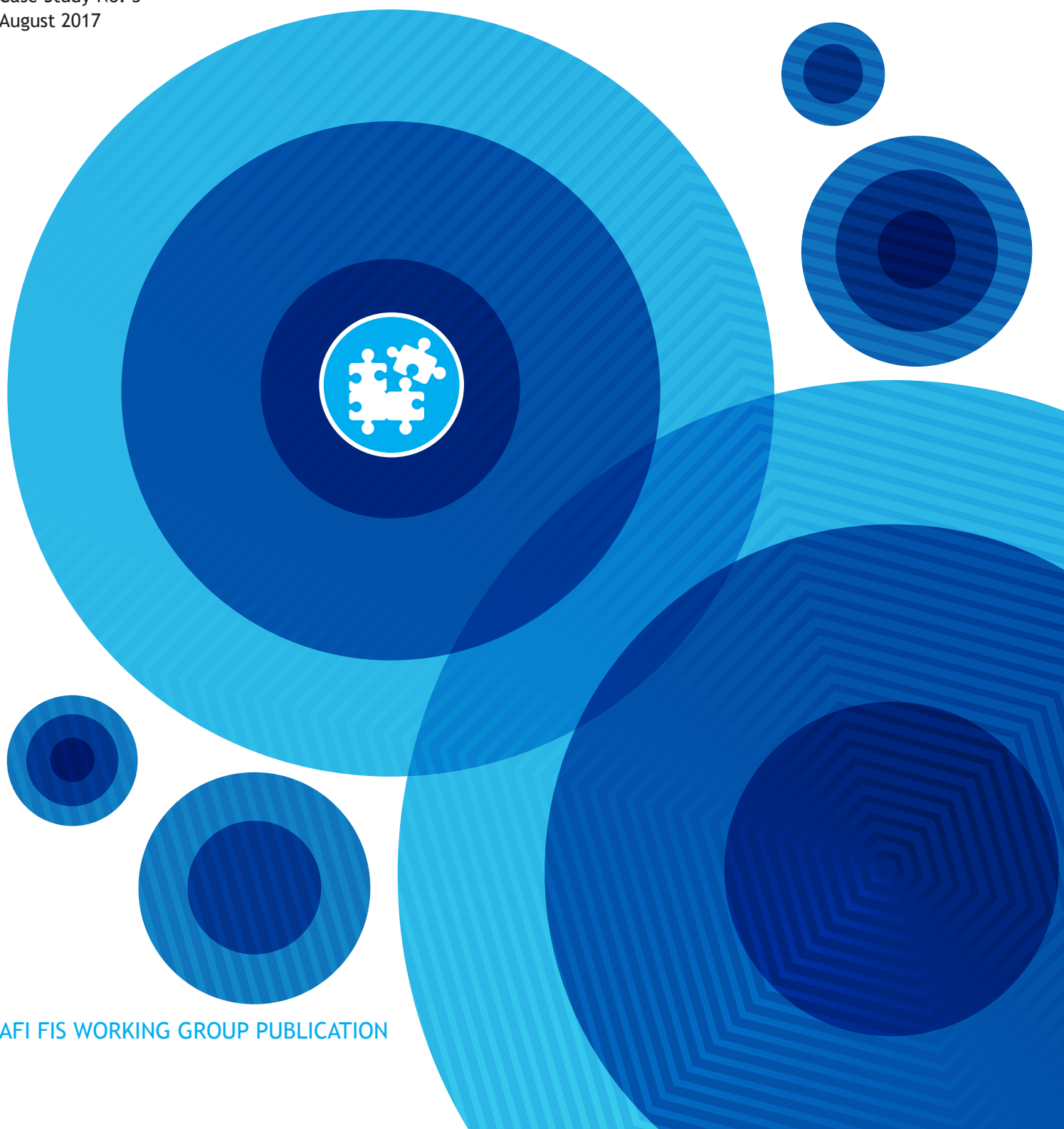




BRINGING  
SMART  
POLICIES  
TO LIFE

# BANK ON HER: DIAMOND BANK ENHANCES OPPORTUNITIES FOR NIGERIA'S LOW-INCOME WOMEN TO SAVE

Case Study No. 3  
August 2017



## CONTENTS

Background	3
A Savings-Led Approach to Women's Financial Inclusion	4
Serving All of Women's Financial Needs	5
Conclusion	8
Appendix	9

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## BACKGROUND

According to the 2016 EFInA Access to Financial Services in Nigeria study, only 30% of women in Nigeria have an account with a formal financial institution, compared to 46.3% 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 a low cost.

