



Strategy for Leveraging Agent Networks for Women's Financial Inclusion

November, 2022



A large, stylized illustration in the background of the page. It depicts several women in traditional African clothing, including headwraps and beaded necklaces. One woman in the foreground is holding a large, woven basket filled with oranges. The illustration is rendered in a soft, painterly style with a warm color palette of yellows, oranges, and pinks. The text of the title is overlaid on this illustration.

Strategy for Leveraging Agent Networks for Women's Financial Inclusion

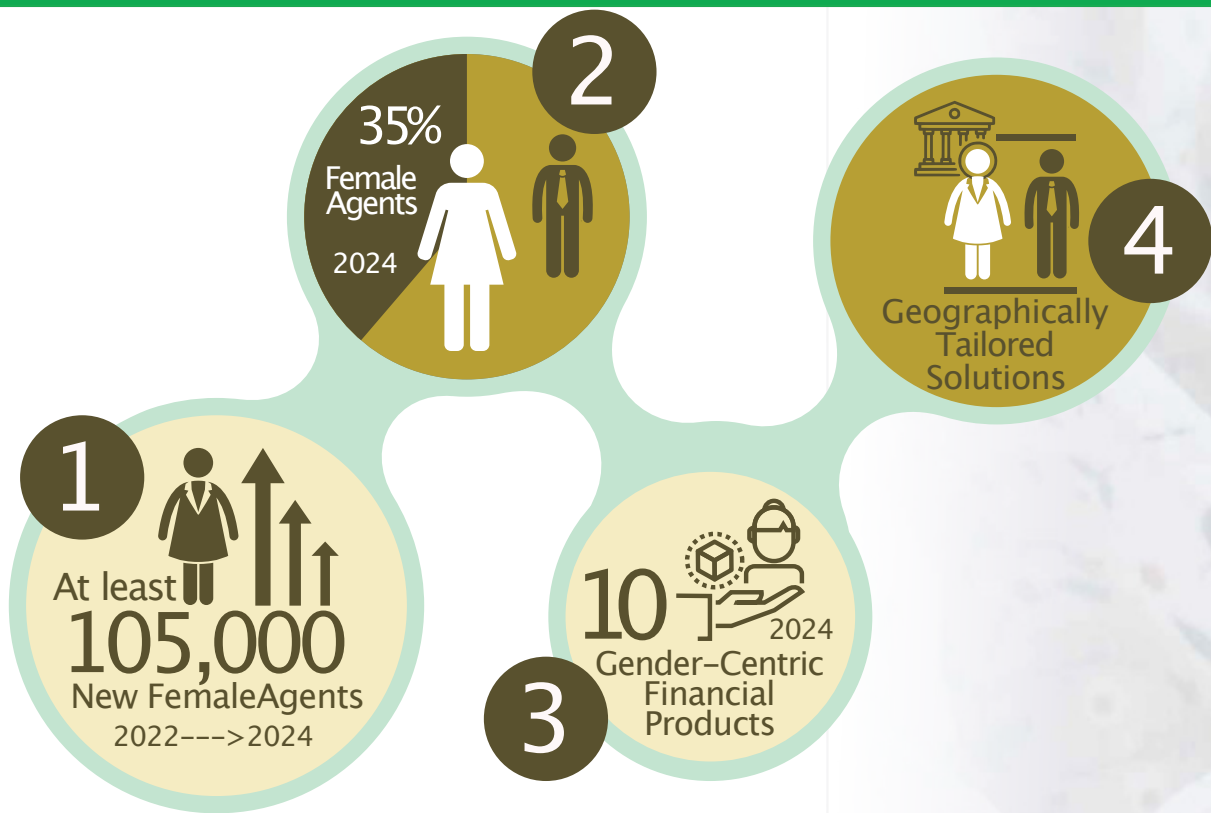
Acknowledgement

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In particular, the Governing committee appreciates the support of the Alliance for Financial Inclusion (AFI), Members of the Project Committee to develop the strategy and the Community of Practice COP '3' responsible for the expansion of channels to reach women customers closer to home.



Executive Summary



Nigeria's National Financial Inclusion Strategy focuses increasingly on vulnerable groups and on gender-equality in access to finance. Accordingly, CBN published the Framework for advancing Women's Financial Inclusion in 2020.

This strategy explains the context and the rationale of Strategic Imperative 3 of the Framework, i.e. The strategy sets out four objectives that together will realise the vision of 'closing the gender gap in access to financial products and services through the use of agent-based financial services in Nigeria'.

The first objective is to at least double the number of female financial service agents between 2022 and 2024. It means that all stakeholders together add at least 105,000 female agents to Nigeria's financial agent networks.

The second objective is to increase the proportion of female financial service agents to at least 35% of all financial service agents by 2024. It means to move the financial agent networks of Nigeria systematically closer to gender equality

Research shows that gender-equality among agents will translate into reaching substantially more female customers, hence closing the financial inclusion gender gap.

At the same time, the second objective reflects the dynamics of the agent-networks that are overall growing fast.

The third objective is to innovate and deploy at least 10 gender-centric financial products or interventions that actively leverage agent networks by 2024.

Whereas the first two objectives lay the ground, this objective is aimed at an improved and tailored value proposition for women to use financial services sustainably.

This can be triggered by Financial Institutions (and other principals) expanding the range of financial products accessible through financial agents (including government interventions, like conditional cash transfers), ideally combined with specific marketing campaigns targeting women; or by Financial Institutions offering new agent-based products for female customers.



Leveraging Agent Networks for women's Financial Inclusion

Apart from new or adapted financial products, agents and their locations could also be the focal point of non-financial interventions, for instance financial literacy training or coaching of women entrepreneurs.

The fourth objective is to ensure that all different types of stakeholders (financial institutions, super agents, mobile network operators etc.) create strategies to close the gender gap tailored to different geographies (regions of Nigeria).

This means that the priorities will differ in line with the circumstances of different regions of Nigeria. It is well known that the gender-gap in Northern Nigeria, is much larger than other parts of the country.

Accordingly, activities to reduce the gender gap in the rural North will differ from those to reduce it in other parts of the country.

These are very ambitious objectives, particularly in light of a tight time frame. They will depend on all stakeholders making active and dedicated contributions and sharing and multiplying success stories.

The strategy lays out the main activity areas to do so through regulatory initiatives and gender-strategies with action plans for financial institutions and super-agents.

The Financial Inclusion delivery Unit (FIDU) of the Development Finance Department has been spearheading the development of this strategy.

FIDU will continue to rally stakeholders to commit resources and activities to realising the strategy's vision and objectives, which will contribute to inclusive growth for Nigeria.



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List of Acronyms and Abbreviations

AFI	Alliance for Financial Inclusion
CBN	The Central Bank of Nigeria
COVID19	Corona Virus Disease 2019
DFS	Digital Financial Services
EFInA	Enhancing Financial Innovation and Access
e. g.	for example
etc.	et cetera (Latin: 'and so forth')
FIDU	Financial Inclusion Delivery Unit
GDP	Gross Domestic Product
KYC	Know-your-customer
M&E	Monitoring and Evaluation
MNO	Mobile Network Operator
MSME	Micro-, Small and Medium Enterprises
NFIS	National Financial Inclusion Strategy
NGO	Non-Governmental Organisation
PSB	Payment Service Banks
SANEF	Shared Agent-Network Expansion Facility
SI	Strategic Imperative
WB	World Bank

1 Rationale



The Central Bank of Nigeria in collaboration with a development partner, EFInA developed the Framework for Advancing Women's Financial Inclusion in Nigeria following recommendations from the Financial Inclusion Special Interventions Working Group.

The objective of the Framework is to close the gender gap in financial inclusion by 2024. This objective directly contributes to the overarching aim of inclusive growth in Nigeria. That is because gender inequality results in excluding women from socio-economic (growth) opportunities and Financial inclusion ensures that economic resilience is improved, e.g. when women gain access to savings accounts and are enabled to make their own financial choices.

The Framework identifies eight Strategic imperatives (SI) and SI3 'Expand delivery channels to service female client's closer to home', proposes the development of guidelines to improve gender balance in agent networks. Agent-based financial services have been a central driver of financial inclusion in recent years, thus, leveraging agent networks is central to realising the impact of SI3.

Thus, this strategy serves two purposes. The primary purpose is to provide the basis for the coordination of well-grounded interventions that will contribute to the objective of closing the gender gap in financial inclusion.

The secondary purpose is to enhance knowledge amongst financial Inclusion stakeholders in Nigeria to make effective use of agent networks to drive women's financial inclusion.

In line with the above, this strategy document is developed in 5 (five) main sections.

The **1st section** provides the rationale for the development of the document.

The **2nd section** outlines Nigeria's drive towards financial inclusion since 2012 in the international and national development context.

The **3rd section** summarises the past decades trend, the current status of the gender gap in financial inclusion, and the ecosystem of agent-based financial services in Nigeria.

The **4th section** lays out the strategic framework with vision, principles and objectives of the strategy, as well as the main actions and interventions to achieve the objectives by 2024.

The **5th section** outlines the institutional set-up, monitoring & evaluation (M&E) framework and a rapid risk analysis for this strategy.



Introduction

2.1 Nigeria's Financial Inclusion drive

a) National Financial Inclusion Strategy

Nigeria adopted the National Financial Inclusion Strategy in 2012. It set the target to reach 80% financial inclusion of all adults in Nigeria.

By 2014, a fully functional financial inclusion secretariat was established followed by the inauguration of the Financial Inclusion governance structure for the delivery of targets set in the NFIS.

In 2018, the mid-term review of the National Financial Inclusion Strategy affirmed and adjusted its priorities and principles to include;

- Promote rapid growth of agent networks;
- Harmonise KYC requirements to increase access to financial services;
- Create an environment conducive to serving the most excluded;
- Drive adoption of cashless payment channels.

b) Financial Inclusion Gender Gap

One of the most financially excluded groups in Nigeria are women. In 2016, the gender-gap in financial inclusion in Nigeria stood at 9.7%. This means that, only 53.5% of women, compared to 63.2% of men, were financially included through banks or formal non-banks.

In 2018, a sub-committee of the National Financial Inclusion governance structure addressed gender-related financial inclusion issues and recommended to develop a comprehensive framework that would provide a guide and blueprint for women's financial inclusion.

Thus the 'Framework for Advancing Women's Financial Inclusion in Nigeria' was developed by the Central Bank of Nigeria in collaboration with EFInA in 2020.

The Framework sets out eight strategic imperatives to close the gender gap in financial inclusion by 2024.

