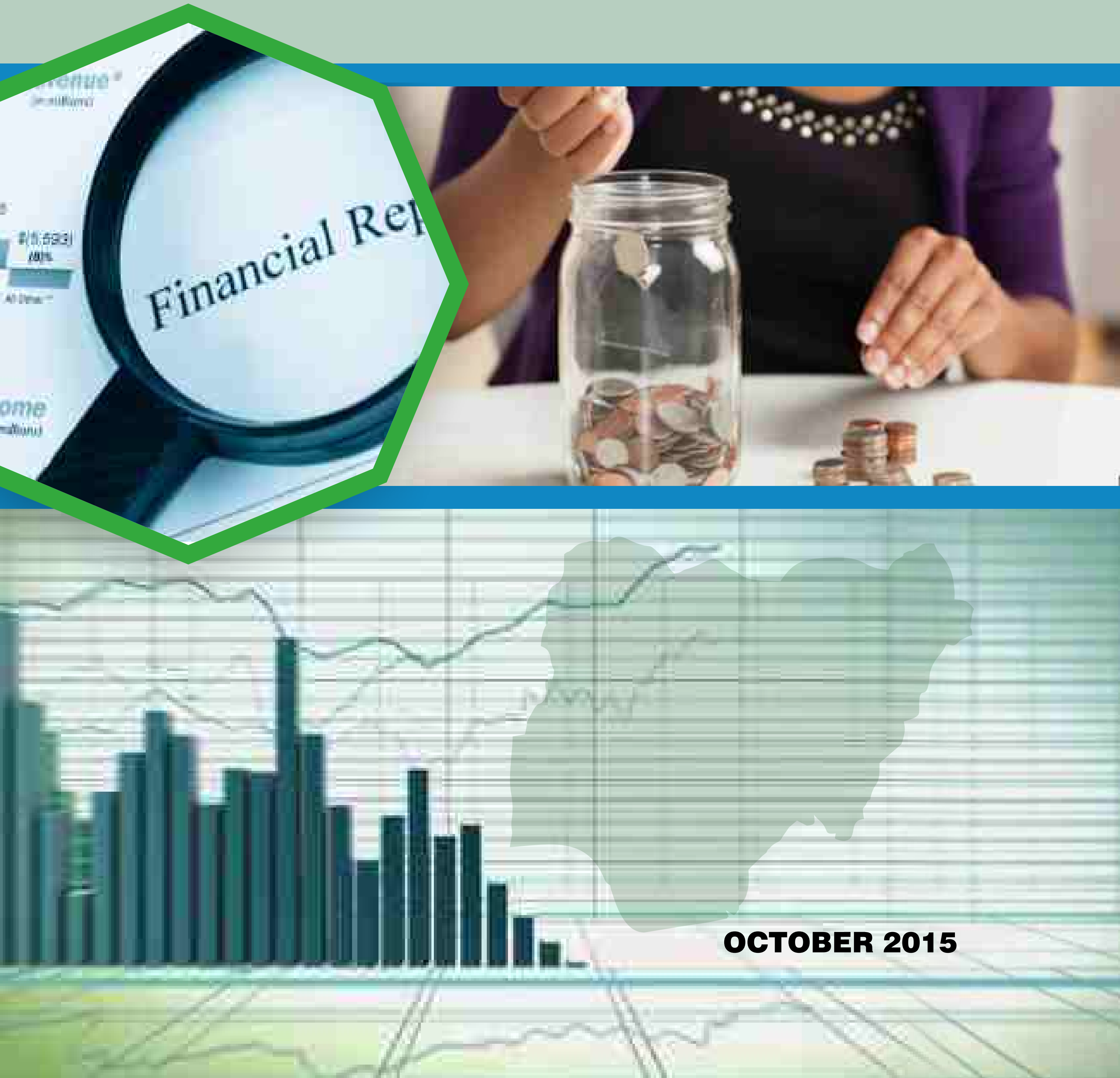
CENTRAL BANK OF NIGERIA

National Financial Literacy Framework



OCTOBER 2015

CENTRAL BANK OF NIGERIA

NATIONAL FINANCIAL LITERACY FRAMEWORK

OCTOBER, 2015

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ACKNOWLEDGEMENTS

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LIST OF TABLES AND FIGURES

LIST OF ACRONYMS

A2F	Access to Finance Survey, published by EFInA
AR	Actual Reach (media)
ATM	Automatic Teller Machine
CBN	Central Bank of Nigeria
CED	Consumer Education Division (of the CBN)
CGAP	Consultative Group to Assist the Poor
CP	Consumer Protection
CPC	Consumer Protection Council (CPC)
CPD	Consumer Protection Department (of the CBN)
CPP	Cost per point (media)
CPS	Compulsory Pension Scheme
COMBIN	Committee of Microfinance Banks in Nigeria
CRB	Credit Reference Bureau
DFI	Development Finance Institution
EFInA	Enhancing Financial Innovation & Access
FinCap	Financial Capability
FinEd	Financial Education
FinLit	Financial Literacy
FLF	Financial Literacy Framework
FLIC	Financial Literacy Implementation Committee
FLSC	Financial Literacy Steering Committee
FSS	Financial Sector Strategy
GDP	Gross Domestic Product
IFC	International Finance Corporation
IMF	International Monetary Fund M&E Monitoring and evaluation
MFB	Microfinance Bank
MFI	Microfinance Institution
MNOs	Mobile network operators
MMOs	Mobile money operators
MSME	Micro, small and medium enterprise

NBS	National Bureau of Statistics
NCR	National Credit Regulator (South Africa)
NDIC	National Deposit Insurance Corporation
NER	Net Enrolment Rate
N-FEF	National Financial Education Framework (revised FLF)
N-FES	National Financial Education Secretariat
NGO	Non-Governmental Organization
NFIS	National Financial Inclusion Strategy
NSE	Nigerian Stock Exchange
PPP	Public Private Partnership
SEC	Securities and Exchange Commission
USD	US Dollar

PREFACE

The Government of Nigeria recognized the need for improving the levels of financial inclusion and in 2012, launched the National Financial Inclusion Strategy, which aims to increase financial inclusion from 53.7 per cent in 2010 to 80per cent in 2020[1]. The Strategy sets as one of its goals client empowerment, defined as 'an increase in the bankability of the population through the increase of financial literacy and coordinated national financial literacy initiatives that are complemented by consumer protection'[2].

A financial literacy framework (FLF) was developed in 2013 to provide a blueprint for implementing financial literacy for the attainment of financial system stability and as a key component for the implementation of the National Financial Inclusion Strategy.