Leaving low-income women's financial needs unmet not only limits economic growth, but represents a missed business opportunity for financial services 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 and this yields sustained commercial benefits. Women's World Banking research also shows that although women tend to be savers, low-income women often face barriers in accessing safe places to save due to mobility and time constraints, as well as low levels of literacy. They are therefore forced to save in less reliable ways.

Diamond Bank PLC is a universal bank offering a range of banking products and retail, commercial, corporate and investment services. As technology has driven down costs, Diamond Bank recognized 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 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 flipping a switch. Diamond Bank made an institutional commitment to devote time and resources to building their capacity to serve low-income women with sustainable digital financial services. The bank began a partnership with global nonprofit Women's World Banking to develop a first-of-its kind savings account for women in Nigeria's bustling urban markets.



Mr. Uzoma Dozie, Managing Director & CEO

“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  
CEO of Diamond Bank

## 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 (maybe 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 behaviors and the life experiences that shape those behaviors. 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, their savings goals change and they need financial products that support them.

Research with potential Diamond Bank clients confirmed this is true in Nigeria as well. Nigeria has a strong savings culture; women in the markets put aside as much as 60% of their daily income using informal savings tools such as ajo, adako and other methods.

In many places in Nigeria, physical proximity to a branch is the greatest barrier. However, in many urban market areas, the distance is more emotional than physical. The women and men who run businesses in the market are familiar with banks, but they do not see them as relevant or accessible. Even those who have accounts usually place most of their money in traditional and more informal financial tools. Diamond Bank set out to close this gap by offering an innovative and relevant savings product that overcomes 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 ID.

BETA has been a tremendous success: today, BETA accounts reach over 460,000 clients, 177,000 of whom are women. There are over 1,100 BETA Friends nationwide offering daily savings collection, 51% of whom are women.

### BETA Account Features

- > No minimum balance
- > No forms, ID or signature requirements
- > No monthly fee or deposit fee
- > Account opening and transactions in the market
- > Starter pack with an ATM card
- > Interest paid on balances
- > Reward scheme with cash prizes

*Aro Sekinotu has been selling head scarves in Balogun market 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.*



Aro Sekinotu, BETA customer

## SERVING ALL OF WOMEN'S FINANCIAL NEEDS

Once 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 services provider, women clients also looked for more mobile banking tools, as well as credit opportunities, from the institution. Diamond Bank began assessing its existing products and exploring new offerings to serve low-income women.

### LONG-TERM SAVINGS

Given the incredible uptake of savings accounts, Diamond Bank decided to build on BETA and collaborated with Women's World Banking again to introduce BETA Target Savers, as clients expressed a desire to save for goals like opening a business, funding their children's education and special occasions.

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

A Target Savers account can easily be set up using a mobile phone. Clients set a savings target to achieve in three, six or twelve months, while accruing interest. They can set a standing order to automatically transfer money into their Target Savers 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.

*Ime Akpan Isaacs started her business three years ago with only 5,000 NR (US\$31). She now sees her Beta Friend regularly, making deposits of 1,000 NR 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.*



Ime Akpan Isaacs, BETA customer (second from right)

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

Targets are clearly driving client behavior towards saving while digital technology is making saving accessible. The challenge remains reaching women. Despite efforts to market the product specifically to women, when only 33.6% of Nigerian women have access to a bank account, much more must be done to successfully market accounts to women and ensure 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% of new accounts 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 for Diamond Bank that branch growth alone will not expand its customer base and contribute to the financial inclusion of women. In partnership with Women's World Banking, Diamond Bank developed the agency banking model "Closa" to allow customers to deposit, withdraw and make other transactions in shops in their communities using mobile technology. Compared to traditional "brick and mortar" branches, agents are a lower cost channel that makes it possible for the bank to expand its footprint and serve lower income clients sustainably.

