



CENTRAL BANK OF NIGERIA

FINANCIAL INCLUSION NEWSLETTER

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Stakeholders affirm commitment to the National Financial Inclusion Strategy Implementation

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The National Financial Inclusion Strategy (NFIS) was launched in October, 2012 with the overall target of reducing the number of adults excluded from financial services from 46.3% in 2010 to 20% in 2020. The Strategy also outlined targets for services such as; payments, savings, credit, insurance and pensions as well as channels of accessing the services like Automated Teller Machines (ATMs).

Stakeholders have affirmed commitment to implementing the National Financial Inclusion Strategy (NFIS) by inaugurating the multi-agency Governing Committees on Financial Inclusion in 2015: National Financial Inclusion Steering Committee and National Financial Inclusion Technical Committee.

The National Financial Inclusion Steering Committee, chaired by the CBN Governor, comprises Heads of relevant MDAs and Industry Associations. The Committee meets bi-annually to review progress and provide strategic direction on the strategy implementation process.

The National Financial Inclusion Technical Committee, chaired by the Deputy

Governor, Financial System Stability, comprises CBN Directors as well as equivalents within relevant MDAs and Industry Associations. The Committee meets quarterly to provide technical guidance and serve as the advisory body to the Steering Committee.

The Head, Financial Inclusion Secretariat, serves as the Secretary to both Committees.



Mr. Godwin Emefiele, Governor, Central Bank of Nigeria



The CBN Deputy Governor, Economic Policy at the Inauguration of the National Financial Inclusion Steering Committee

In 2015, the Steering Committee met once, while the Technical Committee met four (4) times to deliberate on significant issues and proffer solutions to critical financial inclusion barriers in Nigeria.

A major outcome from the Technical Committee meetings was the creation of four Working Groups which are responsible for addressing implementation issues. The Groups are:

- Financial Inclusion Channels Working Group (FICWG)
- Financial Inclusion Products Working Group (FIPWG)
- Financial Inclusion Special Interventions Working Group (FISIWG)
- Financial Literacy Working Group (FLWG)

This inaugural edition of the **Financial Inclusion Newsletter** provides updates on the National Financial Inclusion Strategy implementation and key market developments.

Financial Inclusion Status as at December 2014



Source: EFINA, Access to financial services in Nigeria Survey, 2014

Financial Inclusion Working Groups hold Technical Meetings to drive Strategy Implementation



Head, Financial Inclusion Secretariat at the Inaugural Meeting of the Working Groups Meeting



Cross section of Working Group members at the Inaugural Meeting

The Financial Inclusion Technical Committee at its Inaugural Meeting of January 21, 2015 approved the setting up of four working groups as follows;

The Financial Inclusion Channels Working Group (FICWG): to address implementation issues on financial access points and their dispersion across the country.

The Financial Inclusion Products Working Group (FIPWG): to Address implementation issues on financial products and services; scaling up adoption of savings, electronic payments, credit, insurance, pensions and investment schemes.

The Financial Inclusion Special Interventions Working Group (FISIWG): to address implementation issues related to Women; Youth

and People Living With Disabilities (PLWD) in order to enhance their access to financial products and services

The Financial Literacy Working Group (FLWG): to address financial capability of consumers, in order to improve their understanding of concepts and risks associated with financial products and services.

The Inaugural Meetings of the Working Groups held in March 2015 where executives for the working groups were elected, the Terms of Reference agreed upon and the calendar of meetings for the year approved.

The working groups subsequently met on a quarterly basis in June, September and December, 2015 to draft their work plans, collaborate on solutions to issues peculiar to each sector and commit to actionable recommendation from the working groups. The groups achieved several milestones in 2015, some of which are highlighted below.

Working Group	Approved Activities from Work Plan	Milestones Achieved
Financial Inclusion Channels Working Groups (FICWG)	<ul style="list-style-type: none"> Implementation of the Shared Agent Network Distribution Channels for the Capital Market Agent Banking Adoption Implementation of the Bancassurance Guidelines Provision of Internet Access in the 774 LGAs 	<ol style="list-style-type: none"> Approval of the framework for licensing Super Agents to drive Shared Agent Network by the Central Bank of Nigeria Development of Terms of Reference for Research Study on Adoption of Agent Banking in Nigeria
Financial Inclusion Products Working Group (FIPWG)	<ul style="list-style-type: none"> Micro Insurance and Insurance Protection Framework Harmonization and Integration of identification Schemes Introducing the Micro Pension Plan Issuance of Government-backed Savings Security / Certificate Development of Financial Inclusion Strategy for the Capital Market Implementation of the Secured Transactions in Movable Assets and Collateral Registry 	<ol style="list-style-type: none"> Approval of creation of a Department in PenCom to handle coverage of informal pensions Approval of the Framework for National Collateral Registry by the Central Bank of Nigeria Implementation of a Pass-Through Deposit Insurance Framework for mobile money subscribers by the Nigerian Deposit Insurance Corporation (NDIC)
Financial Inclusion Special Interventions Working Group (FISIWG)	<ul style="list-style-type: none"> Concept Paper on "In-kind Credit Disbursement" Survey on Financial Inclusion of People Living With Disabilities (PLWD) Youth Empowerment Programmes 	<ol style="list-style-type: none"> Development of Terms of Reference for financial inclusion Research Study on People Living with Disabilities Bank of Industry (BOI) launched a Fashion Fund for women Initiation of a partnership with government agencies to support youth empowerment
Financial Literacy Working Group (FLWG)	<ul style="list-style-type: none"> Curriculum Development Mass Sensitization School Reach out 	<ol style="list-style-type: none"> Approval of the Financial Literacy Framework Execution (signing) of the MoU with the Nigerian Educational Research Development Council for the development and integration of National Financial Literacy in Schools curriculum Implementation of over 25 financial literacy school excursions with over 1,500 participants by the Nigerian Stock Exchange

