a collateral registry for movable assets, the promotion of linkages between MFBs and DMBs to obtain wholesale funding for on-lending, and the implementation of entrepreneurship training.

The MSMEDF was launched in August 2013 with a share capital of N220 billion in order to enhance access to finance for micro, small and medium enterprises, increase employment and engender inclusive growth. Funds are released to participating financial institutions at two per cent for on-lending to MSMEs at a maximum interest rate of nine per cent per annum.

Similarly, the collateral registry for movable assets aims at improving access to secured finance by allowing lenders to determine any prior security interests, while linkages between deposit money and microfinance banks are important to channel funds from deposit money banks through microfinance banks to the lower income and financially excluded population.

In 2015, disbursement of the MSMEDF gained traction. Over N54 billion was disbursed for 325 different projects through 124 participating financial institutions. The collateral cover was reduced from 50 to 30 per cent in order to further incentivize participating financial institutions to access the Fund. The web-based National Collateral Registry was developed in 2015 and the first User Acceptance Test conducted successfully. On-lending took place on a case-by-case basis between commercial and microfinance banks, but a formal framework for the linkages had not yet been developed. The Entrepreneurship Development Centres of the CBN trained 11,896 participants during 2015, exceeding the set target of 11,400. Operations commenced in the South West and North East geopolitical zones during the year.

In addition to key initiatives stated in the NFIS, the Anchor Borrowers' Programme (ABP) of the Central Bank of Nigeria was launched in Kebbi State in November 2015 in order to lift thousands of small farmers out of poverty and generate millions of jobs for unemployed Nigerians.[25] Under the Programme, smallholder farmers form cooperatives and sell produce to anchor firms at a predetermined price. Banks provide loans to the participating farmers at a maximum interest rate of nine per cent per annum through the MSMEDF, while the Nigerian Agricultural Insurance Corporation provides insurance cover.

[25] See https://www.cbn.gov.ng/FeaturedArticles/2015/articles/PresBuhariLaunchABP.asp for more information. Accessed in June 2016.

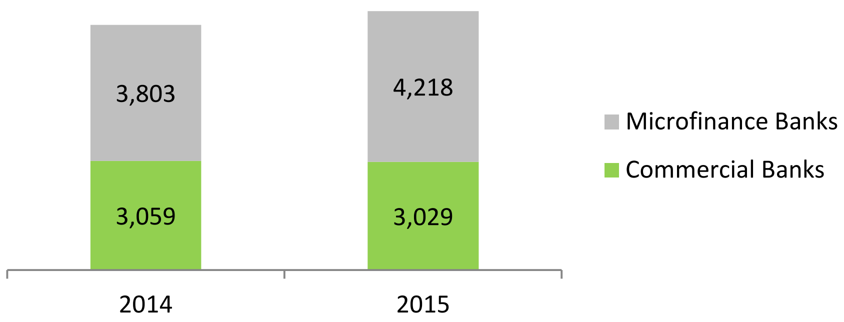
Table 14: Status of the Credit KPI as at December 2015[26]

Definition of Desired Indicator	Definition of Proxy Indicator	Baseline 2010	Actual 2014	Actual 2015	Target 2015	Status	Target 2020
Credit: % of adult population using a credit product with a formal financial institution	# of credit accounts with a Deposit Money Bank or Microfinance Bank	2%	6.86m credit accounts	7.25m credit accounts	26% (25.0m adults)	●	40% (44.2m adults)

Source for Actuals: Central Bank of Nigeria

The National Financial Inclusion Strategy defined a target of 26 per cent of adults using a credit product with a formal financial institution by 2015. As Table 14 shows, the number of outstanding credit accounts at commercial and microfinance banks as at December 2015 was 7.2 million, indicating an increase of about 380,000 accounts or 5.6 per cent compared to December 2014. In terms of credit accounts per 100 adults, the number increased from 7.3 to 7.5, accounting for a rise of 2.7 per cent.

Figure 5: Number of Credit Accounts by Type of Financial Institution, 2014 and 2015, in Thousands



Source: Central Bank of Nigeria

Figure 5 indicates the number of credit accounts by type of financial institution. While the number of credit accounts at microfinance banks increased by about 10.9 per cent, the number of credit accounts at commercial banks fell marginally by one per cent. Therefore, the share of credit accounts at microfinance banks out of credit accounts at both, microfinance and commercial banks, increased slightly from 55.4 to 58.2 per cent, which shows that microfinance banks play a crucial role in driving the credit target.[27]

[26] Notes on the table are available underneath Table 2 (Dashboard on Implementation Progress towards Targets) in the Executive Summary.

[27] Please note that the data provided on credit accounts at microfinance banks as at 2015 is only based on returns of 67 per cent of microfinance banks, while the 2014 data is based on returns of 81 per cent of microfinance banks. This means that the true increase is likely to be even greater.

While the increase in the number of credit accounts is laudable, the status of the credit indicator is not on track, because even if each of the 7.2 million outstanding credit accounts was owned by a unique adult, the value of the desired indicator as at December 2015 would only have been 7.5 per cent, which is significantly lower than the 26 per cent target 2015.[28]

There is therefore need for more efforts to support the achievement of the credit target. In particular, awareness about the National Collateral Registry needs to be created so that the registry brings about the desired benefits. Also, the recently launched Anchor Borrowers' Programme should be rolled out in all States of Nigeria based on lessons learned from the pilot in Kebbi State and on-lending from commercial to microfinance banks and institutions should be considered.

3.1.4. Insurance

Insurance reduces or completely eliminates risk of a financial loss incurred for instance by an accident, a health challenge or adverse weather shocks such as drought. Individuals may benefit from insurance in the form of mitigating risks, being able to better plan ahead due to less uncertainty, and by using available resources more efficiently as less money needs to be set aside for unforeseeable future events. At the national level, higher insurance penetration may lead to greater efficiency, higher productivity, and improved well-being of citizens.

Crucial initiatives to advance on the insurance KPI according to the National Financial Inclusion Strategy include the regulatory enforcement of compulsory insurance products, the usage of agents as distribution channels for insurance products and the diversification of insurance products to serve low-income clients.

In 2015, several insurance companies partnered with mobile network operators to sell insurance policies through mobile phones. Also, the Bancassurance Guidelines, which define modalities for insurance companies to use banks as a sales channel, are in the process of being developed. The National Insurance Commission published Guidelines on Takaful and Microinsurance in 2013. While Takaful insurance targets the Islamic population of Nigeria, microinsurance products aim at providing insurance cover to the low-income population. In 2015, NAICOM approved window licenses to 17 insurance companies to start microinsurance operations. Additionally, a microinsurance scheme was launched in collaboration with the Delta State Government and is being implemented on an ongoing basis.

[28] Please note that credit accounts at primary mortgage banks were not included. However, it is unlikely that including this data would raise the value from 7.5% to a value close to 26%.

Table 15: Status of the Insurance KPI as at December 2015[29]

Definition of Desired Indicator	Definition of Proxy Indicator	Baseline 2010	Actual 2014	Actual 2015	Target 2015	Status	Target 2020
Insurance: % of adult population being covered by an insurance policy with a formal institution	# of insurance policies registered by the National Insurance Commission (NAICOM)	1%	1%	- (Data in-complete)	21% (20.2m adults)	●	40% (44.2m adults)

Source for Actual 2014: EFInA (2014)

The target in the National Financial Inclusion Strategy for 2015 states that 21 per cent of the adult population should be covered by an insurance policy (see Table 15). In the reporting year, 69 per cent of the insurance companies operating in life insurance business and 59 per cent of the insurance companies operating in non-life insurance business did not provide data, which hampered the realistic assessment of the performance level achieved. However, given that insurance penetration stood at about one per cent only in 2014 (EFInA, 2014), it is likely that also as at 2015, the target of 21 per cent had not been achieved.

Going forward, insurance companies will need to provide complete and reliable data so that progress made on this indicator can be measured. Additionally, insurance companies should enhance sales of microinsurance policies. Partnerships with telecommunication companies need to be further intensified, given the potential of mobile phones to reach the rural population. At the same time it is important that data on microinsurance policies sold through mobile phones are included in NAICOM's reporting framework. Compliance with compulsory insurance products should be further enforced and the Bancassurance Guidelines need to be finalized so that more access points are available in the country to attract and better serve potential insurance clients.

3.1.5. Pensions

Pensions allow individuals to save for old age in a structured way. Pension contributors benefit by lowering uncertainty about income at old age and providing additional income in the form of interest earnings accumulated over the work life time. For the economy as a whole, pensions contribute to investment, increased productivity and economic growth as the accumulated pension funds are invested by pension fund administrators (PFA) within the country.

The National Financial Inclusion Strategy defined key initiatives to boost uptake of regulated pensions, including the compulsory inclusion of all States in the Contributory Pension Scheme (CPS), the implementation of the Pension

[29] Notes on the table are available underneath Table 2 (Dashboard on Implementation Progress towards Targets) in the Executive Summary.

Reform Act as well as the amendment of regulations to allow for the inclusion of smaller firms, cooperatives and associations in the current pension scheme.

As at the end of the third quarter of 2015, 26 State Governments had enacted their Pension Reform Laws while 10 State Governments were at the Bill stage. To implement the Pension Reform Act 2014, PenCom drafted necessary extant legislations. Approval of the draft legislations was still outstanding as at December 2015. The Pension Reform Act 2014 lowered the number of employees required for an organization to participate mandatorily in the Contributory Pension Scheme from five to three. Additionally, organizations with less than three employees and self-employed persons are entitled to participate in the CPS. Therefore, PenCom conducted a survey on how the latter segments could participate in the CPS and was finalizing Guidelines on the Micro Pension Plan as at December 2015. The Commission also established a department dedicated to micropensions in 2015.

The 2015 target of the National Financial Inclusion Strategy for the pensions KPI was that 22 per cent of the adult population should be registered with a regulated pension scheme. As at December 2015, the proportion of Nigerian adults being registered with a pension scheme regulated by the National Pension Commission (PenCom) was 7.6 per cent, implying a marginal increase over December 2014 (7.0 per cent).

Table 16: Status of the Pension KPI as at December 2015[30]

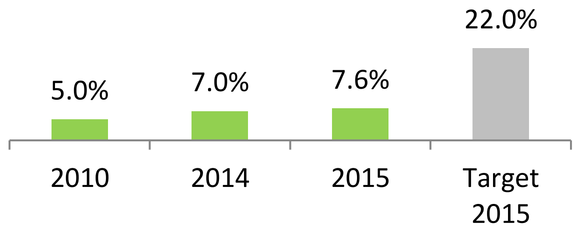
Definition of Indicator	Baseline 2010	Actual 2014	Actual 2015	Target 2015	Status	Target 2020
Pensions: % of adult population that is registered with a regulated pension scheme	5%	7.0% (6.6m adults)	7.6% (7.3m adults)	22% (21.2m adults)	●	40% (44.2m adults)

Source for Actuals: Returns from the National Pension Commission

In absolute terms, the number of adults enrolled in a pension scheme regulated by the PenCom increased by approximately 770,000 from 6.6 million to 7.3 million from December 2014 to December 2015. Compared to the 22 per cent target, the achievement was far behind schedule as the gap to cover for 2015 amounted to approximately 14 million adults (see Table 16 and Figure 6).

[30] Notes on the table are available underneath Table 2 (Dashboard on Implementation Progress towards Targets) in the Executive Summary.

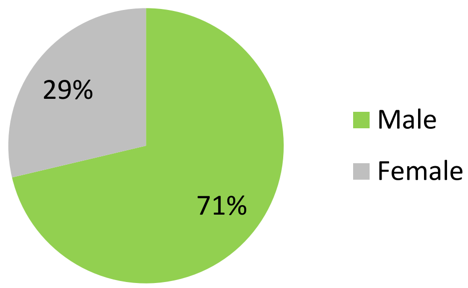
Figure 6: Percentage of Adult Nigerians registered with a regulated Pension Scheme, Comparison of Actuals of 2010, 2014 and 2015 with Target 2015



Source: Returns from the National Pension Commission

Out of the total 7.3 million adults registered with a pension scheme by PenCom as at December 2015, 6.95 million adults were contributing, while the remaining approximately 400,000 adults were making use of their pension. Out of all contributors, 99 per cent (6.89m adults) were contributing through a Retirement Savings Account (RSA). Out of these contributors, 71 per cent (4.91m) were male and 29 per cent (1.98m) were female (see Figure 7).

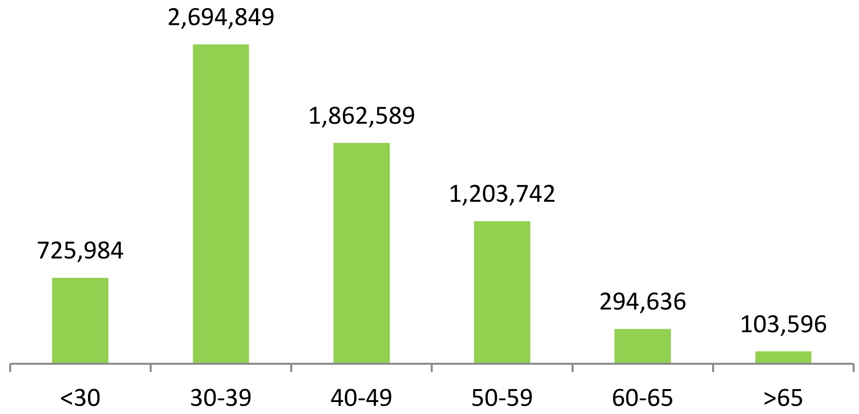
Figure 7: Distribution of RSA Contributors by Gender, December 2015



Source: Returns from the National Pension Commission

The majority of the RSA contributors was between 30 and 49 years old, about 2.7 million (39 per cent) being located in the 30-39 age bracket and 1.9 million (27 per cent) in the 40-49 age bracket. Only slightly more than 100,000 contributors were older than 65 years (see Figure 8).

Figure 8: Breakdown of RSA Contributors by Age, December 2015



Source: Returns from the National Pension Commission

In order to close the existing gap, it is crucial that the micro pension plan, which aims at providing formal pensions to informal sector workers and the self-employed, is implemented successfully and compliance with the Pension Reform Act 2014 further enforced in all States of the Federation.

3.1.6. Capital Market Products

The Securities and Exchange Commission of Nigeria developed a Capital Market Master Plan for the period of 2015 to 2025.[31] In addition to the Capital Market Master Plan, the development of a Financial Inclusion Strategy for the Nigerian Capital Market progressed in 2015.