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



Shahidat Kareem, BETA customer (first from right)

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 the bank to make a deposit. 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 - DIAMOND Y'ELLO

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 a 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. It is available to MTN's over 63 million subscribers and potential subscribers. The account aims to help clients use mobile phones to conduct a full range of banking services, and it has been an effective way to spread 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.

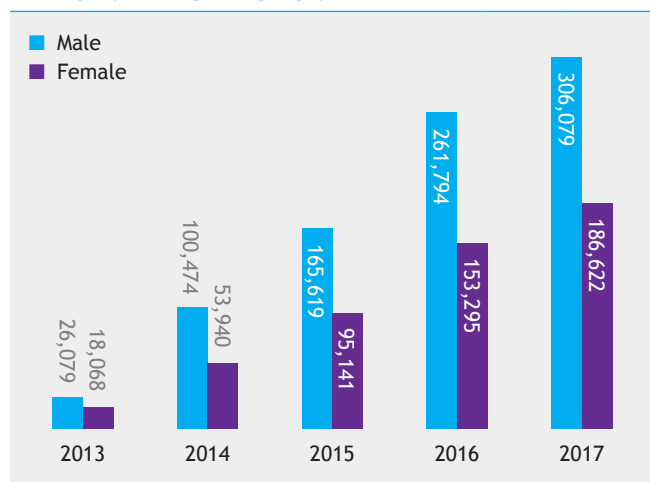
With its ease of access, nearly 9 million people have opened Diamond Y'ello accounts, with over 2 million active customers, 17% of which are women. Diamond Bank and its partner MTN are currently working with Women's World Banking to better understand the barriers impacting usage, especially among women, and developing strategies to break down these barriers, including consumer engagement, enhanced agent network, mobile tools and other product features.

### INTRODUCING CREDIT (SMEs)

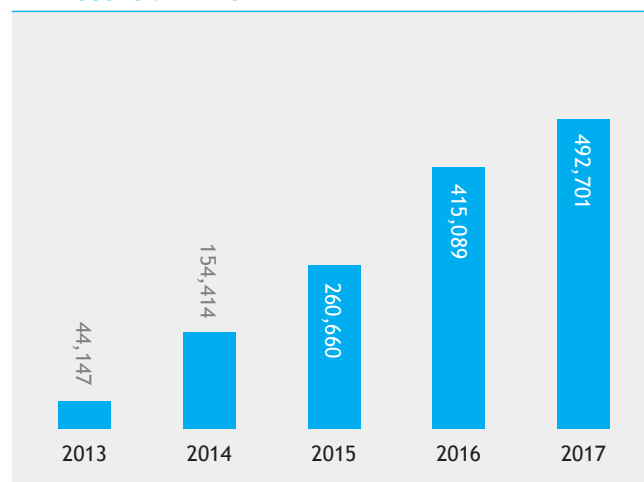
The International Finance Corporation (IFC) estimates that 65% of women-led small and medium enterprises (SMEs) in developing economies are either unserved or underserved financially. This means the odds are already stacked against the growth potential of these emerging businesses. According to the Small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