Financial Inclusion Working Groups to Undertake Research Studies on Financial Inclusion

As part of efforts to implement the National Financial Inclusion Strategy, the Financial Inclusion Secretariat has initiated a tender process on the conduct of three financial inclusion research studies. Proposals submitted by interested firms are currently being reviewed to determine successful candidates. The research studies are as follows:

1) Business Case for the Adoption and Uptake of Agent Banking

In spite of the release of CBN Guidelines for Agent Banking in Nigeria in 2013, agent rollout and market uptake has remained significantly low; with most agents concentrated within urban centres, due to viability concerns and dearth of enabling infrastructure. Distance to financial institutions is a key reason for financial exclusion particularly in rural areas (EFInA Access to Financial Services in Nigeria 2010 Survey) - a barrier which agent banking may help to overcome.

The study seeks to:

- Understand current and future challenges and opportunities agent banking brings for consumers and financial institutions;
- Identify possible policies that could boost agent banking, particularly in

rural areas, in Nigeria;

- Derive a viable agent banking model for Nigeria.

2) Business Case Development for National Savings Mobilization Scheme

In Nigeria the formal ownership of savings products is low as a result of low deposit rates, high inflation, low disposable income, low spread of access points. As of December 2014, about 32% of adult Nigerians numbering 29.9 million had access to formal savings products. Barriers to saving include not having a regular income, being unemployed, lack of trust and the physical distance of banks (EFInA Access to Financial Services in Nigeria 2014 Survey). In order to meet the National Financial Inclusion Strategy target of 60% of Nigerian adults having a savings product by 2020, this study aims at:

- Understanding current formal and informal savers as well as non-savers in the different geopolitical regions of the country;
- Understanding the barriers of consumers to save as well as the motives and level of willingness to save;
- Understanding the barriers and

willingness for providers of savings products to provide products that meet customers' needs;

- Providing a framework with feasible and effective measures to mobilize savings in Nigeria to meet the set target for 2020.

3) Financial Inclusion of People Living with Disabilities (PLWD)

Due to dearth of market data on the demographic composition and the level of financial inclusion of this vulnerable segment of the Nigerian society, financial inclusion initiatives for PLWD have been largely undeveloped.

The objectives of this study are to understand:

- The size and breakdown by demographic characteristics of PLWD and their level of financial inclusion in Nigeria;
- How PLWD in Nigeria manage their financial lives and what challenges and opportunities they face;
- How the level of financial inclusion among the PLWD segment can be increased – in form of actionable recommendations.

Brief Overview of Financial Inclusion Research Studies Tendered

Research Study	Objectives
Business Case for the Adoption and Uptake of Agent Banking	Document the status of agent banking in Nigeria, the challenges faced, and establish business cases for agent banking practice and encouragement for adoption by stakeholders.
Business Case Development for National Savings Mobilization Scheme	Identify and analyze the current status of domestic savings in Nigeria, inherent gaps, existing policies, laws, rules and incentives, possible drivers, roles of actors, consumer protection issues for a new saving schemes.
Financial Inclusion of People Living with Disabilities (PLWD)	Provide information on the demographic characteristics of PLWD, their level of financial exclusion, how they manage their financial lives, what challenges and opportunities they face, and how to enhance outreach to them.

Spotlight: Strategy Implementation by Regulators

Major Financial Inclusion Milestones



Mr. Godwin I. Emeziele
Governor, Central Bank of Nigeria
(CBN)



Alhaji Umaru Ibrahim
Managing Director, Nigeria
Deposit Insurance Corporation
(NDIC)



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



Mr. Mounir Gwarzo,
Director General, Securities and
Exchange Commission (SEC)

CENTRAL BANK OF NIGERIA

Financial inclusion is a key enabler of the Bank's mandate of promoting a sound financial system and ensuring monetary and price stability. The Bank has achieved the following milestones:

- Setup the Financial Inclusion Secretariat to coordinate stakeholder implementation efforts and perform data management functions.
- Released guidelines for Agent Banking, Shared Agent Network, Tiered Know Your Customer (KYC) Requirements, N220 billion MSME Development Fund.
- Initiated automation of consumer protection complaints management and conducted the National Financial Literacy Baseline Survey to provide a basis for embedding financial literacy in the Nigerian educational system.
- Licensed mobile money operators and released Super-Agent framework
- Partnered with the Bill and Melinda Gates Foundation to conduct Geo-spatial mapping of financial access points in the country.

NIGERIA DEPOSIT INSURANCE CORPORATION

NDIC has undergone a rebranding exercise to educate Nigerians on the mandate of the Corporation in ensuring that deposits of customers are protected.

The NDIC joined the Secretariat to sensitize unbanked, low income segments of the population to enlighten them about the safety of their deposits once placed in an NDIC protected financial institution.

