

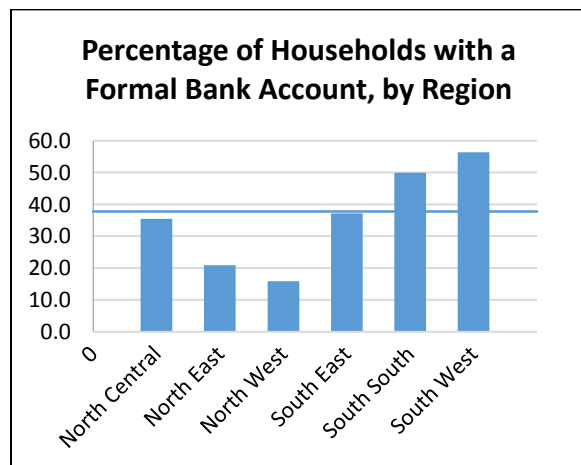


Use of Financial Services in Nigeria

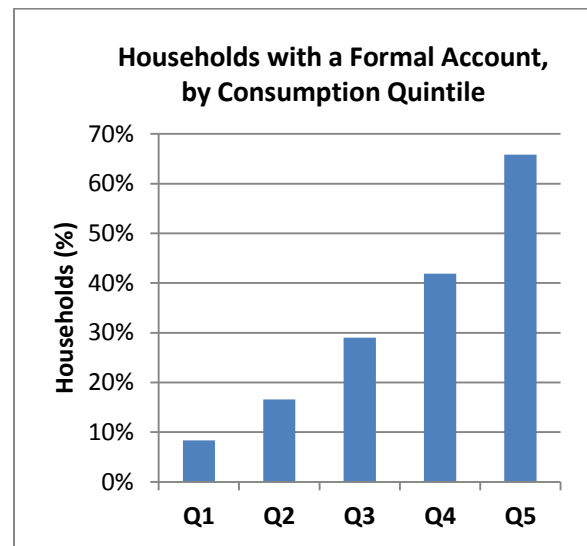
In 2010/2011, the National Bureau of Statistics in collaboration with the World Bank conducted the General Household Survey Panel (GHS-Panel), which collects detailed data on income. The GHS-Panel is a nationally representative survey with a sample of 5,000 households and 14,800 adults; the second wave runs from 2012/2013. Among a range of socioeconomic measures collected from households, the survey gathers information on banking, savings, and insurance.

Who Banks?

About one in five adults and 38 percent of households report having a formal bank account. This includes both commercial banks (34% of households) and other financial institutions such as microfinance institutions (MFI), cooperative societies, and savings associations. The incidence of banking is higher in the South West region with 56 percent of households and lowest in the North West region with 16 percent of households with a formal bank account.



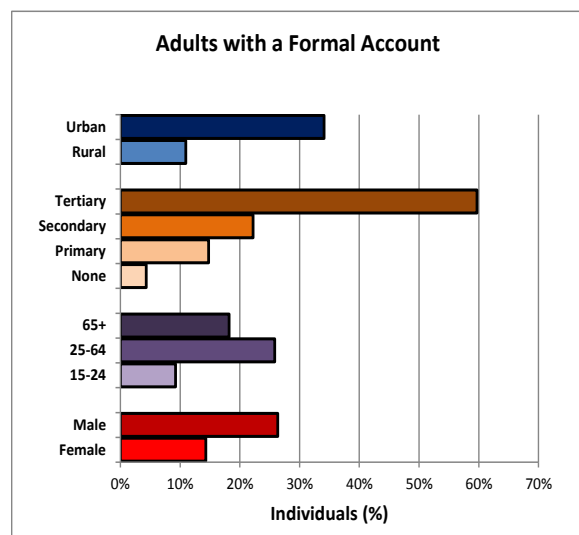
Account ownership is strongly related to poverty: the wealthiest 20 percent of households are at least 8 times more likely to have an account than the poorest households.



Along with poverty, banking has a strong urban/rural dimension. Urban households are 2.5 times more likely to have an account, compared to rural households.

Among those households with an account, about one third of them use more than one bank. Data on the individual level shows that women are almost half as likely as men to be banked. About 14 percent of women have a formal account, compared to 26 percent of men. An equal percentage of men and women report using someone else's account (6%). Among female-headed households, about one quarter have an account, compared to 40 percent of male-headed households.

Prime-age adults are the most likely to have an account. Less than 10 percent of youth (ages 15-24) are banked, compared to more than a quarter of adults 25-64. Forty percent of young adults report using someone else's account.



Accounts in formal institutions are not the only ways to save in Nigeria. Seventeen percent of adults report savings in an informal savings group (*adashi/esusu/ajo*). Women without bank accounts use community savings groups as an alternative way to store their money. They are also more likely to use these methods than men: 20 percent of women relative to 14 percent of men.

Where to Find Insurance/Credit?

Formal institutions are not the dominant source of credit. Only 4 percent of households (and 2 percent of adults) use formal credit (i.e., from a bank, MFI, cooperative society or savings association). Almost 10 percent of adults report having been rejected for a formal loan. In comparison, 24 percent of households (and 13 percent of adults) report borrowing from family/friends and 15 percent of households (and 7 percent of adults) report borrowing from a community savings group.

Borrowing patterns of men and women are similar. However, female-headed households are less than half as likely to have borrowed from family and friends.

Insurance is a rarity: only 3 percent of households report having any sort of insurance, such as health, life, or property.

Remittances

Overall, money from family and friends is about 9 percent of the value of total household consumption. About 25 percent of households receive such transfers, and for these households the remittances are a much more significant share of their consumption, being about 36 percent of total household consumption. This is a measure of remittances received and does not factor into remittances sent and *net* remittances, as households that receive may also be sending remittances.

Domestic remittances dominate. While 20 percent of households receive domestic remittances, only 2 percent of households receive remittances from family or friends living abroad. While they are more common, domestic remittances are on average smaller than international remittances (₦115'000 and ₦171'000, respectively).

Interestingly, just under half of female-headed households (45%) report receiving domestic or international remittances, compared to 19 percent of male-headed households. Among receivers of remittances, the amounts received constitute a larger percentage of total household consumption for female-headed households (57%), relative to male-headed households (27%).

This brief is based on data collected by the Nigeria National Bureau of Statistics as part of the Living Standards Measurement Study – Integrated Surveys on Agriculture (LSMS-ISA) project. The full dataset is available at NADA via www.nigerianstat.gov.ng for download.

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