3.2. Channels

The National Financial Inclusion Strategy defined key performance indicators for five different channels through which financial services can be accessed, namely for commercial bank branches, microfinance bank branches, Automated Teller Machines (ATMs), Point-of-Sale (PoS) devices, and agents. The availability of more financial channels will reduce the physical distance and high transportation costs for users to access financial services, and thereby reduce two key barriers to financial inclusion. This section gives an overview of the progress made on defined targets of channel KPIs as at December 2015.

3.2.1. Commercial Bank Branches

Commercial bank branches are not only crucial for serving customers, but also for serving other financial channels such as agents or ATMs.

[31] Available at: www.sec.gov.ng/files/Masterplan_web.pdf. Accessed in June 2016.

One of the key initiatives to drive the deployment of commercial bank branches as defined in the National Financial Inclusion Strategy is the development of guidelines for operating mini-branches. The guidelines have not been developed as at 2015 as emphasis has been placed on branchless channels, such as bank agents and mobile money services.

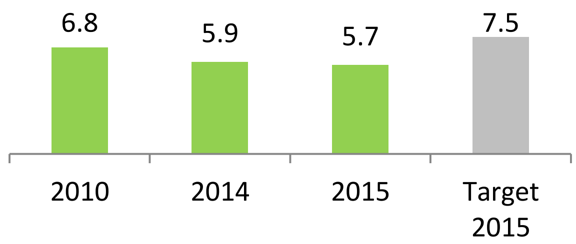
Table 17: Status of the Commercial Bank Branches KPI as at December 2015[32]

Definition of Indicator	Baseline 2010	Actual 2014	Actual 2015	Target 2015	Status	Target 2020
Commercial Bank Branches per 100,000 adults	6.8	5.9 (5,508 branches)	5.7 (5,462 branches)	7.5 (7,213 branches)	●	7.6 (8,398 branches)

Source for Actuals: Central Bank of Nigeria

The National Financial Inclusion Strategy set a target of 7.5 commercial bank branches per 100,000 adults by 2015. This target amounts to about 7,213 branches. As at end December 2015, there were 5,462 branches of commercial bank branches in Nigeria. Relative to the population, this was 5.7 commercial bank branches per 100,000 adults. Compared to 5,508 branches or 5.9 branches per 100,000 adults in December 2014, this shows a decrease of 46 branches (0.8 per cent) or 0.2 branches per 100,000 adults, which implies an extension of the declining trend since 2010. Relative to the 2015 target of 7.5 commercial bank branches per 100,000 adults, there was a shortfall of approximately 1,751 branches (Table 17 and Figure 9).

Figure 9: Number of Commercial Bank Branches, Comparison of Actuals of 2010, 2014 and 2015 with Target 2015



Source: Central Bank of Nigeria

An analysis of the number of commercial bank (CB) branches by geopolitical zone shows that branches are more frequently located in zones with relatively high financial inclusion rates.

While there were about 10.8 CB branches per 100,000 adults in the South West, there were only 2.9 and 2.1 CB branches per 100,000 adults in the North West and North East, respectively (see Figure 10). In absolute terms, while there were 2,227 branches (40.4 per cent of all branches) located in the

[32] Notes on the table are available underneath Table 2 (Dashboard on Implementation Progress towards Targets) in the Executive Summary.

South West, only 243 branches (4.4 per cent) were situated in the North East. Examining only operational CB branches, the relative gap between the South West and North East was even larger as a higher-than-average percentage of CB branches in the North East (22.6 per cent) was found to be non-operational (see Table 18). A total of 1,503 branches (27.3 per cent of the total) were situated in Lagos State, which had an estimated share of the total Nigerian adult population of merely 7.5 per cent in 2014 (EFInA, 2014). Also, 239 Local Government Areas (LGAs), 32.5 per cent, of 735 LGAs that were captured in the geospatial mapping were found to have no single commercial bank branch.

Despite the high cost of branches and emphasis on "branchless banking", bank branches remain crucial not only in serving consumers, but also in serving other channels such as bank agents or ATMs. There is thus an increasing need to find innovative ways to cut costs involved in deploying and maintaining branches and in increasing consumer demand. Also, given the vast difference of CB branches relative to adult population between different geopolitical zones, financial services providers need to place more emphasis on dispersion and consider opening branches in areas where there are currently no branches and a large financially excluded population, rather than concentrating branches in urban centres.

Figure 10: Financial Inclusion Rate in 2014 and # of Selected Financial Access Points / 100,000 Adults in 2015, by Geopolitical Zone

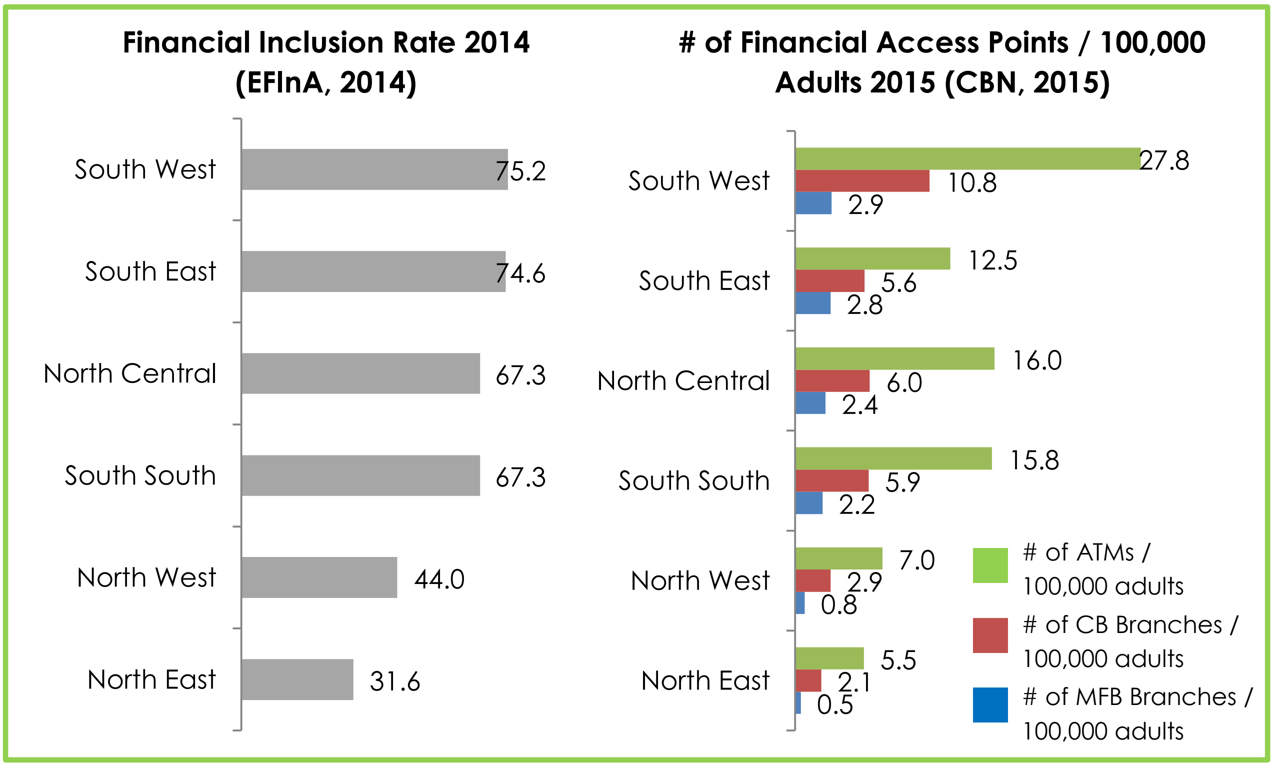


Table 18: Number of Operational and Non-Operational Access Points, by Geopolitical Zone (CBN, 2015)[33]

Geopolitical Zone	# of Commercial Bank Branches			# of Microfinance Bank Branches			# of Automated Teller Machines (ATMs)		
	Operational	Non-Operational	Total	Operational	Non-Operational	Total	Operational	Non-Operational	Total
South West	2,072 *(93.0%)*[34]	155 *(7.0%)*	2,227 *(100.0%)*	548 *(90.3%)*	59 *(9.7%)*	607 *(100.0%)*	5,452 *(95.3%)*	268 *(4.7%)*	5,720 *(40.7%)*
South South	823 *(91.0%)*	81 *(9.0%)*	904 *(100.0%)*	303 *(89.6%)*	35 *(10.4%)*	338 *(100.0%)*	2,354 *(97.2%)*	67 *(2.8%)*	2,421 *(11.2%)*
North Central	763 *(91.4%)*	72 *(8.6%)*	835 *(100.0%)*	292 *(85.9%)*	48 *(14.1%)*	340 *(100.0%)*	2,136 *(95.7%)*	97 *(4.3%)*	2,233 *(15.9%)*
South East	614 *(87.3%)*	89 *(12.7%)*	703 *(100.0%)*	306 *(85.2 %)*	53 *(14.8%)*	359 *(100.0%)*	1,473 *(93.6%)*	100 *(6.4%)*	1,573 *(17.2%)*
North West	529 *(89.1%)*	65 *(10.9%)*	594 *(100.0%)*	146 *(89.6%)*	17 *(10.4%)*	163 *(100.0%)*	1,407 *(96.2%)*	55 *(3.8%)*	1,462 *(10.4%)*
North East	188 *(77.4%)*	55 *(22.6%)*	243 *(100.0%)*	45 *(83.3%)*	9 *(16.7%)*	54 *(100.0%)*	567 *(88.7%)*	72 *(11.3%)*	639 *(4.5%)*
Nigeria	**4,989 *(90.6%)***	**517 *(9.4%)***	**5,506 *(100.0%)***	**1,640 *(88.1%)***	**221 *(11.9%)***	**1,861 *(100.0%)***	**13,389 *(95.3%)***	**659 *(4.7%)***	**14,048 *(100.0%)***

3.2.2. Microfinance Branches

Microfinance bank branches are essential for serving "the economically active low-income earners, the un-banked, and under-served people, in particular, vulnerable groups such as women, physically challenged, youths, micro-entrepreneurs, informal sector operators, subsistence farmers in urban and rural areas" (Central Bank of Nigeria, 2012b, p.7).

Initiatives defined in the National Financial Inclusion Strategy to promote the number of microfinance branches in the country include the implementation of the revised microfinance policy, the creation of incentives for rural branch expansion and investor fora to encourage microfinance bank expansion.

During the year, the implementation of the revised microfinance policy continued and sensitization campaigns were conducted to ensure its effectiveness. The CBN in collaboration with the International Fund for Agricultural Development (IFAD), under the Rural Finance Institution Building Programme (RUFIN), conducted several capacity building workshops on rural business plans for MFBs to enable them expand their outreach to rural areas. As at December 2015, some beneficiaries had already commenced the implementation of its rural business plans. RUFIN/IFAD also sponsored a train-

[33] Please note that the values are based on the second round of the Geospatial Mapping Survey of financial access points which was conducted from November 2014 to April 2015. Therefore, the total values for Nigeria differ from the values shown in other sections of the report. Also, 39 of the 774 LGAs in the country were not captured, mainly because of security issues in the North East of the country.

[34] Percentages in parentheses refer to the share of operational and non-operational access points out of the total number of the particular type of access point which were captured in the respective geopolitical zone.

the-trainer program to develop a crop of training service providers to train and develop a critical mass of expertise in the industry.

Also, in the year, the CBN held investor fora in collaboration with development partners to encourage State Governments on the need to establish MFBs within their States, given the uneven distribution of MFBs in Nigeria. As at December 2015, Katsina, Kano and Niger States had keyed into the policy of devoting one per cent of their annual budget to the establishment of MFBs.

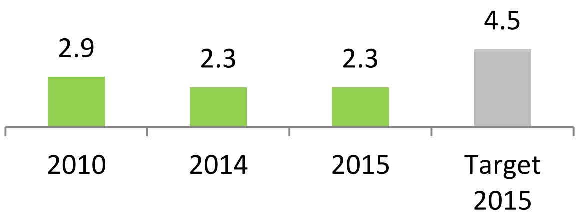
Table 19: Status of the Microfinance Bank Branches KPI as at December 2015[35]

Definition of Indicator	Baseline 2010	Actual 2014	Actual 2015	Target 2015	Status	Target 2020
Microfinance Bank Branches per 100,000 adults	2.9	2.3 (2,107 branches)	2.3 (2,227 branches)	4.5 (4,328 branches)	●	5.0 (5,525 branches)

Source for Actuals: Central Bank of Nigeria

The defined 2015 target for the Microfinance Bank KPI in the National Financial Inclusion Strategy is 4.5 MFB branches per 100,000 adults. As at December 2015, there were 2,227 microfinance bank branches, approximately equal to 2.3 branches per 100,000 adults (see Table 19). Compared with December 2014, this accounted for a marginal increase of 120 branches (5.7 per cent). While the increase reverted the declining trend between 2010 and 2014, the number of MFB branches achieved was below the 2015 target of approximately 4,328 branches or 4.5 branches per 100,000 adults. The gap of 2,101 branches implied that almost twice as many branches as available in December 2015 would have been required to achieve the target (see Figure 11).

Figure 11: Number of Microfinance Bank Branches, Comparison of Actuals of 2010, 2014 and 2015 with Target 2015



Source: Central Bank of Nigeria

In terms of dispersion of MFB branches by geopolitical zone, the analysis is similar to the analysis of commercial bank branches. While the number of MFB branches per 100,000 adults was 2.9 in the South West, there were only 0.8 and 0.5 MFB branches per 100,000 adults in the North West and North

[35] Notes on the table are available underneath Table 2 (Dashboard on Implementation Progress towards Targets) in the Executive Summary.

East, respectively (see Figure 10). In absolute terms, 607 MFB branches were located in the South West, while the North East only accounted for 54 branches (see Table 18). Lagos State alone hosted 277 microfinance branches, which was 14.9 per cent of all branches across the country. Also, 116 of 735 captured LGAs (15.8 per cent) had neither a single commercial bank nor a microfinance bank branch.

The performance level indicates that more effort needs to be made to increase the number of MFB branches as the purpose of microfinance banks is to serve the economically active low-income earners in spatially dispersed rural areas. In order to better serve the financially excluded population, microfinance banks are endeavoured to consider linkage arrangements with commercial banks in the coming years. Also, new branches should primarily be deployed in areas that currently have no or only few financial access points, in particular in the North East and North West of the country.

3.2.3. Automated Teller Machines

Automated Teller Machines (ATMs) are important to enable clients make withdrawals, make inquiries on account balance, take deposits and make payments.

