

The Nigerian Microfinance

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Diamond Bank Makes a Success Story of Women Financing



12 Years of Micro Finance Banking: Problems and Prospects

Bank of Industry Renews Focus to Increase Finance to Women-Owned Enterprises

Group Lending Methodology: *The Heart of Outreach to the Low Income Groups and the Rural Poor*

EFInA Holds Inaugural Microinsurance Working Group Meeting

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EDITORIAL

Government Economic Recovery and Growth Plan: *The Role of Women Finance*

The Nigerian economy went into recession in 2016, following consecutive negative growth of -0.36% and -1.5% in the first and second quarters, respectively of that year. To address the challenge, the Federal Government launched an Economic Recovery and Growth Plan (ERGP) for 2017 – 2020 foisted on economic diversification, human capital development, and building a globally competitive economy.

The Plan encapsulates a financial intermediation that provides credit to the private sector particularly Micro, Small and Medium Enterprises (MSMEs). Government has inaugurated the Presidential Enabling Business Environment Council (PEBEC) and signed the Secured Transactions in Movable Assets (STMA) and the Credit Reporting Act into law. The STMA, allows the use of movable assets as collateral for loans, whereas the Credit Reporting Act provides for credit information sharing between Credit Bureaux and financial institutions to enable the latter assess the creditworthiness of the MSME promoters. Reforms to create needed friendly business environment are being undertaken and appropriate executive orders issued.

The envisaged outcomes can only be achieved if all segments of the economy are part of the implementation process. Gender perspective and inclusiveness is very compelling in this regard. The gender financial inclusion gap between males (63.2%) and females (53.5%) stood at 9.7 % in 2016 and

need to be addressed so that more financial services can reach the women folk to adequately support their enterprises and enhance their contribution to the growth process.

The Federal Ministry of Women Affairs should step up efforts to form women into cooperative societies, undertake appropriate steps to build their capacity to save, borrow and repay loans, and take advantage of other financial services such as insurance, pension, capital market products amongst others. The government at various levels needs to make increasing affirmative pronouncements to loud the economic potentials of women and enact laws that will address the religious, cultural and societal norms that have over the years prevented them from actively participating in the economic main stream.

Lending institutions such as Deposit Money Banks, Development Finance Institutions and Microfinance Banks, as well as Non-bank Financial Institutions should step up women entrepreneurship finance activities. Staff of financial institutions need be capacitated to aggressively address the entrepreneurship and finance needs of women. They should launch

innovative, affordable, and culturally flexible/sensitive products and deliver them through channels that do not offend the norms of the society and psychology of the people. There should be provision of basic infrastructure, general re-orientation of the society, socio-cultural adjustments, increased advocacy through religious and traditional leaders to popularize the rights of women to engage in productive activities. Women entrepreneurs should look for and take advantage of entrepreneurship development centres to improve their management capacity and endeavor to form themselves into women groups and cooperatives to enhance their negotiation and bargaining power.

“
The Plan encapsulates a financial intermediation that provides credit to the private sector particularly Micro, Small and Medium Enterprises
”

The above efforts will not only lend voice to the ongoing global focus on women and women-owned enterprises but also empower them to play more roles in health, education, livelihood and moral upbringing of their household members. The obvious huge benefits include enhancement of household economy, improved nutrition and health standards, better

education, sound human capacity, Gross Domestic Product (GDP) growth, economic diversification and income redistribution for the benefit of all. ■

12 Years of Microfinance Banking: Problems & Prospects

By Bunmi Lawson

Formal microfinance banking commenced on 15th December 2005 with the launching of the Microfinance Policy, Regulatory and Supervisory Framework for Nigeria. The specific objective was to make financial services accessible to a large segment of the productive but financially excluded population. The policy was aimed to promote innovative, rapid and balanced growth of the industry, leveraging global best practices. A review of the sector performance over the past twelve years showed some significant improvements despite obvious challenges.

Microfinance is the provision of credit, savings, micro-leasing, money transfer and payment services, amongst others. It is characterized by the small size of loans and savings,

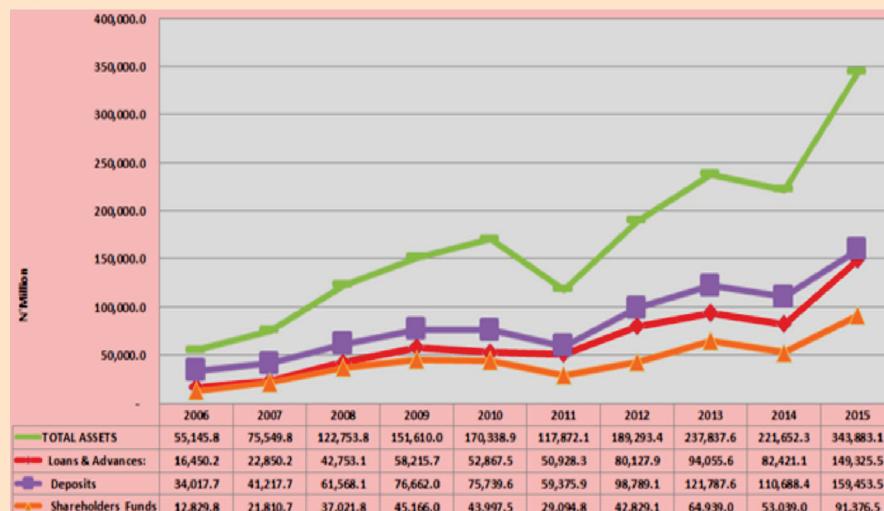
near absence of asset-based collateral and simplicity of operations.

According to statistics from National Association of Microfinance Banks

(NAMBs), “The microfinance banking sub-sector has grown over the years with 968 Micro Finance Banks (MFBs), over four million clients, total saving deposits of N133 billion, total loan portfolio of N151 billion, and shareholder funds of N181 billion as at December, 2016. The total staff strength of the banks stood at over 28,000.

According to the CBN, the total assets of the microfinance banks rose

Figure 1: Performance Trend Key Indicators (Million) (2006-2015)



Source: 2015 CBN Statistical Bulletin



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from N55 billion in 2006 to N343 billion in 2015, indicating an average yearly growth of 24%. Also, loans and advances rose from N16 billion to N149 billion, deposits from N34 billion to N159 billion and shareholders' funds from N13 billion to N91 billion between 2005 and 2015 (see figure 1). The number of reporting banks increased from 750 in 2006 to 948 in 2015.

There was rapid growth in 2008 occasioned by positive effect of over 7 per cent growth in GDP, favorable economic policies and the consolidation in the banking industry. In 2011, however, the sector witnessed a decline in its performance indices owing to the closure of 224 MFBs and a drop in the GDP growth rate to 5.3 per cent. There was a re-bounce in operational activities of the sector in 2012 despite a further dip in GDP growth rate to 4.2 per cent. The recovery was attributed to stronger MFBs that emerged following the closure of the weak ones in 2011, a stable exchange rate, consistent government policies and growth in the non-oil sector. In 2014, the sector recorded a decline as a result of the closure of another set of 83 MFBs coupled with other challenges such as heightened restiveness in the North East.

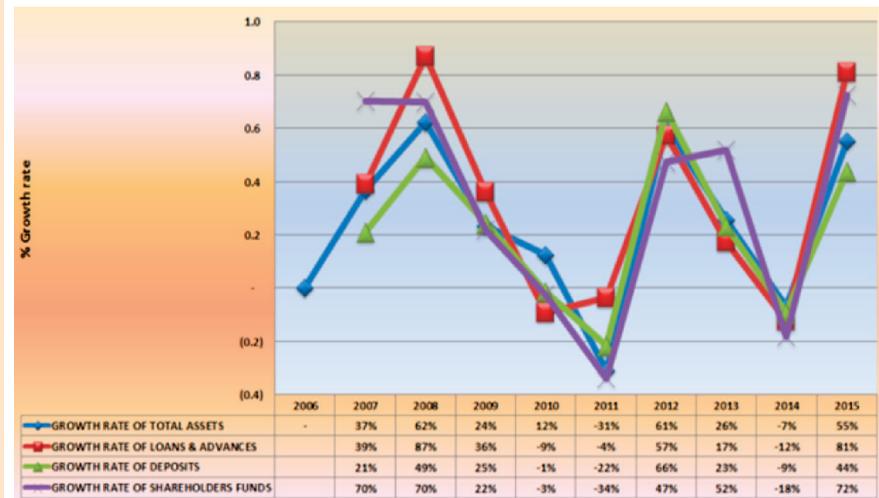
The sector again witnessed a boost in 2015 following the commencement of the CBN Micro, Small and Medium Enterprises Development Fund (MSMEDF) in that year (see figure 2 and 3).

Challenges of the sector

The microfinance banking sub-sector in Nigeria has continued to grapple with a lot of challenges, among which are the following:

- Limited total assets due to sub-optimal performance of the economy, uncertainties in business environment, policy inconsistencies and low infrastructural investment.

Figure2: Performance Trend Key Indicators (2006-2015)



Source: 2015 CBN Statistical Bulletin

Figure3: Performance Trend Key Indicators (2006-2015)



Source: 2015 CBN Statistical Bulletin

- Weak lending methodologies.
- Poor corporate governance.
- Inadequate government/regulatory support.
- Poor financial literacy.
- Undue competition from deposit money banks and development finance institutions.

Prospects of Microfinance Banking in Nigeria

A lot of opportunities exist in the microfinance subsector in Nigeria which remain largely untapped. About 70 per cent of Nigerian

population is engaged in the informal sector. The microfinance banks in Nigeria serve less than a tenth of 60 million Nigerians that require their services. This represents an enormous market which they can take advantage of.

The renewed Government's interest and improved regulatory environment further create room for the microfinance sub-sector to expand its outreach and operate more profitably. Also, the extension of insurance coverage to depositors of microfinance banks and the review of the deposit insurance coverage

limit from N100,000.00 to N200,000.00 will be expected to boost confidence in the sub-sector, and patronage in the long run.

Recommendations

In order to address the identified challenges, the following recommendations are proposed:

- Empowerment of National Identity Management Commission (NIMC) to frontally resolve the identity question of clients of MFBs.
- Increased participation of MFBs in the credit bureaux and collateral registry to make the environment conscious of the need to honour obligations.
- Government investment in infrastructures and technology

to reduce the cost of doing business and encourage innovative financial products/services in the country.

- Effective regulatory oversight of the MFBs.
- Adequate staffing within the MFBs and increased investment in capacity building.
- Promotion of linkages between the deposit money banks and microfinance banks through provision of guarantees and capacity building by the deposit money banks.
- Provision of incentives to support outreach by MFBs to rural areas through stronger collaboration with CBN.
- Balanced regulatory practices and provision that encourage

innovation.

- Capacity building and technical support for national association of MFBs.