In 2015, the corporation recorded the following:

- The approval of a Pass-Through Deposit Insurance Framework which extends deposit insurance coverage to individual subscribers of mobile money operators in Nigeria.
- Extension of deposit protection to customers of microfinance banks, primary mortgage banks and non-interest banks.
- Development of a curriculum for teaching deposit insurance and other financial literacy modules in Nigerian universities.

NATIONAL PENSION COMMISSION

The pension industry has over the years pledged to ensure the security of pension funds as well as the stability and growth of the pension sector.

The National Pension Commission targets to reach 30million people by 2024.

The Commission secured the passage of the 2014 Pension Reform Act which brings in the informal sector, and makes it mandatory for State Governments to participate in the Pension Scheme.

In terms of actual coverage, the total pension scheme membership stood at 6.9million as at December 2015, which was a growth rate of 7.7 percent over the 2014 membership level.

In 2015, the PenCom Management approved the creation of a Department to handle coverage of informal pensions.

SECURITIES AND EXCHANGE COMMISSION

The Capital market has hitherto been identified as elitist and only for the high income earners and business savvy individuals in Nigeria.

In order to change the perception of the Capital Market and improve literacy, trust and participation of the otherwise underserved, SEC has embarked on a 10 year master plan (2015-2025) for capital market literacy.

The focal point of SEC's financial inclusion agenda is the use of collective investment scheme and non-interest capital market products as a platform for encouraging access to capital market products targeted at financially excluded populations.

The agency has established a Financial Inclusion Division and is working on a Capital Market Financial Inclusion Strategy that will provide a framework and blueprint for the activities of participants in the market.

Spotlight: Strategy Implementation by Regulators

Major Financial Inclusion Milestones



Alhaji Mohammed Kari
Commissioner for Insurance, National Insurance Commission (NAICOM)



Prof. Umar Garba Danbatta
Director General, Nigerian Communications Commission (NCC)



Engr Aliyu Aziz Abubakar
Director General, National Identity Commission (NIMC)

NATIONAL INSURANCE COMMISSION (NAICOM)

According to the Enhancing Financial Innovation and Access 2014 Access to Financial Services Survey results, only 1% of Nigeria's 170 million people had purchased insurance products.

In view of the low insurance penetration and in line with the goal of deepening insurance in Nigeria, the National Insurance Commission (NAICOM) has committed to financial inclusion through the Takaful (Islamic/Ethical Insurance) and micro insurance for excluded and low income segments of the population.

Pursuant to the above objective, the agency launched the Takaful and micro insurance guidelines and set up a Micro-insurance Steering Committee.

Efforts are currently being made to sensitize the public on the product and improve necessary financial literacy to ensure accelerated adoption of the micro-insurance product in the country.

NIGERIAN COMMUNICATIONS COMMISSION (NCC)

One major initiative to boost financial inclusion by the Nigerian Communications Commission is the Broadband initiative.

According to the Commission, consistent efforts to promote broadband investment opportunities in Nigeria were being made with a focus on increasing broadband penetration to drive down the price of Mobile Payment Services (MPS).

The NCC has stated that it intends to achieve 80% broadband penetration by 2018.

NATIONAL IDENTITY MANAGEMENT COMMISSION (NIMC)

Identifying each Nigerian uniquely with the attendant benefit of easy access to financial services ranks high on the list of financial inclusion initiatives to support the implementation of the National Financial Inclusion Strategy.

In furtherance of the shared vision for Financial Inclusion in Nigeria, the National Identity Management Company has planned to issue MasterCard branded Identity Cards with electronic payment functionality to 13million Nigerians.

The agency has also partnered with the Central Bank of Nigeria and the Federal Ministry of Agriculture and Rural Development to capture the biometrics of farmers through a National Identification Number (NIN). This is to enable the Ministry establish a database for the farmers and use it as a platform for providing them with farm inputs such as fertilizers, seedlings and other subsidy programmes.

PHOTORAMA



CBN Governor at the Child and Youth Financial Literacy Summit held in Abuja



CEO, Nigerian Stock Exchange, talking about financial literacy at the Investors' Clinic, Zurich



MD/CEO—NDIC, welcoming participants to the Roundtable on Mobile Payment Services in Nigeria



Inauguration of the Microinsurance Steering Committee by NAICOM



Representative of NIMC delivering a presentation on the National Identity Number (NIN) during a financial inclusion workshop



CEO, NSE, presenting the 1st prize to the winner of the Financial Literacy Essay Competition

PHOTORAMA



Financial Service Providers engaging consumers during financial inclusion sensitization campaigns across states



Financial Inclusion Workshops for stakeholders



Engagements with State Governments on financial inclusion strategy implementation at state level



Shared Agent Network: Launch of Glo Xchange



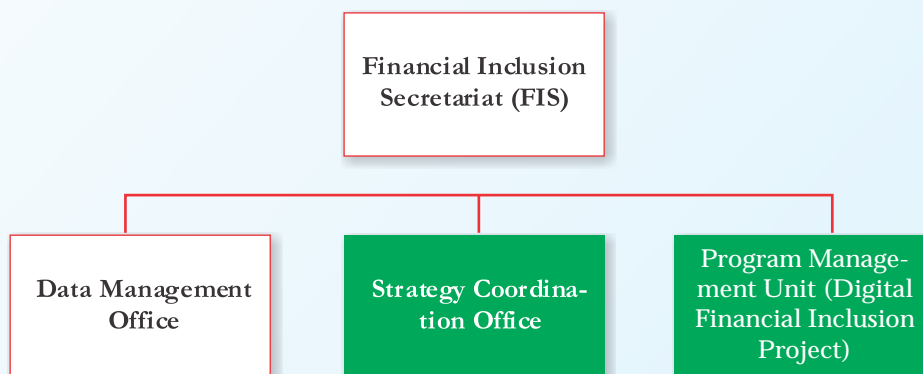
Financial Literacy: School Reach-Out and Mentoring Program



Disbursement of MSME development fund to People living with disabilities in Karmajiji

FINANCIAL INCLUSION SECRETARIAT

Charged with coordinating stakeholder initiatives and performance monitoring towards the achievement of the goals of the National Financial Inclusion Strategy.