The deployment of multifunctional ATMs, the revision of the off-site ATM policy and the establishment of low-cost ATMs in rural areas were initiatives listed in the National Financial Inclusion Strategy to increase the number of ATMs in Nigeria.

In 2015, several banks deployed multifunctional ATMs and the second round of the Geospatial Mapping Survey of financial access points in Nigeria was concluded. The results provide insights into suitable rural areas which financial services providers may target for the deployment of ATMs and other financial access points.[36]

Table 20: Status of the ATM KPI as at December 2015[37]

Definition of Indicator	Baseline 2010	Actual 2014	Actual 2015	Target 2015	Status	Target 2020
ATMs per 100,000 adults	11.8	17.0 (15,935 ATMs)	17.1 (16,452 ATMs)	42.8 (41,160 ATMs)	🔴	59.6 (65,859 ATMs)

Source for Actuals: Central Bank of Nigeria

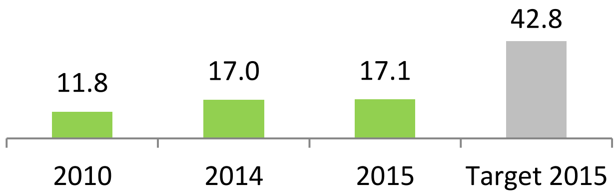
As the target for 2015, 42.8 ATMs per 100,000 adults were to be deployed by 2015, which accounted for approximately 41,160 ATMs. The number of actually deployed ATMs increased by 517 or 3.2 per cent between December 2014 and 2015, amounting to 16,452 at the end of the year (see

[36] Interactive online maps are available at: www.fspmaps.com. Accessed in June 2016.

[37] Notes on the table are available underneath Table 2 (Dashboard on Implementation Progress towards Targets) in the Executive Summary.

Table 20). This was not enough to achieve the 2015 target (Figure 12) as the gap to cover for 2015 amounted to almost 25,000 additional ATMs.

Figure 12 – Number of ATMs, Comparison of Actuals of 2010, 2014 and 2015 with Target 2015



Source: Central Bank of Nigeria

On geopolitical zone basis, there were 27.8 ATMs per 100,000 adults deployed in the South West, while the corresponding value was only 7.0 in the North West and 5.5 in the North East (see Figure 10). In absolute terms, 5,720 ATMs were deployed in the South West, about four times as many as in North West (1,462) and about nine times as many as in North East (639) (see Table 18).

In order to keep focus on the existing 2020 target of about 66,000 ATM, financial services providers need to expand their ATM network substantially, particularly in remote areas, and leverage on Local Governments to ensure security.

3.2.4. Point-of-Sale Devices

Point-of-Sale (PoS) devices enable merchants to process electronic customer payments at the purchase location. PoS devices include different types of PoS terminals which allow customers to pay by inserting or swiping their debit or credit card as well as other devices, such as mobile phones and tablets.

PoS devices are important because they allow individuals to make payments electronically, which can be safer and more convenient as individuals do not need to carry large amounts of cash. For the economy as a whole, electronic payments can contribute to economic growth by reducing corruption, increasing efficiency and making monetary policy more effective.

The key initiative to drive the adoption of PoS devices is the Cash-less Nigeria Project. The policy stipulates a cash handling charge on daily cash withdrawals of more than ₦500,000 for individuals and ₦3,000,000 for corporate bodies. As at 2015, the policy was rolled out in six States and the Federal Capital Territory, while awareness campaigns about the policy were held in nine additional States during the year.

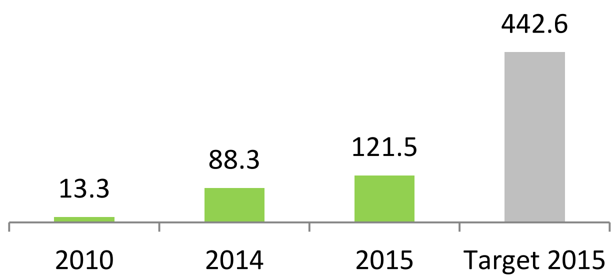
Table 21: Status of the PoS KPI as at December 2015[38]

Definition of Desired Indicator	Definition of Proxy Indicator	Baseline 2010	Actual 2014	Actual 2015	Target 2015	Status	Target 2020
# of PoS Devices per 100,000 adults	**PoS Terminals** per 100,000 adults	13.3	88.3 (82,549 PoS)	121.5 (116,868 PoS)	442.6 (425,638 PoS)	●	850.0 (939,267 PoS)

Source for Actuals: Central Bank of Nigeria

The 2015 target for the PoS KPI was 442.6 PoS devices per 100,000 adults. The number of PoS devices actually deployed as at December 2015 stood at approximately 117,000, representing an increase of about 34,000 POS devices or 42 per cent from 2014 (see Table 21). The number of PoS devices per 100,000 adults increased by 38 per cent from 88.3 to 121.5 between 2014 and 2015. Relative to the baseline year, the 2015 value was more than nine times the 2010 value. However, compared with the 2015 target, the gap to cover for 2015 was 264 per cent or approximately 309,000 PoS devices, implying that the actual number of PoS devices would need to be about 3.6 times as high as it actually was to achieve the 2015 target (Figure 13). However, the status of the PoS KPI is unclear as the data reported as at December 2015 is only based on the number of PoS terminals and does not include other PoS devices, such as mobile phones or tablets.

Figure 13: Number of PoS Devices, Comparison of Actuals of 2010, 2014 and 2015 with Target 2015



Source: Central Bank of Nigeria

In order to achieve the 2020 target, the Cash-less Nigeria Project will need to be rolled out across the States of the Federation and incentives for deployment of PoS devices increased.

3.2.5. Agents

Agents play a key role in the delivery of financial services to the financially excluded population, because they are less expensive than the establishment of bank branches or ATMs. Agents are third parties that perform financial services to customers on behalf of a licensed financial institution or mobile money operator in the agents' own premises. An agent

[38] Notes on the table are available underneath Table 2 (Dashboard on Implementation Progress towards Targets) in the Executive Summary.

may provide conventional financial services or mobile money services. The latter have large potential to drive financial inclusion as even about 38 per cent of the financially excluded adult population of Nigeria own a mobile phone (EFInA, 2014).

The National Financial Inclusion Strategy defined the implementation of agent banking regulations as the key initiative to drive the adoption and usage of agent banking in Nigeria.

While the Guidelines for the Regulation of Agent Banking and Agent Banking Relationships in Nigeria were approved in 2013, the Regulatory Framework for Licensing Super-Agents in Nigeria was approved in 2015. The Framework defines the requirements and responsibilities of super-agents.[39] According to the Framework, a super-agent needs to sub-contract at least 50 other agents.[40]

Additionally, the Central Bank of Nigeria released the Guidelines on Mobile Money Services in Nigeria in 2015 to ensure structured and orderly development as well as safety and effectiveness of mobile money services, and thereby enhance user confidence in Nigeria.[41] Furthermore, an agent database was developed which is to be deployed in 2016 and sensitization campaigns on agent banking were conducted in the six geopolitical zones of Nigeria.

Table 22: Status of the Agents KPI as at December 2015[42]

Definition of Indicator	Baseline 2010	Actual 2014	Actual 2015	Target 2015	Status	Target 2020
Agents per 100,00 adults	0.0	- (Data in-complete)	- (Data in-complete)	31.0 (29,812 agents)		62.0 (68,511 agents)

The NFIS target was 31.0 agents per 100,000 adults to be deployed by 2015 (see Table 22). As at December 2015, there were 688 bank agents registered by financial institutions. A realistic assessment of the achievement of the target could not be made as agents were not uniquely identifiable and as such, the same agent could be reported by more than one financial services provider. Additionally, data on mobile money agents provided by mobile money operators was not complete as at December 2015.

[39] A super-agent is an agent who is sub-contracting other agents.

[40] The Framework can be accessed here: https://www.cbn.gov.ng/out/2015/bpsd/regulatory%20framework%20for%20licensing%20super-agents%20in%20nigeria.pdf. Accessed in June 2016.

[41] The Guidelines can be accessed here: https://www.cbn.gov.ng/out/2015/bpsd/guidelines%20on%20mobile%20money%20services%20in%20nigeria.pdf. Accessed in June 2016.

[42] Notes on the table are available underneath Table 2 (Dashboard on Implementation Progress towards Targets) in the Executive Summary.

However, the second round of the Geospatial Mapping Survey captured 8,257 mobile money agent locations as at April 2015. Out of this, only 3,567 (43 per cent) were found to actually carry out mobile money activities, implying that a large proportion of mobile money agents that were registered did not actually pursue mobile money engagements (Central Bank of Nigeria, 2015). The Geospatial Mapping Survey results indicated that the target of 31.0 agents per 100,000 adults, or about 29,812 agents in absolute terms, would not have been reached.[43]

It is fundamental that agent banking and mobile money services are expanded, given their potential to reach the financially excluded population, especially in rural areas, and their lower cost compared to "brick-and-mortar" branches. The Super-Agent Framework will play a key role in supporting this expansion. The deployment of the agent database will help to overcome the issue of lack of unique identification of agents and help better track the achievement of the defined targets in future.

3.3. <u>Enablers</u>

Financial inclusion enablers promote financial inclusion by removing or lowering existing barriers. The National Financial Inclusion Strategy defined five enablers to drive the implementation process, namely Know Your Customer (KYC) ID, financial literacy, consumer protection, women initiatives, and children & youth initiatives. This section describes progress made on these five enablers.

3.3.1. Know Your Customer (KYC) ID

KYC requirements define which identification documents financial services providers need to request from customers and aim to prevent criminal activities of customers, in particular, money laundering and the financing of terrorism.

While on the one hand, it is important for financial institutions to be able to verify the identification of their customers, on the other hand it is essential that individuals are able to identify themselves so that they are not restricted from accessing formal financial services. To this end, the Central Bank of Nigeria released simplified three-tiered KYC requirements in 2013. The requirements state that accounts of all three tiers can be opened without any minimum amount. Additionally, for a Tier 1 account, a passport photograph, a telephone number and personal information, such as the name, address and place and date of birth, are sufficient KYC requirements.

[43] It shall be noted that the Survey was concluded by April 2015 and therefore the actual number of mobile money agents as at December 2015 was likely higher.

This makes it easier for the low-income population to open and use bank or mobile money accounts.

The National Identity Management Commission (NIMC) commenced the introduction of the National Identification Number (NIN). The objective of the NIN is to provide a unique number to all Nigerians which can be used to verify an individual's identity, for instance when an individual wants to access financial services. In 2015, NIMC initiated a harmonization of the ID management of several institutions, such as the CBN, the Nigerian Communications Commission, or the Independent National Electoral Commission (INEC), in order to link the NIN to the identity numbers of other agencies.

In order to track how many adult Nigerians meet the minimum requirements to open a bank account, a key performance indicator was defined in the National Financial Inclusion Strategy on the KYC ID. This indicator tries to measure progress made on reducing the barrier of high documentation requirements hindering access to financial services.[44]

Table 23: Status of the KYC ID KPIs as at December 2015[45]

Definition of Desired Indicator	Definition of Proxy Indicator	Baseline 2010	Actual 2014	Actual 2015	Target 2015	Status	Target 2020
Know Your Customer (KYC) Tier 1 ID: % of adult population having a KYC Tier 1 ID	% of adult population having a mobile phone	18%	62.8% (58.7m adults)	- (Data in-complete)	59% (56.7m adults)	[46]	100% (110.5m adults)
National Identification Number (NIN): % of adult population having a National Identification Number (NIN)		0%	5.3% (5.0m adults)	7.5% (7.2m adults)	59% (56.7m adults)		100% (110.5m adults)

Source for Actuals: EFInA (2014); Returns from the National Identity Management Commission

The KYC ID target for 2015 states that 59 per cent of adult Nigerians should have a KYC ID. As the percentage of adult Nigerians owning a mobile phone at the time of writing is collected from the demand side only and EFInA's Access to Financial Services in Nigeria Survey is conducted biennially, no data is available on the KYC Tier 1 ID indicator for 2015. However, as at 2014, about 62.8 per cent of adult Nigerians owned a mobile phone. Using this

[44] The National Financial Inclusion Strategy document defined a unique National Identity, issued by the National Identity Management Commission (NIMC), as the actual KYD ID. However, given that the harmonization exercise of several IDs, such as the BVN or the voter's card, with the National Identification Number (NIN) is still ongoing at the time of writing, another KYC ID indicator in addition to the National Identification Number has been defined. This KPI tracks the percentage of adult Nigerians owning a mobile phone as this adult population segment is regarded as being able to open a Tier 1 bank account. This is because for a KYC Tier 1 bank account, having a telephone number is the only identification requirement apart from personal details, such as someone's name, address and date and place of birth, and a passport photograph. Ownership of a mobile phone is used as a proxy for having a telephone number.

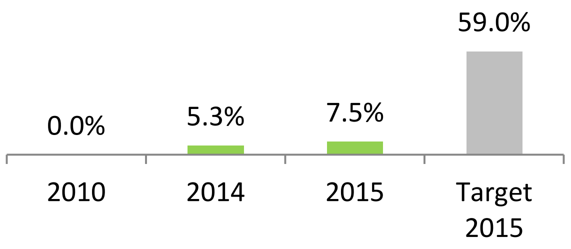
[45] Notes on the table are available underneath Table 2 (Dashboard on Implementation Progress towards Targets) in the Executive Summary.

[46] Status green based on the assumption that the percentage of adults owning a mobile phone did not decrease from 2014 to 2015.

value for an assessment against the 2015 target of 59 per cent, the status is perceived as on track (see Table 23).

The number of adults having a National Identification Number increased from 5.0 million in December 2014 to 7.2 million in December 2015 (see Table 23). The percentage of adults having a NIN grew from 5.3 to 7.5 per cent during the same time period. Although the trend was positive, the target of 59 per cent having a NIN by 2015 was not achieved (see Figure 14).

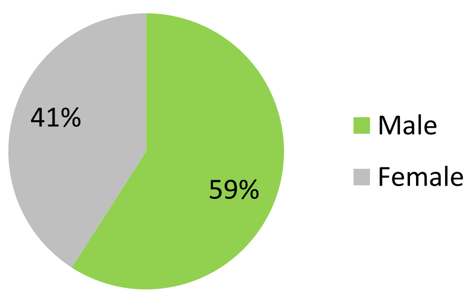
Figure 14: Percentage of adult Nigerians having a National Identification Number, Comparison of Actuals of 2010, 2014 and 2015 with Target 2015



Source: Returns from the National Identity Management Commission

Figure 15 shows that out of the 7,228,927 adult NIN holders as at December 2015, 59 per cent (4,270,595) were male, while 41 per cent (2,958,231) were female.