In the course of implementing the FLF, some gaps were identified which necessitated its review. Particularly, the following areas were identified for the review:

- Consumer Financial Education Strategy;
- Stakeholder Strategy;
- Support for Enabling Environment; and
- Monitoring and Evaluation Framework

Accordingly, the FLF was revised and renamed the National Financial Literacy Framework (NFLF). The NFLF maintains a multi stakeholder approach to the implementation of Financial Literacy in Nigeria and provides a comprehensive blueprint for the development and implementation of financial literacy programs across the various sectors in the Nigerian financial system. It also incorporated key findings from EFInA Access to Finance Survey of 2014 and the National Baseline Survey on Financial Literacy, 2014 as well as extensive work done by other stakeholders.

This document therefore presents an outline for implementing financial literacy towards the attainment of the objectives of the financial inclusion strategy and ultimately, financial system stability.

[1] *National Financial Inclusion Strategy (2012)*
[2] *Ibid*

1.0 INTRODUCTION

Financial literacy may be defined as the possession of knowledge and skill by individuals to manage financial resources effectively to enhance their economic well-being. It also enables financial service providers to better understand their products, the associated risks and the needs of their customers. It includes trust, confidence and participation in the formal financial system. Financial literacy, also referred to as financial capability, is an outcome of financial education.

The Organization for Economic Co-operation and Development (OECD) defined financial education as "the process by which consumers/investors improve their understanding of financial products, concepts and risks, and through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and take other effective actions to improve their financial well-being".
Financial literacy occupies a center-stage in the quest to achieve financial inclusion, financial stability, economic growth and development. Inclusive growth in the economy can only be achieved where a larger proportion of the population participates in the financial markets. For this to happen, it is essential for the populace to know, understand and develop the ability to evaluate financial products and services as well as participate in the financial markets.

Financial literacy is also an essential requirement for consumer protection in the financial sector as it creates better awareness and understanding of policies, financial products, prices, and practices. A Consumer Protection Framework has been developed to ensure the institution of redress mechanisms and provide strategic direction in promoting fair pricing and market conduct by providers of financial services.

This framework provides a roadmap for enhancing financial literacy to achieve financial inclusion in Nigeria and ultimately the attainment of the goal of Financial System Strategy (FSS) 2020. It is designed to reach all segments of the society with emphasis on specific target groups. The document is divided into ten sections:

Section one provides an introduction and overview of the financial literacy framework and its benefits to the Nigerian economy. Section two provides some basic definitions and discusses the current status of financial inclusion and reasons for global attention of governments to financial literacy. The overall goal and specific objectives of financial literacy including the overriding Vision and Mission are contained in section three, while section four addresses the strategic focus, identifies target segments and the delivery mechanism for financial education in the Nigerian Financial system.

Section five contains details of the implementation plan divided into short, medium and long term while section six itemizes the activities expected to be carried out by various stakeholders within specified timelines. Section seven identifies the roles and responsibilities of various stakeholders in the delivery of financial literacy programs across different target groups; the expected outcomes, which include reduction in the number of financially excluded persons, enhanced economic wellbeing of Nigerians and improved savings culture and financial discipline are enumerated in section eight. Section nine discusses the monitoring and evaluation techniques while section ten concludes the framework.

2.0 BACKGROUND

The National Financial Inclusion Strategy launched on the 23rd October, 2012 aims to reduce the financial exclusion rate in Nigeria from 46.3 per cent in 2010 to 20 per cent in 2020. A key component of the implementation process is client empowerment achieved through improved financial literacy and consumer protection. To support the client empowerment component of the financial inclusion agenda, a financial literacy framework was developed in 2012 in collaboration with relevant stakeholders.

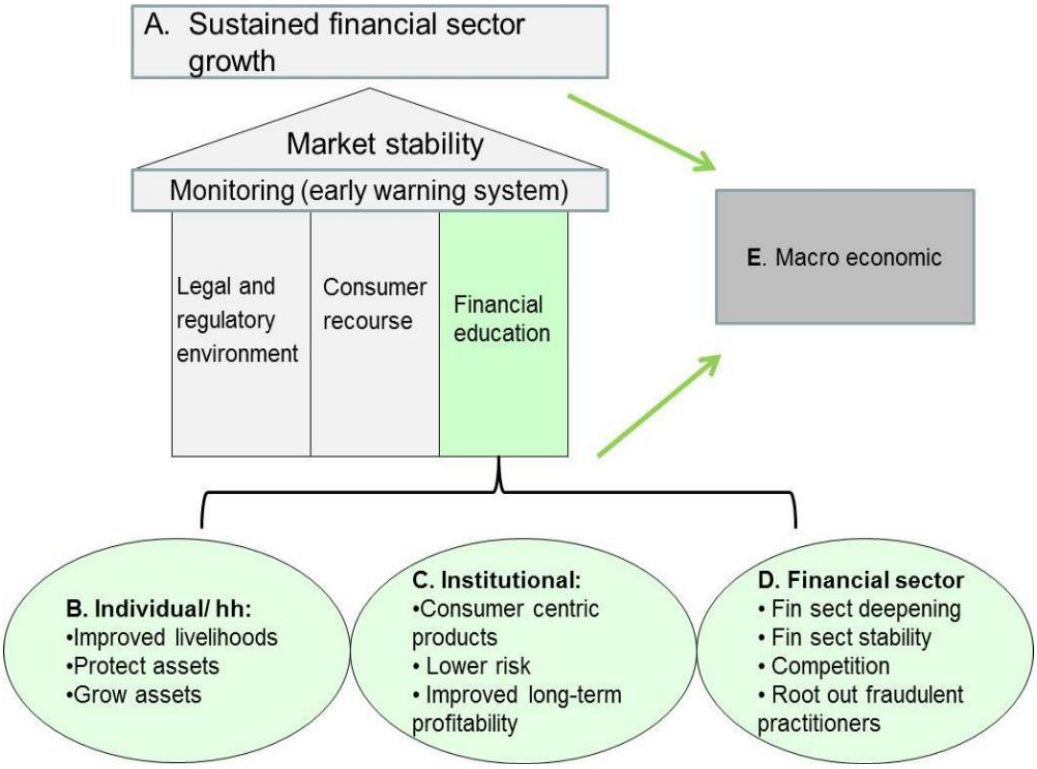
The National Financial Literacy Framework was developed drawing from experiences in the design and implementation of similar frameworks in other jurisdictions; a review of secondary research including an analysis of the findings of Access to Finance Surveys conducted by EFInA (Enhancing Financial Innovation and Access); a review of the 'Mapping Exercise of Financial Literacy Initiatives in Nigeria' commissioned by the GIZ in collaboration with CBN in 2013; and a review of other relevant policy and strategy documents.

