# Financial Inclusion and Access to Finance in Nigeria

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***Abstract***
*Financial inclusion in Nigeria is a significant issue, with over 1 in 3 Nigerian adults financially excluded from formal financial services such as payment, savings, and credit. The Central Bank of Nigeria has set ambitious targets to increase access to financial services: payment services from 21.6% in 2010 to 70% by 2020, savings from 24% to 60%, credit from 2% to 40%, insurance from 1% to 40%, and pensions from 5% to 40%. Financial inclusion aims to ensure that financial services are accessible to all, promoting economic growth and reducing poverty. Affordable financial products and services—such as transactions, payments, savings, credit and insurance—help people manage risks, build wealth and invest in businesses. Financial inclusion means that individuals and businesses have access to and use affordable financial products and services that meet their needs, which are delivered in a responsible and sustainable way. Financial inclusion is a catalyst for achieving seven of the Sustainable Development Goals (SDGs). It fosters economic growth and employment, promotes economic empowerment of women, and contributes to eliminating poverty.*

**Keywords**: *Economic growth, Financial inclusion, Financial services, Sustainable development goals.*

## Introduction

### Challenges In Financial Inclusion and Access to Finance in Nigeria.

Transaction accounts enable people to securely store funds and efficiently conduct transactions and are typically the first step to using other financial services. The expansion of digital financial services has helped decrease the number of adults without access to an account from 2.5 billion in 2011 to 1.4 billion in 2021, with 76% of the global adult population owning an account by 2021 (Demirgüç-Kunt et al, 2021). Despite these advancements, challenges persist. This disparity in account ownership between low- and high-income countries underscores the need for continued efforts to bridge the financial inclusion gap and ensure equitable access to financial services worldwide.

Between 2017 and 2021, the gender gap in account ownership in developing countries narrowed from 9 to 6 percent. Despite these advancements, persistent disparity continues to impede women's ability to fully manage their financial lives. Early indications suggest that mobile money accounts are playing a role in bridging this gap across various nations. The adoption of mobile money in Sub-Saharan Africa has contributed to the general increase of access and has been successful in closing the gender gap in financial inclusion. In October 2024, a Gender Strategy 2024-2030 agenda was unveiled, setting ambitious goals to boost economic opportunities for women by 2030, including to facilitate capital for 80 million more women and women-led businesses (OECD Policy, 2024).

For countries where 80% or more of the population holds accounts, such as China, Kenya, India, and Thailand, the next frontier is transitioning from access to active usage of a broader range of financial services. Between 2011 and 2021, savings increased globally, yet the gap between advanced economies and developing ones widened, with savings rates at 58% and 25%, respectively. Similarly, while borrowing also saw improvement, the divide remains pronounced, with rates of 56% in AEs compared to 23% in EMDEs. Small businesses also face a substantial and growing financing gap, estimated at $5.7 trillion, equivalent to 19% of GDP, or 1.5 times the current supply of funding. This shortfall affects 40% of formal Micro-, Small- and Medium-sized enterprises (SMEs) in these regions, leaving their financing needs unmet. When informal enterprises are considered, the gap widens further. MSMEs are vital to economic growth, making up more than 50% of employment in these regions. However, limited access to finance restricts their ability to expand operations, invest in new technologies, and enhance productivity. Closing the persistent finance gap will help boost productivity, drive long-term growth, and create more and better jobs in EMDEs.

Since 2010, more than 60 nations either launched or developed National Financial Inclusion Strategies, uniting diverse stakeholders to coordinate efforts, including financial regulators, ministries of telecommunications, competition, agriculture, environment and education. Countries achieving significant progress have implemented large-scale policies, such as India's Aadhaar initiative, which has provided over 1.2 billion residents with universal digital identification, facilitating the opening of Jan Dhan Yojana (JDY) accounts. Leveraging government payments has also been instrumental; for instance, 35% of adults in low-income countries who received government payments opened their first financial account for this purpose.

In fostering uptake and market development of financial products and services, policymakers must address the range of risks financial consumers may face, and to be responsive to new and changed consumer issues from innovative products and providers. Effective financial consumer protection regulation and market conduct supervision assists in ensuring that uptake and usage of financial products and services is beneficial to consumers.
As highlighted in the most recent World Bank Global Financial Inclusion and Financial Consumer Protection Survey (2022), international good practice and trends clearly show the importance for a country to have a regulatory framework and supervision addressing financial consumer and market conduct issues.

