



CENTRAL BANK OF NIGERIA

# FINANCIAL INCLUSION NEWSLETTER

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## The Federal Ministry of Youth and Sports Development Flags-Off pilot NYSC Peer Educator Programme for Financial Inclusion

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**NYSC Director-General, Brigadier General Sulaiman Kazaure flanked by officials and Corps members during the Flag-Off Ceremony of the Peer Educator Programme at the NYSC Permanent Orientation Camp, Mangu,**

Source: <http://nysc-cds.com/in-the-news/nysc-members-enlisted-educators-financial-inclusion-programme>

The Minister of Youths and Sports, Barrister Solomon Dalung has flagged-off the pilot scheme for the National Peer Educator Programme for Volunteer Corps members.

The Programme aims to create awareness among young people on the need to make use of financial products and services. It is executed through volunteer National Youth Service Corps (NYSC) members across the country using the platform of their Community Development Service (CDS).

The flag-off ceremony was held in June 2017 at the NYSC Orientation Camp Mangu, Plateau State after a successful training of the volunteer corps members in twelve pilot states across the six geo-political zones of Nigeria: Abia, Anambra, Edo, Gombe, Kano, Kwara, Lagos, Oyo, Plateau, Rivers, Sokoto, and Taraba.

In his address at the ceremony, Barrister Dalung said the Peer Educator Programme came as a result of the need to reverse the very low patronage of financial products and services in the country compared with Nigeria's peers.

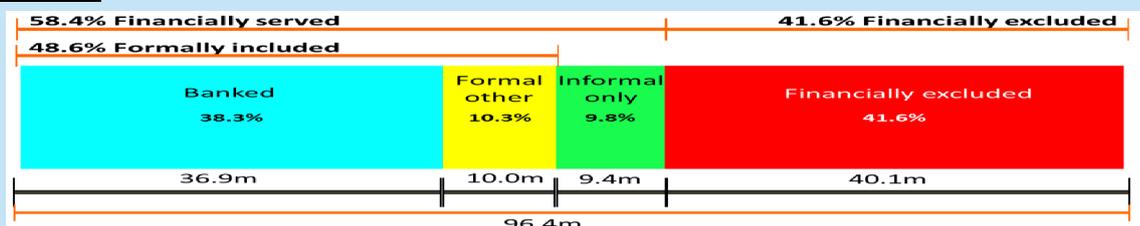
He added that "the programme will help reduce the rate of youth unemployment and restiveness and provide young entrepreneurs with increased access to fund/ credit facilities and business skills".

The NYSC Director-General, Brigadier General Sulaiman Kazaure, also noted that the inclusion of Corps members in the programme was not only a recognition of their invaluable contributions and patriotic zeal, but also an endorsement of the role of youths as drivers of the Nigerian economy.

Other partners involved in the implementation of the programme apart from the Federal Ministry of Youth and Sports and the National Youth Service Corps include the Central Bank of Nigeria, Nigeria Deposit Insurance Corporation, National Pension Commission, Securities and Exchange Commission, the Association of Non-Bank Micro-finance Institutions of Nigeria and the National Insurance Commission ■

### Financial Inclusion Status as at December 2016

Source: *Enhancing Financial Innovation & Access (EFInA)*





## SPECIAL INTERVENTIONS

### *Training of Trainers workshop on NYSC Peer Educator Programme holds in 12 pilot states*



*The Honorable Minister, Youth and Sports Development, Barrister Solomon Dalung being decorated with the Financial Inclusion jacket by Mr. Kunle Oduyebo, Director Enterprise Development and Promotions Department*



*Team Taraba during the training session*



*Team Plateau during the training session*

Following the flag off ceremony of the NYSC Peer educator programme in Plateau State, a Training of Trainers (TOT) session held across 12 pilot states in the country including Abia, Anambra, Edo, Gombe, Kano, Kwara, Lagos, Oyo, Plateau, Rivers, Sokoto, and Taraba.

The programme trained 30 volunteer corps members from each state who are to serve as financial inclusion ambassadors and carry on the message of financial education to communities in their localities during their weekly Community Development Service.

Facilitators were drawn from the Central Bank of Nigeria, Federal Ministry of Youth and Sports, Association of non-Bank Microfinance Institutions in Nigeria, National Pension Commission, Nigeria Deposit Insurance Corporation amongst others.

Some of the topics covered during the training included:

Needs and Wants, Record Keeping and Cash management, Household financial management, Financial Environment, Financial Consumer rights and responsibilities, Frauds and Scams, Me and my business

At the end of the sessions, the volunteers were tasked with the responsibility of making presentations to their peers in order to assess their understanding of the concepts and measure their ability to deliver the training to their communities.

The Session is expected to be replicated across the country once the appropriate measures to ensure sustainability are put in place ■



*Team Lagos during the group assignment*



*NYSC Volunteer delivering a presentation to his peers in Gombe state*



## National Financial Inclusion Governing Committee holds its Statutory Meetings

### 10th Financial Inclusion Working Group Meetings

The four Financial Inclusion Working Groups held their 10th meeting at the International Training Institute, Abuja on 21st June, 2017. The major highlights of the meetings included an update on execution of workstreams to promote financial inclusion in Nigeria by respective agencies and key resolutions from the previous meeting. Highlights from the meetings are reported below:

#### Financial Inclusion Products Working Group (FIPWG)

- 1. National Collateral Registry (NCR) Bill:** The NCR Office of the CBN reported that the number of financial institutions registered stood at 114. The Office also reported that the secured transactions in Movable Assets Bill was passed into law on the 31st May, 2017.
- 2. Implementation of Bancassurance Framework:** In April 2017, National Insurance Commission (NAICOM) published the revised Bancassurance guidelines for the insurance sector.
- 3. Harmonization of Data Capturing for National Identity Management Commission (NIMC):** NIMC reported that Mercy Cops had pledged to support the printing of National Identity Cards for those enrolled for them. As at June, 2017, NIMC had enrolled a total of 17 million Nigerians.
- 4. Adoption of Microinsurance by MFBs and MFIs:** Micro insurance guidelines was still awaiting review by NAICOM executives.



*Cross-section of delegates on Knowledge Exchange Visit to Nigeria attending the meeting as Observers*

#### Financial Inclusion Channels Working Group (FICWG)

##### **1. Facilitation and Provision of Internet Access in Nigeria**

National Communications Commission (NCC) reported that over 3,250 km of fiber-optic cable running across the six geopolitical zones was being deployed through provision of subsidy to leading fibre and transmission companies.

##### **2. Shared Agent Network/super-agent licensing**

The Banking and Payment Systems Department of the CBN reported that Capricorn Digital Services had been given an 'Approval -in-principle' to operate as a super agent in addition to IFIS and Innovecives.

##### **3. NIPOST Agent Banking activities:** NIPOST reported that 22 post offices were currently being used as outlets for agent banking by 4 MFBs

##### **4. Target-setting exercise for MFBs:** The Financial inclusion Secretariat reported that following the approval by the Bankers' Committee to breakdown Financial Inclusion targets for DMBs, a similar exercise had commenced for Microfinance Banks.