Conclusion

Microfinance banking provides a credible platform for extending financial services to the unbanked to assist them contribute to socio-economic development and reduce poverty. The sector has grown rapidly over the past decade due to a combination of government regulation, enhanced technology, inter-sectorial support and collaboration. All hands must be on deck to ensure that the institutions are efficiently run to surmount the challenges and exploiting the prospects. ■

AB Microfinance Bank Expands Branch Networks and Launches New Housing Finance Products

By Lucky Benjamin

AB Microfinance Bank, in an effort to expand outreach to more clients has opened 4 additional branches, bringing its total branch network to 20, nationally. Two of the new branches were sited in Ogun State and one each, in Oyo and Lagos States. The bank commenced operations in November, 2008 and currently has an outstanding loan portfolio of about N10 billion and about 1,000 staff in its employment.

Speaking during the branch opening ceremonies, the Managing Director/CEO of the bank, Mr. William Bonilla, said the new branches were opened in furtherance of the bank's mission to contribute to socio-economic development and poverty reduction in Nigeria

He added that the bank's provision of a wide range of financial services to micro, small and medium scale entrepreneurs was unrivalled in the Nigerian microfinance industry, stressing that the new branches in Ogun state represented a landmark achievement for the bank as they were the first branches outside Lagos and Oyo States.

Speaking at the Bodija branch, Oyo State opening ceremony, the Branch Manager, Mr. Dotun Aiyelabola said the branch operates in a friendly, business-oriented and accommodating environment. He appreciated the clients and neighbours for the peaceful co-existence and patronage of the bank's products and services which had been on the increase since commencement of operations in January, 2017.

The opening ceremonies were graced by Royal Highnesses, market/religious leaders, clients, staff and the Board of the bank.

In a related development, the bank has introduced a new housing and house improvement loan product for its clients.

The product is being implemented in partnership with Lafarge Holcim, one of the leading Cement Companies in Nigeria. The features of the new product are as follows:

- Lafarge Holcim provides free expertise including house design, bill of quantities and access to quality building materials.
- AB MFB provide loans for housing construction or improvement (renovation).



AB Microfinance Bank
NIGERIA

Fortis MFB Innovates to Expand Outreach, Ventures into Renewable Energy Financing



By Samuel O. Jesushola

In recognition of the need to tackle the challenges of epileptic electricity supply, Fortis MFB has introduced a renewable energy financing product for Micro, Small and Medium Enterprises (MSMEs) and lower income households. The product, which finances solar power and biomass energy equipment as well as the technical know-how, aims to improve clients' competitiveness by lowering energy costs. The components include a solar matchmaking service that links providers with MSME clients and home off-grid power solutions.

FORTIS MFB's Renewable Energy Finance Product: Features and Requirements

The product is targeted at (1) individuals/ salary earners in both private and public establishments, (2) SMEs and (3) micro businesses and groups (5 – 25 members). The financing strategy includes savings and equity

contribution from the customer and on-lending facility to be provided by Fortis MFB. The renewable energy product will be delivered at the doorstep of the customer while the service provider will provide technical support.

- Targeted group is lower and middle income classes with business as the main source of income, or salary earners with accounts in AB MFB.
- No equity contribution or compulsory savings required.
- Loan size ranges from N500,000 to N3,000,000.

- Loan duration varies from 2 to 12 months.
- Collateral requirements are flexible.

The aim of the housing and house improvement product is to assist clients of the bank to improve their living conditions and contribute to bridging Nigeria's housing deficit. ■

For individuals/ salary earners and SMEs, the maximum loan amount is N5 million, maximum tenor of 12 months and interest rate is 4 per cent per month on reducing balance. For micro businesses and groups, the features include maximum loan of N0.3 million, 4 months revolving tenor (not exceeding 12 months) and 36 per cent per annum interest rate on declining balance.

The general requirements for all potential customers include having an account with Fortis MFB Plc., typed application letter (on letter-headed paper for registered company), 2 passport photographs (for both individuals and business promoters), photocopy of valid ID card, signed repayment cheques covering the tenor, letter of



Guests at the Branch Launch Ceremony

"My name is Nwokodo O. Emmanuel, I am a trader in cosmetics and related consumer goods at Wuse Market, Abuja. I have been in this business for 6 years. I have been banking with Fortis MFB for about 5 years, in that period, Fortis has supported the growth of my business through savings and loans products.

Recently I collected the Business Extra loan product from Fortis, for the second time. I like this loan because of the fact that I don't need collateral for it, and I can get up to N1 million to conveniently support my business, helping me to stock up my shop and make more profit.

I am comfortable with this relationship because with what I have seen so far, I am sure Fortis would help me become a "big man".



Mr. Nwokodo O. Emmanuel

authority to date and narrate repayment cheques, recent 6 months statements of account in Fortis and possibly other banks, and 2 guarantors (each of which shall submit 1 passport photograph, photocopy of valid ID card, BVN, 1 undated and un-narrated cheque duly signed by the account holder and letter of authority to date and narrate the cheque).

Individuals shall, in addition to these, provide photocopies of employment letter, confirmation or /and promotion letter and work ID card, Human Resource consent for the applicant, and an irrevocable standing order letter or letter of undertaking.

SMEs, micro businesses and groups shall provide shop rent receipt/ ownership evidence but the SMEs shall go further to provide the board resolutions both to borrow



Mr Adewale Aderounmu, Executive Director, Development Finance, presenting Fortis/AfDB facility to Mrs. Nkiru Nwabueze.

and authorizing Fortis to date and narrate company's repayment cheques.

Fortis MFB has also been delving into the digital finance space to increase its market share over the years. Pursuant to this, the bank has been deliberately making huge investment in its e-business solutions to drive cost-effective services for its clients. E-business entails the use of electronic products and internet-based technologies to make banking easier and attractive.

Fortis MFB e-business suite include: M-POS, ATM, Verve Card, POS, Internet Banking, Mobile Money and FortisPay. These products aim to:

- Promote savings and deposits.
- Reduce cash suppression.
- Provide instant, efficient, accurate transactions and reconciliation.
- Increase capacity for handling large transaction volumes.

A customer of the bank who operates a provision store in Wuse market Abuja, Mr. Nwokodo O. Emmanuel expressed satisfaction with his relationship with Fortis, and expressed the confidence that the relationship would take him to higher heights.

The bank has secured a N1bn facility from the African Development Bank (AfDB) for on-lending to MSMEs. The partnership was meant to boost Nigeria's private sector development through financing of projects that are strategically aligned to the country's development agenda. At the launch of the facility, Mr Ilan Wolkov, a Consultant with AfDB told the News Agency of Nigeria (NAN) that the pilot phase of the disbursement would be done through four branches of the bank in FCT, namely Kubwa, Dei-Dei, Mararaba and Utako. He reiterated that the AfDB fund was specifically

meant for MSMEs, stressing that it will greatly assist customers to transit to possibly larger loans owing to its flexible collateral and guarantee requirements.

Also speaking on the project, Mr Adewale Aderounmu, the Executive Director, Development Finance of Fortis emphasized that the fund was primarily meant to support the development of small businesses in the country. Mr. Aderounmu further disclosed that more

than 600 customers had so far benefitted from the loan which was meant to assist existing businesses to expand. According to him, the bank had assigned officers to market the loans and ensure timely repayment.

A beneficiary of the facility, Mrs. Nkiru Nwabueze commended the management of Fortis bank for assisting small businesses in the country. She expressed satisfaction with the Fortis/AfDB facility and urged other



Fortis Clients undergoing technical session on renewable energy

customers to embrace the culture of borrowing, prompt repayment, and

make honesty, the hallmark of their business relationship. ■

LAPO Microfinance Bank Expands Agent Banking Network



By Godwin Ehigiamusoe

LAPO Microfinance Bank is set to roll out more network of agents across Nigeria to extend financial services to under-banked regions and people living in remote areas. The project is an integral part of the bank's expansion strategy. Effective from October, 2016, the network has grown to 84 accredited and active agents with 2,747 clients in 10 states namely: Lagos, Edo, Delta, Ondo, Katsina, Niger, Nassarawa, Zamfara, Kano and Kaduna. The bank intends to add 24 new locations by September, 2017.

Eligible transactions offered by the agents

include client registration, account opening, deposit withdrawal, transfers, balance enquiry and mini statement requests.

The Managing Director, Dr. Godwin Ehigiamusoe noted that the bank was

excited to roll out the agent banking scheme in support of CBN's efforts to promote financial inclusion of the unbanked, especially in the rural areas. According to him, the scheme aims to bring

banking services nearer to a larger segment of the populace in a cost effective manner to achieve the target of 170,000 mobile money and agent banking locations across the country by the year 2020. ■



A client transacting business at a LAPO MFB agent outlet

Mandela Washington Fellowship for Young African Leaders hold in the US

By Member H. Feefe



Group Photograph of participants at the 2017 Mandela Washington Fellowship for Young African Leaders

The Mandela Washington Fellowship for Young African Leaders Initiative (YALI) was held in the United States of America from mid-June to mid-July, in 2017.

The programme which began in 2014, aims to support young African Leaders to spur growth, and prosperity, strengthen democratic governance, enhance peace and security across Africa. It is targeted at empowering individuals between the ages of 25 and 35, through a six-week academic coursework in Business and Entrepreneurship, Civic Leadership, Public

Management or Public Management and Energy at a U.S. college or university. Participants also undertake internship programs at various institutions/ agencies to complement the course work.

So far, 1,000 young leaders from Sub-Saharan Africa have benefitted.

On return, fellows are expected to build on the skills they acquired through support from U.S. embassies, Regional Leadership Centres, the YALI Network and customized programming from the United States Agency for International Development (USAID), the Department of State

and affiliated partners. They also have access to on-going professional development opportunities, mentoring, networking, training, and support for their ideas, businesses and organizations.

Ms. Member H. Feefe of the Micro, Small and Medium Enterprises Development Office in the Development Finance Department, Central Bank of Nigeria participated in the 2017 Mandela Washington Fellowship. ■

For more information about the fellowship, visit:
<https://yali.state.gov/>

Bank of Industry Renews Focus to Increase Finance to Women-Owned Enterprises

By Amdala Oloriegbe

According to the National Bureau of Statistics (NBS), 17.2 per cent and 26.1 per cent of urban and rural women, respectively were unemployed in Nigeria on Year. Men were twice as likely to secure financing as women owing to adverse cultural factors, perceived lower education, skill level, work experience as well as lack of collateral and adequate corporate governance. A more personal dimension to the issue is that credit officers often perceive women entrepreneurs as a client group they know little about.

Against this background, the Bank of Industry (BOI) established the



Contributor at a session on women financing initiative of BOI



Acting President of Nigeria at one of the kick-off event of GEEP

Gender Desk in 2006 to help ease the challenges of access to finance faced by women-owned businesses and entrepreneurs. In 2007, the Bank and Federal Ministry of Women Affairs and Social Development (FMWASD) signed a Memorandum of Understanding (MOU) to finance women-owned businesses through Business Development Fund for Women (BUDFOW) with a seed capital of N90 million. A total of fifty-one (51) projects had benefitted from the Fund in the sum of N156.5 million across the federation.