The Financial Inclusion Secretariat has two primary offices as of January 2016.

The **Strategy Coordination Office** is responsible for the management of all Strategy implementation activities across the various government agencies.

The office functions include:

Regular reporting on the implementation activities of the Strategy across all

government agencies.

- Ensuring all necessary forums are held amongst stakeholders to promote the implementation of the Strategy nationally.
- Identifying barriers and opportunities facing the implementation of the Strategy.
- Identifying and developing new

relationships and ensuring regular engagement and coordination with key partners.

- Working in partnership with the Data Management Office to answer policy questions.

The **Program Management Unit** manages the implementation of the Digital Financial Inclusion Project. This project is described on page 9.

Financial Inclusion Secretariat held a Financial Inclusion Capacity Building Workshop for Industry Stakeholders

A 4 (four) day Financial Inclusion capacity building workshop for stakeholders was organized by the Financial Inclusion Secretariat in collaboration with Enhancing Financial Innovation and Access (EFInA) in July, 2015.

The workshop had the following modules;

Module 1: Financial Inclusion Eco-system and Consumer Insights

Module 2: Payment System Infrastructure Agent Business Models.

Module 3: Data Analysis

Module 4: Impact Analysis

A total of 73 participants including Regulators, Government Agencies and Apex Industry Associations attended the workshop. It provided insight on the following key areas;

- Financial Inclusion intervention processes and how they are interrelated.
- Global perspectives, contextual application and benefits of financial inclusion to Nigeria.
- Products and services that support digital financial services and the role of technology and policy.
- Business cases for financial services drawing experiences from relevant jurisdictions.
- The role of the customer and other

issues that commonly impact their behavior towards financial services.

Facilitators were drawn from Bankable Frontier Associates (BFA) and Yakini Consulting, both international subject matter experts.



Cross-Section of the participants at the Workshop

Bill and Melinda Gates Foundation partners with the Central Bank of Nigeria and the Federal Ministry of Finance on Digital Financial Inclusion

The CBN, the Federal Ministry of Finance and the Bill and Melinda Gates Foundation have signed a tripartite agreement to implement a Digital Financial Inclusion Project in Nigeria.

The Project which will be implemented along defined roles and responsibilities between 2015 and 2018 is aimed at:

- Increasing the level of financial inclusion in Nigeria by supporting the achievement of the 70% payments target by 2020.
- Strengthening the payments system infrastructure in order to accelerate the pace of digitization in the country.
- Improving the efficiency of public expenditure, reduce leakages and save money for vital developmental projects.

At a meeting which held in October, 2015, a Digital Financial Inclusion Project Steering Committee was set up comprising

the Deputy Governor, Operations, Central Bank of Nigeria, the Permanent Secretary, Federal Ministry of Finance and the Global Head, Financial Services for the Poor (FSP), Bill & Melinda Gates Foundation (BMGF).

The Project has commenced with McKinsey & Company contracted to drive the implementation pending the setting up of the Program Management Unit within the Financial Inclusion Secretariat.

Initial diagnostic study conducted has identified Digitization of Agricultural schemes and Conditional Cash Transfer (CCT) Program as priority areas.

The proof of concept / pilot for the project has commenced in Soba LGA in Kaduna with Babban Gona, an agricultural franchise made up of 3,000 smallholder farmers. The aim is to have this group of farmers respond to the provision of banking services such as savings, credit and payments and use the learning points for rollout.



CBN Governor (centre), Former Permanent Secretary, Ministry of Finance (right) and Head, Financial Services for the Poor, Gates Foundation (left)

Prof. Osinbajo Lauds the CBN on Financial Inclusion of People Living with Disabilities (PLWD)

A delegation from the Central Bank of Nigeria led by the Special Adviser to the Governor on Development Finance, Mr. Paul Eluhaiwe visited the Vice President, Prof. Yemi Osinbajo to brief him on the Central Bank of Nigeria's initiatives on financial inclusion of People living with Disabilities (PLWD).

Mr. Eluhaiwe provided an update on the current status of Financial inclusion in Nigeria, stating that the exclusion rate had dropped from 46.3% exclusion in 2010 to 39.5% in 2014.