#### Financial Literacy Working Group (FLWG)

##### **1. Financial Education Curriculum Development:**

The Consumer Protection Department of the CBN reported that the 2nd Phase of the project had commenced and involved the development of the Teachers guide. The launch of the curriculum and pilot implementation was yet to commence.

##### **2. Mass Sensitization and Awareness:**

- The representatives of the Bankers' Committee stated that all Deposit Money Banks were preparing to participate in the activities of the World savings day scheduled to hold on the 31st October, 2017
- GIZ reported that it was planning to institutionalize financial literacy training in 8 micro-finance institutions using its financial literacy manual.

##### **3. Targeted financial Education programme for MSMEs and Farmers:** MSMEs and Farmers have been trained in Birnin Kebbi, Awka with 5 more locations planned.



Mr. Obioma Emenike, Heritage Bank speaking during the session

#### Special Interventions Working Group (FISIWG)

##### **1. National Peer Group Educator Programme on Financial Inclusion:** The Federal Ministry of Youth and Sports Development reported that 482 volunteers were trained in 12 states to create awareness among youths on financial inclusion benefits.

##### **2. Youth Entrepreneurship Development Programme**

Heritage Bank reported that the collaboration between the CBN and Heritage Bank was aimed at improving access to finance by youth to develop their entrepreneurial skills. Mr Obioma Emenike who represented the bank at the meeting said that:

- 1,010 applicants, but only 310 applicants were eligible.
- Only 10% of the 310 applicants got the fund whereas others did not due to the following:
  - Over 50% did not pick the Offer letter.
  - About 10% rejected the Offer letter.
  - About 5% compromised the documents provided.
  - 25% are still meeting the conditions in the Offer letter.



Head, FIS and Chairperson FIPWG with some members of the Products working group



Cross section of working group members during the Joint plenary session



### 4th Steering Committee Meeting



**Honorable Minister of Youth and Sports Development, Barrister Solomon Dalung with members at the 4th Financial Inclusion Steering Committee meeting**

### 10th Technical Committee Meeting



**Chairman, National Financial Inclusion Technical Committee, Dr. Joseph O. Nnanna with members at the meeting**

The 4th meeting of the National Financial Inclusion Steering Committee held on Thursday, 29th June, 2017.

The meeting which was chaired by the Director, Financial Policy and Regulations Department of the Central Bank of Nigeria, Mr. Kevin Amugo had in attendance the Honorable Minister of Youth and Sports, Barrister Solomon Dalung as well as Heads of Regulatory institutions, Ministries, Departments and Agencies and Apex associations.

The Head, Financial Inclusion Secretariat, Mrs. Temitope Akin-Fadeyi provided an update on the key strategic engagements and activities and presented some of the key issues requiring the committee's attention as follows;

- \* Approval of the 2016 Annual Report on the National Financial Inclusion Strategy Implementation for publication.
- \* High-level meeting with the Federal Government on the need to promote financial inclusion and digital financial services in Nigeria.
- \* NIPOST to consider exempting electronic trans-

actions from stamp duties, given the impact on financial inclusion.

- \* Regulators and industry associations to work together to urgently increase awareness and adoption of micro-insurance and micro-pension in the country.
- \* CBN and the stakeholders to examine the need/potential of consolidation of microfinance operators in Nigeria in order to strengthen the sub-sector.
- \* The need to extend the July 2017 deadline for OFIs to capture BVN of all customers.

During the meeting, the Honorable Minister, Barister Dalung thanked the Committee for inviting him, stating that he decided to attend in person due to the fact the youth have a lot to benefit from financial inclusion.

He went on to urge the committee to carry the youth along as they had a lot to benefit from financial inclusion as future leaders of the country ■

The 10th meeting of the National Financial Inclusion Technical Committee held on Thursday, June 22, 2017.

The meeting was chaired by Dr. Okwu Joseph Nnanna, the Deputy Governor, Financial System Stability, Central Bank of Nigeria (CBN) and had in attendance directors/equivalents from key agencies.

The Head of the Financial Inclusion Secretariat and the Secretary to the Committee, Mrs. Temitope Akin-Fadeyi provided updates on the key decisions agreed at the previous meeting.

One of the key features of the meeting was an update on the four working group meetings which held on the 21st, June 2017.

The 2016 draft annual report was also presented to the committee highlighting the content as follows;

1. Introduction with context of global financial inclusion developments in 2016.
2. Implementation Environment describing the Nigerian macroeconomic environment and the financial sub-sectors in 2016.

3. Strategy Implementation Progress which evaluated progress made versus the defined targets in 2016 and highlight key issues.

4. Stakeholder Activities with briefs on the activities of financial inclusion stakeholders in 2016.

5. Recommendations and Conclusion summarizing the key issues and providing broad actions to promote financial inclusion in Nigeria.

At the end of the meeting, the Committee agreed on a set of recommendations that will be presented to the Steering Committee for their attention ■

*SPOTLIGHT***Bancassurance: NAICOM, CBN issue Referral Guidelines**

Bancassurance is an arrangement between banks and insurance companies such that insurance companies rely on the customer base of banks to sell their products. For this service, the banks receive a commission for each successful insurance deal, based on their referral.

The several models adopted across the world include: the referral, corporate agency and insurance as a fully integrated financial service/joint venture. The model currently being used in Nigeria is the referral model, though it has been tagged as a non-integrated referral model based on the regulations guiding the framework of its operations. It is a system where banks do not take any risk, the bank only provides the customers and the actual transaction is done by staff of the insurance company.

The universal banking model was repealed by the CBN in 2010 and commercial banks were charged with the responsibility of focusing on their core banking activities. However, the launch of the National Financial Inclusion Strategy, with a focus on improving access to financial products and services to at least 80% adult Nigerians in 2020—including a target set for improving access to insurance from 1% in 2010 to 40% in 2020, necessitated the introduction of Bancassurance.

The CBN's first guidelines for the operations of Bancassurance was introduced in 2015. However, a revised guideline had been released with the following key points:

- **Prohibited businesses:** Banks must not engage in any other model of Bancassurance except that approved by the CBN. They are not allowed to offer products similar to the insurance products and shall not offer free premium on any of their products.
- **Bancassurance arrangement between banks and insurance companies:** There must be a valid contract agreement between the bank and the insurance company in which the bank shall not undertake any form of marketing of the insurance prod-

ucts, claims or underwriting. The banks shall carry out proper due diligence before partnering with insurance companies and they cannot do business with insurance companies that do not have an operational license from National Insurance Commission (NAICOM). They should also ensure that only insurance products approved by NAICOM are offered to their customers.

- **Approval:** To participate in Bancassurance, the following documents are required from the bank;
  - ◇ Extract of Board resolution approving the participation in Bancassurance.
  - ◇ A Bancassurance agreement between the bank and the insurance company, stating the Bancassurance product being offered by the insurance company, the duties and responsibilities of each of the parties to the agreement, conditions for the termination of the agreement, the commission to be charged for the referral approved by NAICOM, duration of the contract and conditions for renewal and dispute resolution mechanism amongst other things.