In 2016, the bank restructured the gender desk into a Gender Business Group and enhanced the scope of its operations to include:

- Coordination and capacity building programmes for female entrepreneurs
- Business Development Scheme
- Monitoring and Mentoring

- Alternative funding schemes that ease access to finance for female entrepreneurs.
- Use of mobile applications for effective loan recovery.

Some of the products developed by the Gender Business Group include:

- BOI/Dangote Fund
- Cassava Bread Fund
- Leather Foot Wear
- Fish Farming and Processing
- Mechatronic Fund
- Furniture and Carpentry Fund
- Theme Park
- Fashion Fund
- Nolly Fund
- CAP Fund

So far, the bank has financed over 246 women-owned companies in different sectors of the economy to the tune of about N17.7 billion and

created about 130,000 direct and indirect jobs.

In another development, the Federal Government of Nigeria, in a bid to provide access to affordable credit is implementing the Government Enterprise and Empowerment Programme (GEEP) through the Bank of Industry (BOI). The programme which is targeted at market women, traders, artisans, youths and farmers/agricultural workers has a mandate to ensure that 60 per cent of the beneficiaries are women. Disbursement commenced nationwide in December, 2016.

Under the MarketMoni product of the GEEP, first time beneficiaries can access up to N50,000 to support their enterprises while return customers can access up to N100,000. Other terms of the programme include:

- Administrative fee of 5 per cent



Participants at the capacity building and mentoring organised by the Gender Business Group.

- Loan Tenor of 6 months with 2 weeks grace period
- Weekly repayment frequency
- Membership of duly registered association or cooperative society
- Verifiable business location
- A valid Bank Verification Number (BVN)

The GEEP loans have been disbursed to beneficiaries in 34 States and the

FCT through agent networks, microfinance banks, mobile money operators, women-focused donor agencies such as OXFAM GB Village Savings and Loans Associations and the National Council of Women Societies.

Total loan disbursements as at end of June, 2017 was over N5 billion to 118,713 beneficiaries of which 56 per cent were women. ■



S A M

African Microfinance Week Addis Ababa, Ethiopia: 9th – 13th October, 2017

The African Microfinance Week (SAM - Semaine Africaine de la Microfinance), a Biennial Conference dedicated to the development of financial inclusion in Africa is scheduled to take place from 9th to 13th October, 2017, at Sheraton Hotel, Addis Ababa, Ethiopia. The theme of the event is “Creating value for SMEs: a new Frontier for Inclusive finance”.

The topic will focus on mesofinance which refers to the

provision of financing to client categories that fall between the upper limit of loans covered by microfinance and the lower limit of commercial bank loans to MSMEs.

The main objective of the SAM is to provide a unified African platform for knowledge exchange on microfinance issues facing the African continent.

Participants will include investors, Microfinance Institutions (MFIs), researchers, banks, networks,

innovators, governments, small and medium entrepreneurs, economic leaders, as well as NGOs.

The SAM 2017 is organized by the African networks: African Microfinance Transparency (AMT), Microfinance African Institutions Network (MAIN), African Rural and Agricultural Credit Association (AFRACA), Association of Ethiopian Microfinance Institutions (AEMFI), Association of Microfinance Institutions - Kenya (AMFI) with the support of the Luxembourg’s Directorate for Development Cooperation and Humanitarian Affairs.

Among others, the programme will feature the following:

- The Investor’s Fair involving networking for investors and African MFIs.
- The Innovation Fair with presentation of innovative tools and services for improving the

Group Lending Methodology: The Heart of Outreach to the Low Income Groups and the Rural Poor

By Collins B. Kikelomo

Background

“People were poor not because they were stupid or lazy... They were poor because the financial institution in the country did not help them widen their economic base.” Muhammad Yunus

The quote from Muhammad Yunus addresses the main purpose of the Group Lending (GL) Methodology, to expand outreach of microcredit programmes to clients of microfinance banks (MFBs), thereby increasing their economic well being.

The GL methodology was introduced by the Grameen Bank in Bangladesh and has since been replicated by banks in Asia, Africa and Latin America. It is a model whereby MFBs provide small-scale credits to groups of individuals to support income-generating activities.

Some attributes of the model include:

- The use of social collateral rather than material collateral to guarantee loans.
- Peer pressure as a means to ensure that repayments are made by the group members.
- Close monitoring of groups by the loan officer – weekly meetings with groups for loan repayment.

Lending to the low income groups and the poor can have financial benefits for MFBs through increased outreach, low transaction costs, and improved efficiency. Also, it allows clients of the banks to grow their businesses, thereby increasing their disposable income and the financial impact on their households.

About the Programme

The Pro-Poor Growth and Promotion of Employment in Nigeria (SEDIN) Programme, of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH has been operating in Nigeria since 2011. The aim of the programme is to improve the employment and income situation of micro, small and medium-sized enterprises (MSMEs) by improving access to finance and business services, strengthening entrepreneurial and managerial skills, and addressing key barriers in the business and investment climate.

As part of the above mandate, the Access to Finance Unit of the SEDIN Programme supports the improvement of performance, outreach and lending practices of selected microfinance banks in Ogun, Niger and Plateau States.

GL is a key element of the intervention for the MFBs.

Success Story – GIZ-SEDIN Group Lending Trainings

GIZ-SEDIN has been conducting GL trainings to Managing Directors (MDs), Heads of Credits and Loan Officers of partner MFBs in the three States since 2015. The training provided both theoretical knowledge and field trip sessions, enabling MFBs to appreciate and implement the resources and processes required in GL.

GIZ-SEDIN has introduced 49 Partner MFBs to effective GL methodology.

The Impact

A follow-up exercise was conducted to assess the implementation and impact of the GL training on benefiting MFBs.

performance of MFIs, as they support SMEs.

- Research Meets Africa, focusing on inclusive finance through discussions between international and African researchers and professionals.
- Trainings, workshops and Gala dinner.

Issues to be addressed at the event include:

- Characteristics, operational arrangements, challenges in MSME financing.
- Role of the State, donors and international financial institutions in creating a conducive environment and a flexible institutional framework for the financing of MSME.
- Examples of successful MSME financing initiatives.

- Technical assistance and support services for MSME' development.

- Devices / cost of implementing MSME financing.

- Identifying sustainable solutions (credit lines, guarantee tools, business incubators, etc.) offered by International Financial Institutions and donors.

- Formalization of companies through rights, protection, sustainability and quality.

- Strengthening the corporate governance structure of MSME finance institutions. ■

For additional information visit: www.ada-microfinance.lu



Group Photo of Participants of GL Training in Ogun State

The exercise showed that the MFBs, had formed 1,917 groups with an average loan portfolio of N595 million in approximately 20 months (see table 1).

Also, female group members accounted for 77 per cent of the total groups formed in the three States.

Group Lending Refresher Training

Despite the success of the GL methodology, it was observed that some MFBs were still struggling with certain elements of the methodology. As a result of this, GIZ-SEDIN conducted refresher trainings to re-emphasize the key elements of the curriculum and provide solutions to implementation challenges.

The refresher trainings specifically focused on group formation, effective conduct and implementation, as well as verification and monitoring processes.

Conclusion

All the banks agreed that GL was an easy methodology to implement and very profitable due to the low portfolio at risk. However, the following were

Table 1: Performance of the Sedin MFB Group Lending in Niger, Ogun Plateau State.

	Niger	Ogun	Plateau	Total
GL portfolio of MFBs ('000)	N220.59	N190.60	N183.82	N595.00
Total no. of MFBs	14	29	6	49
Total no. of groups	478	661	778	1917
% of Female group members (Average)	84%	80%	68%	

observed during the follow up and training sessions:

- Wholesale lending by some banks to executives of the group instead of directly to group members.
- Weak verification and monitoring processes by some banks.
- Adoption of loan collection through group executives instead of at group meetings.
- Failure of some MFBs to assess group clients using cash-flow analysis as done for their individual clients.

To guarantee the successful implementation of GL in banks, the following are recommended:

- Involvement of management and staff at all levels to ensure strong commitment and achievement of

the desired result.

- Application of GL methodology on all aspects of the loan processes.
- Use of simplified templates for cash-flow analysis to provide a stronger quantitative assessment of clients' capacity to repay.
- Adoption of cash-flow analysis on both individual and group lending clients.
- Stronger verification and monitoring of clients before and after loan disbursement.
- Provision of financial education to build the financial capabilities of clients.

The capacity building intervention of GL has helped the MFBs to refocus towards other client groups outside salaried customers. ■

Mercy Corps Implements Goal II Programme to Foster Girls Financial Literacy

By Esther Musa



Handing over of Signed MoU with Kano State to GOAL 2 Program Manager

Mercy Corps Nigeria with funding support from MacArthur Foundation is currently collaborating with the Kano State Ministry of Education, Science and Technology (MoEST) and its agencies and departments on the Girls Opportunities for Advancing Literacy2 (GOAL2) project.

Mercy Corps is a global organization powered by the belief that a better world is possible. It strives to alleviate suffering, poverty and oppression by helping people secure productive and just communities. It works in areas of emergency relief, sustainable economic development, gender and education. Its activities are in more than 40 countries, facing the world's toughest challenges. Mercy Corps has been in Nigeria since 2012 and has grown to a multi-sectoral country office with more

than 130 staff serving over 200,000 beneficiaries.

The GOAL 2 project aims to institutionalize a process for ensuring that adolescent girls across Kano State secondary schools are properly equipped for the school-to-work transition. The project is being implemented through improved financial literacy, vocational choices, and life skills for the girls. It also involves strengthening the capacity of key government institutions on monitoring, evaluation, education and management information system.

The GOAL 2 project has thus far:

- Signed Memorandum of Understanding with Kano State's Executive Council to roll out financial literacy and professional guidance and counselling state-wide.
- Conducted financial literacy and training of trainers for 38

government officers and financial literacy step down trainings for 1,275 teachers in 536 schools. They are currently teaching 253,712 girls on financial literacy across the 44 Local Government Areas (LGAs) in the State.

- Distributed 1,338 financial education manuals to the teachers across the schools.
- Formed and strengthened 1,925 Savings Groups with 35,443 girls participating and 3,732,720 Naira saved by the girls.
- Assisted over 500 girls to open bank accounts as a result of financial literacy trainings received and formed and strengthened financial literacy working group members.
- Strengthened the capacity of 80 Kano Educational Resource Department (KERD) monitoring staff (51 males and 29 females) to monitor financial literacy in schools.
- Collaborated with Youth Empowerment for Success (YES) to train 20 teachers (10 males and 10 females) and Science Technical School Board (STSB), State Agency for Mass Education (SAME) and Kano State Secondary School Management Board (KSSSMB) staff on employability skills. This was aimed at supporting girls with skills and knowledge to successfully transition from school to work.
- Celebrated Global Money Week, 2017 with theme 'Learn, Save, Earn' with 87 persons (59 females and 28 males) in attendance.
- Organised financial literacy events in 90 schools and presented gifts to girls. ■

EFinA holds inaugural Microinsurance Working Group Meeting

By Gideon Orovwiroro

As part of its mandate to promote financial inclusion in Nigeria, the Enhancing Financial Innovation & Access (EFinA) has constituted a Microinsurance Working Group (MiWG). The working group is to look into issues related to creating an enabling environment for expanding microinsurance awareness and usage in Nigeria, and build the capacity of regulators and operators. The inaugural meeting of the group was held on May 3, 2017, at Eko Hotel and Suites, Victoria Island, Lagos.