In the short-term, the Framework focuses on women's account ownership, with ambitious targets for inclusion required to reduce the gender gap. In the medium- (to longer-) term, it aims at building a culture of usage of financial services by women across Nigeria in a sustainable way.

Strategic Imperative three (SI3) within the Framework focuses on delivery channels to serve women close to home.

The most promising of these delivery channels are agent networks, which have grown massively from 10 agents per 100,000 adult Nigerians in 2016 to 631 in 2021¹.

Its growth has exceeded the target in the National Financial Inclusion Strategy of reaching 476 agents per 100,000 adults in 2020.

Thus, CBN decided to focus on leveraging these agent-networks for women's financial inclusion as the core approach under Strategic Imperative three.

2.2 International Context

In 2011, the Alliance for Financial Inclusion (AFI), a global network of concerned policymakers and supervisors, issued the "Maya Declaration", the first set of global and measurable financial inclusion commitments to:

1. Create an enabling environment that increases access and lowers costs of financial services;
2. Implement a proportionate regulatory framework that balances financial inclusion, integrity and stability;
3. Integrate consumer protection and empowerment as a pillar of financial inclusion;
4. Use data to inform policies and track results.

Over 80 countries, including Nigeria, have since endorsed the Maya Declaration. In 2016, AFI members endorsed the "Denarau Action Plan" (DAP).

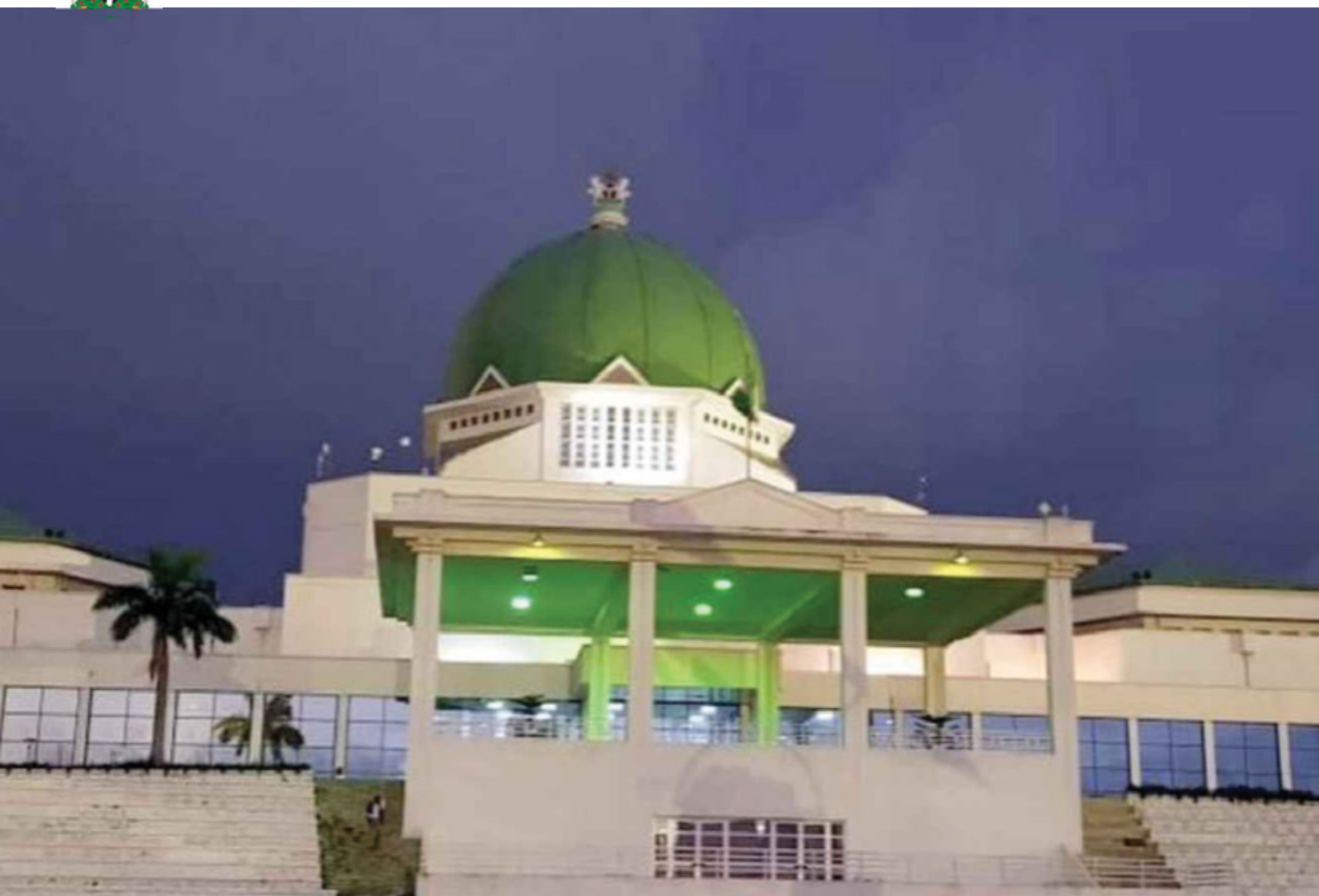
The DAP identifies measures AFI members can take to increase the number of women with access to quality and affordable financial services and thus eventually close the financial inclusion gender gap.

The Action Plan encourages members to create an enabling (regulatory) environment that accelerates women's financial inclusion.

Specifically, it mentions collection of gender-disaggregated data and leveraging of digital financial services (DFS).

AFI supports the development of this strategy and its implementation plan to realise strategic imperative three of Nigeria's action plan to close the financial inclusion gender gap.

The agent-per-100,000-Adults-ratio for 2016 is given in Nigeria's revised financial inclusion strategy (<https://www.cbn.gov.ng/out/2019/ccd-national%20financial%20inclusion%20strategy.pdf> 7/1/22). The ratio for 2021 was calculated by the authors based on the World bank's population figures for 2020 and the unique agent outreach of about 700,000 indicated by SANEF in the stakeholder workshop in February 2022.



2.3 Financial Inclusion and National Development Objectives

The Federal Government of Nigeria developed the National Development Plan (NDP) 2021 – 2025 with the aim of unlocking Nigeria's potential in all sectors, thus promoting sustainable and inclusive development of the country. Its objectives include:

1. To generate 21 million full-time jobs by 2025;
2. To lift 35 million people out of poverty by 2025;²
3. To invest in critical physical, financial, digital, and innovation infrastructure.

The provision of an inclusive ecosystem and greater opportunities for young people and women are addressed as cross-cutting themes in the NDP.

This is supported by international development research showing that gender equality enhances Economic efficiency and improves development

outcomes.³

The NDP aims to establish structures to increase financial inclusion, so that Nigeria can attract financial resources to achieve enhanced economic growth and development.

The plan acknowledges the opportunity to deepen Nigeria's financial systems through increased financial inclusion and formalisation of the economy. Furthermore, the plan states the importance of targeting financial literacy, and inclusion initiatives for a wide range of demographic segments and industries.

It recognises recent Fintech innovations as enabling factors for the extension of financial services to the underserved population.

²Federal Ministry of Finance, Budget and National Planning: "National Development Plan (NDP) 2021–2025. Volume 1"

³The World Bank. 2012. "Gender Equality and Development." World Development Report 2012.

⁴International Monetary Fund. 2018. "Pursuing Women's Economic Empowerment." <https://www.imf.org/en/Publications/Policy-Papers/Issues/2018/05/31pp053118pursuing-womens-economic-empowerment>; Sahay, Čihák, and other IMF Staff. 2018. "Women in Finance: A Case for Closing Gaps." IMF Staff Discussion Note, SDN/18/05.



Financial inclusion is a dimension of inclusive growth. Inclusive growth combines economic growth (i. e. GDP expansion) with reducing income inequality and financial stability.

Economic growth and income inequality are gender-biased: Women are more often than men, prevented from equal access to education, and from productive inputs and economic opportunities.

Therefore, closing the gender-gap in financial inclusion is a corner stone of building a more gender-equal economy, which will unlock additional (relative to a gender-unequal economy) potential for all. An IMF publication⁴ states that;

- women's economic empowerment enhances productivity, economic diversification and income equality;
- greater inclusion of women as users of financial services, generally has a positive impact on long-term macroeconomic growth, through enhanced access and use of accounts for financial transactions, savings, and insurance;
- a higher share of women on boards of financial services-supervision agencies can be associated with greater financial inclusion.
- Research finds that female board representation has a significantly positive effect on firms' financial performance in Nigeria; and that at best female management of the Nigerian stock market is associated with better performance⁵.

Initial research of the past two years of the COVID-19 pandemic suggests that efforts to drive inclusiveness has stalled, with increasing gender inequality.

At the same time, research shows that access to payment services – a dimension of financial inclusion – reduces vulnerability. In line with this, the EFInA agent survey found that many financial services agents experienced improved business trends during the pandemic.

This suggests that Nigeria's financial service agents contributed to mitigating the negative effects of the COVID-19 pandemic and to reducing the vulnerability of customers.

The NDP builds on Nigeria's Economic Sustainability Plan of 2020 to mitigate the negative impact of COVID-19 on the economy.

A National Micro, Small and Medium Enterprises (MSMEs) Development Fund developed by the Central Bank of Nigeria to support the private sector in the diversification of the economy supports the NDP and has a particular focus on women.

Sixty percent of the MSME Development Fund has been reserved for women entrepreneurs, who make up at least 41% of micro-businesses in the country.

Thus, closing the gender-gap in financial inclusion is a solid corner stone for a successful economic policy and for realizing a path of inclusive growth of Nigeria's economy.

⁵ Chijoke-Mgbame, Boateng and Mgbame. 2020; Ayadi et al. 2015.

⁶ Exemplarily: Stupnytska et al. 2014; Ibor, Offiong and Mendie. 2017; Hendricks. 2019.

2.4 Strategy development process



This Strategy is an output of a consultative process with multiple stakeholders under the auspices of the National Financial Inclusion Governing Committee. The implementation of the Framework for Advancing Women's Financial Inclusion coordinated by the Financial inclusion Delivery Unit and driven through a Community of Practice model provides the impetus for the development of the Strategy.

The figure below provides an overview of the processes involved in the development of this Strategy.

Pre – Formulation Phase

Overview of the development process

I.I Institutional structure

This Strategy is embedded into the NFIS governance structure.

Its implementation will be led by the Development Finance Department and co-ordinated by the Financial Inclusion Delivery Unit.

In its Pre-Formulation phase, the document was conceived in collaboration with the Alliance for Financial Inclusion and subsequently developed with the support of a multi stakeholder project committee and the international consultant contracted.