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

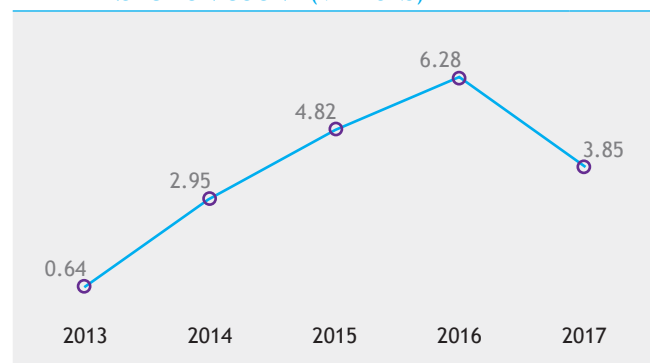
### BETA GENDER DISTRIBUTION



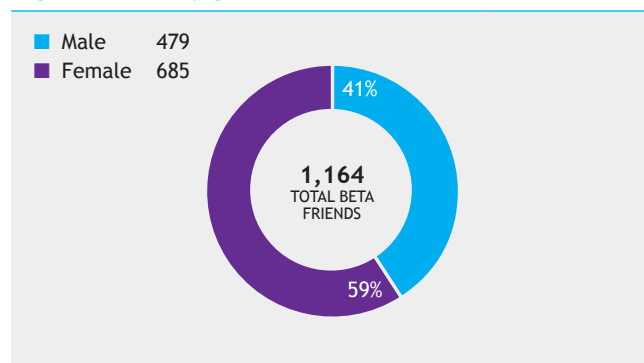
### BETA CUSTOMER BASE



### YoY TRANSACTION COUNT (MILLIONS)



### # OF BETA FRIENDS



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 microentrepreneurs, who often do not own collateral or have traditional credit scores. Access to data is critical for enabling digital scoring models to reduce risk for the bank. Diamond Bank is preparing to test such scoring models with BETA clients, using its own data, such as savings behavior and usage of other banking products and, for Diamond Y'ello clients, drawing on MTN's data and information from credit bureaus.

#### DIAMOND BETA KWIK LOAN: A SHORT-TERM MICROLENDING PRODUCT

In 2015, Diamond Bank piloted another benefit in 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 loan in small amounts (NGN 50,000 or USD 150.00) with a short 30-day repayment period. This gives low-income women access to loans to help sustain and grow their businesses or support them during emergencies.

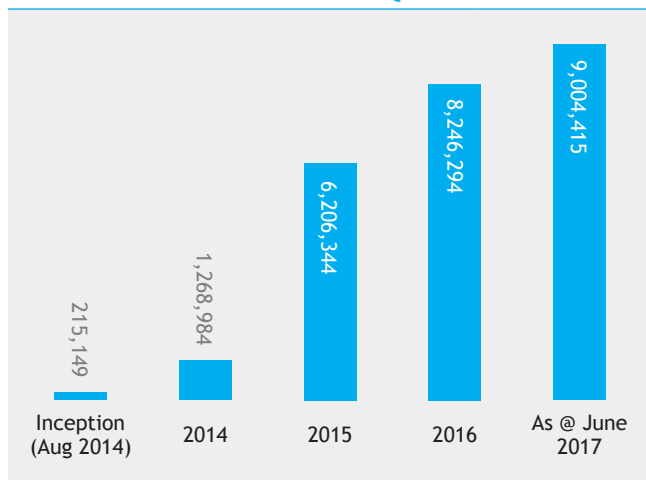
To qualify, clients must have been BETA Savings clients for at least six months. Their accounts must show activity within the last three months and maintain a positive balance with a minimum of 500 NGN (\$1.50 USD). The maximum loan amount is double the savings balance (up to NGN 50,000) and, once repaid, the loans are renewable. Loan offers and acceptance are initiated and concluded through a mobile device and the loan is disbursed through the client's BETA account. The bank's BETA Friends plays a key role, disbursing and receiving loan payments and educating clients about the importance of on-time loan payments. All the clients who have taken out a Kwik loan product have repaid the full amount disbursed in a timely manner. For clients, the chance to access short-term loans can lead to larger bank loans in the future. For the bank, the pilot loan program offers an opportunity to learn more about this sizable market segment and its credit behavior.

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

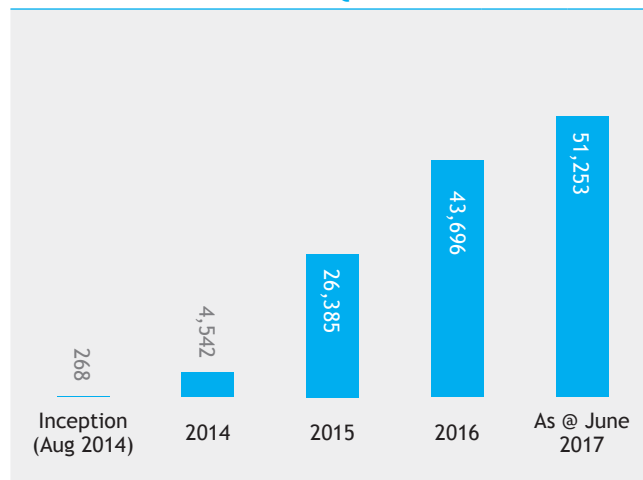
#### DIAMOND Y'ELLO ACQUISITION YEAR-ON-YEAR TRENDS