Regulators and other stakeholders who attended the event included: National Insurance Commission (NAICOM), Nigerian Insurers Association (NIA), AIICO Insurance, ARM Life, Cornerstone Insurance, Custodian & Allied Insurance, NSIA Insurance, Custodian Life Assurance, FBN Insurance, Interswitch Financial Inclusion Services (IFIS), AXA Mansard Insurance, Standard Alliance Insurance, Wapic Insurance, Anchor Insurance and Leadway Assurance.

The meeting featured a presentation by EFinA on “2016 Access to Finance Survey Key Findings: Focus on Microinsurance”. The presentation showed that out of 96.4 million adults in Nigeria, only 0.3 million use microinsurance products. Uptake of microinsurance was low compared to peer countries, even though about 32.1 million adults indicated interest in using microinsurance. This presents immense opportunity for microinsurance operators to develop products that meet the identified needs.



Cross-section of participants at the working group meeting

Following the presentation, the working group members identified awareness, costs, customer access points, and regulatory support/encouragement as key focus areas to be addressed in the sector during the year.

EFinA pledged to continue to facilitate the activities of the working group and other fora with a view to finding practical ways of ensuring the deployment of cost-effective microinsurance products to the low-income population by leveraging on its four pillars (research, innovation, capacity building and advocacy). ■

Value Added Correspondent Banking Relationships and Access to Wholesale Funds by Microfinance Banks

By Jonas Okonkwo

Microfinance banks and institutions provide financial services to low income people and micro businesses who are conventionally not served by formal financial institutions. Services offered include loans, deposits, insurance, fund transfers, and other ancillary non-financial products.

Microfinance practice involves mobilization of savings from small savers/micro businesses and lending

to meet the peculiar needs of the people/businesses at the bottom of the pyramid, mainly artisans and agricultural businesses in an innovative, tailor-made and affordable manner. This often involves taking banking to the grassroots and the unbanked numbering about 56 million Nigerian adults as per EFinA 2016 Access to Financial Services in Nigeria Survey. Empowerment of small businesses/individuals through

microfinance will translate into creation of more jobs and poverty alleviation.

Proven success factors by institutions include focus on mass retail – individuals/businesses, market clusters, clubs, associations, cooperative societies, gated estates and town unions. Forward looking MFBs should seek to adopt winning business models/strategy such as electronic banking products, bundling product offerings to achieve efficiency, collaborating with peers, Deposit Money Banks (DMBs) and focusing on products that will alleviate perceived societal problems.

After several years of operation, Nigerian MFBs have had to grapple with many challenges namely:

- Lack of basic infrastructure and shared platforms accentuating operational costs and inefficiencies.
- Unstructured target customers with multiple small value transactions and margins.
- Absence of a strong banking culture and financial literacy among rural clients and the urban poor which they are designed to serve.
- Inadequate qualified and knowledgeable human resources and inability or unwillingness of MFBs to undertake sustainable training of staff.
- Absence of requisite collateral and low adoption of alternative approaches such as group lending, cooperative societies and mobile collateral registry.
- Unhealthy competition amongst peers and incursion into the microfinance space by DMBs.

Owing to the fact that MFBs are not members of the clearing house, they have to rely on DMBs for settlement of electronic banking transactions and this has cost implications. A

correspondent bank is a ‘go between’ an MFB and the clearing house. In order to have the best in this relationship, a correspondent bank should go beyond providing mere clearing services and offer other ancillary services that assist to address the issues being faced by the MFBs, such as:

- Advisory/ capacity building services.
- Guidance and certification for CBN, other institutional and multilateral funds
- Enterprise Development/ Support Services
- Leases and short term advances
- Access to interbank trading, settlements and local remittance platforms such as NIBSS, Interswitch, Unified Payment Services, Citi serve etc
- BVN enrolment
- Exposure to and technical assistance to enable the MFBs access on-lending/expansion facilities from CBN, DMBs, local and foreign agencies.

Another area which the MFBs could look into to boost their loanable funds and reach more clients is exploring international wholesale funding sources.

Some of the possible foreign funding sources that MFBs in Nigeria can access for their on-lending activities include:

Triodos Bank: This is a leading investor in MFBs since 1994 that provides loan and equity investment to established and upcoming microfinance institutions. Currently backing over 100 MFBs in Africa, Latin America and Asia, it gives loans of equivalent of EUR 500,000 to 5,000,000 over a period of 5 to 11 years and holds equity stakes in over 221 MFBs in developing countries. It also maintains funds for foreign nationals who want to take stakes in MFBs in developing countries.

The FISEA Fund: FISEA is a Paris-based investment Fund that makes equity investments in businesses, banks, microfinance institutions and investment funds operating in Sub-Saharan Africa (SSA). It supports banks and microfinance institutions seeking equity and finance for their medium-term operations. It was set up on 20th April, 2009 to promote growth in businesses and financial institutions in SSA by giving them access to equity and helping them manage their investments. The Fund provides soft loans and guarantees to support MFB operations and ensure sustainable service delivery.

REGMIFA: The Regional MSME Investment Fund for SSA (REGMIFA) was launched in 2010 to foster economic development and prosperity in the region. This is achieved through provision of innovative financial products and technical assistance to eligible MFBs, non-bank microfinance institutions, DMBs and other financial institutions which serve micro, small and medium enterprises (MSMEs).

There is a lot of money to be made at the bottom of the pyramid in institutions that can forge necessary collaborations, rethink the issue of correspondent banking relationships and leverage on big data to ease financial service delivery. Such institutions should evaluate and adopt deposits, lending, collections models that are suitable for the targeted market, embrace innovation, craft necessary competitive edge/advantage and focus on niche markets. In order to optimize the benefits of microfinance, efforts need to be made to train and refocus staff at all levels to operate in an efficient and prudent manner. Also, enormous opportunities exist in the international market for competitive wholesale funds, which if taken advantage of, could improve the outreach and profitability of MFBs. This should be adequately tapped into. ■



The South Africa Framework for Mobilising Smallholder Farmers into various types of Cooperatives: A Lesson for Nigeria

By Owoade Damola

Farming is the main source of employment and income in rural areas where the majority of the world's poor and hungry people live. In Africa, most farming population are smallholder-based involving small plots of land on which they grow subsistence crops, cash crops, and relying almost exclusively on family labour and farm tools. The characteristics of production are simple, outdated technologies, low returns, high seasonal labour fluctuations and women playing a vital role. Smallholder farmers differ in individual characteristics, farm

size, resource distribution between food and cash crops, livestock and off-farm activities, use of external inputs and hired labour, the proportion of food crops sold and household expenditure patterns.

Smallholder farmers in South Africa, mostly located in rural areas and homelands face various challenges that impede their growth and ability to effectively contribute to food security relative to the commercial farmers. Some of the constraints they face relate to lack of access to land, water and human capital, lack of financial and marketing skills, poor

technological skills, physical and institutional infrastructure, unreliable and missing markets for agricultural inputs and outputs, high transaction cost as a result of poor infrastructure and communication services.

As a result of low endowment in production factors, such as land, water and capital assets, the majority of smallholder farmers produce low quantities and quality of products.

Increasing concentration in the food value-chain is a global trend, caused by increasingly demanding consumers and concerns about food

safety. The smallholder farmers find it difficult to enter high-value markets in the light of the low quantity and poor quality of their products. Access to support services are required to enable them grow, increase productivity and measurably contribute to global food security.

Governments all over the world have identified cooperatives as one of the central pivots to reduce poverty, unemployment and high levels of inequality and to accelerate empowerment and development for the benefit of previously disadvantaged majority. Agricultural cooperatives have been found to play a crucial role in enhancing the productivity of smallholder farmers. Being voluntary, democratic and self controlled, cooperatives offer the institutional framework through which local communities gain control over productive activities from which they derive their livelihoods.

In the agricultural sector, cooperatives contribute to food production and distribution, and to supporting long term food security.

They offer prospects that smallholder farmers would not be able to achieve individually such as helping them to secure land rights and better market access and opportunities, capture more of the value-chain by getting involved in agro-processing activities as well as bargaining power and resource sharing that lead to food security and poverty reduction for the millions.

The South African framework involves mobilisation of smallholder farmers into cooperatives at two levels:

Primary level: The farmers are mobilised into single or multi-purpose primary cooperatives for the purpose of providing them different services.

Second level: Existing primary cooperatives are mobilised into second level cooperatives otherwise known as secondary cooperatives on the basis of the need of primary cooperatives. The secondary cooperatives at district level benefit the primary cooperatives in the following services or functions:

- Improved sustainability and scope of products offered through creation of economies of scale.
- Improved logistics in terms of storage and transportation facilities.
- Ensuring compliance with food safety and quality assurance standards.
- Improved market intelligence.
- Improved bargaining power to ensure fair trade.
- Lowering of transaction costs as a result of bulk buying.
- Improved access to best available technology to improve production efficiencies and quality of products.
- Ensure competitive acquisitions of value-adding and agro-processing facilities.

The table below indicates the common constraints faced by smallholder cooperatives, nature of cooperatives established to limit the effects of the constraints and support their effective functioning. ■

KEY CONSTRAINT	SPECIFIC CHALLENGES	THE TYPE OF COOPERATIVE TO BE ESTABLISHED	HOW TO GO ABOUT
Supply of inputs	High input cost. High transaction cost. High transport cost. High storage facility cost.	Input supply cooperatives.	Analyse the environment. Collect data of smallholder farmers including the types of commodities. Conduct awareness sessions on the cooperative concept. Provide pre-registration support. Facilitate the registration of the cooperative. Link them with appropriate stakeholders.
Accessibility to markets.	Low quantities and poor quality. Lack of market information. Lack of transport and storage facilities.	Marketing cooperatives.	Analyse the environment. Collect data of smallholder farmers. Identify the different commodities. Investigate the quantities, quality and safety of products. Identify potential markets and requirements. Provide pre-registration support. Facilitate the registration of the cooperative. Link the cooperative with relevant stakeholders.

Culled: Directorate: Co-operative and Enterprise Development within the Department Of Agriculture, Forestry And Fisheries, Republic Of South Africa

Abuja Hosts Made-in-Aba Trade Fair

By Babadiddi Usama Mohammed

The 4th Made-in-Aba Trade fair facilitated by the Small and Medium Enterprises Development Agency of Nigeria SMEDAN and Senator Enyinnaya Abaribe, Abia South held at Arts and Crafts Village, Abuja between 6th-10th March, 2017. The fair was declared open by The Senate President, Senator Bukola Saraki who was represented by the Deputy Senate Majority Leader, Senator Bala Ibn Na'Allah. He disclosed that the Senate in a bid to promote Made-in-Nigeria goods had commenced the process of amending the Procurement Act to ensure that the local manufacturers benefit from the over N2 trillion government expenditure on procurement with effect from last year.