I.2. Concept

Through the Financial Inclusion Special Interventions working group the 'Framework for Advancing Women's Financial Inclusion' was developed; it specifies 8 strategic imperatives to close the Financial Inclusion gender gap in Nigeria

The strategy serves to make actionable, Strategic Imperative 3 – **'Expand delivery channels to service female client's closer to home'**.

The first live-cycle of the strategy is 2022–2024; a second live-cycle may be conceived based on the status of target achievement, i. e. how much the gender gap in financial inclusion will be reduced.

An international consultant was contracted to carry out the diagnostics & analytics and to support the formulation phase.

I.3. Diagnostics/ Analytics

A diagnostic study was produced based on extensive literature review and consultation of all relevant categories of financial sector stakeholders – regulators, public and private agent-based financial service providers, support organizations.

The diagnostic study also includes a rapid regulatory impact assessment. Furthermore, global practices were analyzed and presented as use case report.

The final draft of the diagnostic study and use case report were shared with and discussed by a workshop, which over 50 representatives of all categories of financial sector stakeholders attended.

II. Formulation Phase

II.1 Policy Actions

Policy actions were drafted based on the diagnostic study, use case report and stakeholder workshop (see I.3 above).

A stakeholder map as basis for appointing responsibilities and for the M&E framework is included in this document

The objectives of this strategy and the policy actions to achieve them were discussed and validated in a stakeholder workshop.

II.2 Implementation plan

An implementation plan based on the feedback from the steering committee and the stakeholder workshop (see II.1) was then developed. An M&E Framework is included in this document

For an outline see annex 6.

II.3 Implementation phase

The implementation phase will run to 2024. Based on the feedback loop from the M&E framework, a second phase could be defined.



3 Status and Trends

3.1 Financial Inclusion

“Financial inclusion is achieved when adult Nigerians have easy access to a broad range of formal financial services that meet their needs at affordable costs.”

Overall, access to bank services has expanded in Nigeria. By 2020, 45% of the adult population accessed either or several of the different financial services:

- Remittances and savings accounts contributed relatively stable between 2016 and 2020, with about one in four adult Nigerians accessing each of these services;
- Income received through bank accounts has expanded steadily in the same period, from 8 to 12% of adult Nigerians; this reflects improved social nets provided by government agencies;
- Access to loans has been rather stagnant at low levels: after a rather sharp drop between 2016 and 2018 (from 3 to 1%), it increased to 2% by 2020;
- Payments and banking agents were very dynamic and account for the lion's share of the overall expansion: Payments almost more than doubled between 2016 and 2020, to about three in ten adult Nigerians; banking agents expanded their reach more than six-fold, to about 2 in ten adult Nigerians.

Financial inclusion is wider than access to bank services. It also includes services from formal non-banks; and services from informal service providers. An example of the former are finance companies (credit-only), an example of the latter are savings groups. EFINA calculated formal and informal financial inclusion in Nigeria to reach 64.1% of adult Nigerians in 2020; while 35.9% were financially excluded. Financial exclusion has reduced by about 6%-points between 2016 and 2020.

EFInA (2020) notes that ‘Stubborn access gaps have persisted since 2008 for the most excluded groups: women, northern Nigerians, Nigerians in rural areas, and youth.’

The CBN, in collaboration with ‘Enhancing Financial Innovation & Access (EFInA)’, has been regularly generating valuable data about financial inclusion in Nigeria since 2010. Notably, CBN has advanced the collection and publication of gender-disaggregated data. However, financial service providers and bank-agents respectively have not implemented this prerogative until very recently.

Access to Financial Products by Year (2016–2020)

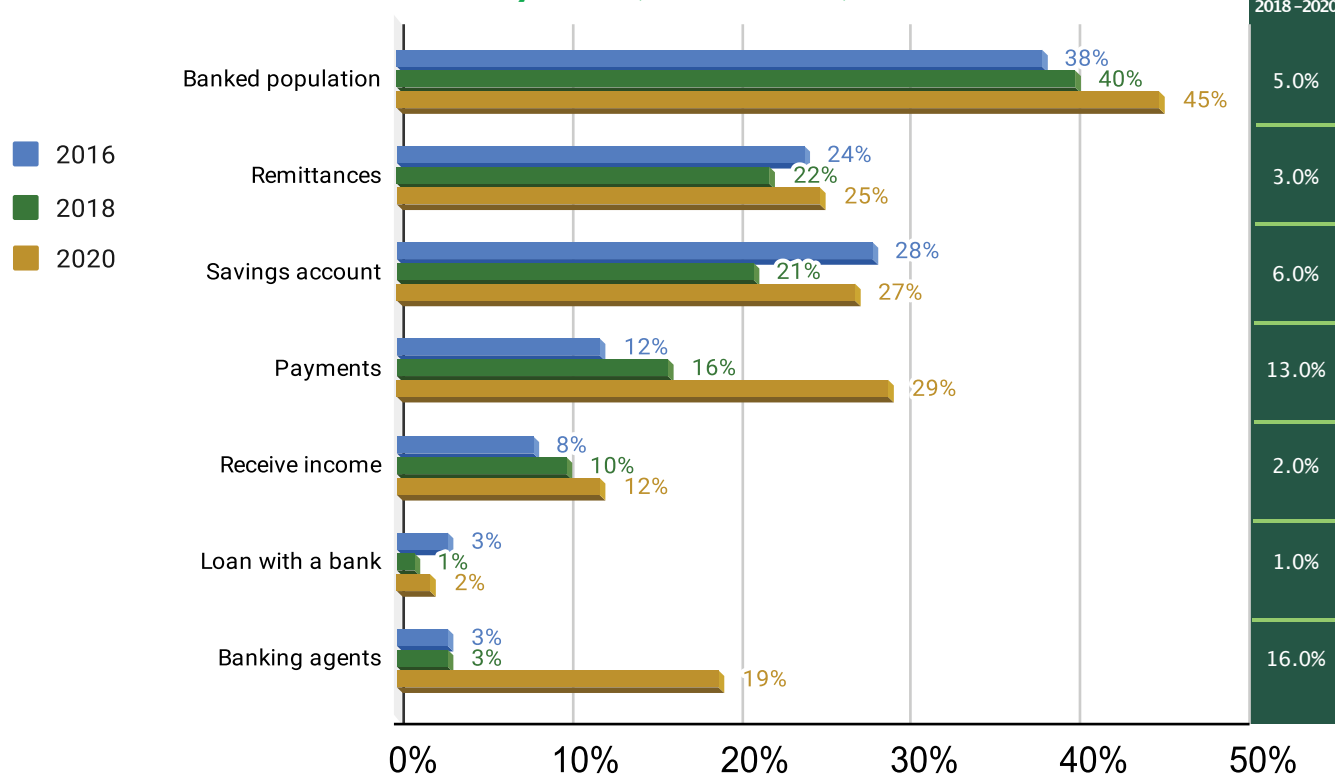


Figure 1: Financial Product access strands by year (2016–2020)

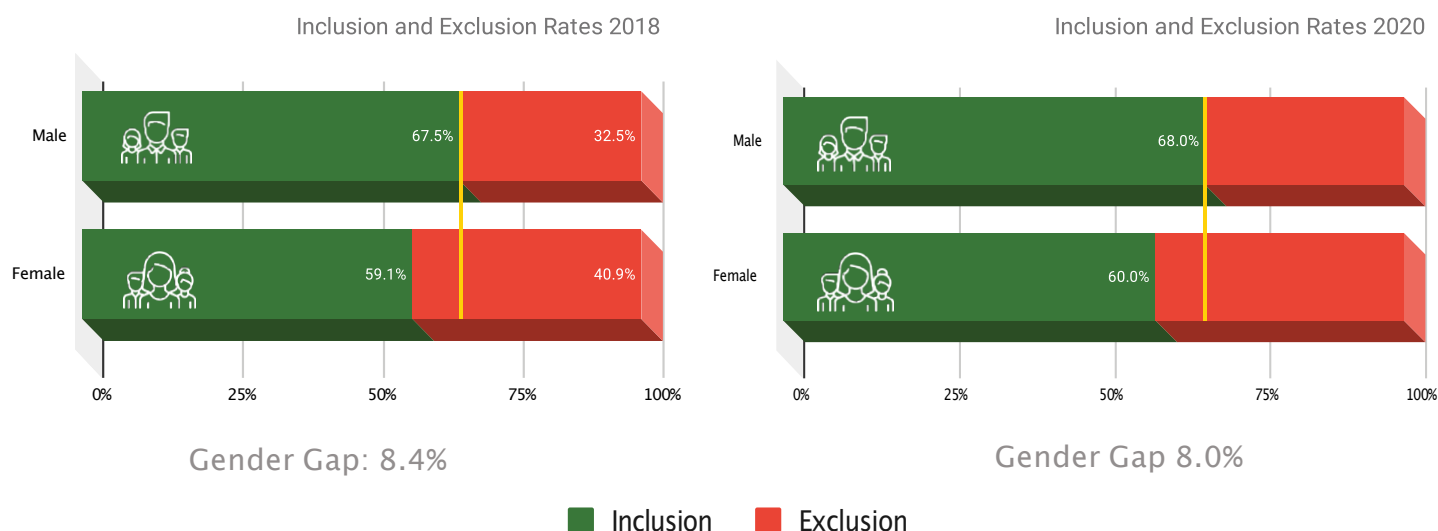


Figure 2: (Formal Financial Inclusion 2018–2020 – Men Vs Women)

3.2 Status of gender-gap in financial inclusion (2020)

Progress towards financial inclusion has been adversely affected by unforeseen socioeconomic factors such as the economic recession, the precarious security situation in parts of northern Nigeria, and other factors such as the slow uptake of Digital Financial Services (DFS). (EFInA 2019, p. 6)

In 2020, the gender gap in Nigeria's (formal) financial inclusion stood at 12 %-points⁷. I.e. EFInA (2020) reported that 57% of Nigerian men but only 45% of Nigerian women accessed financial service or formal non-bank services.

From the vantage point of the financially excluded, the gender gap stood at 8 %-points. I. e. EFInA (2020) found that 40% of Nigerian women were financially excluded but only 32% of Nigerian men.

Financial exclusion of women was reduced slightly faster than that of men between 2018 and 2020; hence the gender gap contracted marginally.

A country-comparison for the earlier part of that decade shows that gender-gaps in several African countries had been widening, even when financial inclusion improved, because women were brought into the financial system slower than men. In Nigeria, some of these

Issues appear to have been resolved, though evidence is available for very few countries. (annex 1).