2.1 RELEVANCE AND LINKAGES BETWEEN FINANCIAL CAPABILITY, CONSUMER PROTECTION AND MARKET STABILITY

Financial system stability is a prerequisite for sustained financial market growth. If the building blocks, checks and balances for market stability are not in place, the financial sector is at risk of market failure[3].

[3] Piprek, G.L., Marketworx Africa (Pty) Ltd

Figure 1: Linkages between sustained financial sector growth, market stability, consumer protection, financial education and macro-economic growth and stability



Source: *Marketworx*

The push for liberalization and modernization of the financial sector and increased financial inclusion has resulted in deluge of new financial service providers and products. experienced and inexperienced clients find themselves exposed to a range of products that are either totally new or too complex and sophisticated. the risk of financial market or bank failure is particularly high during rapid market expansion or institutional growth if unchecked. this underscores not only the need for prudential regulations, supervision and enforcement, but also financial education and consumer protection.

Financial education is cardinal to the financial system in the following ways:

- Financially capable consumers make better decisions in managing and growing their assets and are less susceptible to unscrupulous financial services providers.
- Improved financial capability can result in increased uptake of appropriate products, decreased product cancellations, debt stress and repayment failure, and ultimately reduce risk for financial institutions.
- The behavior of financially capable consumers could engender competition amongst financial service providers and this can translate to more efficient products and competitive prices for consumers as well as eliminate unscrupulous financial service providers.
- Strong financial sectors and people capable of managing, protecting and growing their assets will ultimately support overall macro-economic stability and growth.

2.2 RATIONALE

National Priorities

Increased Financial inclusion as a National Priority: The National Financial Inclusion Strategy (NFIS) launched in 2012 recognizes low levels of financial capability as one of the main constraints to improved financial inclusion and recommended the development and implementation of a National Financial Literacy Framework (NFLF).

Consumer Protection and Market Stability: The mix of new products and service providers coupled with new inexperienced clients in the financial sector, puts consumers at risk of poor decision-making and abusive or fraudulent practices.

The asymmetry of information and power imbalances between consumers and providers of financial services could also adversely affect the bargaining power of the consumer. This is particularly the case for vulnerable segments of the market such as the poor and the uneducated.

Financial education plays critical roles in enabling consumers make better financial decisions and recognizing fraudulent practices. An appropriate consumer redress framework also needs to be in place and consumers must be informed (through financial education) of their rights, responsibilities and redress options.

Improved Livelihoods: The 2014 Baseline Survey on Financial Literacy revealed that about 30 per cent of the adult population* of 98 million surveyed generates an income from agriculture-related activities and 26.1per cent of the adult population owns a business[4]. This underscores the need for appropriate financial intermediation to these groups (farmers and MSMEs), the absence of which presents an impediment to the growth of the sector and the economy as a whole. Consumer awareness and financial literacy – combined with an effective consumer protection framework – are important requirements for increasing financial intermediation in these sectors.

A Dynamic Financial Sector and Past Legacies

The introduction of numerous policies, regulatory requirements and the proliferation of products, services and financial institution providers: The financial sector has become more complex in recent years. People are moving from being unbanked to using third generation products such as mobile banking; The 2014 National Baseline survey on Financial Literacy revealed that consumers lacked a general knowledge of most banking products in the market place as 70 per cent of the adult population (98 Million) have no knowledge of mobile money product and more than 30 per cent do not know about current accounts[5].

2014 National Baseline Survey on Financial Literacy

* Aged 16 years and above

Improved Product Offering: Financially capable consumers express their needs better and thus contribute to the development of appropriate products and services to suit their needs.

Credit Bureau: There are critical to the optimal functioning of credit markets. However, the public need to be educated on how they operate, the implications of bad credit records and their complaints redress processes. This also means that the necessary dispute resolution mechanisms must be in place as part of a broader consumer protection framework.

Lack of Trust in the Financial Sector: This is a result of historic bank failures and the crisis in the banking and capital markets following the global financial crisis of 2008/2009. While it is not the role of Financial education to instill trust in institutions (trust must be earned by the institutions through their treatment of consumers), it is necessary to make the public aware of the developments in the sector.

Changes in the Socio-Economic Profile

Changing Demographics: Longer life expectancy, increasing childcare expenses and household costs are increasing financial pressures on households. Governments and employers are also increasingly shifting the cost burden for social services to the individual. The implication is that consumers need to take more responsibility for their financial well-being, and therefore need to be more financially capable.

Growing Middle Class: Consumers are increasingly becoming credit-worthy and may face increasing social pressure to showcase their wealth. The principles of responsible finance – particularly in relation to credit – should be emphasized with the suppliers of financial services, and the public needs to be made aware of both the benefits of credit and the dangers of over-indebtedness.

[5] 2014 National Baseline Survey on Financial Literacy

Increasing Urbanization: Over time, urbanization results in the weakening of social networks and relationships increasing the need for self-reliance, long-term planning and risk management. Urbanization also leads to increased exposure to financial service providers and sophisticated financial products.

Young Population: The relative increase in the number of young people in the population – combined with urbanization – is a major social challenge facing many African countries, including Nigeria. The youth often fail to find gainful employment and have to carve out a living through a small enterprise. Support to youth and enterprise start-ups are required, including personal financial management skills.

Levels of Financial Capability

Low Levels of Penetration: The low level of penetration of complex financial products and low- cost electronic channels among the banked, points to a lack of awareness and understanding of the potential benefits of these products and channels.

Lack of Long-term Planning and Growing Assets: While most Nigerians save, these savings appear to be primarily for purposes of income smoothing, i.e. focused on the short-term. The uptake of pension products is also limited to just 5 per cent of the adult population[6]

Risk Management: With insurance penetration at just 1.5 per cent [7], there is a lack of appropriate risk mitigation strategies and families and business owners often sink deeper into poverty following an adverse experience.

MSMEs and Farmers: Improved personal financial capability is a precursor to improved financial management of a small business or farm. Personal and business finances are also closely linked in most households; few households maintain separate budgets and bank accounts from their businesses.

[6] A2F EFInA – 2014

Youth: Given the rapid development of the financial sector, there are few role models and mentors for the youth to provide guidance on money management and navigate them through the complexities of the financial sector. The importance of 'early intervention' in the sphere of financial education is widely recognised, as it is easier to instil the right values, attitudes and perceptions among young people than to change the habits and perceptions of older people.

2.3 DEFINING FINANCIAL LITERACY, CAPABILITY AND EDUCATION

Financial Literacy relates to an individual's *knowledge* of financial concepts and products. This knowledge in turn affects the individual's *value system and attitudes thereby* impacting positively on his or her *action/decision on financial matters*.