Once the above listed documents have been approved, the agreement would be forwarded to CBN. Any other amendment to the agreement must be forwarded to the CBN.

Bancassurance promises to be a win-win situation for both the banks and the insurance companies. For the banks, they earn a premium; for the insurance companies, they get new business and overall, it improves the contributions of the insurance sector to the financial system.

It is hoped that this model would effectively contribute to achieving the targets set for the insurance sub-sector in the National Financial Inclusion Strategy by 2020 ■



## INTERNATIONAL COLLABORATION

### **Nigeria hosts 6 (six) member countries of the Alliance for Financial Inclusion (AFI) on a knowledge exchange visit to understudy the Implementation of the National Financial Inclusion Strategy**

The Central Bank of Nigeria, a member of the Alliance for financial Inclusion (AFI) hosted delegates from Six (6) AFI member countries: Mozambique, Senegal, Lesotho, Seychelles, Sierra Leone, and Bhutan on a knowledge exchange visit to Nigeria in June, 2017

AFI is a global network of policymakers/regulators that have been instrumental to developing and promoting financial Inclusion strategies in the world.

The purpose of the delegates' visit was to comprehensively understudy the National Financial Inclusion Strategy development and Implementation processes in the country with an outlook to support similar efforts in their respective countries.

The 5-day programme was coordinated by the Financial Inclusion Secretariat. Some of the highlights of the programme included:

Technical sessions were presented on implementation initiatives that had linkages to promoting financial inclusion. The sessions were facilitated by both relevant stakeholders including Nigerian Postal Services (NIPOST), Nigerian Deposit Insurance Corporation (NDIC), Federal Ministry of Education, National Pension

Commission, Securities and Exchange Commission, National Insurance Commission.

There were also sessions on the structure, coordination processes and monitoring and evaluation strategy of the Financial Inclusion Secretariat.

The delegates also participated as observers at the 10th National Financial Inclusion Working Group and Technical Committee Meetings, where they experienced how the Working Groups execute their specific mandates and terms of reference.

The programme also featured field trips to some organizations, including Hasal Microfinance Bank and Diamond Bank.

The overall feedback from the delegates was that the implementation of the National Financial Inclusion Strategy was well structured and that Nigeria's experience could serve as a great learning platform for other African countries. They particularly applauded the coordination and commitment of stakeholders towards the achievement of the overall goal ■



Delegates with the Director, Development Finance Department, Dr. Mudasir Olaitan (middle), the Head, Financial Inclusion Secretariat and other staff of the Central Bank of Nigeria



## MICROFINANCE SECTOR

### 10 microfinance banks account for 40% of industry loan – CBN



The CBN has disclosed that the top ten (10) out of 991 Microfinance Banks (MFBs) account for 40 per cent of total loans in the microfinance subsector.

The disclosure was made at the second annual professional seminar organized by National Association of Microfinance Banks, Lagos State Chapter (NAMBLag) in conjunction with CA Compuconsult & Associates held on June 30 and July 1, 2017 at Kakanfo Inn Conference Centre, Ibadan.

The seminar themed ‘**Strategic Options for Sustainability of Microfinance Operations in a Challenging Environment**’ focused on key reasons for low adoption of the Nigerian Sustainable Banking Principle by the MFBs compared with the Deposit Money Banks who had fully embraced the principle ■



### CBN Extends BVN Enrolment for MFBs

The Central Bank of Nigeria has extended the **Bank Verification Number (BVN) enrolment deadline for Other Financial Institutions customers which includes MFBs from August 1, 2017 to December 31, 2017.** Also, it said that with effect from January 1, 2018, all customers without BVN linked to their account would no longer be entitled to debit operations.

The extension of the BVN registration deadline was made following appeals from various institutions and industry stakeholders to allow for full customer enrolment.

The announcement was made in a statement issued in August 2017 by Director, Other Financial Institutions Supervision Department, Mrs. Tokunbo Martins ■

Source: <http://www.vanguardngr.com/2017/08/cbn-extends-bvn-enrolment-mfb-others-dec-31/>

Speaking at the event, the Director Other Financial Institution and Supervisory Department, (CBN)

Mrs. Tokunbo Martins who was represented by Mr. Bassey Ekpo said that total industry credit and asset of MFBs stood at a meager N214.32 billion and N365.51 billion respectively as at 31st December 2016, adding that this was considered grossly inadequate given Nigeria’s population of 170 million which largely comprised of people at the bottom of the social pyramid.

The Director further advised that

MFBs should consider the provision of digital financial services through the use of Fintech companies as a possible strategic options for expanding outreach and increasing impact.

Also, the chairman NAMBLag remarked that they were still working to meet the CBN deadline for August 1, BVN registration of customers in collaboration with NIBSS. According to him, the Lagos arm of NAMB had deployed five BVN machines to registers customers in Lagos even though the deadline appears very aquiline ■

Source: <http://www.vanguardngr.com/2017/07/10-microfinance-banks-account-40-industry-loan-cbn/>

### Lagos State unveils state-owned Microfinance Bank “IBILE”



Mr Akinwunmi Ambode—Governor, Lagos State

As part of its efforts to reduce poverty and unemployment, the Lagos State Government has established a microfinance bank called Ibile Bank. Licensed by the Central Bank of Nigeria (CBN) in January, 2017 and located in Ikeja, Ibile microfinance bank promises to be a main vehicle for development for the Lagos State Government.

Speaking at the unveiling ceremony, Mr Akinwunmi Ashade, Lagos State Commissioner for Finance explained that the Bank would assist the Micro, Small and Medium Enterprises (MSME) sector with loans particularly for small-scale businesses who lack the necessary capital for start up. Mr Kolawole Taiwo, the Chairman of the Bank and immediate past Deputy Speaker of the State House of Assembly also noted that the bank’s main source of disbursement would be the N25 Billion Lagos State Employment Trust Fund (LSETF) established by the Governor of the State, Mr Akinwunmi Ambode four years ago ■

Source: <https://www.thisdaylive.com/index.php/2017/07/04/lagos-unveils-state-owned-ibile-mfb/>



## INSURANCE SECTOR

### 600,000 dwellers from Kwara state benefit from Health Insurance Scheme



**Mr. Abdulfatah Ahmed—Governor, Kwara State**

Mr. Abdulfatah Ahmed, Governor of Kwara state has disclosed that about 600,000 rural dwellers in his state now have access to health services under the Kwara State Community Health Insurance Scheme.

The Governor, represented by the Secretary to the Government, Alhaji Isiaka Gold made this pronouncement at the investiture/presentation of Lion Ayobola Samuel as the District-Governor of Lions Club International.

He also stated that in order to ensure

that indigenes of the State had access to quality and affordable health care, the State Government invested in the renovation of five (5) general hospitals and fully equipped them with state-of-the-art facilities.

Alhaji Isiaka also alluded to the fact that the administration of the State was keen on developing the skills of young entrepreneurs, and has therefore set up credit support schemes like the Micro, Small and Medium Enterprises Scheme offering loans with single digit interest rate to the entre-

preneurs. He noted that over 50,000 businesses had benefitted from the programme.