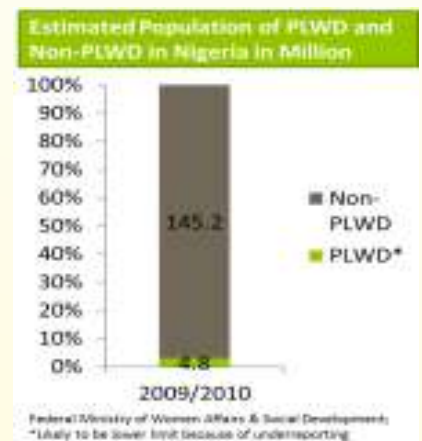
The Head, Financial Inclusion Secretariat, Mrs. Akin-Fadeyi Temitope, highlighted the fact that about 4.8 million people in Nigeria were considered to be living with one form of disability or the other, based on the 2009 Baseline Survey on Persons with Disabilities conducted by the Federal Ministry of Women Affairs and Social Development.

She mentioned that the CBN, in an effort to address some of the financial inclusion needs of PLWD, initiated a number of policies. These include the allocation of 2 per cent under the N220billion Micro, Small and Medium Enterprises Development Fund for economically active PLWD, hosting of the Flagship Stakeholder Workshop on Financial Inclusion for PLWD, and the inauguration of the inter-agency Financial Inclusion Special Interventions Working Group (FISIWG).



CBN delegation presenting a copy of the National Financial Inclusion Strategy to the Vice President

At the end of the meeting, the Vice President, Prof. Osinbajo charged the CBN Delegation to work closely with his Office to identify and address gaps in the outreach to PLWD, and assured the CBN of the commitment of his office in giving high-level support for impactful initiatives on financial inclusion of people living with disabilities in Nigeria.



Source: Baseline survey on person with disabilities in Nigeria

Financial Inclusion Secretariat Engages Stakeholders at State Levels on National Financial Inclusion Strategy Implementation

As part of the implementation process of the National Financial Inclusion Strategy, the FIS undertook monitoring visits to identified States with high exclusion rates.

Seven (7) States were visited during the course of the year; Ogun, Rivers, Cross River, Osun, Ebonyi, Jigawa and Kano. Their financial exclusion rates as of 2012 and 2014 are shown in Figure 1.

The visits were aimed at tracking the financial inclusion progress within the States over the last two years.

During the visits, the Central Bank of Nigeria branch in each State was sensitized on how to better support the Financial Inclusion Secretariat in monitoring implementation of the strategy. During the meetings, State specific data were shared with financial services providers with a view to encourage increased outreach to the lower income segment of the population.

One key feature of the visit was a meeting with the State Governments during which the FIS team made presentations to the State Officials on the status of financial inclusion in the States. The teams also suggested ways in which the States could improve their financial inclusion levels to enhance the quality of lives of their citizens.

As part of the visits, the financial services providers were encouraged to come up with special interventions that will contribute to a reduction in the exclusion rates in the States.

The key outcomes from some of the State visits are were:

- Need for increased awareness on the N220 billion Micro, Small, and Medium Enterprises Development Fund, particularly in remote areas.
- Need to address modalities for BVN registration for the microfinance sector.
- Need to create incentives for Microfinance Banks to concentrate on reaching the rural dwellers.
- Need for Banks to urgently attend to ATMs that are not functioning.

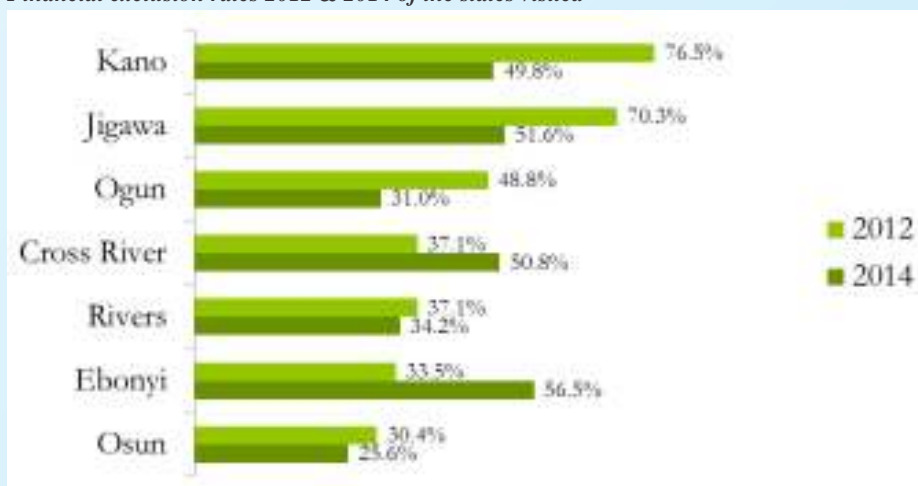


CBN delegation with the Kano State Governor and his Executive Council during the strategy implementation review visit.



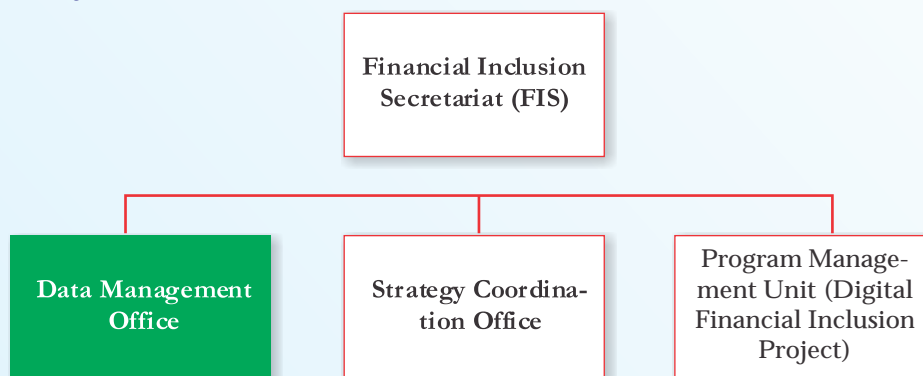
Head, Strategy Coordination Office, Financial Inclusion Secretariat, delivering a presentation to the Jigawa State Executive Council