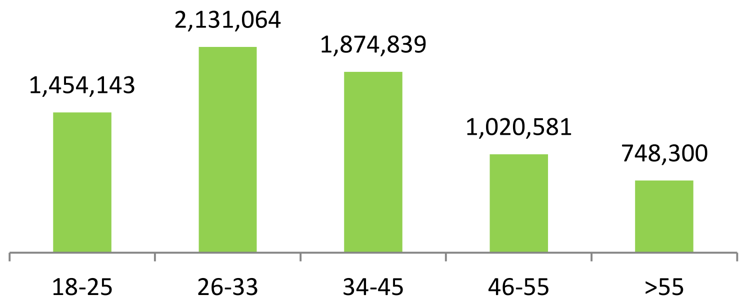
Figure 15: Distribution of adult Nigerians with a National Identification Number (NIN) by Gender, December 2015



Source: Returns from the National Identity Management Commission

Figure 16 highlights the distribution of NIN holders by age. While about 5.5 million, or 76 per cent of all adult NIN holders, were younger than or equal to 45 years old, only about 0.7 million or 10 per cent were older than 55. With about 2.1 million, or 29 per cent of all adult NIN holders, the age bracket 26-33 was the largest.

Figure 16: Distribution of adult Nigerians with a National Identification Number (NIN) by Age, December 2015



Source: Returns from the National Identity Management Commission

Going forward, enrolment of the NIN needs to be expanded significantly to ensure that all adult Nigerians have a NIN by 2020.

3.3.2. Financial Literacy

Financial literacy is an enabler of financial inclusion as it tries to reduce the key barrier of lack of understanding of financial products and its benefits.

Key initiatives as defined in the National Financial Inclusion Strategy to increase the financial literacy level of the Nigerian population include the implementation of a financial literacy framework, collaboration between the CBN and Federal and State Ministries of Education to implement financial literacy curricula in schools, and collaboration between CBN and financial services providers to implement financial literacy campaigns.

The Central Bank of Nigeria released the National Financial Literacy Framework in October 2015.[47] The document highlights the objectives of the strategy, as well as implementation plans and responsibilities of stakeholders. A full implementation of the key action plan is to commence in 2016. The Central Bank of Nigeria is also collaborating with the Federal Ministry of Education in the curriculum development on financial literacy for Nigerian schools. Equally, the Bank provided financial education in over 10 States across the Federation in 2015 under its harmonized sensitization campaigns and collaborated with several development partners, such as Mercy Corps and GIZ, to implement financial literacy programmes.

Additionally, the Bank, with support from the National Bureau of Statistics, Enhancing Financial Innovation & Access and Marketworx Africa, conducted the Nigeria Financial Literacy Baseline Survey and published the report in 2015.[48]

[47] The Framework can be accessed here: https://www.cbn.gov.ng/out/2016/cfpd/financial%20literacy.pdf. Accessed in June 2016.

[48] The report can be accessed at: https://www.cbn.gov.ng/out/2016/cfpd/baseline%20survey.pdf. Accessed in June 2016.

The National Financial Inclusion Strategy defined targets on the percentage of primary and secondary schools as well as tertiary institutions which shall have implemented a financial literacy curriculum by 2020. In order to achieve this target, the financial literacy curriculum needs to be finalized and approved as soon as possible.

Additionally, findings of the Nigeria Financial Literacy Baseline Survey shall be used by regulators and service providers to draft strategies for their financial literacy programmes towards the financially excluded.

3.3.3. Consumer Protection

Lack of trust in financial institutions was mentioned as another barrier to financial inclusion in the National Financial Inclusion Strategy, referring to EFInA (2010). Consumer protection is a key enabler of financial inclusion, because it aims at establishing and maintaining trust of the Nigerian population in the financial sector of the country.

The key initiative to increase the level of consumer protection in the financial sector in Nigeria is the development and implementation of a Consumer Protection Framework. As at December 2015, the Framework has been developed, but not yet approved. Approval and implementation of the Framework is expected in 2016. Additionally, the Nigeria Deposit Insurance Corporation extended deposit insurance coverage to subscribers of mobile money operators to engender confidence in mobile payment services and promote financial inclusion.[49]

The National Financial Inclusion Strategy stipulated that the Consumer Protection Framework should be implemented by 2012. Given the outstanding approval of the developed Framework, this target was not reached on time.

For upcoming years, it is crucial that awareness about deposit insurance coverage for subscribers of mobile money services is ensured. Also, once the Consumer Protection Framework has been released to the public, it will be crucial that financial services providers make use of it and other regulators, which do not have a similar framework in place, follow suit.

3.3.4. Women Initiatives

Another enabler of financial inclusion is specific initiatives for women. The rationale is that women have been more financially excluded than men in Nigeria. For instance, as at 2014, the male financial exclusion rate amounted to 35.8 per cent, compared to a financial exclusion rate of 42.7 per cent for

---

[49] The Framework can be accessed at: http://ndic.gov.ng/wp-content/uploads/2016/01/FRAMEWORK%20FOR%20THE%20ESTABLISHMENT%20OF%20PASS-THROUGH%20DEPOSIT%20INSURAN.pdf. Accessed in June 2016.

women (EFInA, 2014). Therefore, initiatives which specifically target women have high potential to positively impact the national financial inclusion rate.

Key initiatives targeted at enhancing financial inclusion of women include the provision of 60 per cent of the MSMEDF for women, entrepreneurship development and financial linkage programmes tailored specifically to women, and encouragement of women who have an appropriate business to become agents.

In 2015, sensitization campaigns were conducted with the objective of encouraging women to access 60 per cent of the N220 billion Micro, Small, and Medium Enterprises Fund. In terms of measuring achievement of the 60 per cent rate, the process of developing a database to capture MSMEDF-related data by gender was initiated in 2015. The Entrepreneurship Development Centres (EDCs) of the Central Bank of Nigeria are encouraged to ensure that at least 40 per cent of participants are women. As at December 2015, a total of 8,707 women had been trained in the EDCs, which amounts to 38.8 per cent of all participants, almost reaching the target. Regarding the encouragement of women entrepreneurs to become agents, sensitization campaigns took place in 2015 to enable women embrace this line of business.

In order to reduce the financial exclusion rate among women, financial services providers need to design financial products specifically customized to the needs of women.

3.3.5. Children and Youth Initiatives

Similar to women initiatives, specific measures targeted to children and youth present another enabler in the National Financial Inclusion Strategy. This is because the financial exclusion rate among the youth segment has been higher than the national financial exclusion rate. As at 2014, 47.4 per cent of the population within the 18 to 25 years age bracket were financially excluded, which was 20 per cent higher than the national financial exclusion rate of 39.5 per cent (EFInA, 2014).

Even though the targets defined in the NFIS focus on the adult population of Nigeria, children are a target segment for financial inclusion initiatives too. Indeed, financial literacy campaigns targeting minors, aged less than 18, are relevant at least for two reasons. First, minors themselves will be adults in the future. Educating them about the functions and benefits of formal financial services today will increase the likelihood of them using formal financial services when they turn 18. Second, minors may educate their parents, siblings or other relatives. Parents or other relatives may actually be less financially literate than their children, which is why teaching the children about financial services could have a domino effect on target groups in other age brackets too.

The National Financial Inclusion Strategy defined two key initiatives addressing children and the youth, namely the development and implementation of a framework for child and youth finance, and the implementation of children and youth financial literacy initiatives in Nigerian educational institutions.

One of the four National Financial Inclusion Working Groups which were inaugurated in 2015, is the Special Interventions Working Group, which targets the youth as one of three priority population segments. In the year, the Working Group defined an action plan with specific initiatives targeting the youth segment. Additionally, the Curriculum Development Working Group was established under the Financial Literacy Working Group to develop financial literacy curricula for primary and senior secondary schools in Nigeria.

In order to improve the financial exclusion rate of Nigerian youths, targeted financial literacy programmes and financial services need to be designed which specifically address the needs of young Nigerians.[50]

---

[50] Please note that the NFIS reported that it should be ensured that 50 per cent of the 4 million new adults every year are financially included. This has not been measured regularly so far, but as at 2014, 44 per cent of the 18-year olds captured in EFInA (2014) were financially included. However, the sample is not necessarily representative of the national population of 18-year olds.

CHAPTER FOUR

4. STAKEHOLDER ACTIVITIES

Three categories of stakeholders, namely providers, enablers and supporting institutions, participate actively in the implementation of the National Financial Inclusion Strategy. This chapter gives an overview of activities of each stakeholder group in the year under review.

4.1. Providers

Providers include institutions that provide financial products and services, as well as their partner infrastructure and technology.

In 2015, providers engaged in financial inclusion campaigns aimed at enlisting new customers and providing quality services. Some providers established financial inclusion desks in their corporate head offices to implement their financial inclusion agenda. In specific terms, they:

1. Developed and rolled out new financial inclusion products targeted at low-income clients;
2. Participated in the Global Money Week and financial literacy campaigns on financial services and products;
3. Engaged in school mentoring to stimulate students' interest in accessing and using formal financial products and services.

4.1.1. Bankers' Committee

During the year under review, the Bankers' Committee continued to render financial services to the Nigerian population. The Financial Inclusion Secretariat held a workshop with Heads of Strategies of Deposit Money Banks to discuss their financial inclusion activities and develop necessary business plans on financial inclusion.

4.1.2. Fund Managers' Association of Nigeria

Ms. Ore Sofekun
President, Fund Managers' Association of Nigeria

The assets under management of the Fund Management Industry increased from ₦156 billion in 2014 to ₦264 billion in 2015, representing a 69 per cent increase. Also, new mutual funds and five new Exchange Traded Funds (ETFs) were launched by Fund Managers to increase the options available to retail investors and increase financial inclusion.

4.1.3. Association of Non-Bank Microfinance Institution

Honourable Hamid Giwa Afolabi
President, Association of Non-Bank Microfinance Institutions

The Association of Non-Bank Microfinance Institutions (ANMFIN) recorded a significant increase in its customer base from 3,590,660 in 2014 to about four million in 2015. At the end of 2015, 70.4 per cent of its customers were female, while only 29.6 per cent were male. In 2015, ANMFIN initiated a five-year strategic planning process that was prompted by the Rural Finance Institution Building Programme (RUFIN). The focus of the plan is to restructure ANMFIN to become a viable and sustainable microfinance network in Africa by 2020 and to chart a road map for actualizing its new mandate of sustaining non-bank rural finance institutions upon RUFIN's exit.

4.1.4. Pension Funds Operators Association of Nigeria

Mr. Eguarekhide Longe
President, Pension Funds Operators Association of Nigeria

In 2015, the Pension Funds Operators Association of Nigeria (PenOp) drove a very intensive branding campaign on its activities on the radio, press and social media across the nation, as well as held stakeholder fora in collaboration with the National Pension Commission. The essence of the branding campaign was to educate the general public on the importance of preparing for retirement and having a pensions account.

The Association intends to use the **Micro Pension Plan** once the guidelines have been finalized by the National Pension Commission.

4.1.5. Nigerian Insurers Association

Mr. Thomas O.S.
Director General, Nigerian Insurers Association

The Nigerian Insurers Association (NIA) is an umbrella organization for insurance companies in Nigeria. In line with its mandate to develop an inclusive insurance market in Nigeria, the Association established a "Micro Insurance Technical Committee" strategically positioned to promote microinsurance business among its members. Microinsurance is the provision of insurance services to the low income segment of the society at affordable cost. In 2015, the Committee organized seminars, conferences/meetings and fairs to enhance collective knowledge sharing among member companies. For instance, the Association organized a one-day Microinsurance Fair in the last quarter of 2015 titled "Making insurance work for the informal sector".

4.1.6. Bank of Industry

Mr. Waheed A. Olagunju Ag. Managing Director, Bank of Industry

Bank of Industry (BOI) has established a gender desk to mainstream initiatives to deepen financial inclusion amongst women. One of the initiatives launched by the Bank in 2015 was the Bank of Industry Fashion Fund. Under the scheme, women entrepreneurs in the fashion industry can apply for up to one million naira without collateral to invest in their fashion businesses.

4.2. Enablers

Enablers are regulators and public institutions including the Central Bank of Nigeria (CBN), the National Pension Commission (PenCom), the National Insurance Commission (NAICOM), the Securities and Exchange Commission (SEC), the Nigerian Communications Commission (NCC), the Nigeria Deposit Insurance Corporation (NDIC), and the National Identity Management Commission (NIMC). Their activities in 2015 are outlined in this section.

4.2.1. Regulators

4.2.1.1. Central Bank of Nigeria

Mr. Godwin Emefiele Governor, Central Bank of Nigeria

Progress made by CBN Departments and Units include the following:

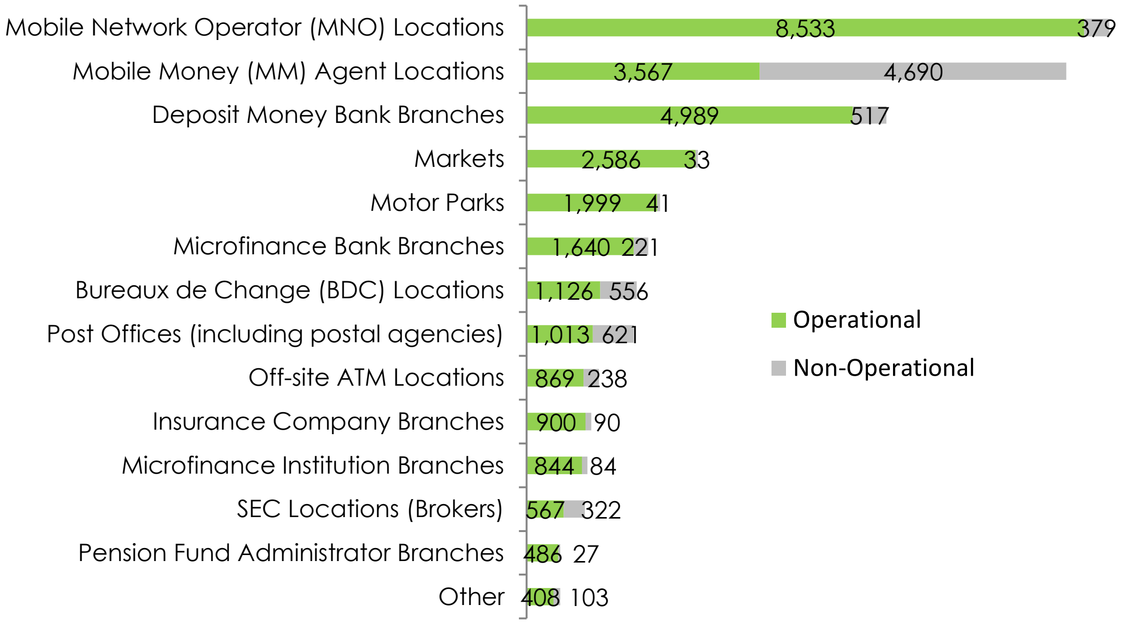
Financial Inclusion Secretariat:

The Secretariat held a **workshop with Heads of Strategy of deposit money banks** to define their future financial inclusion activities and a four-day financial inclusion capacity building workshop for stakeholders to enhance their understanding of financial inclusion matters.