According to him, an implementation Committee had been set up to study the provisions contained in the Health Insurance Scheme Law 2017, isolate provisions that require immediate implementation and take necessary actions that will lead to the establishment of a Kwara State Health Insurance Agency ■

Source: <http://leadership.ng/2017/08/07/600-000-rural-dwellers-benefit-kwara-health-insurance-scheme/>

### FBN Insurance gets International recognition

FBN Insurance, Limited, a member of FBN Holdings Company was awarded with the Sanlam Emerging Markets (SEM) cup of nations at the 2017 Sanlam Group Chief Executive award which held at the firm's leadership conference in Capetown, South Africa. The award was conceptualized to provide motivation to operators in various countries to meet targets and deliver sustainable growth.

In a statement released by FBN Insurance, Mrs. Elizabeth Agugoh – Head Marketing and Communications stated that the company had taken huge steps since its inception seven (7) years ago to ensure that they performed optimally to provide responsive insurance coverage to the Nigerian market and now had 200,000 policies in its books ■

Source: <https://guardian.ng/business-services/insurance/fbninsurance-gets-international-recognition/>

### NAICOM to Abolish Annual License Renewal By Insurance Brokers

NAICOM has revealed that it is set to abolish annual brokers' license renewing and replace it with longer life span licensing programme for insurance brokers.

The Insurance sector regulator at the recently concluded National Insurance Conference stated that despite initial stance that brokers should renew their operating licenses annually, the process had become cumbersome to the Commission itself.

The Deputy Commissioner for Insurance Technical, Mr. Sunday Thomas stated that this decision was taken considering the complaints of brokers. He also stated that the Commission was striving to expand the distribution channels for micro and retail insurance customers ■

Source: <https://www.thisdaylive.com/index.php/2017/07/19/naicom-to-abolish-annual-licence-renewal-by-insurance-brokers/>



## STAKEHOLDER ACTIVITIES

### CFAN holds workshop to commemorate International Day of Cooperatives



Head, Financial Inclusion Secretariat, Mrs. Temitope Akin-Fadeyi delivering a goodwill message during the event.

The 2017 International day of cooperatives held on July 1, 2017 with a global focus on ‘inclusion’ and the theme “Cooperatives Ensure No one is Left Behind”.

In commemoration of the day, the National Cooperatives Financing Agency of Nigeria (CFAN) held a workshop at the old parade ground in Abuja. The event commenced at 11:00am with the National Anthem followed by an opening remark by Mr. Emmanuel Atama, Executive Secretary/CEO, CFAN who stated the significance of the day to cooperators. He gave a brief background to the United Nations International Day of Cooperatives and how Cooperative societies had fared over the years. In attendance were; Deposit Money Banks (DMBs), Microfinance Banks (MFBs), Insurance Companies, Regulators and representatives of Government

Agencies.

The Minister of Agriculture was represented by the Director of Cooperatives in the Ministry. The Minister in his goodwill message admonished cooperative societies to be of good conduct in order to achieve the goal of making life better for its members.

Also, there was a goodwill message by the Head, Financial Inclusion Secretariat, Mrs. Temitope Akin-Fadeyi. She highlighted the main objectives of Co-operative Societies which includes; generating income for its members, improving members standard of living, creating empowerment, helping individuals achieve their goals within a set time and generating funds for capital projects where the co-operatives operate ■

### Securities and Exchange Commission (SEC) holds financial inclusion sensitization programme in Bwari Area Council, Abuja



The Securities and Exchange Commission in collaboration with Bwari Area Council organized a Financial Inclusion Sensitization Programme for Nomads and Market people from Bwari, Dutse and Kubwa council respectively. The programme took place at the conference room of the Local Government Council secretariat, Bwari on 27th July, 2017.

The aim of the sensitization was to create awareness on financial inclusion products such as Capital Market, Insurance, Pension, Saving and Credits.

Representatives of the Central Bank of Nigeria, the National Pensions Commission, National Insurance Commission, Ni-

geria Deposit Insurance Corporation, Securities and Exchange Commission and some Ministries participated during the campaign.

The Chairman, Bwari Area Council who was represented by the Vice Chairman Mr. Jafar Gimba delivered the welcome address and emphasized that being financially included was important to investing in productive activities.

Mr. Attah Joseph of the financial Inclusion Secretariat, CBN delivered the Good Will Message in which he highlighted the importance of financial inclusion in Nigeria stating that a target to increase financial inclusion from 46.3% in 2010 to 20% in 2020 had been set in the National Financial inclusion Strategy.

Prior to the presentations, a video clip was shown on easy money which cautioned people to beware of fraudsters when engaging in any business or financial activities .

The following papers were presented:

- Capital Market, a Veritable Tool of Financial Inclusion - Securities and Exchange Commission
- The importance and benefits of the National pension scheme— National Pension Commission
- The importance and benefits of insurance products—National Insurance Commission.
- Roles and responsibilities of NDIC in protecting banks and their customers—Nigeria Deposit Insurance Commission.

At the end of the programme, the Security and Exchange commission appealed that the participants should pass on the message to others for the benefit of all ■



## STAKEHOLDER ACTIVITIES

### E-PPAN holds 2017 E-Government summit

The 2017 E-Government Summit organized by Electronic Payment Providers Association of Nigeria (E-PPAN) took place from 18<sup>th</sup> to 19<sup>th</sup> July, 2017 in Abuja.

The Summit is a platform for regulators, providers and industry players to discuss challenges, share experiences with a view to providing solutions on topics related to E-Government in Nigeria.

The two-day Summit with the theme: **“E-Government: Catalyst to Economic Recovery and Sustainable Development”**, was declared open by the Minister of Communications, Barrister Adebayo Shittu.

Technical sessions delivered at the summit include:

- \* Engineering Government Processes for public service efficiency & economic development
- \* Beyond Bitcoin: Enabling Smart Government, Using Block chain Technology
- \* E-Government Futuristic Outlook: Using Technology to move Nigeria Forward

- \* Exploring the Frontiers of Digital Finance
- \* Mobile Big data Analytics
- \* Big Data Analytics: Driving the next wave of e-government

At the end of the event, the following were documented:

- \* Big data and digital finance analytics impact directly on all aspects of National Development and planning.
- \* The need to stimulate and connect MSMEs with Government policies, interventions and frameworks through e-government technologies for accelerated economic growth.
- \* The need to aggregate and automate Business to Government (B2G), Government to Business (G2B) and Government to Contractors (G2C) processes.
- \* The need to define interoperable standards for big data capture, processing and storage for National Development.



*Barrister Abdur-Raheem Adebayo Shittu, Honorable Minister of Communications delivering his keynote address at Summit*

- \* The need for state governments to share resources for cost efficiency in driving e-government
- \* A call to private sector to collaborate with the Federal Government on the implementation of executive orders for ease of doing business in Nigeria
- \* A call to Federal Government to leverage on the tele-density and the demographics in the country to design citizen friendly e-Government strategies ■

### Ciuci International holds 2nd Retail Banking Workshop



*Facilitators at the Workshop*

The Ciuci International held its 2nd Retail Banking Workshop on the June 15, 2017 in Lagos.