Based on the EFInA-reports from 2012 to 2020, the trend over the decade appears rather flat. The proportion of both men and women who are formally financially included has increased by about 10 %-points (men are a bit closer to that mark than women are). The proportion of excluded has decreased less markedly; it has been edging towards three in ten men and towards four in ten women respectively.

There are two main reasons for this observation:

On one hand, there have been movements between the different categories of formally financially included as well as between formally and informally included strands of the population.

Note that these strands are measured as mutually exclusive. Nigeria has a relatively high proportion of banked population. Countries with higher expansion of financial exclusion (notably East-Africa) have a larger proportion of population in the formal non-bank and informal strands, and these strands have been accounting for most of the change in the past decade.



On the other hand, the adult population of Nigeria has been growing steadily and substantially, from 88.7m in 2012 to 110.9m in 2020 (World Bank 2020). Thus, the absolute number of financially included Nigerians has increased massively. In 2012, about 34m women were formally financially included, in 2020 their number had gone up to 49.9m. The absolute number of financially excluded Nigerians has about stagnated. It could be said that population growth masks some part of the success of Nigeria's financial inclusion drive.

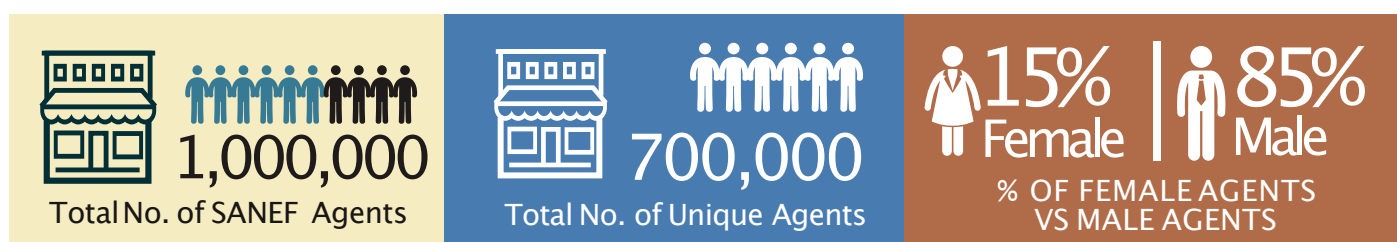
Based on the data and international experience available, Nigeria's policy-makers aim at

harnessing the potential of Fintech solutions, for instance mobile money, as well as agent-based financial service. EFINA (2020) shows that financial service agents are the largest component of formal non-bank services now, and they have by far the largest growth-rate since 2018. Mobile money still takes a very small share (4% of adult Nigerians used it in 2020, compared to 24% who used financial service agents), though it has expanded modestly since 2018.

It may be noteworthy that 5.3m more Nigerians used informal services in 2020 than in 2018. The lion's share of these services were group-based.

⁷ We use the simple difference between the proportion of men and women included (respectively excluded). This is the most intuitive expression of the gender-gap and therefore appropriate for this strategy document. The relative or percentage difference would be exacter; as CBN/ EFINA (2019, p. 7) argues, 'absolute difference does not sufficiently uncover the extent of the gender gap. For instance, when the overall inclusion level is low, the absolute gender gap can hide a significant inequality between women and men. Relative difference more accurately shows the extent of disparity.'

3.3 Agent-based financial services



According to SANEF, about 1,000,000 financial service and/or mobile money agents are registered, which they estimate translates into 700,000 unique Agents⁸. SANEF reports that approximately 15% out of these are women.

The Main actors in the realm of agent-based financial services include Mobile Network Operators (MNO), deposit money banks and Fintech companies.

In addition, the insurance market comprises of a large number of insurance agents (dedicated) and a comparatively small number of insurance brokers (non-dedicated); yet about 90% of insurance premium are managed by them.

The sector is mainly characterized by agents operating up to 3 years, both male and female. For both genders, the motivation for becoming a Financial Service agent is to have an income source.

Moreover, female agents consider it to be an opportunity to be seized for earning a living as they are on average less educated and therefore might have less chances to get a formal job in a prestigious organization (i.e. financial institution [FI]). Other challenges are liquidity issues and downtimes of the network and internet platform.

Table 1: SWOT-Mapping of agent-based financial services in Nigeria

Strengths	Weaknesses
	Relatively few non-dedicated agents
Different agent models beget Competition and innovation	Low outreach of insurance agents' network (compared to other fin. Market segments)
Very dynamic = fast growth since 2016	Agent business often 'rough' because local authorities are not well informed about this business (adds to lack of trust)(perceived) to be expensive to low-income clients
Partially centralized = better supervision and management	
	'Gender lens': Grossly lacking gender-disaggregated data on agent-based transactions
'Gender-lens': More young women than men appear to be joining agent-businesses	Lack of women-tailored products and services available to "sell"

⁸ The difference accounts for agents that are double counted in the database, for instance because they operate more than one POS-machine for more than one principal; this reflects the principle of non-exclusivity. These figures were shared in CBN's stakeholder workshop in February 2022, where the draft strategy was discussed.



Opportunities

- ▶ Telcos entering agent-based financial services through PSBs
 - ▶ FinTechs entering agent-based financial services
 - ▶ Expansion of services offered by agents, particularly participation in opening accounts
 - ▶ Microcredit offered through agents may expand outreach to underserved populations
 - ▶ Commission deregulation = pricing competition = customer pays less
- ‘Gender lens’:**
- Female agents are generally more profitable
 - Female agents gain more trust

Threats

- ▶ Unreliable networks (translates into low trust)
 - ▶ Fraudulent (pseudo)agents undermine trust into agent-based financial services
 - ▶ If financial service-agents remain barred from opening accounts, telcos may swipe the market with e-wallets
 - ▶ Agent-involvement in credit-products could create indebtedness risks if not carefully monitored and regulated; it could also re-enforce the risk from fraudulent agents!
- ‘Gender lens’:**
- Security threats in some regions may keep women out of the agent business
 - If traditional ‘influencers’ take a vocal stand against women in agent-business, it may further harden the gender-gap in Northern Nigeria

4. Strategic Framework

4.1 The 2020–Strategic Imperatives (SIs)

a) Overview

CBN (2020) defined eight strategic imperatives (SIs), which together show the path to closing the gender-gap in financial inclusion. Each of the imperatives is necessary, but no one alone can be sufficient (annex 2).

Each strategic imperative makes a size-able contribution to the objective; and each depends on some or all of the others to realize its full impact.

This strategy is positioned at the core of SI3: 'Expand delivery channels to serve women customers closer to home.'

b) Interdependence between SI3 and the other seven SIs

The potential meets the eye: Agent-based financial services have been a central driver of financial inclusion in recent years. Thus, leveraging agent-networks is central to realizing the impact of SI3.

In an economy where information and communication technologies work seamlessly and are thus affordable for all strata of society, digital financial services would drive financial inclusion without agents. SI7 acknowledges this opportunity, as well as the fact that Nigeria is one of the most vibrant FinTech-markets of Sub-Saharan Africa. Nonetheless, such economies are rare.

In most real economies around the world, agent-networks play a critical, complementary role.

Regulation (SI5) is another area that affects equal opportunities for men and women. The diagnostic study for this strategy did not find legal roadblocks for agent-networks reaching men and women alike.

However, the regulatory details of the financial services guidelines may need to re-calibrate the balance between outreach specifically to women and risks related to a broader range of permissible agent-activities (in a fast growing eco-system of agents).

These are touched on in section 4.5 on regulatory initiatives. An important regulation is to mandate all agencies and providers to report and thus collect gender-disaggregated data (SI4).

Without this, it is impossible to measure progress towards closing the gender-gap and effects of various measures to achieve such progress.

Driving account opening (SI1) and building financial literacy (SI2) are practically inseparable from leveraging agent-networks for financial inclusion.

That is because these SIs contribute directly to the business case of agents', i. e. Their reaching female customers and their 'opening shop' in the first place.

It is clear that many financial products, such as loan, investment and insurance products, are not designed with female customers in mind. SI6 calls for financial products that actually propose value to female customers; delivery channels being one of the important definers of a product, they are even repeated here.

Last but not least, SI8 addresses women's participation in leadership and representation in staffing. It is now well established that gender-balance improves organizational performance.

Accordingly, it is not a surprise that gender balance within the agent networks is found to be key to reaching more female customers through these networks, and hence to closing the gender gap.



c) Stakeholder Mapping

The objectives of this strategy (see 4.4) will only be achieved if different stakeholders across the financial sector commit and contribute to its implementation.

CBN's Financial Inclusion Delivery Unit within the Development Finance Department is the Secretariat to the governance structure of the National Financial Inclusion Strategy. The Framework for Advancing Women's Financial Inclusion, was generated under this governance structure, specifically from the Financial Inclusion Special Interventions Working Group. The Working Group and Financial Inclusion Gender Desk, are thus the key stakeholders to generate and channel momentum to achieve the objectives of the strategy.

The activities to achieve the objectives will mostly be private sector driven. Super-agents and banks who are their principals are therefore key stakeholders.

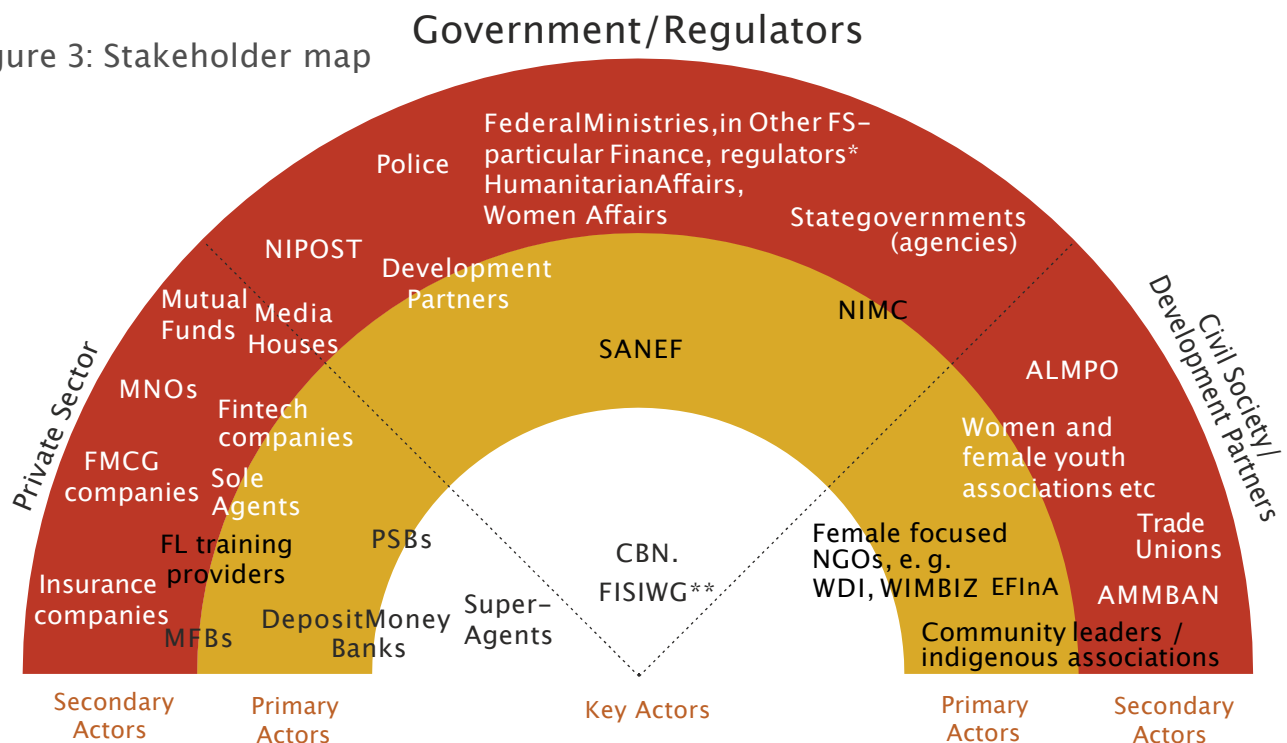
Particularly in Northern Nigeria, the strategy envisions working with female-focused non-governmental organisations and therefore these are key stakeholders on the side of civil society.