Also speaking at the event, the Abia State Governor, Dr. Okezie Ikpeazu, stated that local manufacturers of shoes and leather products export at least one million shoes valued N1 billion to Europe and other parts of the world on a weekly basis. He expressed delight that the Acting President, Professor Yemi Osinbajo had also approved the garment making industry in Aba. According to him, there were 15,000 shoe makers in Aba with output of 300,000 shoes per day.

Earlier in his own remarks, Senator Abaribe explained that the project was designed to promote and grow the Nigerian economy. He added that when the idea was muted in 2013, it was not fashionable to



Deputy Senate Majority Leader, Senator Bala Ibn Na'Allah delivering an address at the Fair on behalf of the Senate President, Senator Bukola Saraki

patronize Made-in-Aba or Made-in-Nigeria goods.

In his keynote address, the Director-General of SMEDAN, Dr. Dikko Umaru Radda noted that small and medium enterprises accounted for 59.7 million jobs or 84 per cent of the Nigerian labour force. He further stated that 2014 SMEDAN/NBS survey showed that Nigeria had a total of 37 million MSMEs which contributed 48 per cent of nominal Gross Domestic Product and 7.3 per cent of exports. He thanked Senator Abaribe for pioneering the efforts. ■



Mr. Ben Bruce inspecting a shoe stand at the Trade Fair.

Central Bank of Nigeria EDCs Create Positive Impact on Trainees

By Okon Xavier-Itam Antigha

The Central Bank of Nigeria has been supporting Entrepreneurship Development Centres (EDCs) in Maiduguri (North-East), Makurdi (North-Central), Kano (North-West), Ibadan (South-West), Calabar (South-South) and Umuahia (South-East) since 2008. The Centres are managed by A. I. Development Services Ltd, African Community Bridge Foundation, Development II Limited, African Leadership Forum, Shield Academy Consortium & Partners and International Centre for Development Affairs, respectively. The EDCs aim to develop skills of would be entrepreneurs to successfully start, expand, diversify and manage a business enterprise. The EDC scheme incorporates a component that links graduates at the Centres to financial institutions for a start-up capital and/or business expansion facilities.

The programme involves 12 weeks and 16 weeks classroom training for tertiary institutions graduates, and school leavers respectively. It incorporates counselling, internship, mentoring and attachment to incubators.

Below is a table showing the performance of the EDCs in terms of number of people trained and number/value of financial linkages since inception in 2008. A total of 43,354 persons have been trained as at June, 2017 with 15,821 of them accessing loans from various financial institutions valued at N3.8 billion.

Apart from the absolute number and value of the loans extended to the

Centre	Performance Indices		
	Total Number Trained	Number that received Loans	Total Value of Loans Received
North-East	8,785	4,574	328,215,071.00
North-Central	8,977	2,458	658,732,200.00
North-Central Outreach	2,883	2,325	122,976,000.00
South-South	10,669	3,985	2,017,316,693.00
North-West	4,726	1,547	110,741,117.00
South-West	4,475	699	316,091,642.00
South-East	2,839	233	270,000,000.00
	43,354	15,821	3,824,072,723.00

trainees, considerable impact have been made on their business, following participation at the EDC

training programmes. The Testimonies by participants include the following:

Experiences from North Central Geo-Political Zone

NGUUMA UJA, LLB (Hons.), Chief Executive Officer of Kags Posh Cakes and Events

Mrs. Nguuma Uja is a lawyer. As if the weight of this professional calling was not appealing enough, she ventured into entrepreneurship, specializing in



Mrs. Nguuma and her staff at her bakery

confectioneries, fast foods and events management. Having acknowledged that this vocation required a distinct expertise, Mrs. Uja enrolled in the North-Central Entrepreneurship Development Centre (NCEDC), Makurdi, to acquire the requisite skills.

This has assisted her to sharpen her business focus, resulting in the popularity of the K's brand of cakes, pizzas, events, etc., in Benue State and beyond. In her words, "I have been able to put all I have learnt to practice, reposition and expand my business, employed 10 more hands after the training, and have deployed better marketing and customer service strategies. I recommend the EDC training to others.... Let me stress that it is better for every businessman and woman to partake in this programme before embarking on any business".

Engr. ISAAC SAR, Chief Executive Officer of PE & I Foods Nigeria Limited.

Engr. Isaac Sar comes across as a man who has obviously applied his wealth of experience in the Agricultural Research Institute of the ABU. His Company, PE & I Foods Nigeria Limited produces Benue Mango Flakes and Benue Yam Flour. His passion was driven by the desire to curb wastages associated with fruit production . He enrolled at the North-Central Entrepreneurship Development Centre (NCEDC), Makurdi, to obtain further capacity in value-chain and related technical expertise. After his training, PE & I Foods Limited has employed an additional 15 youth in view of increased scale of production and expansion into tomato and ginger processing lines.

According to Engr. Sar, "The EDC programme has enabled me to take



my business to a higher level. I have learnt many skills in the course of the training and these have come in handy in the operation and management of my business. I have recommended the EDC training to many and will proudly recommend to more".

Experiences from North East Geo-Political Zone

Mr. Haruna Fatawa Ndahi, Chief Executive Officer of Hirkur HyeI Vocation

Mr. Haruna Fatawa Ndahi is 37 years old. He is a graduate of the Central Bank of Nigeria's Entrepreneurship Development Centre, North-East Zone, in Bauchi State. He attested that the skills he acquired from the EDC training enabled him to develop bankable projects, expand



his poultry farm and contributed greatly to his emergence as one of the winners of the Young African Leadership Initiative Competition in United States of America. He was awarded \$25,000 for his excellent performance in the Business Plan Competition keenly contested by 175 participants from 49 African countries.

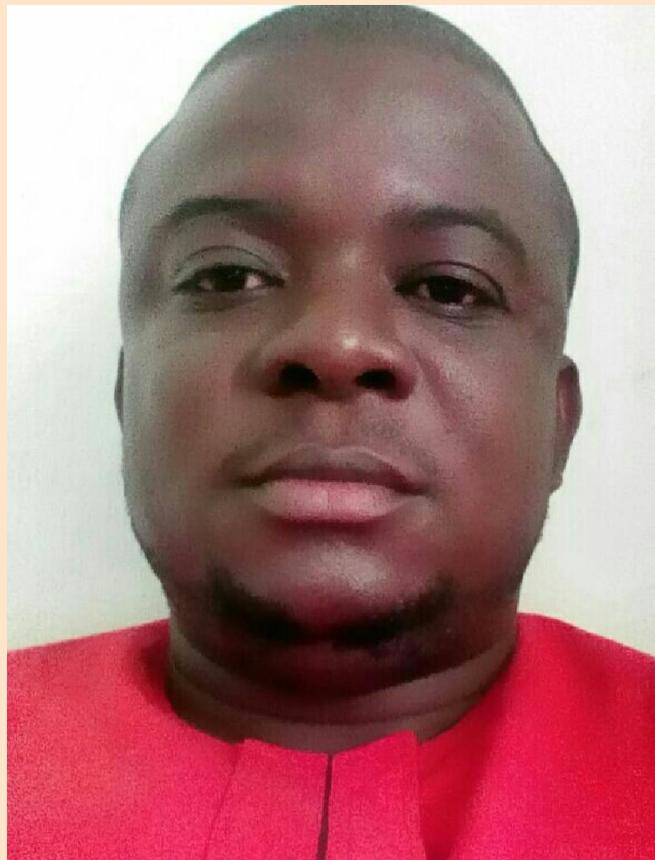
So far, the farm has employed 11 staff, provided internship training, and has recorded huge returns. Mr. Ndahi states that, “As an alumni of EDC-NE, I offer free training /mentoring services to the Centre, NYSC members during Orientation, community and faith-based youth groups, women organizations, academic institutions and also carried out humanitarian support to the less privileged in the community”.

He stated that the EDC training exposed him to compete favorably with his contemporaries across the globe and encourage families and friends to take advantage of the programme.

Experiences from South East Geo-Political Zone

Mr. Denis Anokwuru Chief Executive Officer of Cherryz Bread

Dennis Anokwuru joined the first cohort of South East Entrepreneurship Development Center (SEEDC) and



was the most impressive graduate of that cohort. Deploying the skills he acquired about entrepreneurial engagement, he converted part of their residence into a bakery to the dismay of family members, took a loan from his brother's friends and set out with a business name, Cherryz Bread. He got poor patronage from the neighbourhood but with perseverance was able to break through. He now, supplies bread to the National Youth Service Corps (NYSC) Camp in Abia State during orientation programme. The Abia State Government has equally contracted him to supply bread to all the widows of Abia in the 17 Local Government Areas for the rest of the year. That was how SEEDC's June 2016 graduate, Dennis Anokwuru, MD/CEO, Cherryz Bread, hit the millions bracket within one year of graduation.

Experiences from South West Geo-Political Zone

Mr. DAIRO David Olusegun, Chief Executive Officer of Vanvee Snailery Ventures

“I learnt of the South West Entrepreneurship Development Center from my brother who earlier attended the training. It was the EDC training that gave me



the courage to start snail farming, using my personal savings and loan support from my family shortly after my training. I now know how to keep proper records, manage my finances, cut cost and pay myself a salary. Before now, I had no business experience at all. Thanks to the EDC that taught me how to start small by re-adjusting my mindset from being a job seeker to being a job creator. I employ 1 person directly and 3 indirectly. Some important things the EDC training made me understand were that (1) choosing a business was not all about passion but you need to consider other factors, decision making and how to handle your customers and (2) thinking outside the box that if money is not coming from one business you should think of how to source for funds elsewhere rather than depending on loans. So, my success is a reference point to tell young Nigerians about CBN-EDC.”

Mr. Ogunlende Omotoyosi, Chief Executive Officer of 5 & 10 Craft Zone (Art & Design)

“A friend referred me to the South West EDC. Even though I was already into business, the EDC training deepened my knowledge about managing customers and identifying opportunities. I took the bold steps thereafter to expand and reach out to create more customers through the mindset engineering module that was delivered on the first day of the training. I used my personal money for

expansion of my artwork and business but I will need funding from government because the challenges are enormous. The CBN EDC had great positive impact and helped me to focus on what I am doing. The experience has been wonderful and minding blowing. I have employed 2 direct workers and created 5 other indirect jobs. The training was rewarding and an eye opener in terms of dealing with my clients and in record keeping. I know more customers will approach me because of my improved services as a result of the EDC programme which is part of my success story”. ■



CBN Makes Progress in its Youth Entrepreneurship Development Programme (YEDP)

By Owoade Damola

The Central Bank of Nigeria (CBN), as part of efforts to deepen credit delivery to address the challenges of unemployment, promote entrepreneurial spirits among Nigerian youth and enhance the spread of small and medium enterprises, established the Youth Entrepreneurship Development Programme (YEDP) in collaboration with Participating Financial Institutions (PFIs) and National Youth Service Corp (NYSC) on March 15, 2016.