The term '**financial capability**' encompasses 'financial literacy' and reflects the multiple dimensions of Knowledge, Skills, Attitudes, Confidence and Behaviour (KSACB). **It is "*The ability of an individual to act with confidence in making optimal choices in the management of his/her money matters*[8]*.*"**

Financial Education *is the process by which consumers/investors improve their understanding of financial products, concepts and risks and through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help and take other effective actions to improve their financial well-being*[9]

[7] A2F EFInA - 2014

[8] Adapted from: *Financial Literacy Framework for Tanzania*. 2010; Marketworx Africa.

[9] OECD - These dimensions of FinCap have been modified from the classical: KSAB (knowledge, skills, attitudes and behaviour), which excluded confidence in engaging with financial service providers and confidence in financial decision making

3.0 VISION, MISSION AND OBJECTIVES

3.1 VISION

A financially literate population capable of making informed financial decision for improved well-being

3.2 MISSION

To implement a coordinated and collaborative multi-stakeholder financial education programme as a means of empowering Nigerians with appropriate knowledge, skills and confidence to make informed decisions and manage their personal finances effectively.

The framework:

- Identifies the national priorities on financial literacy in Nigeria
- Identifies the stakeholders such as government, regulators, financial services providers, institutions, private sectors, civil society and their potential roles and responsibilities in the implementation process
- Proposes a constructive experience-sharing process that forges synergy, cohesion and optimizes use of resources
- Provides guidance and supports stakeholders to perform their roles and responsibilities
- Sets the baseline for performance measurement and monitoring progress towards set objectives.
-

3.3 OBJECTIVES

The overall goal of the framework is to empower citizens with knowledge through access to quality financial education, to enable them make informed choices and take effective actions for their financial wellbeing.

The specific objectives are to:

i. Empower individuals to make better spending, savings, loans, insurance, pensions and investment decisions;

ii. Assist individuals to set realistic and achievable financial goals;

iii. Increase awareness on the necessity for individuals to have a personal financial plan encapsulated in a budget, adhere to the budget, and prioritize their spendings according to their most pressing needs rather than wants;

iv. Help financially excluded individuals to know, understand and access financial products and services at affordable costs;

v. Help individuals and businesses understand their rights and obligations when they enter into loan contracts and other forms of financial transactions in order to minimize credit risk in the financial system and protect consumers;

vi. Increase ability of individuals to generate and save income, understand and cope with the challenges of irregular income as well as take responsibility for their future.

vii. Sensitize relevant stakeholders on financial education and their expected roles and responsibilities under the framework by creating a platform for stakeholders' engagement and interactions.

viii. Provide a platform for a multi-stakeholder approach to financial literacy and financial consumer protection in Nigeria spearheaded by the CBN as the apex regulator of the financial system.

4.0 STRATEGIC FOCUS AND TARGET SEGMENTS

The strategic focus of this framework is to implement financial education programs in Nigeria to achieve financial literacy that will drive the financial inclusion policy of the government and ultimately promote economic growth and development.

This framework segments the Nigerian population into different categories for the delivery of financial education. These include Adult Formal, Adult Emerging, Youth, Intermediaries market segments and other key stakeholders.

A national baseline survey on financial literacy was also conducted to identify priorities for intervention, target setting, monitoring and evaluation and will form the basis for the reviews of these target groups and the accompanying delivery methodologies.

4.1 STRATEGIC APPROACH

Improving the financial literacy of the population is a challenge, which no single organization can achieve on its own. The current development in the Nigerian financial sector arising from the impact of the last financial crisis makes it necessary for this framework to adopt a multi-stakeholder approach anchored by the Central Bank of Nigeria (CBN). This will promote the development of partnerships involving a broad range of stakeholders in executing financial literacy programs.

The aim of this approach is to get the stakeholders to appreciate the benefits of a financially literate population and obtain their commitment to harmonize the delivery of intervention programs for maximum results.

The CBN will take the lead role in coordinating this initiative and ensure that the impact of the program translates to achievement of financial inclusion objectives and attainment of the CBN mandate of financial system stability.

4.2 THE IDENTIFIED CONSUMER SEGMENTS AND DELIVERY METHODOLOGY

The framework acknowledges that there is no "one-size-fits-all" strategy to achieve financial literacy. Accordingly, it proposes various methodologies that are suitable for different segments of the population. The consumer market segments, main stakeholders and channels are detailed below:

Table 4: Consumer segments: Profile, Rationale, Channels, Programs, and Stakeholders

1. Adult formal Segment: approximately 14 per cent of the adult population[10]	
i. Upper middle income and wealthy: achievers	
Profile	Mostly urban, tertiary education, formally employed in middle to senior management positions, professionals or own large company, formally financially included, male bias. Includes management and staff at financial service providers and regulators. Holders of insurance, pensions and investments.
Rationale and themes	• Opportunities for the formal sector to inform and educate on 2nd and 3rd tier products such as insurance, capital markets and electronic banking channels. • Underscore the need for long-term planning, including retirement. • Concepts such as credit bureaux and consumer protection must also be introduced.
Channels and programmes	• A level of 'self-education' may be prevalent, which provides opportunities for print media and websites. • Radio • Workplace programs • Seminars • In branch flyers and audio-visual

Main stakeholders	• Banks, insurance, mortgage, pensions, NSE, • Sector level bodies • Regulators • Employer associations
ii. Middle and lower middle income: under-banked	
Profile	• Mostly urban, secondary or some tertiary education completed, salaried/wages in formal sector, including government and private sector. • Includes management and staff of financial service providers and regulators. • Formally financially included, primarily through banks and MFBs. • Holds 1st generation products such as savings account – 'under-banked'.
Rationale and themes	• Opportunities for banks and MFBs to inform and educate on 2nd and 3rd tier products such as insurance, capital markets, electronic banking channels. • Underscore need for long-term planning, including retirement. • Concepts such as credit bureaux and consumer protection must also be incorporated and highlighted.
Channels and programmes	• Workplace programmes • Above the Line (ATL) Media (primarily radio, TV) • Mobile phones • In-branch flyers and audio-visual

<table>
<tr><td>Main stakeholders</td><td colspan="2">Banks, MFBs, insurance, pensions
Sector level bodies
Regulators
Employer associations, including government and the private sector
Employee associations and unions</td></tr>
<tr><td colspan="3">2. Adult emerging market – <u>NATIONAL PRIORITY</u>
Approximately 50 per cent of the adult population</td></tr>
<tr><td colspan="3">The primary market opportunity is the emerging adult market, in particular MSMEs. This is the ‘next frontier’ as this market is almost completely unserved, apart from some MFBs and informal finance, while the formal sector is almost saturated.

The emerging market forms the largest market segment and is the main employer. Economic growth and poverty alleviation in Nigeria requires a vibrant MSME market and a strong agricultural sector, which in turn requires effective financial intermediation.