Financial exclusion rates 2012 & 2014 of the states visited



Source: EFINA, Access to Financial Services in Nigeria (2012/2014)

The Data Management Office of the Financial Inclusion Secretariat Collects, Analyzes and Disseminates Data on Financial Inclusion



The Data Management Office of the Financial Inclusion Secretariat is responsible for the collection, analysis and dissemination of financial inclusion information in order to monitor and evaluate the implementation process of the National Financial Inclusion Strategy and support evidence-based policy-making. Specifically, the Data Management Office pursues the following activities:

1. Data Collection

Data is collected from various CBN-

internal and -external stakeholders in order to have a reliable database which can be further used for analysis and dissemination.

2. Data Analysis

Using the available financial inclusion database, analysis is performed to calculate financial inclusion key performance indicators (KPIs) and based on them, monitor and evaluate the progress made on the National Financial Inclusion Strategy implementation. Additional data analysis is made based

on specific data requests from stakeholders.

3. Data Dissemination

Once data has been collected and analyzed, it is reported to the Financial Inclusion Steering and Technical Committees. Once approved, data is published in order to inform stakeholders and the general public about financial inclusion data and optimize policy-making.

Results of the 2nd Round of Geospatial Mapping Survey Approved by Financial Inclusion Steering Committee and Made Available to the Public

Results of the 2nd Round of Geospatial Mapping Survey of Financial Access Points in Nigeria (2015) now available!

The survey provides geographical information including GPS Coordinates and other relevant parameters on financial outlets and touch points across the country. This is aimed at supporting stakeholder implementation efforts on the National Financial Inclusion Strategy, with the overall goal of achieving 80% financial inclusion of adult Nigerians by 2020.

The geo-data captured during the Geospatial mapping survey has been summarized in the **Financial Access Atlas, Nigeria (2015)** while detailed information is available online at www.fspmmaps.com

- The online interactive mapping tool provides consumers and other stakeholders with the ability to find financial access points **within a 5km radius of any point on the map.**
- This Proximity-based approach reflects geographic distribution of financial access points including ATMs; Mobile Money Agents and financial institution, facilitating easy access to users across the country.
- The data will also enable relevant stakeholders to measure supply-side financial inclusion indicators, as well as compare progress across the various states in Nigeria.
- Independent users can also develop user application packages that allow the public to locate specific service sites such as Bank Branches.



The online mapping data useful for different stakeholders in different ways:

- Financial service providers and mobile network and money operators can use the website to analyze the market landscape, identify gaps in local financial and network services provision and optimize their own branch and agent networks to drive financial inclusion and maximize their own business results.
- Regulators can use the website in order to improve policy-making, spotting areas where financial inclusion particularly needs to be driven.
- The general public can easily discover types of access points, their opening hours and the types of services (account opening, cash-in/cash-out, or transfers) they can access.

The 2nd Round of Geospatial Mapping Survey of Financial Access Points in Nigeria (2015) was a collaborative initiative between The Central Bank of Nigeria the Bill and Melinda Gates Foundation

Nigerian Financial Inclusion News

Data Collection Agencies get Presidential Order to aggregate Database

Vice President Osinbajo issued a directive to all government agencies collecting demographic and biometric data to aggregate data of citizens and legal residents into a single database at the National Identity Management Commission (NIMC). The government's interest to aggregate citizens' data is to assist improving the socio-economic landscape and national security by issuing unique identification numbers to every Nigerian.



For more information visit: <http://www.nimc.gov.ng/?q=data-collection-agencies-get-presidential-order-aggregate-databases>

President Buhari launches CBN Anchor Borrowers' Programme

President Muhammadu Buhari launched CBN's Anchor Borrowers' Programme in Kebbi State on November 17, 2015. While hopes are that the programme would lift thousands of smallholders out of poverty and create millions of jobs for unemployed Nigerians, it also aims at diversifying Nigeria's economy during times of falling oil prices.



For more information visit: <http://cenbank.org/FeaturedArticles/2015/articles/PresBuhariLaunchABP.asp>

CeBIH calls for Lifestyle-focused E-Payment Services

The Chairman of the Committee of e-banking Industry Heads (CeBIH), Mr. Tunde Kuponiyi, has called for deployment of electronic payments services focused on the lifestyle of the financially excluded population in Nigeria at a retreat in Uyo, Akwa Ibom. In order for Nigeria to reach its National Financial Inclusion Strategy target, e-payment services, in particular mobile payments, must address what the financially excluded segment typically spends their money on. He also highlighted that the collaboration of various stakeholders such as financial service providers, technology and infrastructure partners, and regulators and public institutions will be needed to achieve a financial exclusion rate of 20% by 2020.