The Secretariat also coordinated **the second round of the Geospatial Mapping Survey** of financial services access points in Nigeria which was conducted by a South African consultancy firm. The project was jointly funded by CBN and the Bill & Melinda Gates Foundation. An overview of the number of operational and non-operational access points[51] captured during the exercise is provided in Figure 17 and Table 24.[52]

Out of 37,449 access locations (excluding ATMs), 29,527 (78.8 per cent) were operational and 7,922 (21.2 per cent) were non-operational. The largest proportions of non-operational points were mobile money agents (only 43.2 per cent operational and engaging in mobile money activities). With respect to Automated Teller Machines (ATMs), a total of 14,048 machines were captured out of which 95.3 per cent were operational. The percentage of operational ATMs was higher for on-site ATMs (97.3 per cent) than for off-site ATMs (81.2 per cent). The highest number of access points was those of mobile network operators (MNOs) with 8,912, representing 23.8 per cent of the total access points captured. This showed their potential in providing financial access to Nigerians as agents of banks and mobile money operators.

Figure 17: Number of Operational and Non-Operational Financial Access Points Captured during the 2nd Round of the Geospatial Mapping Survey (CBN, 2015)



The total number of mobile money agent locations captured was 8,257 (22.0 per cent), out of which only 43.2 per cent were actually engaging in mobile

[51] Non-operational locations are locations which were found to be unavailable for business at the time of data collection. Unavailable does not mean that locations were only closed for a particular day or week, for instance due to maintenance work, but were perceived to remain out of business for a longer time. Please note that only for mobile money agent locations, non-operational locations are differently defined. Non-operational mobile money agent locations refer to locations where the agent had actually not been activated to perform mobile money activities, while the agent's business may or may not have been running.

[52] Please note that the numbers may differ from the ones provided in Chapter 3. This is because the Geospatial Mapping Survey was conducted between November 2014 and April 2015, while the figures provided in Chapter 3 provide a status update as at December 2015. Also, 39 of the 774 LGAs in the country were not captured because of security issues.

money activities. As for deposit money bank branches, a total of 5,506 branches (14.7 per cent) was captured. Most of the branches were located in the South West region (see Figure 10 and Table 18 in section 3.2.1.). The branches of microfinance banks were only 5.0% of the total access points captured.

Table 24: Number of Financial Access Points Captured during the 2nd Round of the Geospatial Mapping Survey (CBN, 2015)

S/N	Type of Access Location	Access Locations Captured	% of Total	Operational Access Locations Captured (% Operational)	% of Total Operational
1	Mobile Network Operator (MNO) Locations	8,912	23.8%	8,533 (95.7%)	28.9%
2	Mobile Money(MM) Agent Locations	8,257	22.0%	3,567 (43.2%)	12.1%
3	Deposit Money Bank Branches	5,506	14.7%	4,989 (90.6%)	16.9%
4	Markets	2,619	7.0%	2,586 (98.7%)	8.8%
5	Motor Parks	2,040	5.4%	1,999 (98.0%)	6.8%
6	Microfinance Bank Branches	1,861	5.0%	1,640 (88.1%)	5.6%
7	Bureaux de Change (BDC) Locations	1,682	4.5%	1,126 (66.9%)	3.8%
8	Post Offices (Including postal agencies)	1,634	4.4%	1,013 (62.0%)	3.4%
9	Off-site ATM Locations	1,107	3.0%	869 (78.5%)	2.9%
10	Insurance Company Branches	990	2.6%	900 (90.9%)	3.0%
11	Microfinance Institution Branches	928	2.5%	844 (90.9%)	2.9%
12	Securities and Exchange Commission Locations (Brokers)	889	2.4%	567 (63.8%)	1.9%
13	Pension Fund Administrator Branches	513	1.4%	486 (94.7%)	1.6%
14	Primary Mortgage Bank Branches	227	0.6%	177 (78.0%)	0.6%
15	Development Finance Bank Locations	158	0.4%	136 (86.1%)	0.5%
16	Finance Company Locations	78	0.2%	47 (60.3%)	0.2%
17	Commercial Bank Agent Locations	48	0.1%	48 (100.0%)	0.2%
Total # of Financial Access Locations		**37,449**	**100.0%**	**29,527 (78.8%)**	**100.0%**
18	Individual ATMs On-Site at Bank Branches	12,337	87.8%	12,000 (97.3%)	89.6%
19	Individual ATMs at Off-Site Locations	1,711	12.2%	1,389 (81.2%)	10.4%
Total # of Individual ATMs (On-Site and Off-Site)		**14,048**	**100.0%**	**13,389 (95.3%)**	**100.0%**

During the period under review, the Financial Inclusion Secretariat undertook **follow-up visits to priority States**, including Cross River, Ebonyi, Jigawa, Kano, Ogun, Osun, and Rivers States to assess the National Financial Inclusion Strategy implementation progress. During the visits specific actions that will enhance implementation and improve access to finance were agreed upon.

Banking and Payments System Department:

The Banking and Payments System Department developed an agent database to capture agent activities, issued the **Regulatory Framework for Licensing Super-Agents in Nigeria** to stimulate the market and support increased uptake of agent banking in Nigeria, and released **the Guidelines on Mobile Money Services in Nigeria** to ensure a structured and orderly development, promote safety and effectiveness, and enhance user confidence and services in mobile money services in Nigeria.

Consumer Protection Department:

The Consumer Protection Department released **the National Financial Literacy Framework** to provide a structured environment for increasing the level of financial literacy amongst Nigerians and published the report of the **Nigeria Financial Literacy Baseline Survey**. The Baseline Survey revealed that awareness on financial products was low, while the majority (58 per cent of those surveyed) did not have risk management plans in place. It also revealed that most Nigerians had a more positive attitude towards savings than loans.

Other major activities conducted by the Department included the **School Outreach Programme** in conjunction with the Bankers' Committee and the celebration of the Global Money Week in 2015, coordination of the development of the **financial literacy curricula** for primary and secondary schools, and the development of the **Consumer Protection Framework**, including a guide on bank charges, to increase the protection of customers against excessive and erroneous charges.

Development Finance Department:

The Department reviewed the **Micro, Small, and Medium Enterprises Development Fund Guidelines** to include concessions for start-ups that allow for the use of educational certificates such as NYSC as collaterals. It also conducted **extensive awareness campaigns** on the processes for accessing the MSME Development Fund. The reviewed MSMEDF Guidelines allow venture capital firms to participate in the utilization of the Fund. The Department also continued its partnership with RUFIN/IFAD on rural business plans with microfinance banks and institutions to facilitate access to finance among the rural population.

Other Financial Institutions Supervision Department:

The Department undertook financial literacy and education initiatives in collaboration with the National Association of Microfinance Banks (NAMB) in order to mobilize savings and enhance access to credit through their members. It also worked on incentives for MFBs to penetrate areas through the establishment of rural branches.

4.2.1.2. National Pension Commission

Mrs. Chinelo Anohu-Amazu
Director General, National Pension Commission

The pension reform in Nigeria has focused mainly on the formal sector, which covered about 7.1 million employees as at December 2015. However, the informal sector, which is at least five times the size of the formal sector, remains uncovered by the Nigerian Pension scheme. To this end, a survey that would facilitate the participation of the informal sector in the Contributory Pension Scheme (CPS) was conducted. The Commission commenced the review of the Regulation on Investment of Pension Assets which is expected to boost participation of persons working in the informal sector and increase coverage of the scheme.

The Commission engaged recovery agents to recover all outstanding contributions from 15,000 employers of labour that either did not register their employees into the CPS or were not making full remittance of contributions into the Retirement Savings Accounts (RSAs) of their employees. It obtained the support of the Federal Government to make it mandatory for all bidders for contracts from any Federal Government Agency to provide evidence of implementing the CPS. The National Pension Commission plans to harmonise and integrate the PenCom database with the national identity platform to ensure complete synergy with the National Identity Management Commission.

4.2.1.3. National Insurance Commission

Mr. Mohammed Kari
Commissioner for Insurance, National Insurance Commission

The National Insurance Commission (NAICOM) undertook a diagnostic study in support of the development of action plans to facilitate the implementation of microinsurance in the country. Pursuant to this, the agency launched the Takaful and Microinsurance Guidelines in November, 2013. To support implementation, a Microinsurance Steering Committee was constituted in January 2014. In 2015, efforts were made to promote necessary financial literacy through several awareness programmes to ensure the accelerated adoption of microinsurance products in Nigeria.

Examples of organizations that launched microinsurance products in 2015 include Airtel, MTN, Lapo Microfinance Bank, Paga, and Delta State Government.

4.2.1.4. Securities and Exchange Commission

Mr. Mounir Gwarzo
Director General, Securities and Exchange Commission

The focal point for the financial inclusion agenda and access to capital market products by the excluded population of Nigeria of the Securities and Exchange Commission (SEC) is the use of collective investment schemes and non-interest capital market products. SEC established a Financial Inclusion Division and launched a capital market master plan (2015-2025) that encapsulates financial inclusion objectives. Benchmarking on the Central Bank of Nigeria financial inclusion strategy, the SEC is working on a Capital Market Financial Inclusion Strategy that will provide a framework and blueprint to guide the activities of participants in the market. It is also working on appropriate channels that will support the uptake of capital market products in the future.

4.2.1.5. Nigerian Communications Commission

Professor Umar Garba Danbatta
Executive Vice Chairman, Nigerian Communications Commission

Over the years, the Nigerian Communications Commission (NCC) has earned a reputation as a foremost telecom regulatory agency in Africa. The Commission is making efforts to catalyse the use of information and communication technology for different aspects of national development. In order to engender needed efficiency, NCC made progress in initiating a regulatory framework that fosters service availability, optimal service experience, adherence to standards, clarity, simplicity and consistency in operation and pricing of mobile payment services by mobile network operators. In addition, the Commission has auctioned spectrum in the 2.3GHz band and is at the verge of auctioning spectra in the 2.6GHz band. Its aim is to achieve 30 per cent broadband penetration by 2018. The Commission is encouraging the rollout of sites in unsecured and underserved areas which will promote financial inclusion.

4.2.1.6. Nigeria Deposit Insurance Corporation

Alhaji Umaru Ibrahim MD/CEO, Nigeria Deposit Insurance Corporation

As part of its contribution to the financial Inclusion project in Nigeria, the Nigeria Deposit Insurance Corporation (NDIC) extended deposit insurance coverage to subscribers of mobile money operators. This is to engender confidence in the mobile payment services and promote financial inclusion. In the same vein, the organization provided deposit protection for customers of deposit money banks, microfinance banks, primary mortgage banks and non-interest banks. It has also drafted a curriculum for teaching deposit insurance and other financial literacy modules in Nigerian universities and plans to collaborate with the National Universities Commission to implement it.

4.2.1.7. National Identity Management Commission

Engr. Aliyu Aziz
Director General, National Identity Management Commission

In order to enhance the implementation of the Financial Inclusion Strategy in Nigeria, the National Identity Management Commission (NIMC) is working on a unified database to ease identification of Nigerians for the purpose of financial and other documentations.

Banks and other financial institutions would be able to leverage on this platform to undertake the Know Your Customer (KYC) requirements. The platform will also help to enhance the Nigerian consumer credit system and support lending for economic activities by the excluded population in Nigeria.

4.2.2. Government Ministries and Agencies

4.2.2.1. Federal Ministry of Finance

Mrs. Kemi Adeosun
Honourable Minister of Finance

The Ministry partnered with CBN and the Bill & Melinda Gates Foundation (BMGF) on the implementation of the Digital Financial Inclusion Project. The Public Private Partnership (PPP) division of the Ministry took active part in the Nigerian Postal services (NIPOST) financial inclusion project. In 2015, a contract was signed with a Bangladesh-based consultancy firm to provide advisory services on the project. The contract is a prerequisite for the next phase, which will involve the rehabilitation of the post offices across the country. The Youth Employment and Social Support Operations (YESSO) Unit of the Ministry also collected data on the poor and vulnerable in the Federal Government Single Register Database to support the disbursement of the Government Social Protection Programmes. The compilation of the database was done in collaboration with the World Bank which provided a grant of USD300 million.

4.2.2.2. Federal Ministry of Communications


Barr. Adebayo Shittu
Honourable Minister of Communications

In 2015, the technology infrastructure required for deepening financial inclusion was given priority by the Ministry with States signing up to the SMART campaign. The initiative aims at reducing multiple taxation suffered by players in the internet infrastructure provision space.

4.2.2.3. Federal Ministry of Women Affairs & Social Development


Senator Aisha Jummai Alhassan
Honourable Minister of Women Affairs and Social Development

The Ministry established the Women Fund for Economic Empowerment (WOFEE) in order to increase access to loans for women farmers in rural areas. WOFEE is a credit facility for economic empowerment of grass root women cooperatives set up in collaboration with the Bank of Agriculture. It also created the Business Development Fund in collaboration with the Bank of Industry.

4.2.2.4. Federal Ministry of Youth Development


Barr. Solomon Dalong
Honourable Minister of Youth Development

With a vested interest in the social and economic inclusion of the Nigerian youth (18 to 35 years old), the Ministry paid particular attention to empowerment programmes such as the Youth Employment In Agriculture Programme (YEAP). In 2015, the Ministry empowered 30,000 Nigerian youths under the first phase of the programme. Participating States included Akwa Ibom, Bauchi, Gombe, Imo, Kaduna, Kastina, Lagos, Niger, Ogun and the FCT. In addition to this, the implementation of other programmes such as YouWin, SURE-P and other agropreneur programmes continued during the year.

4.2.2.5. Nigerian Postal Service

Mr. Asiwaju A. Adegbuyi
Postmaster General / CEO,
Nigerian Postal Service

NIPOST started agency banking in three States of the Federation as a pilot. Payments for utility bills, including school fees, can now be made in some post offices in Nigeria.