Other important ('primary') stakeholders are;

- **Government/Regulators:** The CBN and other regulatory institutions in charge of financial service agent guidelines are critical stakeholders. guidelines may require consideration for adjustments to achieve the strategy's objectives;
- **Private sector:** Financial Services Providers including Fintech companies, Deposit Money Banks, Microfinance Banks, Insurance companies etc. who are often principals of agent-networks and sole agents; as well as SANEF as a source of information about and guidance and training for (super-)agents;
- **Civil society/Development Partners:** Development Partners will provide support in the implementation of the Strategy and Civil society groups are also critical in testing out assumptions as implementation commences

The stakeholder map (see figure 1 below) further identifies organisations that would be welcome to support this strategy of closing the gender gap in financial inclusion, though most of them have not yet (been) engaged much.

Figure 3: Stakeholder map



* NAICOM, PENCOM, SEC, NIBBS

** Financial Inclusion Special Interventions Working Group – part of governance structure of National Financial Inclusion Strategy

4.2 Vision

The **vision** of this strategy is to;



“Close the gender gap in access to financial products and services through the use of agent-based financial services in Nigeria”

Strategic Vision

It is drawn from the overarching vision of the framework for advancing women's financial inclusion in Nigeria which prescribes;

“To be a globally recognized, increasingly inclusive financial sector that has closed the gender gap by end 2024”

This is to be achieved in a two-step process.

- The first milestone on this path was the reduction of the gender gap by one half by end 2021; this is the target set by members of the Alliance for Financial Inclusion (including Nigeria) under the Denarau Action Plan.
- The second milestone is to eliminate the gender gap by end 2024.”

4.3 Strategic Principles

The following strategic principles are the fundamental guidelines for relevant stakeholders. They were distilled from the analytical groundwork (diagnostic study, internationally comparative use-case report and stakeholder consultations). Their implementation leads to the realization of the strategic objectives (see chapter 4.4).

1st
Principle

Embrace and support pro-active policy action for gender-equality



Collect gender-disaggregated data linked to agent recruitment and products deployed at agent locations.

2nd
Principle

3rd
Principle

Digitalisation of services is key; reliable network is core



Gender balance among agents is key to reaching more female customers through agents

4th
Principle

5th
Principle

The approach to improve gender balance among agents must be geographically differentiated (by regions of Nigeria)



Any provider of agent-based services can and should have a strategy to improve gender balance among agents

6th
Principle

7th
Principle

Differentiate products and services that are delivered through agents, to reach female customers



Strategic Principles

⁹Based on SANEF's information about their agent-network – 15% female agents – the exact factor would be 2.33. Of course, SANEF does not encompass all agents, and the current proportion might really be somewhat higher or somewhat lower. For instance, UBA shared during the stakeholder workshop of Feb. 2022, that they have about 35% women among their financial service agents.



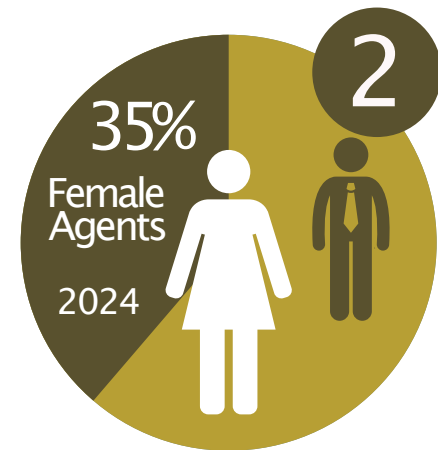
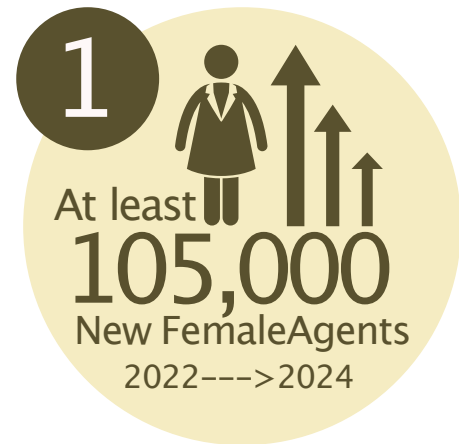
Some of the principles are directly linked to (at least) one of the strategic objectives. For instance, the 7th principle calls for differentiated agent-based products and services; and the 4th strategic objective accordingly commits financial service providers to expand the range of agent-based services. In the next section 4.4, each of the strategic objectives explicitly refers to the directly corresponding principles.

The other principles, namely the 2nd and 3rd cut across the strategic objectives. If they are not applied none of the strategic objectives can take full effect. Hence, activities are recommended in the subsequent section 4.5.

4.4 Strategic Objectives

In order to provide measurable and timely goals to achieve the vision, the following Strategic objectives have been identified;

1. To 'at least' double the number of female financial service agents between 2022 and 2024
2. To increase the ratio of female to male financial services agents from 15:85 to 35:65 by 2024.
3. To promote the innovation and deployment of at least 10 gender-centric financial products or interventions that actively leverage agent networks by 2024.
4. To ensure that stakeholder categories pursue activities tailored by geographical location (regions of Nigeria) to contribute to achieving strategic objectives 1 and 2.



Strategic Objectives

Strategic objectives 1 and 2 reflect the 1st and 4th principle.

Explanation: The main lever to realise this vision is to move the financial agent networks of Nigeria systematically closer to gender equality. We have formulated gender-equality as a target-corridor, i. e. at least 35% of all agents are women (literally, equality would mean 50:50 proportion of genders).

Therefore, the proportion of female agents has to more than double by end of 2024⁹.

	2021	2022	2023	2024
Proportion of female agents:	15%	20%	25%	35%
Increase of Proportion to previous year:	0*	34% (=Multiplier 1.34)	35% (=Multiplier 1.35)	35% (=Multiplier 1.35)

Table 1: Proposed Growth projections for female agents

*We do not know if and in which direction (increase or decrease) the proportion of female agents will change between 2020 and 2021. In addition, the estimate reported for SANEF-agents may have a variance.

Objective 1 expresses the bare minimum of moving in the right direction and expanding the absolute number of female financial service agents. It means that all stakeholders together add at least 105,000 female agents to Nigeria's financial agent networks.

Achieving objective 1 is necessary but not sufficient to achieve objective 2. Or in different words: If objective 2 is achieved, objective 1 is automatically achieved as well. If objective 2 is missed, objective 1 may still be achieved. How much the two objectives are separated from each other numerically depends on the dynamics of the whole agent-network space (see annex 5).

Strategic objective 3 reflects the 6th & 7th principle.

Explanation: In the medium and long run, the drive to interest women to take up products at agent locations has to be carried by an improved and tailored value proposition. This can be triggered by FIs (and other principals) expanding the range of financial products accessible through financial agents (including government interventions, like conditional

cash transfers), ideally combined with specific marketing campaigns targeting women; or by FIs offering new agent-based products for female customers.

Apart from new or adapted financial products, agents and their locations could also be the focal point of non-financial interventions, for instance financial literacy training or coaching of women entrepreneurs.

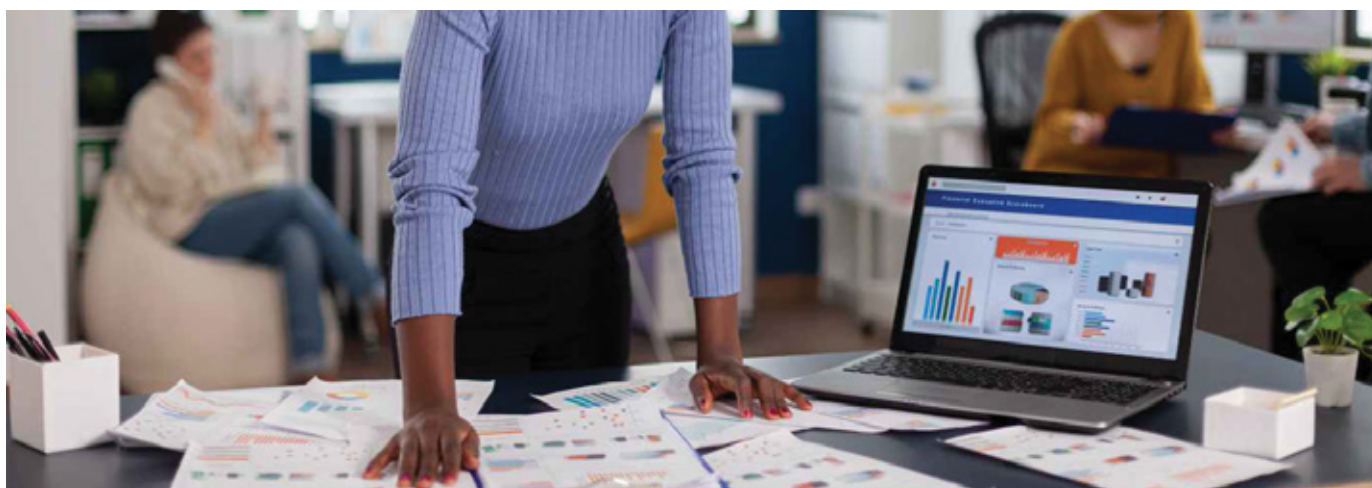
Strategic objective 4 reflects the 5th principle.