The World Bank actively collaborates with the G20 to advance financial inclusion worldwide and advocates for the implementation of the G20 High-Level Principles for Digital Financial Inclusion. Additionally, the G20 has endorsed the G20/OECD High-Level Principles on SME Financing, which support efforts to enhance access to a diverse range of financing instruments for small and medium-sized enterprises, including micro-enterprises and entrepreneurs. Through this partnership, the World Bank and the G20 strive to ensure that all individuals and businesses have access to affordable and effective financial services, fostering inclusive economic growth and development.

The World Bank advances financial inclusion through its financial sector expertise, country engagement and dialogue, financing and risk-sharing instruments, unique datasets and research capacity, and influence with standard-setting bodies and the G20. Will focus on:
Advancing Policy and Regulatory Frameworks to create conditions for a responsible and versatile offer of financial products and private sector investments; Building Financial Infrastructure, such as modern payment systems, credit information or secured transactions frameworks, and promoting Digital Financial Services to enhance efficiency of financial sectors and improve overall productivity gains for financial service providers, individuals, and businesses.

Creating markets, structures, and channels for investments and de-risking mechanisms to facilitate mobilization of private capital to drive growth in financial inclusion; and Mainstreaming innovations, including those that harness digital technologies to address the supply and demand side constraints to financial inclusion. We work with governments, the private sector, development partners, international organizations, multilateral development banks, and standard-setting bodies to deliver: Financing support to client countries through loans, credits, guarantees, and risk management products; Advisory services, including targeted policy support, strategic technical assistance, and capacity building.

Analytics, innovative knowledge products, and data, providing actionable insights, tools, and thought leadership, including by applying specific gender and sustainability lenses during diagnostics; and Global engagement, collaboration, and contribution to standard-setting bodies such as G20 in shaping and formulating good policies supporting financial inclusion of individuals and small businesses, as well as global convening. We have developed an integrated approach under the Financial Inclusion and Infrastructure program focused on supporting financial authorities and stakeholders to improve conditions and implement enablers for the financial inclusion of individuals and Micro, Medium, and Small-Sized Enterprises (MSMEs). The program comprises the following key areas of work:

**Financial inclusion strategy, policies, and regulation**s: This area focuses on
(i) the design of national financial inclusion strategies
(ii) financial inclusion measurement and evaluation frameworks;
(iii) building implementation capacity and tools,
(iv) supporting targeted legal and regulatory reforms and market interventions and
(v) formulation of international standards through G20 and other relevant standard-setting bodies. This area also supports authorities in designing tools and mechanisms for more effective and well-coordinated financial capability and literacy interventions.

**Financial consumer protection and market conduct regulation and supervision**: This area focuses on:

(i) financial consumer protection and market conduct regulatory policy and legal frameworks that address the range of key financial consumer risks and are responsive to innovative products and providers.
(ii) implementation of effective and efficient market conduct supervision institutions, processes, and tools, including sup tech tools;
(iii) development and operationalization of financial consumer alternative dispute resolution mechanisms such as financial sector ombudsmen and (iv) formulation of international standards and guidance through the World Bank's own publications and through bodies such as the G20/OECD Financial Consumer Protection Task Force and FinCoNet, and other relevant organizations.

**MSME access to finance policies, infrastructure, and products**: This area focuses on:
(i) creation and strengthening of essential credit infrastructure;
(ii) enacting risk-based regulatory frameworks to facilitate development of alternative credit providers;
(iii) introduction of legal frameworks underpinning development of innovative financial products;
(iv) design of supportive public sector financial policies and initiatives and
(v) formulation of international standards through G20, SME Finance Forum and other relevant standard setting bodies.
**Payment systems**: This area focuses on:
(i) development of payments systems strategies and formulation of reforms;
(ii) establishment of appropriate institutional arrangements for central banks/other regulators for steering national payments system development;
(iii) implementation of specific payment system components;
(iv) formulation of international standards related to payment systems alongside other standard-setting bodies. The work of the World Bank in this area emphasizes the safety and efficiency of payments, payment aspects of financial inclusion, digitization of government payments, and innovative payment services.

**Credit information systems**: This area focuses on:
(i) Establishing comprehensive legal and regulatory frameworks to govern credit information systems, ensuring clarity and compliance across jurisdictions.;
(ii) supporting the development and enhancement of credit bureaus to facilitate efficient collection and dissemination of credit data:
(iii) assisting with advanced data analysis techniques to improve credit assessment and risk management;
(iv) piloting programs that focus on gender-disaggregated data to address disparities and promote inclusive access to credit and
(v) Formulating international standards related to data protection and credit information sharing to ensure consistency and security in global financial practices

**Insolvency and debt resolution**: This area focuses on
(i) development of effective corporate and household insolvency systems, including early warning systems, workout regimes, alternative dispute resolution frameworks, secured transactions systems, and enforcement laws, and
(ii) introduction of debt resolution mechanisms, including contract and collateral enforcement tools. The World Bank is designated by the Financial Stability Board as the global co-standard setter for Insolvency and Creditor/Debtor Regimes.