4.3. Supporting Institutions

Supporting institutions provide technical and funding assistance to enhance financial inclusion in the country. This section describes their key activities in 2015.

4.3.1. Alliance for Financial Inclusion

Mr. Alfred Hannig
Executive Director,
Alliance for Financial Inclusion

The Alliance for Financial Inclusion (AFI) became an independent organization, owned by its member institutions, in 2015 as it was registered as an international organization in Malaysia under the International Organizations Act 1992 at the end of the year.

In the year under review, the organization engaged in its Peer Learning Program with Standard-Setting Bodies, advocated for the role of SMEs in financial inclusion as an implementation partner in the Global Partnership for Financial Inclusion, and discussed financial inclusion issues affecting AFI's members with the G-24.

AFI also continued to support its members in national financial inclusion policy making with 57 institutions making Maya Declaration commitments and setting 81 measurable targets in 2015.

Capacity-building was provided through various means, including thematic working groups, joint learning programs, knowledge exchange programs, peer advisory services, regional initiatives, and the Global Policy Forum.

At the Global Policy Forum in Maputo, Mozambique in September 2015, members adopted the Maputo Accord which makes SME finance a priority, given SMEs' crucial role in driving a country's employment, economic development and innovation.

4.3.2. Bill & Melinda Gates Foundation

Dr. Sue Desmond-Hellmann
Chief Executive Officer,
Bill & Melinda Gates Foundation

In 2015, the Bill & Melinda Gates Foundation collaborated with the Central Bank of Nigeria to jointly fund the second round of geospatial mapping of financial access points (see sections 3.2.1. and 4.2.1.1. for key results). The outcome of the exercise was the publication of the Financial Access Points Atlas in December 2015. The live maps can be accessed on www.fspmaps.com. Additionally, the Foundation partnered with the Central Bank of Nigeria and the Federal Ministry of Finance to kick-off the Digital Financial Inclusion Project.

4.3.3. Enhancing Financial Innovation & Access

Ms. Modupe Ladipo
Chief Executive Officer,
Enhancing Financial Innovation & Access

Enhancing Financial Innovation & Access (EFInA) provided technical support to the Financial Inclusion Secretariat in the year. In 2015, EFInA conducted a number of financial inclusion-related surveys. One of the surveys, which was titled "*Mobile Money Agent Survey*", identified ways to drive deployment of widespread agent networks and increase usage of mobile money services, and created understanding of mobile money agents' operations, the challenges faced, and the motivation for becoming mobile money agents.[53] Another survey was titled *"The landscape of financial inclusion and microfinance in Nigeria"*. The survey highlighted reasons for the low penetration of microfinance banks in Nigeria and factors that will encourage the usage of microfinance banks by current non-users.[54]

4.3.4. Deutsche Gesellschaft fuer Internationale Zusammenarbeit

Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ) was instrumental to a number of developmental programmes targeted at empowering the poor in the year. This was achieved primarily through the

53 Key findings of the study are available here: http://www.efina.org.ng/assets/ResearchDocuments/OtherResearch/EFInA-Agent-Survey-Key-Findings.pdf. Accessed in June 2016.

54 The report can be accessed at: http://www.efina.org.ng/assets/ResearchDocuments/OtherResearch/EFInAThe-Landscape-of-Financial-Inclusion-and-Microfinance-in-Nigeria.pdf. Accessed in June 2016.

collaboration with key stakeholders in both, the private and public sector, to foster skills acquisition and finance micro enterprises.

Mrs. Tanja Goenner
Chair of the Management Board, GIZ

The project which particularly targeted financial inclusion was the Pro-poor Growth and Promotion of Employment in Nigeria (SEDIN) Programme. It aims at increasing income-generating employment in micro, small and medium-sized enterprises (MSMEs), and improving access to financial services with pilots in Abuja, Niger, Ogun and Plateau States.

Under the SEDIN programme, GIZ supported 14 MFBs from Ogun, Niger and Plateau to carry out financial literacy activities, and 15 MFBs with promotional items and radio jingles. The agency also embarked on a financial literacy radio programme tagged "Talk Moni" in Niger and Ogun States to educate the public on savings, wonder banks, MFBs, investment, and bookkeeping.

Other programmes executed by the agency includes financial literacy road shows on "E Go Better – The Microfinance Way" in Mangu, Pankshin, Jos North and Jos South Local Government Areas. "E Go Better – The Microfinance Way" is a financial literacy movie that educates the audience on financial matters like savings, loans and how microfinance works. A total of between 100 and 150 people participated per road show.

Also, the agency supported the development of financial literacy materials to train MSMEs, farmers, women groups and youths in partner States as well as group lending training with microfinance banks. The group lending programme addressed topics such as:

1. Understanding the principles of group lending in microfinance
2. Risk management in group lending
3. Corporate governance in group lending
4. Understanding group lending from group mobilization/formation to administration and monitoring
5. Field exercise: Meeting with loan groups at Fortis MFB's Group Centers
6. Drafting group lending policy per individual bank. A clinic session was held bank by bank to give feedback on the outlined group lending policy.

4.3.5. Mercy Corps

Mercy Corps implemented projects that link marginalised girls directly to formal banking services by opening formal accounts for them and ensuring that these girls register and leverage on the payment features of the National Identity Management Commission (NIMC) e-ID cards. In 2015, 8,000

Neal Keny-Guyer
Chief Executive Officer,
Mercy Corps

marginalized girls were brought into the formal banking sector and over 10,000 girls were registered for the NIMC e-ID card which can be used to make financial transactions. This was achieved through the implementation of three specific projects:

The "ASSETS" (Accelerating Savings and Strengthening Entrepreneurship through Training and Skills-building) project, funded by MasterCard Worldwide, has focused on improving the livelihood and economic assets of 2,500 marginalized adolescent girls in Lagos State and the Federal Capital Territory.

The "ENGINE" (Educating Nigerian Girls in New Enterprises) project, funded by The Coca–Cola Company, Department for International Development (DfID) and NIKE Foundation, aims to reach 18,000 marginalised girls in Kano, Kaduna, Federal Capital Territory and Lagos States to teach them business and financial skills.

The "GOAL 2" (Girls Opportunities for Advancing Literacy) program, supported by the John D. and Catherine T. MacArthur Foundation, has addressed challenges faced by 1,800 in-school marginalised girls by improving their learning outcomes and directly supporting girls' increased control of economic assets through financial education in Kano, Kaduna and the Federal Capital Territory. GOAL 2 is strengthening government systems to support girls' skill building in alignment with the National Policy on Education.

CHAPTER FIVE

5. RECOMMENDATIONS

Towards the implementation of the National Financial Inclusion Strategy, a range of activities were carried out in Nigeria in 2015. Most financial inclusion KPI figures in 2015 were an improvement over those of 2014. In order to achieve the 2020 targets, stakeholders need to accelerate the pace of the current efforts and interventions. The following measures are particularly recommended.

Providers:

- <u>Further commit to financial inclusion targets:</u> As at 2014, there were 36.9 million adults which were completely excluded from the financial sector. The population represents huge potential for service providers' business if they can adopt innovative and commercially viable ways to serve them. Also, for some providers, such as insurance companies, the excluded segment is even larger given the low penetration of only one per cent as at 2014. Services providers should consider expanding into this segment not only for social reasons, but also in their own interest.
- <u>Enhance financial inclusion database:</u> Several data issues have been pointed out in the report. There is need to collect financial inclusion-related data and provide reliable and timely data to regulators to inform policies and interventions.
- <u>Focus on dispersion in deployment of financial access points:</u> Financial access points need to be increased substantially as they are needed for people to be able to access and use financial services. However, results of the second round of the Geospatial Mapping Survey of financial access points showed that 27.3 per cent of all commercial bank and 14.9 per cent of all microfinance bank branches were located in Lagos State. The estimated share of the total Nigerian adult population living in Lagos State was merely 7.5 per cent in 2014. In addition, 116 out of 735 captured LGAs had neither a commercial nor a microfinance bank branch. Therefore, providers are encouraged to analyse existing gaps of financial access points and place emphasis on these gaps in their deployment of new access points. For instance, providers are encouraged to make use of the interactive geo-spatial maps[55] for further analysis that could inform management decisions. Given the capital-intensity of "brick-and-mortar" branches, new branches should be deployed in areas with a large financially excluded population with no, or only few access points, particularly the North East and North West. Additionally, the number of agents should

[55] Accessible at: www.fspmaps.com. Accessed in June 2016.

be expanded substantially in order to supply financial services in a cost-effective manner even in remote areas.

- Take advantage of new technologies: Innovative ways must be found to reach eight out of ten adult Nigerians by 2020. Mobile phones represent a low-cost channel to reach even many of the poorest in rural areas. Mobile channels therefore should be further intensified.
- Form partnerships and collaborations: Financial inclusion activities involve multiple stakeholders. Strong collaborations and partnerships can help to better reach the excluded population in an efficient and faster manner. For instance, banks or insurance companies may collaborate with mobile network operators to leverage on their customer base and explore the use of mobile phones to deliver financial services. Commercial banks may partner with microfinance banks and institutions to provide funds for on-lending to the low-income segment. Linkage models between banks and informal savings institutions could provide mutual benefits to both and need to be taken advantage of. Local governments may provide security support for branches or ATMs, while apex associations may organize joint awareness campaigns to increase financial literacy in rural areas.

Enablers:

- Deliver on financial inclusion commitments: Even though several initiatives have been developed in order to achieve the financial inclusion targets by 2020, it is crucial that regulators and government ministries, departments and agencies strictly adhere to their implementation plans. Quantitative targets should be broken down year-by-year in order to have transparency over the number of adults that need to be included in each year and quarter rather than in the next five-year period.
- Collate and publish financial inclusion data: In support of the reporting activities of providers, regulators are encouraged to effectively collaborate with the Financial Inclusion Secretariat to develop and adopt appropriate reporting mechanisms to ensure timeliness in providing needed information on financial inclusion to the Governing Committees. Necessary software and infrastructure for real time online reporting will go a long way to address current data gathering and analysis challenges.
- Leverage on new technologies: Regulators and public institutions need to provide an enabling environment that provides incentives for services providers to use new technologies, such as mobile phones and the internet. Progress made on the implementation of relevant guidelines in this respect, such as the ones on mobile payments and

super-agents, should be monitored. Government agencies at all levels should endeavour to digitize payments, such as salaries, subsidies, or cash transfers, and by this, draw the financially excluded to make use of formal financial services, achieve transparency and save costs.

Supporting institutions:

- Coordinate with various stakeholders to maximize impact: Financial inclusion has linkages between many different stakeholders in multiple sectors. Supporting institutions, such as donor organizations and research institutions, should base their assistance on adequate analysis of the environment, and consider what other partners are doing so as to ensure synergy and complementarity. The Financial Inclusion Secretariat should be consulted in designing projects so that assistance is provided in a way that maximizes impact on financial inclusion.

CHAPTER SIX

6. CONCLUSION

The National Financial Inclusion Strategy was launched on 23rd October, 2012 to provide a road map for increasing the level of access to financial services by Nigerians, and by so doing, improve living standards of the populace. The launch of the Strategy and the steps undertaken to implement it have not only created awareness on the need for increased financial access by the population, but has elicited concerted stakeholder actions in performing their avowed roles and responsibilities. The Report has described various initiatives in different industries, such as those in the banking, the microfinance, the insurance and the pension sectors, in 2015. The financial inclusion trend has been positive since 2012.

Nevertheless, gaps exist between the actually achieved values and the targets set for 2015 for several key performance indicators. The current economic situation, particularly the low oil price, fiscal constraint and limited economic growth, does not provide the most favourable environment for financial inclusion to thrive. However, financial inclusion is a driver of economic development and as such, all stakeholders need to commit more resources to the implementation plans. The recommendations made in the Report, if implemented, will support economic growth, job creation, and poverty reduction at the macro-level, and assist individuals in improving their financial opportunities, income and standard of living.

With concerted efforts on the part of financial services providers, regulators, government ministries, departments, and agencies, and development partners, eight out of ten adults Nigerians should have access to and make use of financial services by the year 2020 as stipulated in the National Financial Inclusion Strategy.

Central Bank of Nigeria
September, 2016

7. APPENDIX

Appendix 1: Composition of the National Financial Inclusion Steering Committee, Technical Committee, and Working Groups

Members of the National Financial Inclusion Steering Committee:

- Governor, Central Bank of Nigeria (Chairman)
- President, Association of Licensed Mobile Money Operators
- President, Association of Non-Bank Microfinance Institutions
- Member, Bankers' Sub-Committee on Economic Development, Gender & Sustainability
- Member, Bankers' Sub-Committee on Financial Literacy & Public Enlightenment
- Chief Executive Officer, Enhancing Financial Innovation & Access
- Honourable Minister, Federal Ministry of Communications
- Honourable Minister, Federal Ministry of Education
- Honourable Minister, Federal Ministry of Finance
- Honourable Minister, Federal Ministry of Information
- Honourable Minister, Federal Ministry of Women Affairs & Social Development
- President, Fund Managers Association of Nigeria
- President, National Association of Microfinance Banks
- Statistician General, National Bureau of Statistics
- Director General, National Identity Management Commission
- Commissioner for Insurance, National Insurance Commission
- Director General, National Pension Commission
- Managing Director, Nigeria Deposit Insurance Corporation
- Chief Executive Officer, Nigerian Communications Commission (NCC)
- Director General, Nigerian Insurers Association
- Post Master General, Nigerian Postal Service
- Managing Director, Nigerian Stock Exchange
- President, Pension Fund Operators Association of Nigeria
- Director General, Securities and Exchange Commission
- Head, Financial Inclusion Secretariat, Central Bank of Nigeria (Secretary)

Member Institutions/Departments of the National Financial Inclusion Technical Committee:

- Deputy Governor, Financial System Stability, Central Bank of Nigeria (Chairman)
- Association of Licensed Mobile Money Operators
- Association of Non-Bank Microfinance Institutions
- Bankers' Sub-Committee on Economic Development, Gender & Sustainability
- Bankers' Sub-Committee on Financial Literacy & Public Enlightenment
- Central Bank of Nigeria, Banking and Payments System Department
- Central Bank of Nigeria, Banking Supervision Department
- Central Bank of Nigeria, Branch Operations Department