The workshop aimed to provide a platform and collaborative environment for top executives to deliberate on key issues affecting the retail banking industry

In focus at the workshop was retail lending and financial inclusion as panacea for inclusive growth; being the key recovery plan of the current Nigerian Government.

During the session, technical papers were delivered on the following:

- \* The realities about Access to Retail Credit and Financial Services
- \* Interventions of the Central Bank of Nigeria to drive Financial Inclusion and access to Credit”.
- \* Emerging Trends in Nigeria’s Retail Banking Industry
- \* Lending to the Underserved”: how microcredit can be delivered to the underserved segment of the society.
- \* Are Nigerian Banks Ready for Retail Banking: Key challenges facing the retail banking performance.

At the end of the workshop some key recommendations were identified to address impediments to retail banking adoption in Nigeria as follows:

- \* Deployment of mobile BVN registration devices to scale up enrolment in the rural areas.
- \* Collaborative efforts geared towards improving mobile money adoption.
- \* Fintech companies to collaborate with banks towards robust information security strategies to engender customer trust in the industry ■



## Photorama: AFI Knowledge Exchange Visit



*Chief Executive Officer, Hasal Microfinance Bank Mr. Rogers Nwoke with the delegates Knowledge Exchange Visit*



*Delegates learn about Diamond Bank Financial Inclusion products and services during a courtesy call to the Bank*



*Mr. Musa Jimoh, Banking & Payment Systems Department- CBN delivering a technical paper to the delegates*



*Delegates visit the CBN Currency Museum*



*Delegates observe the 10th National Financial Inclusion Technical Committee meeting proceedings*



*Knowledge Exchange delegates during a presentation on Nigeria's Financial Inclusion policies.*



*Presentation of gifts to AFI delegates during the farewell ceremony*



*AFI Delegates presents an appreciation gift to Financial Inclusion Secretariat during the farewell ceremony*



## FINANCIAL LITERACY

### NSE Unveils X-ACADEMY to push financial literacy

The Nigerian Stock Exchange (NSE) has unveiled a knowledge-based platform, X-Academy that offers a wide range of courses that will be facilitated by certified subject matter experts to equip investors and the general public with the knowledge of the products and services of the capital market for increased patronage and informed financial decisions.

Speaking at the unveiling of the event, Mr. Oscar Onyema, CEO of NSE said that “X-Academy would provide individuals and businesses with a robust and effective array of training solu-

tions that will ensure participants are abreast with trends in the rapidly evolving financial markets.”

Also Speaking at the event, Ms Pai Gamde, Acting Head, Corporate Services Division, said: “X-Academy is a crucial step to enhancing financial literacy levels in Nigeria and equipping professionals with requisite skill sets to deliver innovative solutions for the challenges confronting our financial sector ■



Mr. Oscar Onyema, - CEO, NSE

Read more at: <http://www.vanguardngr.com/2017/06/nse-pushes-financial-literacy-launch-x-academy/>

### Access Bank: Enhancing Family Tie Through Savings Connection



Mr. Herbert Wigwe

GMD/CEO—Access Bank PLC

As part of Access' Bank's plans to support the achievement of 80% financial inclusion in Nigeria by 2020, it has launched a scheme known as 'Family Savings Scheme'.

The Scheme is aimed at improving the savings habit of customers by encouraging family members to save together with attendant benefits such as high interest rates and family rewards.

Speaking for the Bank, the Executive Director, Personal Banking, Mr. Victor Etuokwu stated that the scheme which comes under the Family Banking Segment of the Bank will have numerous value propositions for customers who sign up for the product including education and advisory services.

The Scheme requires a minimum of four family members banking with Access Bank including partners, children, aunts, uncles, cousins and grandparents. Mr. Etuokwu stated that all accounts which must have a

family sponsor, must be funded with a minimum of N20,000 and family sponsors were expected to have a valid means of identification (e.g. National Identification card, International Passport, Driver's License or Permanent Voters Card).

In addition, the Managing Director, Mr. Wigwe stated that the bank's focus will continue to evolve as customers' expectations and needs evolve. He highlighted that 'Over the years, Access Bank had focused on enhancing its technological advantage based on the conviction that innovation will remain one of key drivers of competitiveness in the banking industry' ■

Source: [https://www.google.com.ng/url?sa=t&source=web&rct=j&url=http://leadership.ng/2017/06/07/access-bank-enhancing-family-tie-savings-connection/&ved=0ahUKEwip1L\\_SgvUAhUE6xQKHZDpAqQQqQIILSgBMAQ&usq=AFOjCNG1h2YVhtrEeV2EWg41ZqXBORB7Vg&sig2=Uc1wrhVwhzUr2sG7bOTs9g](https://www.google.com.ng/url?sa=t&source=web&rct=j&url=http://leadership.ng/2017/06/07/access-bank-enhancing-family-tie-savings-connection/&ved=0ahUKEwip1L_SgvUAhUE6xQKHZDpAqQQqQIILSgBMAQ&usq=AFOjCNG1h2YVhtrEeV2EWg41ZqXBORB7Vg&sig2=Uc1wrhVwhzUr2sG7bOTs9g)



## THE CAPITAL MARKET

### The Sukuk : An Investment Opportunity for Nigerians



Ms. Patience Oniha - Director –General, Debt Mngement Office

The Debt Management Office, (DMO) in its quest to mobilize resources from the general public to finance the short-falls in the 2017 budget has disclosed plans to access a N100billion fund through issuing of Sukuk.

Sukuk is an Islamic bond, structured in such a way as to generate returns to investors without infringing Islamic law that prohibits riba or interest. Sukuk is said to be 'Shariah compliant' because it eliminates the interest elements that are associated with a conventional bond.

This diversified effort by the DMO is part of its 2013–2017 strategic plan to develop alternative sources of raising finance from a wider range of investors.

The 7-year tenor debt instrument will be traded on the Nigerian Stock Exchange (NSE) and the Financial Markets Dealers Quotation (FMDQ) Securities Exchange Over the Counter (OTC)

platform. With a minimum subscription amount of N10,000 it targets retail and institutional investors.

The DMO in it's remark about the bond said "The introduction of Sukuk is not only seen as a means of raising investible capital for the government and promotion of greater financial inclusion but as part of the plan to fast track the development of infrastructure and engage in purposeful and project-tied capital raising".

Market evidence had shown the high potential of the sukuk bond towards garnering funds and a profitable investment opportunities to investors.

