

Nigeria: new data from EFINA shows financial inclusion growth

For the first time, more than half of Nigerian adults are using formal (regulated) financial services, according to newly published data from EFINA (Enhancing Financial Innovation & Access). The [EFInA Access to Financial Services in Nigeria 2020 Survey](#) shows that 51% of Nigerian adults are using formal financial services, such as bank, microfinance bank, mobile money, insurance, or pension accounts, up from 49% in 2018. This has largely been driven by growth in banking, with 45% of Nigerians banked in 2020, up from 40% in 2018.

Growth in digital financial services and agent banking highlights opportunities to drive faster progress toward financial inclusion, particularly for excluded groups such as women, rural and Northern Nigerians.

Although financial inclusion has grown in the past decade, Nigeria fell short of the National Financial Inclusion Strategy targets for 2020. The country had aimed to reach 70% of Nigerians with formal financial services by 2020; the actual figure was 51%. The strategy also set targets for overall financial inclusion, which counts Nigerians that use either formal financial services or informal financial services that are not nationally regulated, such as savings groups. The overall financial inclusion target was 80% by 2020; EFINA data shows that only 64% of Nigerian adults were financially included by the end of 2020. This means that 36% of Nigerian adults, or 38 million adults, remain completely financially excluded.

In addition, large gaps in financial access remain for some of Nigeria's most financially excluded groups. Women continue to be more financially excluded than men, with only 45% of women using formal financial services, compared with 56% of men. Adults in Northern Nigeria continue to be significantly more financially excluded than those in the southern zones, and rural adults are still more excluded than those in urban areas. Young adults, between the ages of 18-25, are significantly more likely than older adults to be financially excluded.

In her goodwill message, Aishah Ahmad, Deputy Governor, Financial Systems Stability (FSS), Central Bank of Nigeria (CBN), said:

Financial inclusion is a strong lever for bridging income inequality, combating poverty and preserving social harmony. The CBN has accordingly been at the forefront of the efforts to drive financial inclusion in Nigeria by championing the development & implementation of Nigeria's National Financial Inclusion Strategy led by the CBN Governor.

The Deputy Governor and Chair of the Financial Inclusion Technical Committee

further remarked:

Despite progress achieved to date, critical groups remained excluded including women, rural dwellers and citizens in the northern area. To address the issue with women, CBN launched a Framework for Advancing Women's Financial Inclusion in Nigeria in 2020 and is leading the industry to implement the framework, which we expect to lead to significant increase in women financial inclusion in Nigeria.

Ashley Immanuel, CEO of EFINA, said:

At our current rate of progress, we will not reach the 2020 financial inclusion targets until around 2030. However, we can reach these targets much faster if we follow paths taken by other African countries that have seen rapid financial inclusion growth due to mobile money. EFINA's Access to Financial Services in Nigeria Surveys show that use of digital financial services and agent networks started to grow significantly between 2018 and 2020.

Phone ownership has also increased, with 81% of Nigerians now owning mobile phones. Now is the time to build on this initial progress and drive faster financial inclusion growth through digital financial services such as mobile money. We can do this by creating an open and level playing field for a wide range of providers, creating the right environment for fintech to thrive, and encouraging partnerships between different providers.

Financial inclusion can benefit individuals, families, and businesses, supporting key outcomes such as GDP growth. For the first time, the EFINA Access to Financial Services in Nigeria 2020 Survey measured the financial health of Nigerian adults, finding that only 27% of Nigerian adults are considered financially healthy, while 39% are financially coping and 34% are financially vulnerable. Nigerians require a range of useful, affordable, and accessible financial services to meet all of their needs. Many Nigerian adults continue to rely on different types of providers to meet those needs; while use of banks increased in 2020, so did use of unregulated services such as savings groups and village associations.

The EFINA Access to Financial Services in Nigeria Survey highlights significant market opportunity for financial service providers to address Nigerians' financial needs. For example, only 2% of Nigerian adults are insured, but 18 million uninsured adults say they would be interested in microinsurance. Only 7% of Nigerian adults have pension accounts, but 24 million adults without pensions are making regular savings for their retirement. While only 45% of Nigerians are banked, 35 million unbanked Nigerians own mobile phones and could be reached with mobile money.

Gail Warrander, Economic Development Team Leader, Nigeria for the UK's

Foreign, Commonwealth & Development Office, remarked:

The EFINA Access to Financial Services in Nigeria 2020 Survey shows that Nigeria has made progress on financial inclusion but there's still a way to go. The report models how the journey to the financial inclusion goal can be speeded up by encouraging the scale up of mobile money.

I firmly believe that the majority of those excluded, especially women and youth, could then enjoy the convenience of financial services, including using remote payments systems. This survey is full of rich data for policy makers, development partners and financial services companies to use.

Further information

- the UK Government's Foreign, Commonwealth & Development Office funded this EFINA Access to Financial Services in Nigeria 2020 Survey
- EFINA is a financial sector development organisation that promotes financial inclusion in Nigeria. Established in late 2007, their vision is to be the leader in facilitating the emergence of an all-inclusive and growth-promoting financial system. EFINA is funded by the UK Government's Foreign Commonwealth & Development Office and the Bill & Melinda Gates Foundation. The EFINA A2F survey report can be used as an evidence base to redefine financial inclusion in Nigeria
- to learn more about EFINA, visit: www.efina.org.ng
- to read the Access to Financial Services in Nigeria 2020 Survey Report, visit: www.a2f.ng
- to request the Access to Financial Services in Nigeria 2020 Dataset, send a request to info@efina.org.ng