- Central Bank of Nigeria, Consumer Protection Department
- Central Bank of Nigeria, Development Finance Department
- Central Bank of Nigeria, Financial Policy and Regulation Department
- Central Bank of Nigeria, Monetary Policy Department
- Central Bank of Nigeria, Other Financial Institutions Supervision Department
- Central Bank of Nigeria, Research Department
- Central Bank of Nigeria, Shared Services Office
- Central Bank of Nigeria, Statistics Department
- Central Bank of Nigeria, Strategy Management Department
- Enhancing Financial Innovation & Access
- Federal Ministry of Communications
- Federal Ministry of Education
- Federal Ministry of Finance
- Federal Ministry of Information
- Federal Ministry of Women Affairs & Social Development
- Federal Ministry of Youth Development
- Fund Managers Association of Nigeria
- National Association of Microfinance Banks
- National Bureau of Statistics
- National Identity Management Commission
- National Insurance Commission
- National Pension Commission
- Nigeria Deposit Insurance Corporation
- Nigerian Communications Commission
- Nigerian Insurers Association
- Nigerian Postal Service
- Nigerian Stock Exchange
- Pension Fund Operators Association of Nigeria
- Securities and Exchange Commission
- Head, Financial Inclusion Secretariat, Central Bank of Nigeria (Secretary)

Member Institutions/Departments of the National Financial Inclusion Channels Working Group:

- Central Bank of Nigeria – Branch Operations Department (Chairman)
- Central Bank of Nigeria – Banking and Payments System Department
- Central Bank of Nigeria – Shared Services Office
- Central Bank of Nigeria – Statistics Department
- Federal Ministry of Communications
- Federal Ministry of Information
- Fund Managers Association of Nigeria
- National Association of Microfinance Banks
- National Bureau of Statistics
- Nigerian Communications Commission
- Nigerian Insurers Association
- Nigerian Postal Service
- Pension Fund Operators Association of Nigeria

- Central Bank of Nigeria – Financial Inclusion Secretariat (Secretary)

Member Institutions/Departments of the National Financial Literacy Working Group:

- Central Bank of Nigeria – Consumer Protection Department (Chairman)
- Bankers' Committee – Sub-Committee on Economic Development, Gender & Sustainability
- Bankers' Committee – Sub-Committee on Financial Literacy & Public Enlightenment
- Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ)
- Federal Ministry of Communications
- Federal Ministry of Education
- Federal Ministry of Finance
- Federal Ministry of Information
- LYNX-Nigeria
- Mercy Corps
- National Pension Commission
- Nigerian Insurers Association
- Nigerian Stock Exchange
- Securities and Exchange Commission
- Central Bank of Nigeria – Financial Inclusion Secretariat (Secretary)

Member Institutions/Departments of the National Financial Inclusion Products Working Group:

- Nigeria Deposit Insurance Corporation (Chairman)
- Association of Licensed Mobile Payment Operators
- Association of Non-Bank Microfinance Institutions
- Central Bank of Nigeria – Banking and Payments System Department
- Central Bank of Nigeria – Banking Supervision Department
- Central Bank of Nigeria – Financial Policy and Regulation Department
- Central Bank of Nigeria – Other Financial Institutions Supervision Department
- Central Bank of Nigeria – Special Adviser to the Governor on Economic Matters
- Federal Ministry of Finance
- Fund Managers Association of Nigeria
- National Identity Management Commission
- National Insurance Commission
- National Pension Commission
- Nigerian Postal Service
- Securities and Exchange Commission
- Central Bank of Nigeria – Financial Inclusion Secretariat (Secretariat)

Member Institutions/Departments of the National Financial Inclusion Special Interventions Working Group:

- Central Bank of Nigeria – Special Adviser to the Governor on Sustainable Banking (<u>Chairman</u>)
- Bank of Industry
- Central Bank of Nigeria – Consumer Protection Department
- Central Bank of Nigeria – Development Finance Department
- Central Bank of Nigeria – Special Adviser to the Governor on Development Finance
- Central Bank of Nigeria – Special Assistant to the Governor on Public Policy
- Central Bank of Nigeria – Statistics Department
- Central Bank of Nigeria – Strategy Management Department
- Enhancing Financial Innovation & Access
- Federal Ministry of Education
- Federal Ministry of Women Affairs & Social Development
- Fund Managers Association of Nigeria
- National Insurance Commission
- Nigerian Postal Service
- Nigerian Stock Exchange
- Theseabilities
- Central Bank of Nigeria – Financial Inclusion Secretariat (<u>Secretary</u>)

Appendix 2 – Overview of Financial Inclusion Key Performance Indicator Groups as defined in the National Financial Inclusion Strategy

Key Performance Indicator Group	**Examples of Key Performance Indicators**	**Comments on Consideration of Key Performance Indicator Group**
Access to Financial Services	• Number of ATMs per 100,000 adults • Number of POS devices per 100,000 adults	Indicators of this group have been measured and a progress update is provided under Section 3.2.
Ownership/Usage of Financial Services	• Percentage of adult Nigerians using a payment product • Percentage of adult Nigerians using a savings product	Indicators of this group have been measured through the desired or proxy indicators and a progress update is provided under Section 3.1.
Affordability	• Cost of using channels for delivering financial services • Interest spread between savings and credit for low value accounts	Indicators of this group have not been measured yet in a structured way from the supply side. Demand-side surveys, such as the biennially conducted Access to Financial Services in Nigeria Survey conducted by EFInA, cover information on affordability. For detailed information, please access results of the surveys directly.
Appropriateness	• Reason for not having a payment product • Reason for not having a credit product	Indicators of this group are measured through demand-side surveys such as the Access to Financial Services in Nigeria Survey conducted by EFInA. For detailed information, please access results of the surveys directly.
Financial Literacy	• Knowledge of business cash-flows • Awareness of financial services offerings	Indicators of this group are measured through demand-side surveys such as the National Financial Literacy Baseline Survey of the CBN or the Access to Financial Services in Nigeria Survey conducted by EFInA. Relevant indicators have been referenced. For detailed information, please access results of the surveys directly.
Consumer Protection	• Percentage of over-indebted clients • Number of resolved complaints	Indicators of this group have not been measured yet in a structure way from the supply side. Demand-side surveys, such as the Access to Financial Services in Nigeria Survey conducted by EFInA, cover some information on consumer protection. For detailed information, please access results of the surveys directly.

Appendix 3: Tables of Status Quo Analysis of Initiatives Targeting the Achievement of Financial Inclusion Key Performance Indicator Targets[56]

Payments:

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
Roll out of the Cashless Policy in all States of the Federation	o Cashless policy was rolled out in six States of the Federation plus FCT in 2015. o Public awareness campaigns on the Cashless Policy were held in nine additional States.	o 30 other States are yet to implement the Cashless Policy. o Access points need to be scaled up for Cashless Policy to be effective. o No charges applicable to deposits as at December 2015 which reduces incentives for merchants to deploy PoS devices.	Central Bank of Nigeria (Shared Services Office)
Implementation of the tiered KYC requirements	o In 2015, banks and other financial institutions implemented the three-tiered KYC requirements.	o Providers raised questions about the difference between Tier 2 and Tier 3. In response, CBN wrote to the providers clarifying the issue.	Central Bank of Nigeria (Financial Policy and Regulation Department)
Increase in public awareness about mobile payments	o Public awareness about mobile payments has been increased through CBN harmonized sensitization campaigns across the country.	o Uptake and awareness of mobile money is still low.	Central Bank of Nigeria (Banking and Payments System Department)

Savings:

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
Implementation of a national savings mobilization programme	o The tender process on a study about a national savings mobilization programme commenced. o Interested firms submitted proposals on the study. o Evaluation of the proposals is ongoing.	o None at the moment.	Central Bank of Nigeria (Financial Inclusion Secretariat)
Introduction and promotion of a basic "no frills" savings account and	o In 2015, banks and other financial institutions implemented the three-tiered KYC requirements.	o Providers raised questions about the difference between Tier 2 and Tier 3. In response, CBN wrote to the providers clarifying the	Central Bank of Nigeria (Financial Policy & Regulation Department)

[56] Please note that strategies are listed only under the respective indicator(s) which they influence most directly. For instance, while the implementation of agent banking regulations will also impact the achievement of the payments and savings targets, it most directly affects the achievement of the agent target. Therefore, it is only listed under the section for "Agents".

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
implementation of tiered KYC requirements		issue.	
Policies to support linkages to informal savings groups	o Under the RUFIN intervention, clients of non-bank microfinance institutions have been linked to Microfinance Banks on a case-by-case basis.	o No formal framework in place yet to support linkages between the formal financial sector and informal savings groups.	Central Bank of Nigeria (Development Finance Department)

Credit:

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
Implementation of the Micro, Small and Medium Enterprises Development Fund (MSMEDF)	o Disbursement of funds gained traction in 2015. From January to December 2015, N54.370 billion was disbursed to 325 beneficiaries/projects through 124 participating financial institutions. o Sensitization campaigns of the public were conducted in the six geopolitical zones. o Collateral cover was reduced from 50% to 30%.	o Low uptake of Participating Financial Institutions (PFIs) in accessing the fund. o Several PFIs (especially Financial Cooperatives & NGO-MFIs) do not possess the prescribed collateral for accessing the loan.	Central Bank of Nigeria (Development Finance Department)
Removal of the minimum reporting balance for credit bureaux	o Section 12 of the Revised MFB Guidelines requires MFBs to supply information on all their credits to at least two licensed credit bureaux. This in effect implies that there is no minimum reporting balance.	o Many MFBs have not registered with at least two credit bureaux as required due largely to financial constraints. o CBN has approved the payment of the one-off registration fee for all MFBs to address the challenge. Going forward, the payment of the registration fee will be made a condition for the grant of operating license.	Central Bank of Nigeria (Other Financial Institutions Supervision Department)
Initiation of a Land Reform Act	o Process is ongoing.	o None.	Ministry of Lands, Housing and Urban Development
Development of a collateral registry for movable assets that will serve all	o The process of developing a collateral registry gained momentum in 2015. o Stakeholder meetings were	o No issues, first UAT went smoothly.	Central Bank of Nigeria (Development Finance

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
levels of credit	held to finalize the registry. o Consequently, the first level User Acceptance Test (UAT) was conducted from 14th to 18th December, 2015 with participants drawn from eight financial institutions comprising DMBs, MFBs, Finance Houses and the CBN.		Department)
Promotion of linkages between MFBs and DMBs to obtain wholesale funding for on-lending	o Linkages have been created on a case-by-case basis.	o No formal framework for this linkage has been developed yet.	Central Bank of Nigeria (Banking Supervision Department)
Implementation of entrepreneurship training	o As at December 2015, the Entrepreneurship Development Centres (EDCs) collectively had trained a total of 22,444 participants. o In 2015 only, EDCs trained 11,896 participants, representing 104.4% of the target of 11,400 to be trained. o In 2015, CBN-EDC operations commenced in the South-West and North-East geo-political zones as approved by Management of the Bank.	o Some graduates of EDCs find it difficult to access credit from the Banks because of the traditional collateral requirements. o Inability to access credit prevents some of the EDC graduates from starting any productive venture.	Central Bank of Nigeria (Development Finance Department)
Introduction of credit awareness programmes to avoid consumer over-indebtedness	o Credit awareness programmes were covered under CBN's harmonized awareness campaigns in 2015. o Also, the Consumer Protection Department of the CBN started developing a financial literacy programme for MSMEs and farmers, which includes issues related to credit, such as over-indebtedness.	o None.	Central Bank of Nigeria (Consumer Protection Department)
Implementation of the NIRSAL programme	o From January to December 2015, one hundred and ninety-five (195) requests for Credit Risk Guarantees (CRGs) valued at N1 billion were approved. The CRG figures showed remarkable improvement when compared to 18	o There is lack of adequate knowledge of agricultural lending among financial institutions.	Central Bank of Nigeria (Development Finance Department)

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
	guarantees that were approved for 2014.		

Insurance:

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
Regulatory enforcement of compulsory insurance products	o A Compliance Certificate is necessary when a company is applying for government contracts. o Monitoring officers of NAICOM have visited business locations to enforce compliance.	o A provision of the NAICOM Act 1997 limits the enforcing powers of the Agency. o A proposed bill aimed at correcting this imbalance has not been passed by the National Assembly.	National Insurance Commission
Usage of banking agents as distribution channels for insurance products	o Mobile money operators and Telcos have started to use their platform to sell insurance products. o The Bancassurance guidelines which allow insurance companies to use banks as a channel to sell insurance policies are in development as at December 2015.	o Partnerships between insurance companies and mobile money and mobile network operators should be enhanced further. o Bancassurance guidelines need to be finalized so that insurance companies can build on banks' customer base.	National Insurance Commission
Diversification of insurance products to serve low-income clients	o NAICOM launched the Takaful and Microinsurance Guidelines in November, 2013. o A Takaful Advisory Council has been appointed and inaugurated. o A Micro Insurance Steering Committee was inaugurated in January 2014 to facilitate implementation and deepening of microinsurance in Nigeria. o In 2015, NAICOM approved window licenses to 17 insurance companies to start microinsurance operations. Additionally, a microinsurance scheme was launched in collaboration with the Delta State Government.	o Lack of trust of the financially excluded in the insurance sector and low financial literacy with respect to insurance are barriers to uptake of insurance products.	National Insurance Commission
Develop a Consumer Protection Framework for the	o NAICOM has set up a department handling consumer protection via complaints management.	o None at the moment.	National Insurance Commission

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
Insurance sector.	o The exposure draft of the Consumer Protection Framework is going through consultation.		
Implementation of the insurance component of the NIRSAL programme	o In collaboration with Alliance for a Green Revolution (AGRA), NIRSAL organized a major workshop on Innovative Agricultural Insurance Products. o Four insurance companies are expanding their insurance portfolio to cover agricultural insurance. o Furthermore, a total of 84 Banks' Agricultural Desks and Insurance Officers were trained nationwide on Agric. Value Chain Financing. This was done in collaboration with the Bankers' Committee.	o Low participation in programme.	Central Bank of Nigeria (Development Finance Department)
Introduction of insurance literacy programmes	o NAICOM has implemented several awareness programmes in 2015, such as a TV programme on insurance. o NIA organized a microinsurance fair with the theme "Making insurance work for the informal sector" in 2015.	o High cost of mass sensitization programmes such as TV campaigns.	National Insurance Commission

<u>Pensions:</u>

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
Implementation of the Pension Reform Act	o Necessary extant legislations have been drafted and are awaiting approval for implementation. They would provide required guidance in the implementation of the provisions of the Act. o Lesson Notes are being developed and circulated to staff of the Commission to have a working understanding of the provisions of the Act.	o No Board in place to approve the draft legislations.	National Pension Commission