PARAMETER	INCEPTION (AUG 2014)	2014	2015	2016	AS OF 22 JUNE 2017
TOTAL NUMBER OF CUSTOMERS	215,149	1,268,984	6,206,344	8,246,294	9,004,415
TOTAL NUMBER OF AGENTS	268	4,542	26,385	43,696	51,253

#### DIAMOND Y'ELLO CUSTOMER'S ACQUISITION TRENDS



#### DIAMOND Y'ELLO AGENTS ACQUISITION TRENDS



## 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 and create inclusive workplaces to attract and retain diverse talent, allowing them to better serve the low-income women market segment. This underscores the bank's long-term objective to build its capacity to address women's financial inclusion in Nigeria.

*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 save more regularly instead of spend.*



Left to right: Lola (BETA Friend) and Carol Onijeachownam (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.*



Christine Anya, BETA customer (first from left)

## APPENDIX

### ABOUT DIAMOND BANK

Diamond Bank Plc (“Diamond Bank”) is Nigeria’s fastest growing retail bank. Through innovation and technology, Diamond Bank enhances customer experiences and drives financial inclusion in what we call ‘Beyond Banking’. Since the Bank was incorporated in December 1990, Diamond Bank has challenged the market environment by introducing new products, innovative technology and setting new benchmarks through international standards. Today, Diamond Bank is best placed to respond to changing lifestyles and is leading the digital transformation in response to these societal shifts. For example, Diamond Mobile is Africa’s leading banking app and the first with touch ID.

Delivering an enhanced customer experience is fundamental to the Diamond Bank proposition. We aim to support our customers via our tailored services, such as Diamond Woman, so that they can manage their lives seamlessly whether on-the-go or in branch - in other words, we want to go ‘Beyond Banking’.

Overall, our people remain the key differentiating factor in providing this unique customer experience across all markets where we operate and we are fully committed to consistently attracting only the best people to maintain our competitive edge. Diamond Bank has a retail-led strategy, meaning it is well placed to benefit from Nigeria’s attractive fundamental macro-economic trends, particularly in the retail market.

The Bank also has a strong Corporate Banking offering that is helping to fuel growth across Nigeria through supporting businesses, redefining the country’s 21st century economy. The Bank serves over 150,000 businesses of varying size across diverse sectors including Corporate clients as well as MSME (Micro Small and Medium-Scale Enterprises), for which it provides value-adding banking solutions.



From Right to Left: Uzoma Dozie (CEO, Diamond Bank), Chizoma Okoli (ED, Business Development), Caroline Anyanwu (Deputy Managing Director), and Chiugo Ndubisi (ED/ Chief Financial Officer)

With a primary listing on the Nigerian Stock Exchange and GDRs on the London Stock Exchange, Diamond Bank’s footprint extends beyond Nigeria, with a strong presence in the Republic of Benin and international branches in Senegal, Togo and Ivory Coast - making it the first Nigerian bank to operate in Francophone West Africa. The Bank launched its first non-African subsidiary - Diamond Bank, UK - in 2013. As of January 2016, the Bank operated 273 branches across Nigeria and 317 across the Group. Diamond Bank has frequently been the partner of choice for leading international organizations such as the International Finance Corporation (IFC) and the UK’s Department for International Development (DfID), in order to deliver programmes targeting MSMEs and to promote financial inclusion.

### ABOUT WOMEN’S WORLD BANKING

Women’s World Banking is the global non-profit devoted to giving more low-income women access to the financial tools and resources essential to their security and prosperity. For nearly 40 years we have worked with financial service providers to show them the benefit of investing in women as clients, and as leaders. We equip these institutions to meet women’s needs through authoritative market research, leadership training, sustainable financial products, and consumer education. We also engage with policymakers on national financial inclusion strategies to ensure they are inclusive of women. Headquartered in New York, Women’s World Banking works with 49 institutions in 32 countries to create access to finance on a greater scale than ever before.





#### Contact Us

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