For more information visit:

<http://www.vanguardngr.com/2015/12/financial-inclusion-cebih-calls-for-lifestyle-focused-e-payment-services/>

IFC deepens Nigeria's Microfinance Liquidity with N2 billion

The International Finance Corporation (IFC), a member of the World Bank Group, signed a N2 billion lending agreement with LAPO Microfinance Bank Ltd. in order to pilot and roll out agent banking that will increase the access of low-income customers, small-scale entrepreneurs and rural communities to financial services. LAPO Microfinance Bank is the first local microfinance organization which successfully transformed into a fully regulated national microfinance bank and the signed partnership agreement is the largest IFC investment in a microfinance institution in Sub-Saharan Africa, according to stakeholders.



For more information visit: <http://www.premiumtimesng.com/business/195514-intl-finance-corp-deepens-nigerias-microfinance-liquidity-with-n2billion.html>

PenCom holds Stakeholders' Sensitization Conference on Pension Reform Act 2014 in Enugu

The Director-General of the National Pension Commission (PenCom), Mrs. Chinelo Anohu-Amazu, opened the Stakeholders' Sensitization Conference on the Pension Reform Act 2014 (PRA 2014) in Enugu in July 2015. Under the presence of the Executive Governor of Enugu State, Chief Ifeanyi Ugwuanyi, Mrs. Chinelo Anohu-Amazu highlighted that the sensitization conference in Enugu was the third one in a series of six such conferences in all the six geopolitical zones. She noted that the Pension Reform Act 2014 re-enacted the fundamental provisions of the repealed PRA 2004, including the establishment of the Contributory Pension Scheme (CPS), uniform standards for pension administration and PenCom being the sole regulator of pension matters in Nigeria. Furthermore, focusing on the under-served segments of Nigerian workers, the PRA 2014 includes provisions for voluntary participation in the CPS, covering the informal sector through the Micro Pensions initiative.



For more information visit: <http://www.pencom.gov.ng/dgcorner.php>

International Financial Inclusion News

IMF Study states that Financial Inclusion can meet multiple Macroeconomic Goals

In a recent IMF Staff Discussion Note published in September 2015, the International Monetary Fund (IMF) examines macroeconomic linkages between financial inclusion and economic growth, financial and economic stability, and inequality. The data used comes from various global financial inclusion data sources, including the World Bank's Global Findex Database and Enterprise Survey, the IMF Financial Access Survey and Sahay and others' (2015) Financial Institution Access Index. The **key findings** of the report include:



- **Financial Inclusion and Growth:** Financial inclusion increases economic growth, using both firm-level (e.g. percentage of firms with bank credit) and household-level (e.g. percentage of adults with an account in a formal financial institution or with a credit card) indicators for over 80 countries. Particularly, sectors dependent on external finance (i.e. those which have limited capacity to fund investment projects through their own earnings) grow more rapidly in countries with high financial inclusion rates. The marginal growth benefits decline the more financially developed an economy is, i.e. the growth effect is controversial for advanced economies.
- **Financial Inclusion and Stability:** The impact of extending access to credit on financial stability depends on the quality of supervision in the economy. This means that while for countries with a high level of supervisory quality, credit inclusion may be positively linked to financial stability, for countries with a low level of supervisory quality, higher credit inclusion increases financial stability risks and growth volatility. On the contrary, for financial inclusion dimensions other than credit such as payment or savings accounts, effects of financial inclusion on financial stability are found to be minimal. This implies that in order to minimize any negative effects of financial inclusion on financial stability, emphasis should be placed on the supervision of credit. Direct and targeted transfers to needy people could be a better solution than bank loans to achieve financial stability, in particular if the transfers are made through bank accounts.
- **Financial Inclusion and Inequality:** Citing another forthcoming IMF study, the paper states that greater households' access to borrowing lowers inequality, where the latter is measured as the ratio of the income share of the bottom 40 percent to that of the middle 40 percent. However, the effect is dependent on the inclusion of informal forms of credit in the credit indicator.

Access the full report at: <https://www.imf.org/external/pubs/ft/sdn/2015/sdn1517.pdf>

Bank of Tanzania Governor appointed Chair of the new AFI Board

On its way to a fully member-owned independent organization, the Alliance for Financial Inclusion (AFI) - a global network of financial policy-makers - has approved the Bank of Tanzania Governor, Benno Ndulu, as the Chair of the new AFI Board on 15 December 2015. Governor Benno Ndulu previously served as Vice Chair of the AFI Steering Committee, when Dr. Daniel Schydlowsky, Superintendency of Banking, Insurances and Private Pension Funds (SBS) of Peru was the Chair.



2015 AFI Global Policy Forum held in Maputo in September 2015

In September 2015, the AFI Global Policy Forum took place in Maputo, Mozambique, attracting over 450 senior financial inclusion policy-makers and regulators, among them the President of Mozambique, Filipe Nyusi, who opened the ceremony. Key resolutions included:

- Unanimous adoption of the Maputo Accord, creating commitment of members to targets on the financial inclusion of small and medium-sized enterprises (SMEs).
- Selection of Nigeria as a case study on financial literacy to share its financial literacy knowledge and experience with AFI members.
- The need for gender-disaggregated data and gender-specific targets to support global efforts to address female financial inclusion.
- Admission of high-income countries and regional organizations as AFI members to create new opportunities for knowledge sharing.