Despite the current low levels of financial inclusion, MSMEs and farmers have a major need for financial services and products to fund start-ups, expand businesses, purchase stock and for savings and cash management, income smoothing and risk management.

Given the huge financial need of this market and the potential impact on the national economy of a vibrant MSME and agricultural sector with increased financial intermediation, this market segment is the main national priority (adult) for financial education initiatives.</td></tr>
<tr><td colspan="3">i. MSMEs (approximately 60 per cent of the adult emerging market)[11]</td></tr>
<tr><td colspan="2">Profile</td><td>Urban and rural, some education.
Primarily informal (MFIs, family & friends, savings groups), some MFBs
Access to Intervention funds, Savings and some credit.
Lack of Risk management skills.</td></tr>
</table>

Rationale and themes	• Great opportunity exists for drawing this market into MFBs, MFIs and some banks with the relevant footprint and appropriate products. • Mobile banking could also have a major impact in this market. • Risk management is almost unknown • Micro-insurance initiatives should be introduced to this segment.
Channels and programmes	• Workplace programs • Above the line (ATL) media (primarily radio, TV) • Mobile phones
Main stakeholders	• MFBs, MFIs, banks with microfinance and MSME activities • Micro-insurance • Mobile Money Operators (MMOs) • CBN Dev Finance and other government, NGO, donor programmes • ATL media, primarily radio and TV edutainment
ii. Farmers **(approximately 40 per cent of the adult emerging market)**[12]	
Profile	• Rural, some level of education • Primarily informal (MFIs, family & friends, savings groups), some MFBs, government funds • Savings and some credit • Risk management unknown/self
Rationale and themes	• Agriculture requires customized financial products • Challenging to reach, but MMOs and linkage banking with MFBs, MFIs can play major role • Opportunity for microfinance insurance (as with MSMEs) and agricultural risk.
Channels and programs	• ATL media (primarily radio, TV) • Mobile phones • CBN Dev Finance and other government, NGO and donor programs

Main stakeholders	• MFBs, MFIs, banks with agricultural credit activities • Micro-insurance • MMOs • CBN Dev Finance and Ministry of Agriculture • Other government, NGO, donors programs • ATL media, primarily radio and TV edutainment
3. Youth segment	
For purposes of financial education, youth is loosely defined as those up to the age of 25. • Nigeria has a young population of which about 30 per cent are under 25 years old[13] • The levels of financial capability of future generations depend on interventions among the youth of today • Early intervention is critical: value systems are formed when young • Children and youth can play an instrumental role in educating their parents and elders about financial management, particularly if financial education interventions are structured in such a way that it encourages the youth to interact with their elders. • Financial education can help prepare the youth to start developing improved livelihood strategies and start their own enterprises • First time income earners are often the target of financial service providers and the youth is under severe peer pressure in terms of consumer spending. Financial education can set the foundation for managing an individual's finances well from the outset and avoiding future problems.	
i. In-school youth and educators (Approximately 65 per cent of children of school-going age)[14]	
Profile	• This market segment comprises both learners and educators, including local, state and federal government authorities who may be involved with learner education. • Educators should be targeted with financial education initiatives both in their professional and personal capacities.

Rationale and themes	• Financial education should aim at creating awareness on the need to take responsibility for one's finances and the need for planning, budgeting and saving. Information on terminologies, different types of financial institutions, products and services should be introduced in a structured manner • Ideally, financial education should be coupled with broader life skills such as entrepreneurship training and also with basic economic literacy • Special financial products should be introduced. The main focus should be on savings.
Channels and programmes	• Financial education should be embedded in the national school curricula complemented by other programs. • Train-the-Trainer • In-school curricula • Extra-curricular activities such as school clubs • Competitions • Participation in global initiatives such as those offered by "Child and Youth Finance International" (CYFI) • In-school theatre, such as the program ran by *Visa* in other sub- Saharan countries • Role model/mentoring programs, e.g. banks and other financial intermediaries could 'adopt a school'. It should also be coupled with entry-level savings products and national and global programs on savings • Mobile phones • ATL – particularly edutainment • Internet – such as the financial literacy soccer game offered by Visa • Teachers and educators • Financial education must be introduced into the curriculum for teachers and educators • Personal financial education aimed at future educators while in training • Personal financial education aimed at educators (see other initiatives targeted at the Formal Adult Market) • Special seminars and conferences for teachers

Main Stakeholders	• Ministry of Education • Ministry of Youth • Financial service providers • NGOs and donor programs targeted at the youth Youth associations and leadership programs
ii. Young adults in tertiary institutions Profile	This reflects a small portion of the population, but an important one, as these young adults often become the future opinion leaders and policy makers. They also often become formally employed or start small to medium- sized businesses and are therefore future managers and executives. First time income earners are also often targeted by financial service providers for loans and can fall into a trap of indebtedness if they do not know how to deal with their newfound financial freedom.
Rationale and themes	• Basics of financial education, such as budgeting and planning • Emphasize the need to start saving and planning for retirement from the moment the first salary check is received. • Basic financial products and services as well as 2nd tier products such as pensions, insurance and capital markets • This market is very open to new technology such as the use of ATMs, internet banking and mobile phone banking
Channels and programs	• On-campus programs • ATL media • Mobile phones • Internet
Main stakeholders	• Federal Min of Education, NUC, University/College management • Formal financial service Providers Mobile Money Operators

4. Intermediaries	
Profile	These include: • Community-based organizations (CBOs), village leaders, religious leaders • State and local governments • Media/journalists • Training, research and consulting firms who may become providers • Policymakers and regulators
Rationale and themes	It is necessary to start developing a pool of skills among those that could facilitate the implementation of financial education in general beyond the specific target segments. CBOs, village leaders, religious leaders and local government officials are often approached by the public for advice or counselling, when in financial trouble or defrauded. Local government can also be instrumental in assisting with the identification and mobilising stakeholders for grassroots implementation programmes, such as village theatre or savings campaigns. The media needs to be trained on the concept and relevance of financial education so that they give financial education initiatives the required coverage and cover the events appropriately.
Channels and programmes	• Conferences, workshops and seminars with the various sub-groups • Training of trainer programmes (ToT) • Media training workshops
Main Stakeholders	• Financial Inclusion Secretariat

10 EFINA A2F Survey, 2012
11 Ibid
12 Ibid
13 2014 National ,Baseline Survey on Financial Literacy
14 EFINA A2F Survey, 2012

4.3 GOVERNANCE STRUCTURE AND STAKEHOLDER CO-ORDINATION

This framework provides a governance structure comprising four levels to address the needs of the market and to achieve broader stakeholder representation, 'ownership' and support.