The activities to be covered under the Programme are startups and expansion projects in the following sub-sectors:

- Agricultural Value Chain (fish farming, poultry, snail farming, etc.).
- Cottage Industry.
- Mining and Solid minerals.
- Creative Industry (Tourism, Arts and Crafts).
- Information and Communications Technology (ICT).

- Any other activity that may be determined by the CBN from time to time.

Trading activities are not permitted under this Programme. Priority is given to entrepreneurial activities with high potential for job creation. YEDP facilities could be term loans or working capital with N3 million maximum loan amount for a single obligor and N10 million for group projects jointly owned by 3-5 qualified beneficiaries. The tenor for the loans is a maximum 36 months depending on the cash flow of the

project. The facility allows for moratorium of 3 months and is accessed at interest rate of 9 per cent (all charges inclusive) by the beneficiaries. Eligible collateral include NYSC Discharge Certificates, verified certificates of tertiary institutions, School Leaving Certificate, Technical Certificate or Approved Proficiency Certificate from National Board of Technical Education (NBTE) and third party guarantors. Disbursement is 50:50 between Serving Youth Corp members and Non- NYSC (Not more than 5 years post NYSC).

The PFI that was engaged for the pilot phase was the Heritage Bank Ltd. Under the programme, the bank developed a registration portal via which interested applicants would apply and be screened for eligibility to be trained. The first batch of training was conducted for eligible applicants by the CBN Entrepreneurship Development Centres' Implementing Agencies. The training held in Lagos and Abuja from June 15 -17, 2016 at the CBN Learning Centre and International Training Institute (ITI), respectively with a total of 177 participants. The second batch of the training took place at the NYSC orientation camps in Abuja (North-Central), Jos (North-East), Katsina (North-West), Enugu (South-East), Lagos and Oshogbo (South-West) and Akwa-Ibom (South-South) between June 29 -July 2, 2016. In attendance were a total of 1,034 participants as follows:

- Abuja 156
- Plateau 90
- Kastina 144
- Enugu 144
- Lagos 138
- Osun 208

● Akwa-Ibom 154

As at June 30, 2017, Heritage Bank had disbursed N85,754,326.07 to 32 young entrepreneurs across the country. Testimonies of beneficiaries show that the programme has

enabled them to start and improve their businesses and compete in the entrepreneurship market space.

The impact are shown in the testimonies of beneficiaries below:

Testimonies from Beneficiaries

Prince Ufomba, 30 years, is the promoter and Chief Executive Officer of Helioscope Limited, Aba, Abia State. He accessed the Fund after reading about it online to expand his fish farming business by acquiring the needed equipment to forward integrate into higher value-added processing. The training aspect of the programme had broadened his horizon and helped expand his business networks. Ufomba confessed that the fund has helped increase the capacity of the business, enabled it enjoy economies of scale, and improved its credibility with stakeholders. He stated that prior to YEDP, his business growth and expansion plans were limited because funding was basically from his personal savings. At present, the Helioscope employs 3 workers. In his words, "In the short period since obtaining YEDP funding, I have almost doubled my farm capacity, added essential farm infrastructure, commenced processing and hired additional staff, despite the tight economic conditions. In addition, we have leveraged our expanded business operations to enter supply

negotiations with leading quick service restaurant operators, boarding schools, grocery operators, servicing oil and gas companies, among others. This has set us on a path towards achieving our ambitious long term business objectives". He recommended YEDP to other young Nigerians as he believes that the Fund does not only afford capital at concessionary rates, but also gives entrepreneurs the much needed and often ignored training required to successfully run a business.

Adeniran Michael Olugbemiga, 29 years, is the promoter and Chief Executive Officer of Fisher's Cottage Farms, Iju-Ishaga, Agbado, Lagos State. He accessed the YEDP Fund after a friend referred him to the portal. He utilized the Fund to expand from 1,000 fishes per cycle using 2 ponds to 10,000 fishes per cycle using 10 ponds. Adeniran believes that, "The YEDP initiative is a step in the right direction, as there are stakeholders who check the beneficiaries at impulse to ensure they efficiently manage their funds". In my own case, the bank provided business loan with a tenor of 3 years to finance fish seed (fingerlings and brood stock), fish feed, equipment, pond construction and operational expenses. Fisher's Cottage Farms employs 6 workers, 3 each on full-time and part-time bases. There is a potential to grow the business further and ultimately commence breeding operations to be able to





supply fingerlings to others who want to go into fish farming.

Mr. Nathan Ekanem, 29 years, is the promoter and Chief Executive Officer of Smartlyf Industries located at 46, Faith Road, Uyo, Akwa Ibom State. He accessed the Fund after reading about it on the Internet to start his nylon business by acquiring the necessary production inputs for smooth take-off. Although he has gradually started procuring machines and other items, the Fund made it possible for him to commence operations as it provided the working capital. He believes that the "Fund generated a force that kick-started the production in a



positive manner". He has been building up skills in nylon business in Lagos during his Youth Service but his encounter with YEDP afforded him an opportunity to discover other potentials in nylon business. He stated that as a young start-up, the business was able to hire 5 workers and has the capacity to meet the demand of its customers. I am satisfied with the YEDP and I strongly recommend it to other youths because the interest rate is very attractive and the repayment plan is favorable to infant industries.

Alarape Wasiu Ishola, 27 years, is the promoter and Chief Executive Officer of Waistod-De-Smart Global Concept Enterprises, Alalubosa Community, Off Old Jebba Road, Ilorin, Kwara State. He accessed the YEDP Fund after he stumbled on it on social media. He

utilized the Fund to start a poultry business by acquiring all the necessary equipment and building a pen house for day-old chicks. Alarape disclosed that YEDP has impacted greatly on his business as he also followed his business proposal to the letter. So far, Waistod-De-Smart employs 2 workers. While he enthused that the programme had made him realize his vision, he strongly recommended it to other young enterprising Nigerians



MSMEDF for PWDs: CBN Conducts Pre-Disbursement Workshop in 12 States

By Jonathan Uzosike

The Central Bank of Nigeria (CBN) has conducted a workshop for Persons With Disabilities (PWDs) in 12 states of the federation preparatory to the disbursement of the 2 per cent of the Micro, Small and Medium Enterprise Development Fund (MSMEDF), earmarked for them.

The pre-disbursement workshop was conducted in Cross River, Akwa Ibom,

Ebonyi, Anambra, Benue, Nasarawa, Kano, Jigawa, Taraba, Gombe, Oyo and Ondo, with an average of 150 PWDs per State in attendance.

It was jointly facilitated by the CBN branches across the country; state offices of the Small and Medium Enterprise Development Agency of Nigeria (SMEDAN); state chapters of the Joint National Association of People with Disabilities (JONAPWD); and branch

offices of participating financial institutions.

The focus of the workshop included identification and authentication of the participating PWDs, as well as presentations by the CBN and SMEDAN. The PFIs' branches also marketed their products preparatory to enabling the PWDs take informed decisions on which of them to partner with in applying for the loans.

At the end of the training, participants were assisted to open accounts with the PFIs of their choice with a view to commencing the processes for loan application. ■





Group Photograph of the AFI Delegates and Staff of the Central Bank of Nigeria

Nigeria Hosts Six Countries on Knowledge Exchange Visit to Understudy the National Financial Inclusion Strategy

By Garzali Mohammed Abubakar

The Central Bank of Nigeria, a member of the Alliance for Financial Inclusion (AFI) Kuala Lumpur, Malaysia hosted delegates from Six (6) countries: Mozambique, Senegal, Lesotho, Seychelles, Sierra Leone, and Bhutan 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 study 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 of the Central Bank of Nigeria.

Some of the highlights of the programme included technical sessions on implementation initiatives. The sessions were facilitated by both internal and external stakeholders including Nigerian Postal Services (NIPOST), Nigerian Deposit Insurance Corporation (NDIC), Security and Exchange Commission (SEC), National Pension Commission (PENCOM), National Insurance Commission (NICOM) and Federal Ministry of Education, among others.

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

The delegates equally participated as observers at

the 10th National Financial Inclusion Working Group and Technical Committee Meetings, where they experienced how the Working Groups address their specific mandates and terms of reference.

Exposure trips were also made to Hasal Microfinance Bank and Diamond Bank Plc to study their practical financial inclusion programmes.

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



Participants at Pre-disbursement Workshop in Nasarawa

Diamond Bank makes a Success Story of Women Financing

By Kayode Olubiyi

According to the 2016 EFINA Access to Financial Services study, only 30 per cent of women in Nigeria had accounts with a formal financial institution, compared to 46.3 per cent of men. In 2012, Diamond Bank Plc set out to deepen its understanding of this unbanked market and deliver products for low-income women efficiently and at low cost.

Leaving low-income women's financial needs unmet not only limits economic growth, but represents a missed business opportunity for financial service providers. Several studies indicate that once women are familiar with a service and are comfortable using it, they tend to be more loyal customers of financial institutions than men, which yield sustained commercial benefits. Women's World Banking research also shows that women are inherent savers, however, low income women often face barriers to accessing a safe place to save due to mobility and time constraints as well as low levels of literacy. They are forced to save in less reliable ways.

Diamond Bank Plc is a universal bank offering a range of banking products and services in retail, commercial, corporate and investment. As technology drives down costs, Diamond Bank saw a tremendous opportunity to use digital tools to reach the financially excluded. Digital financial services can be especially effective in reaching low-income women by offering accessibility, convenience, privacy and security through new channels such as mobile phones and retail agents. These tools



"We are aware that the future of financial inclusion is digital, and we aim to use this product to bring banking to everyone no matter your income, where you live or the type of mobile handset you are using."

- Uzoma Dozie, Diamond Bank's CEO

represent a huge opportunity to close the gender gap in financial inclusion and provide a solution for women that addresses their needs.

Turning this potential into reality however, is not as easy as turning a switch. Diamond Bank made an institutional commitment to devote the time and resources to build their

capacity to serve the low-income women's market with sustainable digital financial services. The bank began a partnership with global non-profit Women's World Banking to develop a first-of-its kind savings account for women in Nigeria's bustling urban markets.

A Savings-Led Approach to Women's Financial Inclusion

Savings products provide a natural space for Diamond Bank and low-income women clients to meet (may be for the first time) and develop a relationship. For the bank, there is less risk in approaching a new market with a savings product than when extending credit. Savings meets a need for clients and can be offered before the bank develops a deeper understanding of the risks, financing needs, and constraints of small market-based businesses.

For more than 35 years, Women's World Banking has conducted in-depth client and market research to understand women's financial behaviours and the life experiences that shape those behaviours. The organization's global research consistently shows that women have specific savings needs. They are juggling scarce resources to meet day-to-day needs with an eye toward the future. They save against emergencies and toward goals such as education and business growth. As they move through their lives, the savings goals change and they need financial products that support these evolving goals. Research with potential Diamond Bank clients confirmed this is true in Nigeria as well. Nigeria has a strong savings culture; women in the market put aside as much as 60 per cent of their daily income in informal savings tools such as *ajo*, *adako* and other methods.