An example was when Osun State issued a N10 billion Sukuk in 2013, it

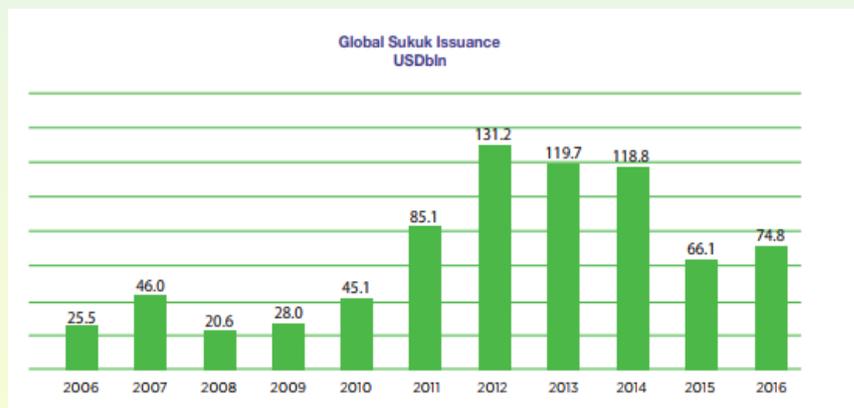
had a successful outing of 120 per cent subscription.

In 2016, global sukuk market witnessed a rebound after three consecutive years of decline following its peak in 2012. Global sukuk issuance posted a solid growth of 13.2% from previous year to reach USD74.8 billion.

It is glaring that there is therefore a huge, unmet demand for Sukuk issuances from high-potential economies like Nigeria, especially in the view of the fact that Nigeria is home to the largest Muslim population in the sub-Saharan Africa, with also one of Africa's fastest-growing corporate banking sector and consumer population■

Source: <https://www.thisdaylive.com/index.php/2017/06/21/the-sukuk-investment-opportunity/>

Global Sukuk Issuance has been on the decline since 2012 with the highest Sukuk issuance in Malaysia accounting for 46.4% of the global market.



Source: [http://www.mifc.com/index.php?rp=sukuk\\_report\\_270317.pdf](http://www.mifc.com/index.php?rp=sukuk_report_270317.pdf)



## STRATEGIC ENGAGEMENTS

### *Financial Inclusion Secretariat Undertakes Target Setting Exercise for the Microfinance Sub-sector*

As part of efforts to accelerate access to financial services in Nigeria, the Financial Inclusion Secretariat has undertaken engagements visits & target setting exercise for MFBs in South South, South East, South West and North Central geo-political zones of Nigeria from 5th June 2017 to 16th June 2017. The stakeholders that were sensitized included the State Governors, Central Bank of Nigeria Branches and microfinance bank staff in the zones.

The exercise took place in the South West (Lagos), South East (Imo), South South (Uyo), North Central (Abuja), North East (Bauchi) and North West (Kano). It focused on best ways of improving the level of financial inclusion in the State and to also acquaint the MFBs on their required input towards achieving National Financial Inclusion Strategy targets.



*Participants during the Target-Setting Exercise*

Accordingly, annual targets for new credit and savings customers as well as access points were set for the period 2017-2020.

At the end of the engagements the MFBs were given opportunity to discuss challenges they faced in driving financial inclusion efforts., among which the following were key:

Some of the key challenges discussed were as follows:

- Issues around BVN enrolment deadline for all MFBs customers
- Lack of Financial Literacy
- Unclear State-Level Tax for Micro-finance Banks
- Security issues involved in serving the rural areas
- Lack of Infrastructure – Connectivity, roads etc. ■

### *Pre-disbursement meeting held to support disbursement of 2% MSMEDF set aside for People with Disabilities.*

The Financial Inclusion Secretariat (FIS) in her resolve to fast track the delayed commencement and scaling up of the disbursement of the 2% Micro, Small and Medium Enterprises Development Fund (MSMEDF) set aside for the economic empowerment of economically active Persons with Disabilities (PWDs), held a meeting with Participating Financial Institutions (PFIs) and National Officials of the Joint National Association of Persons With Disabilities (JONAPWD) on 16th August, 2017 at the CBN Head Office.

The purpose of the meeting was to create a forum where Participating Financial Institutions and the National Officials of the JONAPWD would brainstorm on solutions to the challenges impeding commencement

and scaling up of disbursement of 2% Micro, Small and Medium Enterprises Development Fund (MSMEDF) to persons With Disabilities (PWDs).

In attendance at the meeting were Eco-bank, First Bank and Nigeria Police Force (NPF), Fortis, Lapo and Letshego Microfinance Banks. JONAPWD was represented by the National President, National Vice President, National Chairman, Forum of JONAPWD Chairmen and Technical Adviser to the National President.

During the meeting, some of the Participating Financial Institutions requested for the approval of their submitted list of PWD applications earlier submitted to CBN to enable them disburse .

The PFI's also called on CBN to fast track some of the resolutions reached

at the last meeting in particular, the use of the Entrepreneurship Development Centres and collaboration with related Agencies to train and equip PWDs with skills and capacities to access and manage MSMEDF loans and run their businesses.

JONAPWD on their part beckoned on the CBN and PFIs to re-evaluate some of the terms and conditions of MSMEDF, including interest rate, bearing in mind that PWDs incur more costs while running their business than the able bodied.

At the end of the meeting, it was agreed that JONAPWD would prepare a technical paper on a Group Model and Support System suitable to PWDs which would be presented at the next engagement ■



## INTERNATIONAL FINANCIAL INCLUSION NEWS



**BANK NEGARA MALAYSIA**  
CENTRAL BANK OF MALAYSIA

### *First Policy Forum on Cybersecurity and Financial Inclusion Co-hosted by Bank Negara Malaysia and Alliance for Financial Inclusion*



The Alliance for Financial Inclusion (AFI) and Bank Negara of Malaysia co-hosted the first—ever policy forum on Cybersecurity and its linkages to Financial Inclusion on 1st and 2nd of August, 2017 in Kuala Lumpur, Malaysia.

Banking the unbanked through digital financial services could create more opportunities and incentives for hackers to exploit the low financial and technological literacy of the poor to commit cyber-attacks, robbing them off the little wealth they had. These issues of cybersecurity have come to the fore in advancing financial inclusion by financial services providers, policymakers and regulators.

The policy forum attended by over 130 financial policy regulators from 40 countries around the globe was titled **“Cybersecurity: Safeguarding the Future for Innovative Financial Inclusion”** aimed to provide an overview of global cybersecurity risks, typologies of cyber events and the behaviors and profiles of cyber attackers and

victims, particularly within sectors relevant to financial inclusion and in the context of developing countries.

Highlights from the Forum includes remarks from Mr. Adhari Belal Din, Assistant Governor of the Bank Negara Malaysia (BNM), Dr. Alfred Hannig, AFI’s Executive Director and Mr. Norbert Mumba, AFI’s Deputy Executive Director.

Mr. Adhari Belal Din in his remarks at the event said that “the fast-changing digital landscape has brought the financially excluded and underserved populations into the formal financial system, bringing about a positive impact on economic growth and stability”. He also added that he believed the forum would be a valuable platform for members to learn and share their knowledge and experiences as well as generate new ideas, approaches and innovations as take-aways that could be emulated in your respective countries.

Dr. Hannig highlighted the impossibility of financial inclusion mile-

stones without technology and further cited AFI’s commitment towards bringing new technologies together with its members to develop solutions that deals with emerging challenges.