Recommendations for Financial Service Providers on how to better design DFS for Rural Smallholders

There are an estimated **475 million smallholder families worldwide** who have been traditionally excluded from formal financial services. Digital financial services (DFS) are a potential means to successfully reach the farmers as mobile phones can reduce costs and connect rural areas to the formal banking system. However, obstacles to smallholder uptake and usage of DFS remain, including poor rural mobile network connection and low mobile literacy rates. In order to design DFS which better respond to smallholder demand, the Consultative Group to Assist the Poor (CGAP) partnered with a financial service provider in each of **Zimbabwe, Senegal, Rwanda and Cambodia**. Examples of resulting product concepts include the "Save 4 School" account in Zimbabwe and the "Farmer Loyalty Program" in Senegal. Having completed the study, CGAP published a **report on the Lessons Learned** from the exercise in October 2015, which offers financial service providers and mobile money operators exciting new strategies for designing innovative digital financial products targeted to the needs of smallholders. These include:



1. **Understand the target segment** by identifying and building a value proposition around smallholder family needs and aspirations.
2. **Drive adoption** by overcoming mistrust of formal financial services, communicating effectively product features and benefits, and minimizing the perceived risk of trying a new product among smallholders.
3. **Encourage sustained use** by making products physically and financially accessible, offering incentives, and building ongoing support.
4. **Continually meet needs as smallholders' financial capabilities grow** by offering a product portfolio rather than individual products and building pathways for financial growth of farmers rather than maintaining existing product cycles.

Access the full report at: <http://www.cgap.org/sites/default/files/Perspectives-Designing-Digital-Financial-Services-for-Smallholder-Families-Oct-2015.pdf>

Quick Tips on Financial Inclusion

The National Financial Inclusion Strategy

The National Financial Inclusion Strategy was launched on October 23, 2012 with an overall target of reducing the percentage of adult Nigerians that are excluded (do not have access to financial services) from 46.3% in 2010 to 20.0% in 2020. The financial exclusion rate dropped to 39.5% in 2014. This has been attributed to concerted industry efforts to include more people in the formal financial sector.

Financial inclusion is achieved when adult Nigerians have easy access to a broad range of financial services that meet their needs at affordable costs. The primary services include, among others, the following:

- Payments
- Savings
- Loans
- Insurance
- Pension

How to be a Part of the Financial Inclusion Success in Nigeria

Payments	What you need to do	What you stand to benefit
Savings	Join the ‘Cashless Nigeria’ train and register to use any alternative payment channels, e.g. Electronic cards, Automated Teller Machines (ATMs), Point of Sales (POS) machines, Mobile Money, and Online Transfers.	You can settle bills and other obligations in a faster, more convenient, cheaper and safer manner.
Credit (Loans)	Open and maintain savings and other investment accounts with any licensed financial institution (e.g. deposit money banks and microfinance	You can build assets and invest in economic activities. Your savings can also support borrowing from a bank.
Insurance	Open and maintain loan accounts with any licensed financial institution (e.g. deposit money banks and microfinance	to start or expand your business and earn more income.
Pension	Register for the contributory pension scheme and other pension products from any licensed pension provider of your	You can take care of needed streams of income after retirement from active service.

Quick Tips on Financial Inclusion

Drivers of Financial Inclusion

Keys Pillars of Financial Inclusion	How the Pillars support Financial Inclusion
Consumer Protection	Enables you to seek redress when there is unfair treatment in the course of financial transactions or services.
Financial Literacy	Enables you to take informed decisions on what and how to use financial services effectively and efficiently.
Agent Banking	Brings you to services close to you, through third party (postal offices, supermarkets, NGOs, Co-Operatives, etc.) and in an easier and more convenient manner.
Mobile Money	Enables you to make instant payments and carry out other needed financial transactions on your mobile phone/wallet.
Tiered Know Your Customer (KYC) Requirements	Makes it easy for you to open and operate accounts. You do not need a minimum deposit as a condition to open an account.
Cash-less Policy	Reduces risk of carrying physical money, hazard to health and safety in the conduct of doing business and making payments.

Credit Enhancement Schemes

Keys Pillars of Financial Inclusion	How the Pillars support Financial Inclusion
Micro, Small and Medium Enterprises (MSME) Development Fund	Provides you loans from participating financial institutions at a maximum interest rate of 9%.
Nigerian Incentive-Based Risk Sharing Systems for Agricultural (NIRSAL) lending	De-risks agricultural value chain activities and makes banks willing to lend to agricultural producers.
Agricultural Credit Guarantee Scheme (ACGS)	Guarantees 75% lending to farmers by deposit money and microfinance banks thereby enhancing credit flow to the agricultural sector.
Small and Medium Enterprise Credit Guarantee Scheme (SMECGS)	Encourages bank lending to the manufacturing sector and SMEs by guaranteeing 80% of such exposures.
Small and Medium Enterprises Refinancing and Restructuring Facilities (SMERRF)	Re-finances and restructures banks' existing loan portfolios to manufacturers and provides startup financing in order to enhance economic growth.
Entrepreneurship Development Centres (EDC)	Builds capacity of indigenous young entrepreneurs to enable them promote profitable businesses.



CENTRAL BANK OF NIGERIA

The Financial inclusion Secretariat is the coordinating body for the implementation of the National Financial Inclusion Strategy.

The Secretariat is a liaison for all stakeholder institutions in the Financial Inclusion space and is responsible for monitoring progress on all initiatives deployed by relevant stakeholders.

This newsletter is a quarterly publication of the Financial Inclusion Secretariat and features industry news on financial inclusion as well as periodic updates on the progress of the implementation of the Strategy.

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