The structure comprises the following:

I. **Working Groups (WGs):** tasked with implementation of the NFLF.

II. **The Financial Inclusion Technical Committee (FITC):** tasked with providing technical advice to the Financial Inclusion Secretariat (FIS) on its implementation plan and disbursement of funding.

III. **The Financial Inclusion Steering Committee (FISC):** tasked with setting the overall strategic direction and providing oversight on the activities of the Secretariat.

IV. **The National Financial Literacy Secretariat**: tasked with national coordination of the NFLF initiatives and providing support to the FITC,FISC and the WGs.

4.3.1 Working Groups

The Working Groups should be structured to serve the target markets and address certain cross-cutting themes. Regional representation (where necessary) may be required to ensure that regional specifics are considered, to identify the relevant regional stakeholders and to co-opt these in supporting the implementation of the NFLF.

There should be 6 Working Groups as follows:

1. **Adult Formal**

2. **Adult Emerging** – This working group could be further divided into these sub-groups, given the vastness of the segment:

   - MSMEs Working Group

- Farmers Working Group

3. Youth – This Working Group could be further divided into two sub-groups:

- In-school youth Working Group
- Out of school youths Working Group

4. Intermediaries Working Group

Working Groups that will address the cross-cutting themes include:

5. Consumer Awareness Working Group

6. Enabling Environment Working Group

Some specific themes and sub-working groups may be considered as the need arises. Examples include:

- Consumer protection
- Credit bureaux
- Policy review – to provide effective policy framework to adequately address financial education and consumer protection issues.

Roles and responsibilities of the Working Groups

The roles of the working groups will be as follows:

- Develop a detailed action plan for its specific consumer segment, detailing activities, responsibilities, funding and support requirements
- Implement approved action plan

- Monitor and evaluate impact of initiatives implemented
- Review and refine action plans
- Provide periodic report to the FIS on progress and document and share lessons learnt

Funding

Funding for the implementation of Working Group initiatives should be provided by FIS as approved by the FISC based on national priorities (as per the NFLF) and available resources.

4.3.2 Financial Inclusion Technical Committee (FITC)

The FITC is the working arm of the FISC through the implementation of the strategic decisions of the FISC.

Roles and Responsibilities of the FITC

The FITC should provide technical support to the Secretariat, while also holding the Secretariat accountable for performance according to the NFLF and implementation plan. The FITC should recommend the funding criteria and requirements for Working Groups to the FISC for approval.

Membership of the FITC

The membership of the FITC should be the appointed representatives of the FISC members.

4.3.3 Financial Inclusion Steering Committee (FISC)

The FISC is the highest governance structure in the development and implementation of financial literacy programmes in the Nigerian financial system. The Committee provides the strategic direction and oversight for all financial literacy issues in Nigeria.

Membership of the FISC

Membership of the FISC would be as provided for in the National Financial Inclusion Strategy (NFIS).

Roles and Responsibilities of the FISC

The FISC/Board/Council will have the following responsibilities:

- Set the national agenda for National Financial Education and ensure that it is aligned with the national priorities identified in the NFLF and those of the Financial Inclusion Strategy

- Fiduciary duties: financial oversight and governance

- Policy support and influence to place financial education on the National agenda

- Support the funding for the implementation of the various financial literacy initiatives and provide coordination for the activities of the FIS, FITC and the Working Groups

4.3.4 Financial Inclusion Secretariat (FIS)

The FIS will provide support and coordinate the activities of the Working Groups and the FITC in the implementation of the National Financial Literacy Framework. It will also report to, and serve as the secretariat of the FISC

Roles and responsibilities of the FIS in relation to Financial Literacy

The roles of the FIS include:

- Taking overall responsibility for implementation of the NFLF, including monitoring and tracking performance against the goals and objectives of the NFLF and continuous refinement of the NFLF

- Developing and implementing a stakeholder strategy aimed at educating stakeholders on the importance of financial education and encouraging participation and support

- Support the setting up and coordinating the activities of the various Working Groups
- Sourcing and providing technical assistance to Working Groups on the development of consumer financial education plans and its implementation
- Knowledge Management:
- Develop and maintain a web-based information portal on local and international resources, content and success stories
- Disseminate lessons learnt (local and international)
- Develop and implement a financial plan for funding; set criteria for the application for funding support to the Working Groups; manage the disbursements; and track performance.
- Obtain funding approvals from the FISC for the Working Groups
- Monitor and evaluate the implementation of the NFLF on a national level
- Provide periodic reports on progress as required to the FISC, FITC and the public.

5.0 IMPLEMENTATION PLAN

Financial Literacy activities shall be implemented within the short, medium and long term as detailed below:

Short-Term (By the end of 2016)

1. Obtain approval of the Committee of Governors (COG) and Board of Directors for the revised Financial Literacy Framework (National Financial Literacy Framework – NFLF)

2. Transfer coordination and secretarial functions for the implementation of the NFLF from the Consumer Protection Department to the Financial Inclusion Secretariat

3. Engage critical stakeholders (Ministries/Departments/Agencies, Educational Institutions, Financial Institutions, Regulatory Authorities, Media etc.) to obtain buy-in on the implementation of the NFLF

4. Convene a National Stakeholders' workshop to validate the NFLF and present findings of the 2014 National Baseline Survey on Financial Literacy

5. Launch the National Financial Literacy Framework and present the report of the Baseline survey on Financial Literacy

6. Constitute Working Groups in accordance with the provisions of the NFLF

7. Working Groups to review findings from the 2014 National Baseline Survey on Financial Literacy

8. Working Groups to identify priority areas from the 2014 National Baseline Survey on Financial Literacy and design targeted financial literacy programs for intervention across the identified segments

9. Develop guidelines on content, standards, codes of conduct and requirements for Financial Literacy Practitioners in Nigeria to standardize the implementation of financial education programs.

10. Develop a Monitoring and Evaluation Framework to assess impact of the various Working Groups initiatives.

Medium-Term (By the end of 2017)

1. Continue implementation of the NFLF intervention programs across the Working Groups

2. Incorporate Financial Literacy into the National school curriculum of Basic and Senior Secondary schools

3. Conduct annual performance assessment/review of set targets across individual initiatives in accordance with the M&E framework developed

4. Commence teaching of financial literacy curriculum in schools

Long-Term (After 2017)

1. Conduct National Survey on Financial Literacy to assess shift in Financial Capability levels in Nigeria

2. Establish a National Financial Literacy agency that will be responsible for Financial Literacy in Nigeria

3. Continue monitoring, evaluation and review of the various financial literacy programs

6.0 ROLES AND RESPONSIBILITIES OF STAKEHOLDERS

The CBN shall drive the financial literacy program, while other stakeholders would be required to play various roles towards achieving effective delivery of financial education. The identified stakeholders include: Government, Regulators, Financial Institutions, Civil Society Organizations, Professional Bodies and Trade Unions, the Legislature, Print and Electronic Media, Educational Institutions, Development Partners, Consumer Groups, Faith Based Organizations and other Corporate Bodies. Below are the proposed roles and responsibilities in the implementation of the framework.