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
Compulsory Inclusion of all States in the Contributory Pension Scheme	o As at the end of the third quarter of 2015, 26 State Governments had enacted their Pension Reform Laws and 10 State Governments were at the Bill stage.	o None.	National Pension Commission
Amendment of regulations to allow inclusion of smaller firms and cooperatives and associations in the current pension scheme	o The Pension Reform Act 2014 lowered the required number of employees for an organization to participate in the Contributory Pension Scheme from five to three. o A survey that would facilitate the participation of the informal sector in the National Pension Commission Contributory Pension Scheme (CPS) was conducted. o Guidelines on the Micro Pension Plan, which aims at expanding pension coverage to the self-employed and persons working in organizations with less than three employees, are being finalized as at December 2015.	o None.	National Pension Commission
Introduction of pension awareness and literacy programmes	o The Commission is working on a MoU with Ahmadu Bello University, Zaria as a pilot case on introducing pension courses in tertiary institutions in the country.	o Issues which were raised by the Lecturers of the University on the draft MoU are being addressed by the Commission.	National Pension Commission
Development of a consumer protection framework for the pensions sector	o The Commission in conjunction with the operators are working on an Administrative Service Charter for the industry, which will specify the rights of all stakeholders and how to protect them. o This is an important initiative contained in both the Corporate and Industry Strategies.	o None.	National Pension Commission

Deposit Money Bank Branches:

Strategy	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
Development of guidelines for operating mini-branches	o This initiative has been overtaken by branchless banking initiatives, such as agent banking and mobile money services.	o Branchless financial access points such as bank and mobile money agents still need to be scaled up.	Central Bank of Nigeria (Banking and Payments System Department)

Microfinance Bank Branches:

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
Implementation of the revised microfinance policy	o The microfinance policy was revised in April 2011. o Sensitization campaigns were conducted after its revision. o The policy has been operational since then.	o None.	Central Bank of Nigeria (Development Finance Department)
Creation of incentives for rural branch expansion	o The CBN in collaboration with RUFIN/IFAD conducted several capacity building workshops on rural business plans for MFBs to enable them expand their outreach to rural areas. o Some beneficiaries of the program have commenced the implementation of rural business plans which is presently at the center stage of the business of Microfinance Banks (MFB). o This will enable MFBs overcome the challenges and constraints that had hitherto prevented them from penetrating rural areas and doing business. o As part of a longer term sustainable strategy, RUFIN/IFAD has also sponsored a train-the-trainer program to develop a crop of training service providers to train and develop a critical mass of expertise in the industry and sustain the program when RUFIN	o Perception of unviable business model, given the life style of rural people. o Lack of understanding of rural business. o Most rural people are not in any formal employment. o Most banks do not understand rural business and structures. o The major business in the rural areas is seasonal and as such undermines the principle of business volumes.	Central Bank of Nigeria (Other Financial Institutions Supervision Department)

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
	eventually exits Nigeria in 2016. o There are also plans to integrate the rural business plan training as part of the syllabus/curriculum of the Microfinance Certification Program.		
Increased promotion of shared services initiatives	o Shared services have been promoted as part of CBN's harmonized sensitization campaigns.	o None.	Central Bank of Nigeria (Shared Services Office)
Investor fora at state levels to encourage high-net-worth individuals to float MFBs	o The CBN during the last 3 years held investors' fora in collaboration with its development partners. o The objective of the Investment fora was to acquaint the state governments on the need to establish MFBs within their states given the uneven distribution of MFBs in Nigeria. Under the Microfinance Policy Framework, the three tiers of government are encouraged to establish MFBs by devoting 1% of their annual budget to microcredit initiatives. o So far, three (3) states have keyed into the policy by establishing MFBs. They are Katsina, Kano and Niger States.	o Some of the State-owned MFBs are not viable as their establishment was politically motivated, leading to their poor performance or failure. o Weak infrastructure.	Central Bank of Nigeria (Other Financial Institutions Supervision Department)

ATMs:

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
Deployment of multifunctional ATMs	o Some banks have already deployed multifunctional ATMs that are capable of taking deposits, as well as performing bill payments and funds transfers, among other functions.	o No formal national strategy in place to drive deployment.	Central Bank of Nigeria (Banking and Payments System Department)
Revision of the off-site ATM policy	o The off-site ATM policy has not been revised as at December 2015.	o None.	Central Bank of Nigeria (Banking and Payments

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
			System Department)
Deployment of low-cost ATMs in rural areas	o Results of the second round of the geospatial mapping survey provide insights on suitable rural areas for ATM deployment. Results have been made available to financial service providers.	o No formal national strategy in place to drive deployment.	Central Bank of Nigeria (Banking and Payments System Department)

PoS:

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
Requirement for mobile network operators to give priority to transaction data through their platform to ensure instant transaction credits and debits	o The need for cooperation of the MNOs in the ecosystem is being addressed at the CBN/NCC Joint Technical Committee level.	o None.	Central Bank of Nigeria (Banking and Payments System Department)
Roll out of the Cashless Policy in all States of the Federation	o Cashless policy was rolled out in six States of the Federation plus FCT in 2015. o Public awareness campaigns on the Cashless Policy were held in nine additional States.	o 30 other States are yet to implement the Cashless Policy. o Access points need to be scaled up for Cashless Policy to be effective. o No charges for deposits as at December 2015 which reduces incentives for merchants to deploy PoS devices.	Central Bank of Nigeria (Shared Services Office)
Expansion of the Evidence Act so that e-payments are accepted as evidence in court	o The Act has been amended and e-payments are now accepted as evidence in court.	o None.	Central Bank of Nigeria (Banking and Payments System Department)

Agents:

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
Implementation of agent banking and mobile money	o Three banks actually commenced commissioning of bank	o The commissioned bank agents are concentrated mainly in Lagos State and in	Central Bank of Nigeria (Banking and

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
regulations	agents. As at December 2015, 688 bank agents were registered. o The Regulatory Framework for Licensing Super-Agents in Nigeria was approved and released. o Companies submitted applications to CBN seeking to be licensed as Super-Agents. o Agent banking sensitization was conducted in all the six geo-political zones in Nigeria. o An agent database has been developed. o New Guidelines on Mobile Money Services were approved, increasing capitalization requirements for MMOs.	urban centers. Rural and peri-urban communities need to be served better. o Lack of unique ID of bank and mobile money agents provides difficulties in measuring the actual number of agents. Deployment of the agent database will help solve this issue. o Large difference between total number of registered agents and total number of *active* registered agents, implying that incentives for agents need to be improved. o Lack of inter-operability between mobile payments platforms of different MMOs limits uptake of mobile money services.	Payments System Department)

Know Your Customer (KYC):

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
Issuance of a unique national ID card to all Nigerians by 2015	o As at December 2015, the National Identity Management Commission (NIMC) has issued the National Identification Number (NIN) to about 7.2 million Nigerians (about 7.5% of adult population).	o NIN has not been made a mandatory ID yet, which reduces incentives to enrol for citizens.	National Identity Management Commission (NIMC)
Awareness campaigns on tiered KYC requirements	o Sensitization campaigns were implemented on TV and radio, throughout Nigeria.	o None.	Central Bank of Nigeria (Financial Policy and Regulation Department)

Financial Literacy:

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
Implementation of a financial literacy framework	o The National Financial Literacy Framework was released in October 2015. Implementation of the short-time action plan is to begin in 2016.	o The Framework is yet to be formally launched / released to the public.	Central Bank of Nigeria (Consumer Protection Department)
Collaboration with Federal and State Ministries of Education to implement financial literacy curricula in schools	o The Bank is collaborating with the Federal Ministry of Education as a member of the Curriculum development working group tasked with the drafting and inclusion of financial literacy curricula in schools.	o None.	Central Bank of Nigeria (Consumer Protection Department)
Collaboration with the CBN and financial service providers to implement financial literacy campaigns	o The Central Bank of Nigeria as part of its harmonized sensitization campaigns provided financial education in over 10 states across the Federation in 2015. o The Bank is also collaborating with several financial literacy institutions, such as Mercy Corps or GIZ, to implement financial literacy across Nigeria.	o None.	Central Bank of Nigeria (Consumer Protection Department)

Consumer Protection:

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
Implementation of a Consumer Protection Framework for financial services	o The Consumer Protection Framework was developed.	o Approval is still outstanding before it can be implemented.	Central Bank of Nigeria (Consumer Protection Department)

Initiatives for Women:

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
Targeting of 60% of the MSMEDF at women	o Sensitization campaigns were conducted to encourage women to access the Fund. o A process to deploy an IT database on the MSMEDF has been initiated. The database will facilitate analysis of data, such as by gender.	o Several participating financial institutions are not able to provide all the required data. o Lack of an IT database makes it hard to measure the % of disbursement made to women. o Cultural issues restrict women from accessing the Fund.	Central Bank of Nigeria (Development Finance Department)
Requirement of minimum level of 30% of female staff in MFBs	o The strategy of the CBN department is to encourage gender diversity in MFBs through capacity building. o The current focus is to build non-financial data to facilitate a baseline assessment of the gender distribution in the industry and the strategy to close the gap. This will provide an empirical basis to attract funding and technical support from development partners for capacity building on a cost-sharing basis. o MFBs would be encouraged to nominate more eligible women for capacity enhancement program to prepare them to take up headship positions in the industry, thus contributing towards the achievement of the strategy target.	o Poor response rate from MFBs to provide information on their current positions to enable the CBN provide the baseline data and statistics for decision making.	Central Bank of Nigeria (Other Financial Institutions Supervision Department)
Encouragement of women who have an appropriate business to become agents	o Sensitization campaigns have taken place in various places to enable the women embrace this business line.	o Awareness on agent banking still needs to be increased as only three banks had commenced deploying bank agents as at December 2015. o Female mobile money agents were found to be less satisfied with their mobile money business than male mobile money agents (EFInA, 2015).	Central Bank of Nigeria (Banking and Payments System Department)

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
Entrepreneurship development and financial linkage programmes tailored specifically to women	o The Entrepreneurship Development Centres are encouraged to ensure that at least 40% of participants are women. o As at December 2015, a total of 8,707 women had been trained in the EDCs, which amounts to 38.8% of all participants. o In 2015 only, 4,491 women were trained, which amounted to 37.8% of all participants – slightly below the target of 40% female participation.	o Cultural issues in the North of the country restrict women from participation in entrepreneurship trainings.	Central Bank of Nigeria (Development Finance Department)
Introduction of a specialized financial literacy framework for addressing cultural issues that contribute to the financial exclusion of women	o The National Financial Literacy Framework developed in 2015 segments the Nigerian population into different categories for the delivery of financial education including Adult Formal, Adult Emerging, Youth, Intermediaries market segments.	o Women are not explicitly catered to in the framework but have been catered to as part of the other segments identified.	Central Bank of Nigeria (Consumer Protection Department)
Implementation of interest drawback schemes targeted at women	o The interest drawback scheme of the Agricultural Credit Guarantee Scheme Fund (ACGSF), which pays back 40% of the interest paid to beneficiaries upon timely repayment of the loans, is to both men and women. Women have participated and benefitted from the scheme.	o No issues at the moment.	Central Bank of Nigeria (Development Finance Department)

Initiatives for Children and Youth:

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
Development and implementation of a framework for child and youth finance	o The Financial Inclusion Special Interventions Working Group was established and inaugurated. One of the three priority population segments of this Working Group is the youth. o The Working Group has	o None.	Federal Ministry of Youth Development

Initiative	Key Achievements as at 2015	Implementation Issues	Primary Responsible Institution
	defined a work plan with specific initiatives targeting the youth.		
Implementation of children and youth financial literacy initiatives in Nigerian educational institutions	o A Curriculum Development Working Group has been established under the Financial Literacy Working Group to develop financial literacy curriculum for primary and senior secondary education in Nigeria.	o No curriculum on financial literacy for tertiary institutions has been developed.	Central Bank of Nigeria (Consumer Protection Department)

8. REFERENCES

Andrianaivo, M.; and K. Kpodar. 2011. "ICT, Financial Inclusion, and Growth: Evidence from African Countries." *IMF Working Paper* WP/11/73. Available at: https://www.imf.org/external/pubs/ft/wp/2011/wp1173.pdf. Accessed in June 2016.

Central Bank of Nigeria (CBN). 2012a. "National Financial Inclusion Strategy." Abuja, October 2012.

Central Bank of Nigeria (CBN). 2012b. Revised Regulatory and Supervisory Guidelines for Microfinance Banks (MFBs) in Nigeria." Available at: http://www.cenbank.org/out/2013/ccd/amended%20regulatory%20and%20supervisory%20guidelines%20for%20mfb.pdf. Accessed in June 2016.

Central Bank of Nigeria (CBN). 2015. "Financial Access Atlas Nigeria, 2015." Interactive online maps available at: www.fspmaps.com. Accessed in June 2016.

Enhancing Financial Innovation & Access (EFInA). 2010. "EFInA Access to Financial Services in Nigeria 2010 Survey – Key Findings." Available at: http://www.efina.org.ng/assets/Documents/EFInAAccess-to-Financial-Services-in-Nigeria-2010-surveyKey-Findings.pdf?phpMyAdmin=%2CWvBxPNpx0z2BcKe8h2UcHJI%2CXb. Accessed in June 2016.

Enhancing Financial Innovation & Access (EFInA). 2014. "EFInA Access to Financial Services in Nigeria 2014 Survey." Key Findings available at: http://www.efina.org.ng/assets/ResearchDocuments/A2F-2014-Docs/Updated/EFInA-Access-to-Financial-Services-in-Nigeria-2014-Survey-Key-FindingswebsiteFINAL.pdf. Accessed in June 2016.

Enhancing Financial Innovation & Access (EFInA). 2015. "EFInA Mobile Money Agent Survey – Key Findings." Available at: http://www.efina.org.ng/assets/ResearchDocuments/OtherResearch/EFInA-Agent-Survey-Key-Findings.pdf. Accessed in June 2016.

National Pension Commission. 2016. "First Quarter 2016 Report." Available at: http://www.pencom.gov.ng/docs/1467554177_First_Quarter_Report_2016.pdf. Accessed in June 2016.

Sahay, Ratna; Cihak, Martin; N'Diaye, Papa; Barajas, Adolfo; Mitra, Srobona; Kyobe, Annette; Mooi, Yen Nian; and Seyed Reza Yousefi. (2015). "Financial Inclusion: Can It Meet Multiple Macroeconomic Goals?" *IMF Staff Discussion Note* SDN/15/17. September 2015. Available at: https://www.imf.org/external/pubs/ft/sdn/2015/sdn1517.pdf. Accessed in June 2016.