In many places in Nigeria, physical proximity to a branch is the most important barrier. However, in many urban market areas across Nigeria, the distance is emotional rather than physical. The women and men who run businesses in the market are familiar with banks yet they do not see them as relevant or accessible. Even those who have accounts usually place most of their money in traditional, though more informal, financial tools. Diamond Bank set out

BETA Account Features

- No minimum balance
- No forms, ID or signature requirements
- No monthly fee or deposit fee
- Account opening and transaction in the market
- Starter pack with ATM card
- Interest paid on balances

to close this gap by offering an innovative and relevant savings product that crosses the barriers preventing low-income Nigerians from accessing formal financial services.

The BETA (meaning "good" in pidgin English) account targets self-employed market women and men who want to save frequently (daily or weekly). The Central Bank of Nigeria established a tiered know-your-customer (KYC) requirement, which made it possible to open a

simple savings account without requiring Identification (ID).

BETA is a tremendous success: today, BETA reaches over 460,000 clients, and 177,000 are women. There are over 1,100 BETA Friends nationwide offering daily savings collection, of whom 51 per cent are women.

Serving all of Women's Financial Needs

Once the market women had access to a convenient savings account, they wanted more. Now comfortable with both the digital technology and with Diamond Bank as their financial service provider, women clients also looked for more mobile banking tools as well as credit opportunities from the institution. Diamond Bank began assessing existing products and exploring new offerings to serve them.

Offering Long-Term Savings

Given incredible uptake, Diamond Bank decided to build on BETA and collaborated with Women's World Banking again to introduce BETA



Aro Sekinotu (BETA Customer)

Aro Sekinotu has been selling head scarves in Balogun market, Nigeria for 10 years. Like many women in the market, she hardly noticed the large commercial bank just steps from her stall. She did not think such a large bank would serve her as a client. Situation has change as Diamond BETA friend now takes banking to her doorstep.



Second from Right: Ime Akpan Isaacs (BETA Customer)

Ime Akpan Isaacs started her business three years ago with only ₦5,000 (US\$31). She now sees her Beta Friend regularly, making deposits of ₦1,000 a day (US\$ 6). Ime uses her savings to help support her husband and seven children. She hopes to fund her children's education, so they have opportunities beyond the market.

Target Savers as clients expressed a desire to save for goals like business, children's education and other occasions.

BETA Target Savers launched in 2015, builds upon the existing infrastructure of BETA Friends, which has been key to BETA's success. Clients say they count on daily money collection because they give whatever money they have on them, which would otherwise be spent elsewhere. "My BETA Friend is good and friends with everyone. He helps people save. He's friendly compared to other people...he's encouraging," said one woman client.

A Target Savers account can easily be set up using a mobile phone. Clients set a saving target to achieve over three, six or twelve months, while accruing interest. They can set a standing order to automatically transfer money into their Target Savers Account to help them save. Diamond Bank sends regular text receipts to clients, giving them a sense

of security that their money is safe. After the initial period, the account automatically renews for another three, six or twelve months.

Soon after launch, Diamond Bank saw average account balances growing faster than expected and total deposits far exceeding targets. One woman client said, "You keep your money to achieve what you want to do. You keep at the back of your mind to achieve your goal."

Targets are clearly driving client behaviour towards saving while digital technology is making saving accessible. However, the challenge of reaching women remains. Despite efforts to market the product specifically to women, only 33.6 per cent of them have access to a bank account. Therefore, much more needs to be done to successfully market accounts to women and ensure that they are actively using them. Diamond Bank's belief that women are an important target market, drives their commitment to

continue working to improve the BETA proposition. In March 2017, Diamond Bank's "Bank On Her" campaign increased outreach to women so that 62 per cent of new accounts of the bank were for women. The bank is working to set targets and further optimize the operating model to ensure that more women are taking up and using these accounts.

Expanding an Agent Network

The success of BETA Friends in markets confirmed to Diamond Bank that branch growth alone will not expand its customer base and contribute to the financial inclusion of women. The institution, in partnership with Women's World Banking, developed the agency banking model "Closa" to allow customers to deposit, withdraw and do other transactions in shops in their communities using mobile technology. Compared to traditional "brick and mortar" branches, agents are lower cost channels that make it possible for the bank to expand its footprint and serve lower-income clients sustainably.

Diamond Bank selects agents from its micro and small enterprise client base. Agents appreciate the prestige of being associated with the bank, having the opportunity to serve their community, and to earn an additional revenue stream from commissions on banking transactions.

The benefits to customers are significant. In research, low-income women value the convenience, as it is faster and easier for them to go to a shop nearby than to go to deposit at the bank. They say it offers all the security of a bank without the hassle of going to the branch.

Adapting a Mobile Offering for Low-income Women

Recognizing that the future of financial inclusion is digital, Diamond Bank is also working to enhance uptake and usage of its Diamond Y'ello mobile-based bank account by low-income women clients. Diamond Y'ello, first launched in Nigeria in 2014 through partnership between Diamond Bank and MTN Nigeria, is a mobile-based bank account opened instantly through the customer's mobile phone in a few simple steps and is available to MTN's over 63 million subscribers and potential subscribers. The account aims to help clients use mobile phones to carry out full banking services, and serves as an effective means of spreading financial literacy in urban, semi-urban and

remote areas. There is a national network of over 35,000 agents available to Diamond Y'ello clients.

With its ease of access, nearly 9 million people opened Diamond Y'ello accounts, but only about 2 million are women and only 1.4 per cent of women-owned accounts are active. Diamond Bank and its partner MTN are currently working with Women's World Banking to better understand the barriers impacting usage, especially among women, and developing strategies to break down these barriers, including consumer engagement, enhanced agent network, mobile tools and other product features.

Introducing Credit (SMEs)

The International Finance Corporation estimates that

approximately 65 per cent of women-led small and medium enterprises (SMEs) in developing economies are either unserved or underserved financially. This means the odds are already stacked against the growth potential of women-owned emerging businesses. According to the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), there are 37 million micro, small and medium enterprises (MSMEs) in Nigeria employing 60 million people and accounting for 48 per cent of the GDP, and nearly 23 per cent of MSMEs are women-owned.

For the bank, a loan programme for emerging businesses offers an opportunity to learn more about this sizeable market segment and its credit behaviour. For women clients, the chance to access short-term loans can lead to larger bank loans in the future.

To serve women better, Diamond Bank is investing in building the capacity of its account officers to better understand their businesses. The bank is using a holistic approach to identify clients' credit needs as well as their need for other financial and non-financial services.

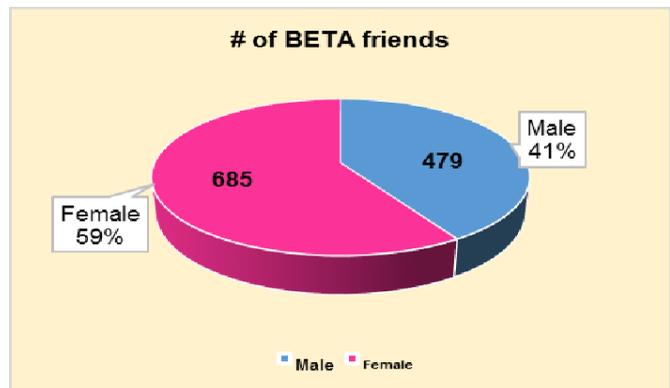
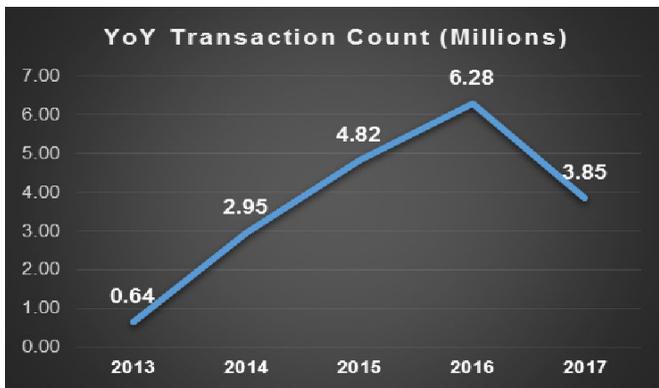
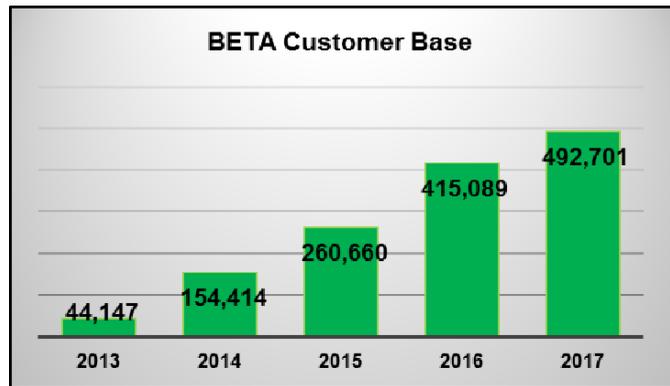
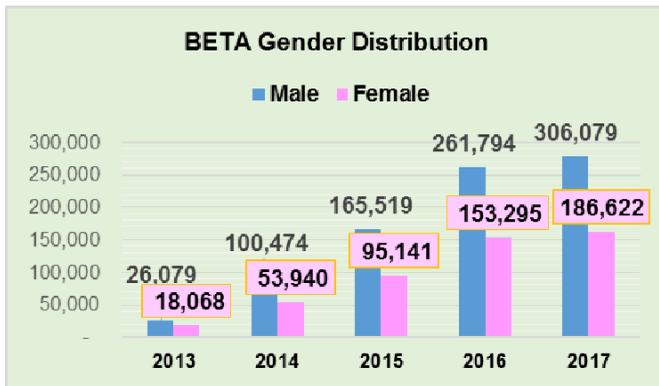
Digital credit tools hold the potential to open access to loans for smaller borrowers at a lower operational cost. This is particularly critical for women micro-entrepreneurs who often do not own collateral or traditional credit scores. Access to data is critical for enabling digital scoring models to reduce risk to the bank. Diamond Bank is preparing to test such scoring models with BETA clients, using the banks own data such as savings behaviour and usage of other banking products, and with Diamond Y'ello clients, drawing on MTN's data as well as information from credit bureaus.