Explanation: The context of the gender-gap in financial inclusion is very different in urbanised, high-agent-density regions (mostly South) and rural, low-density regions (mostly North). Therefore, the approach to reducing the gap is to be differentiated according to the regions.

Notably, in the Northern parts of Nigeria, community and/or religious leaders should be enlisted for the cause (details of the regionally differentiated approach are explained in 2.4a below).

Based on SANEF's information about their agent-network- 15% female agents – the exact factor would be 2.33. Of course, SANEF does not encompass all agents, and the current proportion might really be somewhat higher or somewhat lower. For instance, UBA shared during the stakeholder workshop of Feb. 2022, that they have about 35% women among their financial services agents

4.5 Main activities and initiatives to achieve the strategic objectives



A. REPORT GENDER-DISAGGREGATED DATA ABOUT AGENT BASED OPERATIONS

A list of Gender-disaggregated Data-points should be reported and Published by Financial Services Providers (E.g. Sex of agent, sex of Customers, transaction volume Disaggregated by male and female Customers etc.).

Principals of agent-networks to revise their systems so they can start, at least by last quarter of 2022 to report gender data points.

Super-agents should be monitored and supported in their efforts to establish reporting of gender-disaggregated data.

* Noteworthy, further activities in this regard are directed under SI4, and the activities given above would be embedded in the work stream of the responsible working group.

B. REGIONALLY TARGETED INCENTIVES

Two sets of clear and systematic incentives should be created for urbanized, high-agent-density regions ('South') and for rural, low-agent-density regions ('North').

Incentives for urbanized regions should be centered on economic opportunity. Eg

- Preferential access to training for female agents
- One-off subsidy for shop owners etc. to become non-dedicated financial agents.
- Principal incentives g.g. reduced account fees or other financial services cost (E.g. Checking fees, credit card etc.) for female agents

Incentives for rural regions should be tied to changing traditional perception:

- Approach community and/or religious leaders to endorse agent-business as suitable for women.
- Use community structures as delivery channels for financial literacy and awareness trainings and promote account opening (at financial agent locations).
- Develop specific modules that address traditional prejudices and reservations (e.g. Islamic finance).
- Showcase female agents, particularly non-dedicated businesses who combine success in their economic activity with roots in the traditions of their community.
- Work with dedicated organizations (e.g. Women empowerment NGOs which organize women (entrepreneur groups to deliver financial literacy and awareness and promote account opening.

C. REGULATORY INITIATIVE (S)

Based on dialogue with interested FIs, a regulatory sandbox approach should be explored to allow experimentation with for financial service agents to deploy other financial products and services.

D. GENDER-STRATEGIES FOR PRINCIPALS OF AGENT-BASED FINANCIAL SERVICES

- Each FI that offers agent-based financial services should create a strategy or concept paper on how it will contribute to the objective of this strategy; the Strategy should be endorsed by the governing and management boards of the Financial Institution.
- The progress should be reported annually to the gender-desk of CBN and a report to be shared with all stakeholders.
- The best performing contributors should be publicly recognized under each strategic (sub)objective.

E. SUPER AGENTS

- Aim for each super-agent to carry out a gender audit and endorse a gender strategy by March 2023. A funding partner for this could be identified (e. g. GIZ).
- Apply regionally specified incentives to super-agents.
- Link public recognition of best performing contributors (see b) with efforts of super-agents, such that they either co-receive the recognition or there is a platform to award them accordingly.
- At least half of all resources invested in SI1 and SI2 (see section 4.1 for details) are channelled through agent networks from January 2023 onwards. Relatedly (see SI1 of the Framework), all government social programmes that disburse payments to beneficiaries, particularly as part of COVID-19 recovery support shall consider systematically to use agent networks fully or partly.

F. SHOWCASE SUCCESSFUL WOMEN

- Publicise stories about successful female agents – both dedicated and non-dedicated.
- Promote networks of women entrepreneurs around female agents (who are themselves entrepreneurs); train the latter to be anchorpersons / mentors of such networks.

A note on the link between the proposed intervention areas and the framework for Advancing Women's Financial Inclusion.

The above listed five intervention areas are an elaboration of three of the recommendations for SI3 provided in the framework

I. "Launch a campaign to bring in new women clients in rural areas, taking the opportunity of the launch of licensed Payment Service Banks (PSB) to bring in new female agents in rural areas." This is embedded in 4.5b – second approach.

II. "Adjust the regulatory framework for agent networks to ensure that women are better served by agents, via channels closer to home."

This corresponds with "Leveraging the results of the forthcoming EFINA-led agent survey, which includes gender-disaggregated data on agent networks (agents and those served), giving due consideration to allowing market-based pricing for agent services; remove existing caps on agent fees; expand the services of agents to include wallet / account opening, of particular importance to women." These are embedded in 4.5c).



III. “Introduce guidelines to encourage gender balance in agent networks, with financial as well as commoditized benefits, including addressing the question of incentives for greater recruitment of female agents.”

This corresponds directly with the development of the Strategy document and provides the main rationale for formulation of principles and the objectives and activities embedded in this document. In more direct terms, it aligns with the 4th strategic principle and is embedded in 4.5d).

One other recommendation for SI3 in the Framework was: “Review the pricing structure to strike the right balance between reducing costs for customers and providing an incentive structure that encourages the expansion of agent networks.”

This topic was reviewed in the diagnostic study for this strategy, because it is much larger. It merits a specific and targeted assessment and reflection of the different options. In high-agent-density areas, the most effective pricing structure would be determined by the market, not regulation.

This would imply that incentives for specific (socio-economic) objectives, as in this strategy, would have to be given separate from agent service pricing. This idea underlies the incentives outlined in the strategic intervention areas above.

5 Institutional set-up, Strategic map and risk assessment

5.1 Institutional Set-up

The Financial Inclusion Gender Desk-FIDU, Development Finance Department is the custodian of the action plan emerging from this strategy.

The Community of Practice responsible for the implementation S.I3 along with the National Financial Inclusion Special Intervention Working Group (a working group under the National Financial Inclusion Governance structure) and other relevant stakeholders will be tasked with the implementation of activities within the Strategy.

The Financial Inclusion Delivery Unit will report progress on the implementation of this Strategy to the National Financial Inclusion Technical Committee on a quarterly basis.

5.2 Strategic Map

“Closing the gender gap in access to financial products and services through the use of agent-based financial services in Nigeria.”

Vision

The number of female financial service agents has at least doubled between Dec. 2021 and Dec. 2022

The proportion of female financial service agents accounts for more than 35% of all (registered) financial service agents in Nigeria

All stakeholders have adopted a geographically differentiated approach in pursuit of strategic objectives 1 and 2

At least 10 gender-centric financial products or interventions that actively leverage agent networks have been deployed by 2024

Strategic Objectives

Embrace and support pro-active policy action for gender-equality

Collect gender-disaggregated data

Digitalization of services is key; reliable network is core

Gender balance amongst agents is key to reaching more female customers

The approach to achieving gender balance among agents must be differentiated by geography

Providers of agent based services should have a strategy to improve gender balance

Differentiate products and services delivered through agents to reach female customers

Strategic Principles

Regulatory initiatives, Gender-strategies for principals of agent based financial services, Regionally targeted incentives.

Report gender-disaggregated data about agent-based operations Super agents, Regulatory

Showcase successful women, develop strategies to improve gender balance in agent networks etc.

Priority Interventions

Framework for Advancing Women's Financial Inclusion in Nigeria → Strategic imperative 3
‘Expand delivery channels to service female client's closer to home’

Figure 4: Strategic Map for Leveraging Agent Networks for women's Inclusion

5.3 Risks and Mitigating Measures

Risk event	Likelihood	Negative Impact	Options for Mitigating measures
Delays or lack of coordination with activities under other SIs – 3, 4 and particularly SI7	Medium	High	<ul style="list-style-type: none"> Community of Practice to plan with conservative funding projections Keep momentum of FinTech and DFS-investments.
Assumptions turn out wrong, especially;			
Government does not pursue opportunities to digitize G2P payments	Medium	Medium to High	<ul style="list-style-type: none"> Inventory of options for digitization of G2P at federal and state level Identify champions among government agencies and work with them
Training materials for female agents a/o financial literacy for different target groups do not exist (in adequate form)	Medium	Low	Review training materials and have a clear inventory of what is available and what needs to be developed
Expansion of female agents does not translate in substantial increase of financially included women	Low to medium	High	<ul style="list-style-type: none"> Carry out a qualitative study in Nigeria to further quantify the relationship Partner with international research institutions to carry out a Randomized Control Trial (RCT)
FSPs and super-agents are slow to implement gender disaggregated data reporting on agent-based financial services	High	High	<ul style="list-style-type: none"> Create a set of SMART KPIs that will be obligatory to track with sanction-able time targets Secure funding to carry out a representative time-series study of financial service agents

Table 2: Risk assessment



Build-up of momentum is slow and the required growth rate of female agents is missed systematically 2022-24	Medium	High	<ul style="list-style-type: none"> Secure buy-in of dedicated champions Based on champion's achievement, have an early review of the time-targets (plan for 2nd strategy time period)
The scope of financial service agent business remains unchanged (no participation in account opening, fin. lit. or MSME training, no new financial products)	Medium	High	<ul style="list-style-type: none"> Secure buy-in of dedicated champions (FSPs) Secure funding & support from development partners Ensure some relaxation (minimum: experimentation clause) of the financial service agent guidelines
FSPs will implement the necessary measures only in already penetrated (peri)urban areas	Medium to High	High	Adjust the KPI system to discourage the urban agent concentration and encourage rural penetration
One class of stakeholders (e. g. MNOs) does not buy into the vision and commitments of the strategy	Medium	Medium to High	Ensure active engagement with stakeholders ahead of launch and commencement of implementation to get their buy-in
The feasibility of involving non-financial agent networks is not proven	Medium to High	Low to Medium	Stakeholders to explore alternative partnerships (e.g. international organizations)
The pace of male agents growth may make reaching 35% (objective 2) impossible	High	Low	If the target is only missed because of the huge growth of the whole agent space, but the number of female agents does expand substantially, the proportion matters less relative to the absolute expansion (see also annex 5)

Ranking of likelihood / negative impact: Qualitative 5-level scale, ranging from 'low' through 'low to medium', 'medium' and 'medium to high' to 'high'

Color code:

- Red - High-risk(combination of twice 3rd level ranking, or above).
- Orange - medium risk (Combination of twice 2nd level ranking, or above but less than twice 3rd level ranking).
- Green -lowrisk(any combination below twice 2nd level ranking)

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Annex 1: Gender-gap across selected African countries

In a way, access to finance in Africa mirrors the progress towards gender-equality. There has been great progress in terms of account ownership across most of Africa. Particularly in East Africa, mobile-financial service technologies and approaches have driven this progress. However, account ownership is a case of 'low hanging fruit'; many accounts have been inactive. Nonetheless, the beneficial potential in terms of payments and savings is widely consensual in the literature. Access to credit and insurance has changed little if at all, though.