Federal Ministry of Finance

- Monitor the implementation of the financial literacy framework.
- Provide a knowledge base for financial literacy.
- Participate in the review of the strategy on financial literacy.
- Render technical and financial assistance for the implementation of the financial literacy framework.
- In collaboration with the Central Bank of Nigeria, convene an international conference on financial education.

Federal Ministry of Education

- Provide policy direction for adoption of financial literacy as a compulsory module in educational institutions.
- Design curriculum and monitor implementation of financial literacy programs in the educational system in collaboration with financial sector experts.
- Design and deliver capacity building programmes for teachers and instructors of financial education.
- Continuous review of school curricula to ensure it remains relevant and up to date.

Federal Ministry of Information

- Design and implement appropriate policies and strategies for dissemination of information on financial literacy
- Disseminate information on financial literacy through Government owned media.
- Engage in sensitization and capacity building programs for media practitioners

Federal Ministry of Communication Technology

- Leverage on nationwide infrastructural network (post offices and postal agencies) as avenues to create awareness for financial literacy.
- Develop policies that support the provision of communication and technological infrastructure as channels for dissemination of financial literacy programme.

Federal Ministry of Women Affairs

- Support the implementation of financial literacy programmes in line with the provisions of this framework
- Develop policies that promote financial literacy and provide platform for the dissemination of programmes
- Sponsor mass enlightenment campaigns and programmes for the benefit of the target population under their purview

Central Bank of Nigeria (CBN)

- Anchor the implementation of the financial literacy framework
- Design and ensure implementation of sensitization and capacity building programmes for financial institutions and regulators
- Collaborate with financial instititutions and other stakeholders on financial literacy initiatives
- Conduct a base line study on financial literacy nationwide to identify gaps and design appropriate strategies to reach target groups
- Convene a National Stakeholders workshop on Financial Literacy
- Convene an international conference on financial Education

- Monitor achievement of annual set targets and implementation of initiatives itemized in the financial literacy framework in collaboration with other stakeholders.
- Review the strategy on financial literacy.

Financial Inclusion Secretariat (FIS)

- Taking overall responsibility for implementation of the NFLF, including monitoring and tracking performance against the goals and objectives of the NFLF and continuous refinement of the NFLF
- Develop and implement a stakeholder strategy aimed at educating stakeholders on the importance of financial education and encourage participation and support
- Support the setting up and coordinating the activities of the various Working Groups
- Source and provide technical assistance to Working Groups on the development of consumer financial education plans and its implementation
- Develop and maintain a web-based information portal on local and international resources, content and success stories
- Disseminate lessons learnt (local and international)
- Develop and implement a financial plan for funding; set criteria for the application for funding support to the Working Groups; manage the disbursements; and track performance.
- Obtain funding approvals from the FISC for the Working Groups
- Monitor and evaluate the implementation of the NFLF on a national level

Other Financial Service Regulators (SEC, PENCOM, NDIC, NAICOM, NSE)

- Design and implement capacity building programs for staff and operators within their supervisory purview.
- Collaborate with the CBN and other stakeholders in the implementation of the financial literacy framework.
- Sponsor mass enlightenment campaigns on the benefits and risks of products and services offered by operators in the respective sub sectors.

Deposit Money Banks and Other Financial Institutions

- Collaborate with the CBN and other stakeholders in the implementation of financial literacy initiatives
- Design in-house training programmes and capacity building for staff
- Educate consumers on products/services being offered especially terms and conditions, fees, charges and risks associated with such products.
- Provide capacity building to Micro Small and Medium Enterprises (MSME) to improve their financial literacy and enhance their credit worthiness
- Micro Finance Banks (MFBs) to focus on delivering financial services to the poor and informal segments to improve financial knowledge through increased access.
- Engage in consumer awareness programs through mass media.
- Hold consumer interactive forum once every year.
- Build capacity of media practitioners to improve their understanding of financial information, risks and disclosures to enable them effectively communicate same to the public.

Bankers' Committee

- Adoption of the financial literacy framework for implementation.
- Monitor the implementation of financial literacy programmes in relation to the roles and responsibilities of deposit money banks.
- Contribute to all review processes of the framework document.
- Contribute to the Financial Inclusion Development Fund (FIDF).

National Association of Microfinance Banks (NAMB)

- Adoption of the financial literacy framework for implementation.
- Monitor the implementation of financial literacy programmes in relation to the roles and responsibilities of DMBs and OFIS.
- Contribute to all review processes of the framework document.
- Contribute to the Financial Inclusion Development Fund (FIDF

Civil Society Organizations

- Sponsor and organize awareness programs on financial literacy.
- Collaborate in the design and implementation of financial education programs.
- Deploy financial education materials through multiple communication platforms including the internet, electronic and print media.
- Contribute to the review processes for financial literacy policies.
- Assist in monitoring the implementation of financial education and evaluating their effectiveness.

Professional Bodies and Trade Unions

- Incorporate financial literacy as part of professional training.
- Organize capacity building for members and other target groups.

Print and Electronic Media

- Serve as a platform for mass financial literacy campaigns.

Educational Institutions

- Serve as platforms for delivery of financial literacy educational modules.
- Encourage the creation of financial literacy clubs in schools.
- Encourage children to read articles on the financial sector.
- Organize road shows for students with the aim of educating them on financial issues.

Development Partners

- Render technical and financial assistance for the implementation of the financial literacy framework.

- Monitor the implementation of the financial literacy framework.
- Provide a knowledge base for financial literacy .

Consumer Groups

- Form pressure groups to protect consumer rights.
- Provide feedback on the performance of the financial literacy initiatives.
- Provide a platform for dissemination of information on financial literacy.

Faith Based Organizations

- Provide a platform for dissemination of information on financial literacy.