Mr. Mumba, in his remark reiterated the importance of the event to foster dialogue between financial policymakers and private sector innovators to understand how cybersecurity connects to financial inclusion, and leverage on collaborative solutions to safeguard the most vulnerable users of digital financial services”.

According to AFI, the Forum had been developed in recognition of the linkages between cybersecurity and financial inclusion and based on strong AFI member demand as highlighted in a recent AFI member survey, which flags cybersecurity as being one of three top areas within the realm of new financial technologies where members would like to learn more ■



Executive Director AFI - Dr. Alfred Hannig at the Policy forum on Cybersecurity and Financial Inclusion—Kuala Lumpur, Malaysia

Source : <https://www.afi-global.org/news/2017/08/bank-negara-malaysia-and-afi-co-host-first-policy-forum-cybersecurity-and-financial>



## INTERNATIONAL FINANCIAL INCLUSION NEWS



### Indian based IFMR Capital, plans fund to invest in firms focused on financial inclusion

The Indian based Financial services firm, Institute for Financial Management Finance (IFMR) is planning to set up a fund to increase the capital from offshore markets for investing in businesses focused on financial inclusion.

According to a senior executive at the firm, the fund will be structured in such a way as to keep in mind specific needs of international investors. The fund is one of two new funds to be added to the three other funds raised by IFMR so far as the company aims to raise up to Rs850 Crore.

IFMR capital funds typically invest in debt instruments of companies focused on financial inclusion such as microfinance, small business loan finance etc.

Source : <http://www.livemint.com/Industry/Ua8UescedjrU6pLF8YnCWGP/IFMR-Capital-plans-fund-to-invest-in-firms-focused-on-financ.html>



### New IRC report: Financial inclusion critical for refugees, other new Americans

A new report by the International Rescue Committee (IRC) has identified financial inclusion as key to the lives of refugees across America and elsewhere.

The report, launched in May 2017 and funded by JP Morgan Chase entitled 'Financial Capability for New Americans: Lessons from early interventions with refugees' analyzed over 2400 refugee households and inferred that because refugees were adopting to new environments, undergoing financial changes and learnings in their first couple of years, they were amenable to interventions on financial capability.

The report highlighted six (6) key recommendations to help aid practitioners provide adequate financial learning to new American families. These recommendations include; Pay special attention to the needs of women, explore ways to offer integrated financial products, intervene early, keep goals realistic, intervene frequently and use data ■

Source: <https://www.rescue.org/press-release/new-irc-report-financial-inclusion-critical-refugees-other-new-americans>



### IMF Urges Banks to Invest In Cryptocurrencies

The International Monetary Fund in June, 2017 released a staff discussion note in which contributors beckon on financial institutions to watch keenly the growing trends in cryptocurrency (a digital or virtual currency which uses codes or cryptography to secure transactions)

According to the report, increasing advances in digital technology could change the financial sector landscape and ultimately provide solutions for consumers related to trust, security and safety of financial services.

The report also highlighted the fact that while cryptocurrency possessed the ability to improve cross-border payments and provided cost-efficient services, regulatory authorities still had a role to play in balancing efficiency concerns and stability tradeoffs.

The risk of cyber attacks, money laundering and terrorism must however be curtailed if banks were to integrate cryptocurrency successfully according to the report ■

Source : <http://www.investopedia.com/news/imf-blockchain-banks-invest-cryptocurrency-blockchain/>

### Juvo raises \$40 million to bring financial inclusion to emerging markets

As part of its efforts to improve financial inclusion, an American based startup, Juvo is aiming to help mobile users acquire micro loans by enabling an improved financial status. The company is working with mobile operators by providing pre-paid customers the opportunity to borrow small amounts of money to pay for an extra day or

two of mobile service.

Juvo loans help users keep their mobile phones connected but also enables borrowers gain access to larger amounts of credit while building their credit score. Juvo joins companies like Branch and Tala in bringing financial services to the underserved in developing markets ■

Source : <https://techcrunch.com/2017/08/01/juvo-40-million-nea-wing-venture-capital/>

### Global Body Praises India Aadhaar Card on Financial Inclusion



The Financial Stability Board (FSB), in a progress report on efforts to assess and address decline in correspondent banking praises India's Aadhaar System for expanding banking reach and promoting less use of cash in the country .

The Aadhaar card is a biometric card issued by the government

Source : <http://indianexpress.com/article/india/aadhaar-gets-praise-at-global-forum-for-financial-inclusion-4738326/>

of india that stores an individual's personal details in the government database. Citizens can use the card to open an account, receive Government's welfare and citizen services , digital life certificate, receive pension among other benefits.

The FSB has been established to coordinate at the international banking level, the work of national financial authorities and global standard-setting bodies in order to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies ■



## NIGERIAN FINANCIAL INCLUSION NEWS

### FCMB opens banking hub, youth platform at UNIBEN

A product aimed at encouraging youth participation in the formal financial system by demystifying banking and removing cumbersome account opening requirements has been developed by FCMB. The youth account known as Flexx has been made available to students of University of Benin (UNIBEN) through a mini branch tagged as Flexx Hub.

The branch has been designed to provide access to financial services to young people between the age of 16 and 25. The services available include a banking App, a card, an account and these services provide customers with varied experiences centered on Fun, Future and Banking ■



Source: <https://guardian.ng/business-services/money/fcmb-opens-banking-hub-youth-platform-at-uniben/>



### Takaful Insurance consumers to get back part of their premium in the absence of claim

According to the Head of Halal Takaful Nigeria, Hajia Thaibar Adeniran, consumers of Takaful insurance stand to benefit from unclaimed premiums at the end of a business year.

Speaking to vanguard newspapers, Hajia Adeniran stated that the Islamic insurance window of Cornerstone Insurance Plc had paid over N6.5million to some of its customers as their bonus at the end of the 2015 financial year.

She went on to state that this model was centered on the principles of transparency as imbibed from Islamic values such as piety, brotherhood, charity, mutual guarantee and community welfare.

The purpose of this model according to Hajia Adeniran was to engender public trust and belief in the insurance system, particularly Takaful ■

Source: <https://www.thisdaylive.com/index.php/2017/06/07/dmo-giving-nigerians-a-bond/>

### Fintech sector, having positive disruption – Emetarom, AppZone boss

According to the Executive Director, Business Operations/Expansion at AppZone Group, the level of risk associated with lending was one of the main reasons for lack of access to credit in Nigeria.

During an interview with Vanguard Newspapers, Mr. Emeka Emetarom stated that AppZone was working to develop exciting solutions that would have a positive disruption on financial inclusion in Nigeria. He stated the solution was designed to enable MFBs recover defaulting loans seamlessly.