Between 2014 and 2017, both men and women enjoyed improved access to formal finance in some countries, e. g. Kenya, Egypt and Ghana. In other countries such as Nigeria, it deteriorated albeit slightly (figure 1). Access for men has expanded faster than for women in countries like Kenya and deteriorated less for men than for women in countries like Nigeria. Hence, the gender-gap during this period even widened. The exception is South Africa, where a slightly larger proportion of women than of men has access to finance.

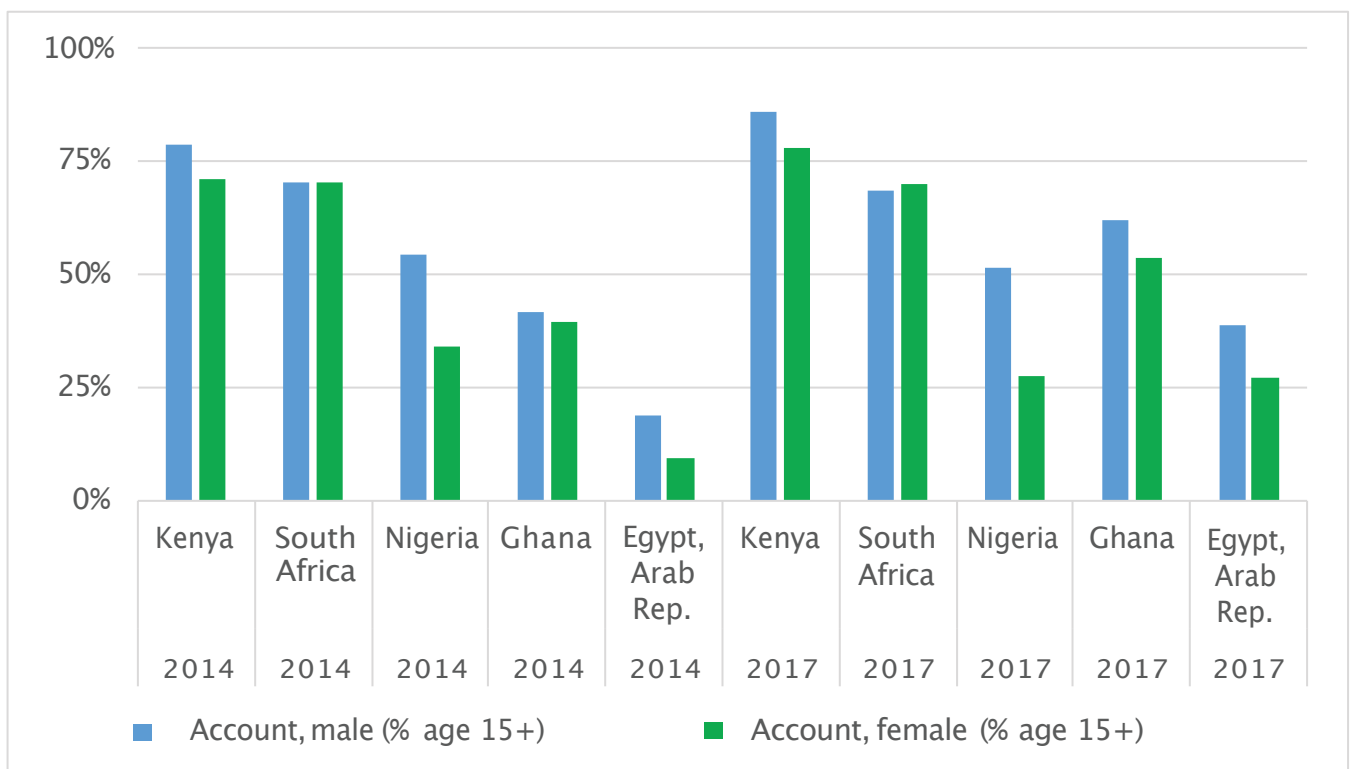


Figure 5: Gender-gap in access to finance (account ownership)

Source: Global Findex

This trend might have changed in more recent years. E. g. data up to 2020 for Rwanda and Zambia and for Kenya up to 2019 shows that their gender-gaps in access to finance have reduced, because women have caught up with men.



Annex 2: Gender Based agent Activities to be measured by Financial Institutions to improve gender balance in agent networks

1. How many female customers (total and % of all) among its savers, borrowers, other fin. service customers, end of 2021
2. How many female customers ((total and % of all) among its customers of agent-based financial services, end of 2021
3. What is the scope of agent-based financial services & products (proportion of all services and products offered?
4. How does the FI reflect / embed the strategic principles in its operations (as applicable)
5. Chart out the path of annual change of proportion of female agents in its network (akin to table X under 2.2 1).

6. Which of the other strategic (sub-)objectives are most relevant to the FI (at least one) in light of its market position and business model (Commit to specific target(s) accordingly.

7. Action Plan –Activities and resources to achieve the targets given under 5 and 6, allocate responsibilities (under direction and purview of COO)

Annex 3: Overview of agents' eco-system in Nigeria

SANEF reports 700,000 unique financial service and/or mobile money agents, out of which about 15% (equals 105,000) are women. SANEF notes that 2 out of 3 financial service agents operate in the South of Nigeria, and only 1 out of 3 in the Northern regions.

Based on 2018–data, the total number of agents –SANEF–affiliated and others – could be up to 1,26m. In 2018, SANEF worked with 9 super-agents. At least 3 are non-dedicated.

Principal	Operator (exemplary)	Agent class	Services offered	Number of agents	
Fintech	OPay, Paga Mobile, Kudi Mobile	Super-agent with sub-agents	Payments incl. Mobile Money	300,000	Branded/ dedicated
Money Deposit Banks	FirstMoney, UBA Moni Agent, Access Money. Polaris Sure Padi	Super-agent with sub-agents	Mobile Financial service	>159,000	Branded/ dedicated
PSB	9PSB	Super-agents with sub-agents, Sole agents	Payments incl. Mobile Money	'thousands'	Dedicated and non-dedicated
MFBs	Lapo, Accion	Sole agents (?)	Mobile Financial service	>1,700	
Telcos	MTN, Airtel	Super-agent with sub-agents, sole agents, PSB–license being processed	Mobile Money	395–600,000	Branded/ dedicated
Insurance companies	58 registered insurance companies (out of which 14 offer life insurance)	Insurance brokers	Insurance (life and non-life)	460	non-dedicated
		insurance agents		15,000	dedicated

Table 3: Profiles of different classes of Financial service agents

Institutional/regulatory perspective

Agent-networks to facilitate financial services are only about a decade old. The exception is insurance which is traditionally distributed through agents. In Nigeria, there are 460 registered insurance brokers and about 15,000 insurance agents. Nigerian insurance market has been described as brokers' market because presently brokers control over 90 per cent of the premium income, leaving less than 10 per cent for insurance agents and even direct marketing channel by insurers. However, insurance agents dominate the individual life insurance market.

The largest operators of financial service agent networks are MTN and First Bank, both through subsidiaries licensed as super-agents.

Mobile Network Operators (MNO) are generally known for their great capability to deliver financial services via agents to poor consumers. Nigeria has been cautious in expanding the 'non-bank-led model' of agent-based financial services. The license for Payment Service Banks (PSB) was created in 2021 to further strengthen this model. Three PSBs have been licensed. MNOs are in the process of pursuing PSB-licenses.

Meanwhile, other players are also eyeing the agent-based financial services market. These are 'Fintech companies', i. e. they are driven by strong ICT (information and communication technologies) platforms that allow new business models of bundling services, e. g. payment functions and e-commerce. CBN principally licenses and supervises these FinTechs through its Payment Systems Department. E. g. Opay operates with a switching license.

Based on the self-reported numbers of some of the players, agent-networks might be much larger than the about 700,000 unique financial service agents that SANEF reports registered with them. Out of these, about 15% are female, i. e. about 105,000. Within some of the networks, the proportion of female agents is substantially higher, e. g. UBA

reports that about 35% of its agents are female (CBN's stakeholder workshop of Feb. 2022).

Close-up-agents' perspective

EFlNA's in-depth surveys of financial service-agents suggests that most agents have been operating between 1 and 3 years – which is intuitive because that is the period over which the financial service agent networks expanded strongly in Nigeria. At the same time, many agents who give up do so within the first three years of operation.

The motivation to become agent is first and foremost a source of income; and if that does not turn out to be achievable, it becomes the reason to close the agency. Success of the agent-business depends on attracting enough customers and thus transaction volume. Interestingly, the proportion of respondents among lapsed agents that aimed to attract more customers for their other business (e. g. shop) is only about half the proportion with that motivation among the general survey (12.5% versus 24%).

Research shows that the success factors are driven by sufficient liquidity, because often agents have more pay-outs than pay-ins. This is reflected in some of the challenges that active and lapsed agents point to, i. e. lack of funds and lack of access to loans (from their principals). Complaints about low transaction fees are also related to the same – the income depends of course on the multiplication of transactions with the fees. However, agents may not be well aware that a reputation for poor liquidity (if customers had to be turned down because of exhausted float) translates into persistent low customer numbers.

The other dominant issue which agents are aware of are downtimes of the network and internet platform they operate on. These not only turn customers away but also cause conflicts if the customer feels her transaction is being lost or unduly delayed (yet charged the



same). Reliability is among the most important factors of choice of principal, though less often the main factor.

Through the gender-lens, there are some interesting aspects among the female agents: “Female agents surveyed are relatively more youthful, new to the business, predominantly deposit money bank agents, less educated and more dedicated” (EFInA 2020, slide 25). They also tend to be less well educated, i.e. larger proportions of female agents have secondary or incomplete university education than male agents. Together, this suggests that more young women than men are joining the agent business, seeing an opportunity to earn a living and, probably, to join a prestigious organization (financial institution) that they may, due to their education, not enter otherwise.

Like the average female owned enterprise, female agent-business tends to be smaller than male agent-business. This might hint at the reason why non-dedicated agents are less often female – for them, the perceived chance to attract more customers – or even the desire (depending on distribution of time between business and other roles and obligations) – may be less than the risk or cost (start-up and operational) of being an agent.