First from Right: Shadiat Kareem (BETA Customer)

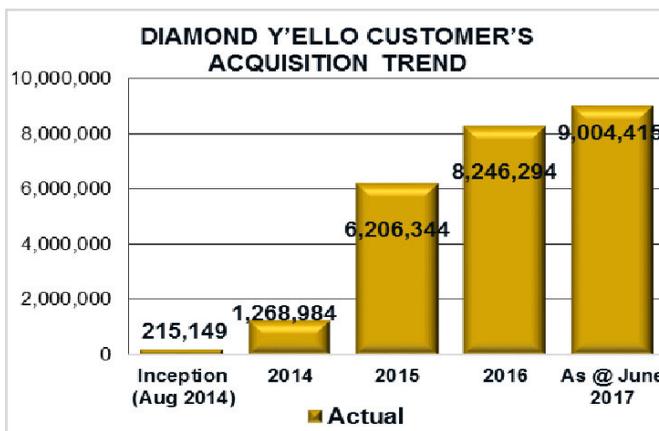
Shadiat Kareem (1st from Right) a 29-year-old fruit and vegetable vendor, recently opened a Beta savings account. Although her vegetable stall is 200ft from a Diamond Bank branch, this is her first ever savings account. Shadiat's account allows her to deposit and withdraw money at no charge without leaving her market stall and losing customers.

BETA Year-On-Year Performance



Diamond Y'ello Acquisition Year-On-Year Trend

S/N	PARAMETER	INCEPTION (AUG 2014)	2014	2015	2016	AS@ 22nd JUNE 2017
1	Total Number of Customers	215,149	1,268,984	6,206,344	8,246,294	9,004,415
2	Total Number of Agents	268	4,542	26,385	43,696	51,253



Diamond BETA Kwik Loan – A short term micro lending product

In 2015, Diamond Bank piloted another benefit to its BETA

Proposition: extending short-term loans called BETA Kwik Loan to its BETA Savings clients. The BETA Kwik loan is a short-term pre-approved loans in small amounts N50,000 (\$150.00) with a short term

repayment period of 30- day term. This gives low-income women loans to help sustain and grow their businesses or support them during emergencies.

To qualify, clients must have been a BETA Savings customer for at least six months. Their accounts must show activity within the last three months and maintain a positive balance with a minimum of N500 (\$1.50). The maximum loan amount is double the savings balance (up to N50,000 or \$150.00), and once repaid, the loans are renewable. Loan offers and acceptances are initiated and concluded through the use of mobile device and the loan disbursements are transacted through the client's BETA account. The bank's BETA Friends play a key role, disbursing and receiving the payments of the loan installments as well as educating clients about the importance of on-time loan payment. All the clients who took the Kwik loan products fully repaid the full amount disbursed and timely too. For clients, the chance to access short-term loans can lead to larger bank loans in the future.

Recently, Diamond Bank obtained approval from the Central Bank of Nigeria to collaborate with micro finance institutions to launch the BETA Kwik loan to its customers. This is to bridge the KYC requirement gap which eliminates most of the prequalified customers from accessing microcredit.

Conclusion

An Institutional Commitment to Serving Women

For Diamond Bank, reaching financially excluded women not only requires a shift in the channels, marketing and education associated with product offerings, it requires strong leadership and commitment at all levels of the bank. Executives and middle managers have participated in Women's World Banking's leadership and diversity training programs to develop internal leadership capacity



From Left to Right: Lola (BETA Friend) and Carol Onijeachownam (BETA Customer)

Carol Onijeachownam's "Beta Friend", Lola, visits her almost every day, and Carol does her best to save every time Lola visits. Frequent visits encourage women like Carol to more regularly save instead of spend.



Second from Left: Christiana Anya (BETA Customer)

Six days a week, **Christiana Anya** travels to and from work for two or more hours each way. She arrives at the market by 5am, and leaves at 5pm. Though she needs a safe place to save money to support her two children, finding even more time to visit a bank branch is impossible. Beta Friend has now changed the situation as Diamond Bank staff now goes to Christiana to address her financial needs.

and create inclusive workplaces to attract and retain diverse talent, so that they can better serve the low-income women's market segment.

This underscores the bank's long-term objective to continue building its capacity to address women's financial inclusion in Nigeria. ■

ANMFIN Expands Partnership with Chams Plc. to Boost BVN Enrollment

By **Ossai Ilome**

The Association of Non-Bank Microfinance Institutions of Nigeria (ANMFIN) is poised to extend the Bank Verification Number (BVN) enrollment infrastructure and equipment to the massive rural population who constitute the core target of Microfinance Institutions (MFIs). To this end, the organization is partnering with Chams Plc., a leading provider of integrated identity management systems and verification platforms, to address the challenge of lack of capturing devices faced by its members.

The President of ANMFIN, Hon. Hamid G. Afolabi, speaking to the ANMFINEWS editorial team revealed that ANMFIN had signed a Memorandum of Understanding with Chams Plc. to provide technical support for its members to enable BVN enrollment of their clients. He disclosed that through the support of the Financial Inclusion Secretariat, both parties had approached the Nigeria Inter-

Bank Settlement Systems (NIBSS), which is favourably disposed to creating a dedicated server to cater for MFIs' clients. Hon. Afolabi solicited for CBN's support to actualize the project.

According to the Executive Secretary of the association, Dr. Godbless Safugha, "recent developments indicate that access to finance is only available to people with BVN, since the CBN has made it mandatory for everyone, including clients of MFIs, to provide their BVN before they can access the Micro, Small and Medium Enterprises Development Fund (MSMEDF) loan. The Bank of Industry and other Development Banks have followed suit" and this developments he said, motivated the business case for the partnership.

The pilot implementation of ANMFIN's BVN enrollment project was in Zamfara State which has the lowest BVN penetration of 175,000 enrollments, according to CBN records. It has now been extended to the Federal

Capital Territory, Cross River and Osun States. Rose Gyar, Executive Director of GLOCHEED, an MFI based in Abuja, welcomed the development and asserted that it would definitely facilitate access to financial services for the rural clientele

of MFIs since they would be enabled to meet formal and informal financial services requirements as currently being set by the CBN and other government agencies.

The ANMFIN initiative is significant in that it has the capacity to capture another 10 million financially excluded Nigerians by 2020 leveraging the network and infrastructure of the MFIs and the technical expertise of Chams Plc. The MFIs have a wide outreach and deep penetration with over 4,000 of them affiliated to ANMFIN. ■



Cross section of BVN capturing devices during Flag-off

Public Notice (DISCLAIMER)

The Central Bank of Nigeria in August, 2013 launched the N220 Billion Micro, Small and Medium Enterprises Development Fund (MSMEDF) to provide low interest funds to eligible enterprises through Participating Financial Institutions (PFIs) such as Deposit Money Banks, Microfinance Banks, NGO-MFIs and Financial Cooperatives.

It has however come to the attention of the Bank that some unscrupulous persons/organizations have been parading themselves as PFIs under the MSMEDF and defrauding unsuspecting members of the public by extorting money under the pretense of assisting them to access the Fund.

Reports reaching the Bank indicate that these elements extort amounts ranging from N1,500 to N50,000 from their victims in the form of membership fees and procurement of all manner of forms as a pre-condition and/or guarantee for securing loans from the Fund.

The Central Bank of Nigeria wishes to inform the general public that at no time did it authorize or appoint any agent to sell forms or collect any fee to access the MSMEDF or indeed any of its intervention funds. For the avoidance of doubt, THE CBN HAS NOT APPOINTED ANYONE TO ACT AS AGENT to facilitate access to the MSMEDF.

The public is therefore advised to beware of the activities of the fraudsters and report anyone/organization that approaches them to pay any fee for accessing the MSMEDF or any of the Bank's intervention funds to the law enforcement agencies.

The public is also advised to contact the Director, Development Finance Department, CBN on 09-4623600 or any Development Finance Office in the CBN Branches nearest to them for information regarding any of the Bank's intervention funds.

Signed: **Director, Corporate Communications Department**
Central Bank of Nigeria



CENTRAL BANK OF NIGERIA

www.cbn.gov.ng

Tips on Financial Inclusion

The National Financial Inclusion Strategy

The National Financial Inclusion Strategy was launched on October 23, 2012 with an overall target of reducing the percentage of adult Nigerians that are excluded (do not have access to financial services) from 46.3 per cent in 2010 to 20.0 per cent in 2020. The financial exclusion rate dropped to 41.6 per cent in 2016. This has been attributed to concerted industry efforts to include more people in the formal financial sector.

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

- Payments
- Savings
- Loans
- Insurance
- Pension

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

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

State by State Distribution of MFBs and MFIs in Nigeria as at June, 2017

Geo-Political Zones/States	Number of MFBs	% of Total	Number of Non-Bank MFIs	% of Total	Number of MFBs & MFIs	% of Total
North-West						
Jigawa	12	1.2	147	4.9	159	4.0
Kaduna	30	3.0	86	2.9	116	2.9
Kano	47	4.8	156	5.2	203	5.1
Katsina	22	2.2	420	14.0	442	11.1
Kebbi	10	1.0	11	0.4	21	0.5
Sokoto	4	0.4	349	11.6	353	8.9
Zamfara	5	0.5	230	7.7	235	5.9
Sub-total	130	13.2	1399	46.7	1529	38.4
North-Central						
Abuja FCT	59	6.0	84	2.8	143	3.6
Benue	12	1.2	163	5.4	175	4.4
Kogi	22	2.2	15	0.5	37	0.9
Kwara	28	2.8	99	3.3	127	3.2
Nasarawa	8	0.8	32	1.1	40	1.0
Niger	35	3.6	38	1.3	73	1.8
Plateau	15	1.5	20	0.7	35	0.9
Sub-total	179	18.2	451	15.0	630	15.8
North-East						
Adamawa	9	0.9	69	2.3	78	2.0
Bauchi	15	1.5	101	3.4	116	2.9
Borno	5	0.5	2	0.1	7	0.2
Gombe	5	0.5	49	1.6	54	1.4
Taraba	4	0.4	2	0.1	6	0.2
Yobe	2	0.2	8	0.3	10	0.3
Sub-total	40	4.1	231	7.7	271	6.8
South-West						
Ekiti	11	1.1	76	2.5	87	2.2
Lagos	189	19.2	41	1.4	230	5.8
Ogun	50	5.1	23	0.8	73	1.8
Ondo	15	1.5	22	0.7	37	0.9
Osun	32	3.2	13	0.4	45	1.1
Oyo	55	5.6	69	2.3	124	3.1
Sub-total	352	35.7	244	8.1	596	15
South-South						
Akwa Ibom	16	1.6	68	2.3	84	2.1
Bayelsa	4	0.4	127	4.2	131	3.3
Cross River	14	1.4	58	1.9	72	1.8
Delta	36	3.7	15	0.5	51	1.3
Edo	20	2.0	70	2.3	90	2.3
Rivers	19	1.9	83	2.8	102	2.6
Sub-total	109	11.1	421	14.0	530	13.3
South-East						
Abia	20	2.0	42	1.4	62	1.6
Anambra	81	8.2	81	2.7	162	4.1
Ebony	9	0.9	23	0.8	32	0.8
Enugu	24	2.4	32	1.1	56	1.4
Imo	41	4.2	73	2.4	114	2.9
Sub-total	175	17.8	251	8.4	426	10.7
Total	985	100	2997	100	3982	100

Source: Number of MFBs, CBN; Number of Non-Bank MFIs, Association of Non-Bank MFIs