He noted that the prospects of improving access to credit would be greater for MFBs if they were confident that they would have better performing loans and this platform would support this objective ■



Source: <https://www.vanguardngr.com/2017/06/fintech-sector-positive-disruption-emetarom-appzone-boss/>



### NIBSS Issues 29.4 million BVNs to customers

The Nigerian Inter Bank Settlement System (NIBSS) has disclosed that a total of 29.4 million Bank Verification Number (BVN) cards had been issued as at June, 2017. It reported that the current trend meant that BVN registration would witness an astronomical growth with the extension of the exercise to Other Financial institutions as mandated by the Central Bank of Nigeria.

It is expected that the BVN would minimize fraud and money laundering in the financial system while ultimately supporting financial inclusion in Nigeria ■

Source: <http://leadership.ng/2017/06/25/nibss-issues-29-4m-bvns-customers/>



## NIGERIAN FINANCIAL INCLUSION NEWS

### Newly elected NAMB President Pledges to Reposition the Association to Drive Financial Inclusion.

The newly elected President of the National Association of Microfinance Banks, Mr. Rogers Nwoke (MD-Hasal Microfinance Bank) has pledged to reposition the association to drive financial inclusion in Nigeria.

Speaking after his election, Mr. Nwoke stated that there was an urgent need to revive NAMB while integrating its functional organs to encourage them to pursue a common cause for sustainable growth. He noted that the Board of Trustees (BOT), National Executive Council (NEC) and the Central Executive Committee (CEC) were key to the operations of the Association.

He noted that in order for the Association to succeed in promoting financial inclusion in Nigeria, strategic partnerships with development institutions were critical and would be explored by the association ■



Source : <https://www.vanguardngr.com/2017/08/nwoke-pledges-reposition-namb-drive-financial-inclusion/>

### Citi grants N500m loan to Promote Microfinance and Financial Inclusion



In a bid to drive the development of the microfinance sector and support the achievement of financial inclusion in Nigeria, Citi Nigeria has granted a N500 million loan to Accion Microfinance Bank in Nigeria.

The Chief Executive Officer, Mr. Akin Dawodu in a statement released by the Bank mentioned that citibank was pleased to partner with institutions such as Accion Microfinance Bank as part of its efforts to support the implementation of the National Financial Inclusion Strategy. He noted that the partnership would avail SMEs and micro entrepreneurs the opportunity to access funds to grow their businesses and ultimately contribute to the economic development of the country.

The Managing Director of Accion Microfinance Bank, Mrs. Bunmi Lawson while appreciating the partnership and support of Citibank beckoned on other financial institutions to emulate Citibank and partner with microfinance banks to meet the credit needs of the average Nigerian entrepreneur ■

Source : <https://guardian.ng/business-services/citi-grants-n500m-loan-to-promote-microfinance-financial-inclusion/>

### CBN, Nigeria ENERDC ) Engage Teachers on Financial Inclusion Syllabus

Following the development and infusion of financial education into the curricula of basic and senior secondary schools, the Central Bank of Nigeria in collaboration with the Nigerian Educational Research and Development Council (NERC) organized a workshop for the development and review of a teachers guide.

Speaking during the Workshop, the Director, Consumer Protection Department, CBN, Hajiya Umma Dutse reaffirmed the commitment of the Central Bank of Nigeria to ensuring that financial education was extended to schools in a bid to promote financial inclusion.

The Executive Secretary, NERDC, Prof. Ismail Junaidu reiterated that the workshop had been organized to review the teacher's guide. He also stated that the teachers' guide would be used to train teachers across the country who would be responsible for providing financial education to the students. Prof. Junaidu disclosed that the main objective of the overall financial education curriculum development process was to orient the young to enable them effectively manage financial resources ■



Source: <https://www.thisdaylive.com/index.php/2017/07/13/cbn-nerdc-engage-teachers-on-financial-inclusion-syllabus/>



## ARTICLES



### Beyond Financial Inclusion: Financial Health as a Global Framework

## ARTICLES



A relatively new word in the financial inclusion parlance is financial health. According to the Center for Financial Services Innovation (CFSI), financial health is “achieved when an individual’s daily systems help build the financial resilience to weather shocks, and the ability to pursue financial goals”.

The CFSI carried out a research using two developing countries leading in financial inclusion- India and Kenya as case studies. The study revealed that global financial health can be achieved when an individual is able to meet six major criteria. The conclusion from the research is highlighted below:

**I. Balance income and expenses** – an individual’s ability to balance monies earned (income) and monies spent (expenditure) in order to meet daily needs and financial obligations. While a successful balance of income and expenses shows ability to meet daily needs, the research concluded that higher incomes make it easier to achieve this balance.

**II. Build and maintain reserves** – an individual’s ability to consistently save and replace monies spent. It also measures liquidity and the ease of conversion of assets. The research concluded that those who regularly set aside assets for a period

of time are better able to raise more funds in time of need.

**III. Manage existing debts and access to potential resources** – an individual’s ability to manage existing debts and the ability to access additional funds through formal and informal sources. A manageable debt load is one in which the individual is able to meet up with his/her loan obligation as at when due without difficulty. The research indicates that the ability to manage one’s debt load affects how easily an individual can raise funds in time of need. While the amount of



Source: Center for Financial Services Innovation (CFSI)

resources an individual could raise may be unquantifiable, the research suggests that an individual’s income, savings, social network (friends, family, inner circle), and access to formal financial services are influential determinants of this potential.

**IV. Plan and prioritize** – an individual’s ability to plan and set goals towards an individual’s financial future. The goals stated from the survey in these countries revolved around economic well-being (shelter, ability to provide e.t.c) while prioritization strategies observed include investing in financial security. The research found a correlation between active financial management, length of planning horizon and better financial outcomes. Similarly, a correlation was established between income and planning time horizons.

**V. Manages and recovers from financial shocks** – this measures how well an individual can control financial resources to weather and recover from an economic shock. The research revealed that only a few respondents could access formal insurance to protect themselves from unexpected financial expenses. Most of them relied on personal reserves and their social networks to cope with the situation.

**VI. Use an effective range of financial tools** – this indicator measures the various types of financial tools respondents use, whether formal or informal, to manage their financial lives. It was concluded from the research that to adequately assess this indicator, the survey should be context-specific with a list of formal and

informal sources and tools.

For a better understanding of the study, four external factors on understanding financial health in a developing world were raised:

**I. Absolute income level** – financial health is difficult or near impossible to achieve for those living in abject poverty.

**II. Income and expense volatility** – changes in income amounts can make it impossible to plan one’s financial life.

**III. Social network** – an individual’s range of family, friends, and community contacts that are readily available for financial assistance.

**IV. Financial role** – an individual’s status within their household (e.g. dependent, contributor, key financial decision maker) would determine how well they are able to save.

In conclusion, the three core elements of financial health according to CFSI are: day-to-day financial management, resilience, and the ability to pursue opportunities. While the six criteria for achieving an individual’s financial health as highlighted earlier are primary indicators, the four external factors are important as they shed more light on exogenous factors related to developing countries ■



**CENTRAL BANK OF NIGERIA**

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

*The Secretariat is a liaison for all stakeholders in the Financial Inclusion space and is responsible for engaging, coordinating and evaluating initiatives geared towards the achievement of the Strategy targets.*

*This newsletter is a quarterly publication by 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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