An overview of potential of non-financial agent-networks to contribute to financial inclusion

i. National postal services provider¹² despite its vast presence throughout the country, cannot reliably deliver financial services through digital means, as technologically it is not well equipped to do this. In addition, its agents are not provided with enough security to handle physical cash in remote areas.

ii. Betting service providers are well set for providing financial services as their premises are secure and they are experienced with handling large amounts of cash. However, betting is an activity at odds (no pun intended) with sound financial literacy, anecdotal evidence links it to over-indebtedness.

- Gender lens: Gambling services are traditionally associated with male customers and cannot contribute to the pursued objectives.

iii. Fast Moving Consumer Goods (FMCG) companies could be good partners but the win-win formula is difficult to find as, in most of the cases, the financial service agents are already the FMCG agents via their shops, complementing their business income from various sources.

- Gender lens: FMCGs are often distributed through female agents, because they often target female customers. However, when it comes to FMCG agents with shops taking on financial service agent business, women are less often represented than men.

iv. Health services agents (e. g. community health workers) are a good option to consider as they are predominantly female and have already established contact with the women in their communities. However, they lack the necessary knowledge of financial products and services, hence, more training needed.

Annex 4: Quantification of objectives 1 and 2

As explained before (see e. g. annex 4), the available quantitative information is not exact about

1. the number of financial service agents in Nigeria,
2. the proportion of female financial service agents (of all financial service agents) in Nigeria

We rely on the figures shared by SANEF: 700,000 unique financial service agents, of which 15% (=105,000) are women.

Scenario A: Stagnant agent-space

If the entire financial service agent space in Nigeria would remain stable, i. e. agent numbers neither grow nor shrink, then the target of at least 35% female agents (of all agents) would equal 245,000 women.

¹² EMS Speed Post, Nigerian Postal Services (NIPST)

In this scenario, achieving objective 1 would account for almost all of objective 2, because doubling the current number of female agents (105,000) means that 210,000 women would be agents. That equals almost 86% of objective 2.

Scenario A is very unlikely; unless an external shock erases the dynamics seen since 2016.

Scenario B: The agent-space grows at the average annual rate of the last 2 years.

As pointed out, Nigeria's agent space has been growing very fast since 2016. The growth rates have been reducing, owing to the base-effect – the base was very small in the beginning and thus even a modest absolute expansion means a huge %-rate.

The table below shows the growth trend between 2016 and 2021 (panel I) and the estimated growth trend using the average annual growth rate (panel II). It is not meaningful to use all available growth rates since 2016, because of the above explained base-effect which hugely over-rates the growth-rates of the initial years.

Year	Adult Population (in million)	Agents per 100,000	Total no. of agents	Growth rate year-on-year**
Panel I: Growth trend of Nigeria's financial agent space*				
2016	98.83	10	9,883	
2017	101.62	131	133,122	1210%
2018	104.57	252	263,516	92%
2019	107.65	373	401,535	48%
2020	110.85	506	560,901	36%
2021	113.62	616	700,000	22%
Panel II: Estimated growth trend with annual growth rate of 29%***				
2022	116.46	781	910,000	29%
2023	119.37	991	1,183,000	29%
2024	122.36	1,257	1,537,900	29%

Table 4: Growth Trend in Agent proliferation (Actual & Projected)

*figures available from publications or from stakeholder engagements (namely SANEF). Population data from Worldbank (2022). Italicised figures calculated by the authors based on the available data.

** Refers to number of agents. The growth rate of 'agents per 100,000' is comparable but smaller, because of the growing population.

*** Bold figures refer to assumptions made. Namely, 29% is the average annual growth rate of the last two years (2020 and 2021 of the last column). The population growth rate applied is 2.5% p. a. Italicised figures are estimates calculated by the author based on the assumptions made.

The assumed constant growth rate (29%) is too optimistic. As the trend of the last column

indicates, it is likely that the growth rate falls further albeit ever slower, and might stabilise at the level of 2021. On the other hand, there is uncertainty about the available figures, and some indication suggests that the agent space is larger, and/or growth faster than these figures suggest. This is captured by the optimistic assumption about the growth rate.

In this scenario, objective 1 is not ambitious at all. Indeed, 210,000 female agents would represent a shrinking proportion. For the proportion of female to all agents to remain stable at 15%, at least 125,685 women would have to be added to the agent-space.

Objective 2 in this scenario would require to reach 553,644 female agents. This means the current number (105,000) would have to expand by a factor of more than 5 (or 527%).



All in all, scenario B is not very likely though possible.

Scenario C: Middle ground

Scenarios A and B represent the lower and upper floor of how the expansion path of Nigeria's agent-space will probably look like. Various factors that shape the actual development – GDP-growth, political stability, crude oil and food prices, exchange rates and profitability trends of the financial sector etc – may pull it into one or the other direction. The discussions of chapters 1 and 2 suggest that the trend might lean a bit more to the upper, rather than the lower floor.

Thus, the agent-space might about double, or come close to it, by 2024, i. e. the number of financial service agents would fall between 1.3 and 1.4m.

In this scenario, objective 1 represents a stable proportion of female agents, at 15% of all agents. Achieving objective 2 would mean reaching 490,000 female agents. This means the current number (105,000) would have to expand by a factor of more than 4 (or 467%).

Scenario C is likely. In this scenario, objective 1 is not ambitious but objective 2 is. Objective 1 should be over-achieved.

Annex 5: Recommended Timelines and Responsibilities for Activities/Initiatives

Priority Intervention Area*	Activity	Responsible (all stakeholders that are concerned)	Custodian of activity (One stakeholder to oversee or 'champion' that the activity is executed by all responsible)	Target (date to complete achievement)	Notes /Assumptions
Expand number of female agents	Channel interventions and initiatives deployed under S.I1 and S.I2 through agent networks.	tbc	CBN	QII 2022	
	Advise government agencies to channel social programmes (cash transfer) through agent-networks, and secure according administrative commitments	Federal and state government agencies	CBN	QIV 2022	
	Explore the probability of offering a loan product or facility for active agents to ensure their liquidity and hence profitability of their business	FIs (principals)	tbc	QI/2023	Could be a FinTech initiative
	Showcase successful female agents from each region in their respective region through publicising stories about successful female agents.	Principals and super-agents; CBN and SANEF	SANEF		Requires marketing budget – might be combined with super-agent award (see below) Link the stories to (a) the name of CBN (a technical not political public institution)(b) those female CEOs of FIs (or other financial sector stakeholders) who are willing to do so)
	a) Promote networks of women entrepreneurs around female agents (who are themselves entrepreneurs); b) train the latter to be anchor-persons / mentors of such networks	FIs and super-agents	tbc		We advise to identify and work with women organisations to execute this => requires a budget

Table 5: Action point, deliverables and timelines

Regionally targeted incentives – Urbanised, high-agent-density regions	a) Promote financial service agent business to young women (e. g. high school and university graduates) b) Offer training to interested women	FIs and super-agents	tbd	Q1/2023, Q1 2024	under b), include women that recently (e. g. last 12 months) started agent business <u>Assumption:</u> Training course/ material exists
	Financial incentives –One-off-subsidy for non-dedicated female-owned businesses to add financial service agency –Principal incentives, e. g. reduced fees for checking account etc.	CBN and financial service providers	SANEF (to fundraise)	- 2023 [contingent on fundraising] - QIV 2022	Involve super-agents as applicable
Regionally targeted incentives – rural, low-agent-density regions	Identify and agree joint campaign with dedicated women organisations Vehicle: Financial literacy promotion & training	All stakeholders	CBN	June 2022	<u>Assumption:</u> Training course/ material exists
	Develop specific modules that address traditional prejudices and reservations (e. g. talk about Islamic Finance)	SANEF	SANEF	June 2022	GIZ AgFin project (AFC implemented) has supported Jaiz Bank to develop such products for smallholder farmers / female entrepreneurs, so could be a partner for this
	Pilot delivery of financial literacy training through (female) agents	FIs, super-agents, SANEF	SANEF	Sept. 2022	Involve super-agents as applicable
	Enlist community and church leaders - Identify and reach out to them to lend their voice to women becoming agents - Use community-structures (e. g. churches) as delivery channels for financial literacy and awareness trainings	FIs, super-agents, SANEF	CBN	Sept. 2022	Should set a quantitative target, e. g. 50 Through women organisations or the community leaders identified (see above)
Regulatory initiatives	Clarify that account opening with 1 st level KYC is permitted and encouraged, as stated in the current KYC-guidelines	CBN		March 2022	
Gender strategies of financial service providers	Create a strategy how it will contribute to the objective of this strategy; endorsed by the governing and management boards of the FI	Each FI that offers agent-based financial services	CBN	Put in place by: April 2022 Execution period May 22 – Dec. 24	We advise that responsibility for executing the strategy should be given into the responsibility of a senior manager ('champion'), ideally COO
	Report progress annually to the gender desk of CBN			15 Feb. 2023, 15 Feb. 2024, 15 Feb. 2025	To ensure focus and momentum over the relatively short target period, we suggest to aim for quarterly reporting
Super-agents	Fundraising to carry out gender-audits and endorse gender-strategies of super-agents	SANEF		Dec. 2022	
	Based on funds raised, carry out gender-audits and create gender-strategies	Super-agents	SANEF	April 2023	



Priority Intervention Area*	Activity	Responsible (all Stakeholders concerned)	Custodian of activity (One stakeholder to oversee or 'champion' that the activity which is executed by all responsible)	Target (date to complete achievement)	Notes /Assumptions
	Report progress annually to the gender desk of CBN	Super-agents		15 Feb. 2024, 15. Feb. 2025	To ensure focus and momentum over the relatively short target period, we suggest to aim for quarterly reporting
Reporting	Make the principle of gender-disaggregated reporting operational	CBN		June 2022	
	a) Collect data and b) publish a report showing the annual progress	CBN		a) Ideally quarterly b) 15 th March 2023 / 2024 / 2024	To ensure focus and momentum over the relatively short target period, we suggest collect data quarterly
	Publicly recognize the best-performing contributor - FIs (gender-strategies) - Super-agents - Agents	CBN		15 th March 2023 / 2024 / 2024	Can be part of the report, or an event (presentation of report) or ideally an award This can be a platform to recognise successful female agents (see accord. Action points above). Once gender-disaggregated reporting is working well, the agent with most (added) female customers should be recognized

- * In addition to the five priority intervention areas;
- Some activities were clustered with the main objective – expand number of female agents.
 - The cluster 'reporting' was added, as it cuts across all others.



Strategy for Leveraging Agent Networks for Women's Financial Inclusion

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