Other Corporate Bodies

- Participate and sponsor financial literacy programs as part of corporate social responsibility.
-

Other Stakeholders

Other stakeholders relevant to the implementation of the framework include corporate bodies, Ministry for Economic and National Planning, PTDF, ITF, ETF, Local and State Governments. Some of the roles they are expected to play include:

- Funding and deploying financial education programs
- Performing Corporate Social Responsibility
- Include financial education in the national development plan

7.0 EXPECTED OUTCOMES

Several benefits are expected to be derived from the implementation of this framework which cuts across individuals, households, the society, environment and the nation at large. These include the following:

- Increased knowledge and appreciation of the benefits of inclusive financial services.
- Reduction in the percentage of financially excluded persons.
- Increase in the scope and scale of use of financial services.
- Improved savings culture and financial discipline.
- Improved entrepreneurship capacity, private entrepreneurship, and linkage with financial services.
- More efficient use of financial services which will result in improved indices of financial institutions in terms of profits and sustainable operations.
- Enhance contribution to growth and well-being of Nigerians.
- Enhanced competition and innovation in the market, resulting in increased variety of products and services at more affordable cost.
- More effective and efficient regulation and supervision.
- Mitigate risk and reduce the prevalence of illegal/fraudulent activities in the financial system such as the 'Wonder banks' and 'Ponzi Schemes'.
- Increase access to formal financial services.
- Maintain long term confidence in financial markets.

- Moderate the imbalances between the consumers and providers of financial services.
- Provide conducive environment for industry growth and development.
- Enhance overall economic development.
- Ability to make sound financial decisions in order to enhance financial wellbeing.
- Improve knowledge of financial subjects
- Secure sustained resources for financial literacy
- Establish a national agency for financial literacy

8.0 MONITORING AND EVALUATION

A Monitoring and Evaluation framework should be developed comprising two main components:

1. **Key performance areas (KPAs) and their indicators (KPIs) in the implementation of the NFLF.**

   These indicators may be a combination of qualitative and quantitative indicators. KPAs should be set in relation to the overall implementation of the NFLF for the FIS, individual staff of the Secretariat and the Working Groups. The Working Groups should in turn set KPAs and KPIs for its own members.

2. **Tracking change in the level of financial capability on National level**

   The findings from the National Baseline Survey on Financial Literacy should be used to set targets for the various Consumer segments identified in the NFLF. These targets should be aligned with the Financial Inclusion targets and aggregated on a national level. These targets should be discussed and agreed with the Working Groups and the FITC.

   The National Survey on Financial Literacy is required every 3-4 years, as levels of financial capability may not shift tremendously in the short-term. The FIS and EFInA should explore the possibility of including some key Financial Literacy indicators in EFInA's Access to Finance Survey, which is administered on a more regular basis. The timing of the administration of the two Surveys should also be coordinated.

Other methodologies could also be considered and applied to track changes over time.

9.0 RISKS AND MITIGATION MEASURES

There are several potential risks which may impede the successful implementation of the NFLF. These include:

- **Resource Limitations**: Without adequate resources made available to the FIS and the Working Groups, national coordination and effective implementation of the NFLF will not be achieved;

- **Stakeholder Support and Engagement:** Without the adequate support, buy-in and engagement of the various stakeholders, the objectives of the NFLF will not be realized

- **Insufficient Technical Skills:** The dearth of technical skills in the emerging field of Financial Literacy and Capability especially in the area of developing, implementing, measuring and evaluating of programmes

RISKS	MITIGATION MEASURES
Attainment of Financial Capability Objectives: Possibility of financial capability not translating into increased uptake of financial products owing to the fact that existing providers (DMBs and FMBs) rarely have adequate structures for responding to the need of excluded groups such as those in rural areas, MSMS and the farmers	Tailor the financial literacy program of the providers to practical product development and roll out issues. Theirs should involve appropriate case studies.
Multiple Stakeholders: Plethora of stakeholders that are widely dispersed might present implementation hurdles	A well-staffed organ or unit with appropriate institution authority and budget to foster coordination

Institutional Risk: A major part of the FLF rest on the Nigerian educational system and the challenges currently being faced in the sector may limit the effectiveness of that system as a channel for reaching the young people in the society.	Aggressive collaboration with the national and state level educational authorities will be cardinal. A proper hand over of their aspects and procedure for ownership should be worked out.
Resource Limitations: The implementation of the FLF requires a large amount and volume of technical and financial resources to ensure implementation and stakeholders might not actually have that on their priority agenda.	There might be need to create a pool of funds to address the issues and this can be pursued at the level of all identified stakeholders.
Other Risk factors: Other factors that cause exclusion such as wide dispersion, low income of clients etc. if not addressed could undermine the achievements of increased financial inclusion through the financial literacy programs	It might be necessary to tie financial literacy program to entrepreneurship lessons and also foster linkage to financial services. Agents in particular should be empowered to play a leading role.

10.0 CONCLUSION

The importance of financial education and financial literacy at all levels of the nation's socio-economic strata cannot be overemphasized in view of its enormous benefits. The framework is part of a comprehensive agenda for the implementation of the Nigerian Financial Inclusion Strategy. Its long term benefits cut across individuals, households, the society and the nation at large.

The framework also requires a multi-stakeholder approach involving all stakeholders in the Nigerian economy particularly relevant Ministries, Departments and Agencies of Government as well as all sectors of the Nigerian financial system including, but not limited to the banking, deposit insurance, capital market, money market, insurance and pensions sub-sectors.

The successful implementation of the financial literacy program would guarantee the future economic and social well-being of Nigerians by reducing poverty, improving income and facilitating development. It would also enable Nigeria to take advantage of global financial dynamics, enhance efficiency in managing personal finances, promote entrepreneurship, banking culture and ultimately ensure financial stability.

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Annex A: Examples of channels – benefits and limitations

CHANNEL	BENEFITS	LIMITATIONS
TV	High impact (visual and audio) Reasonable reach, but urban bias (Contain costs through embedded programming)	Costly production and airtime Limited 'depth' of content Costly M&E Limited rural reach No interaction
Radio	Broadest reach Multiple stations allows for targeting Reasonable production costs Personalised interaction through talk shows and sms	High airtime costs Limited 'depth' of content
Print	Low-cost editorial Depth of content	Limited reach Poor functional literacy No interaction
Billboards	High frequency and notice: create awareness	Limited depth
Financial sector	Client knowledge Technical knowledge Existing structures and communication channels Trust in own financial service provider 'Captive' audience in branches, ATM screens	(Perceived) neutrality of message? Own market interests/competitive space Limited footprint in rural areas Limited channels among non/potential clients Negative perceptions/trust issues of some suppliers
Mobile phones	Wide reach Cost effective Ability to target High frequency possible	Limited depth

Entrepreneurship programmes	Knowledge of market Cost-effective to embed messaging in existing training material	Weak programmes – limited reach
NGOs, CBOs, churches, mosques and village leaders	Trust Close contact and daily interaction Understand people	Own knowledge may be inadequate Dispersed: challenge to organise/reach
Employee-based programmes	Easy reach and organisation In-depth training Cost-sharing by employers	Limited frequency
Educational system	Captive audience Trained educators Wide reach Early intervention	Cluttered curricula and other priorities Weak technical knowledge Weak delivery capacity Limited resources

CENTRAL BANK OF NIGERIA