Financial Inclusion is also embedded across other World Bank initiatives and financing operations. In addition to advisory services, analytics and global engagement, the program also provides active support to other World Bank initiatives helping to integrate financial inclusion into key sectors, such as social protection, agriculture, climate finance.

World Bank has an active portfolio of over 100 financing operations to support national authorities to improve financial inclusion. These operations span various sectors to include relevant financial inclusion interventions into agricultural development, disbursement of social protection benefits, supporting climate resiliency, or enabling access to energy. In addition, World Bank provides technical assistance through guidance, data, analytics and research to enable more effective national policy, regulatory and supervisory frameworks. World Bank's active portfolio contributed to 6.8 million people and businesses (~3 million of which are women and women-led businesses) using financial services in 2024 and is expected to contribute another 8.8 million (~4.2 million of which are women and women-led businesses) in the next few years, with additional projects in the pipeline and in design phase. Overall, World Bank has worked over 100 developing countries in improving financial inclusion.

**In India**, a $300 million project to scale up access to sustainable microfinance services to the financially excluded was implemented during 2010-15. The project supported a national development bank (Small Industries Development Bank of India) make investments (sub-debt and equity) in viable microfinance institutions that committed to sound practices. One such equity investment enabled transformation of a microfinance institution from an NGO to a non-bank finance company (and then a listed bank), and later opened the doors for IFC and multiple global equity funds investment.

**In Jordan**, the authorities worked on establishing an "Innovative Startups and SMEs Fund", (ISSP) a $98 million "fund of funds," with $50 million sourced from a World Bank loan. ISSF invested in private funds supporting startups and SMEs and made direct co-investments in SMEs. Non-financial support included investment readiness programs, incubator support, and building a network of angel investors. By 2022, the ISSF had mobilized $78 million, engaged 17 institutional investors (with most global investors being impact investors and DFIs), and financed 123 companies, 25% being women-led, creating 1,700 jobs.
World Bank approved a $155 million loan in 2023 to support the greening of firms through equity financing in Türkiye. The funds will be used to partially capitalize a Türkiye Green Fund (TGF). The TGF will provide equity financing to green and greening companies. The project's total size is expected to reach $405 million by mobilizing private capital in the amount of a combined $250 million at fund level and investee level in addition to the World Bank loan.

TheKenya Jobs and Economic Transformation Project (KJET) started in December 2023 with an aim to benefit more than 45,000 Kenyans through new or improved job prospects. One of the components of this project is for scaling up green SME financing, which will mobilize green private capital to support SMEs' adoption of green technologies. This will be through financing Kenya Development Corporation (KDC) via capitalization support to invest in a dedicated newly established Green Investment Fund (GIF) as a limited partner, to provide an initial risk-adjusted, long-term, patient capital, including equity and mezzanine financing. The fund will mobilize private capital in addition to the World Bank funding.

World Bank supported the Government of Mexico in implementing reforms to narrow the gender gap for financial access in Mexico. At 8 percentage points in 2017, the gender gap had been slow to improve, especially when compared with other Latin American and Caribbean (LAC) and OECD countries. The Government enacted the Credit Institutions Law, enabling minors (ages 15-17 years): (i) to open a bank savings account; and (ii) manage the funds without adult representation to receive wage payments and electronic transfers from government and social programs through this account, allowing for the greater reach of women. To expand women's access to productive financing towards a robust economic recovery, the law also mandated prioritization of projects targeting the financial needs of women and gender parity in state development banks' corporate governance structure. These actions led to the number of minors with bank accounts increasing to 4.3 million, well exceeding the target of one million. 52 percent of these minors were women, as compared to the target of 50 percent. The percentage of women benefiting from state development bank financial access programs also greatly improved, from a baseline of 46 percent in March 2020 to 74 percent in 2021, well beyond the project's target of 60 percent

**In Djibouti, Ethiopia, Kenya and Somalia,** a World Bank project has been working to enable the region to adapt to the impacts of client change, commercialize livestock production in pastoralist communities and ensure inclusion of the marginalized and vulnerable groups. In doing so, the project is contributing to the financial inclusion of 1.6 million pastoralists. World Bank has been supporting the microfinance sector in Afghanistan, focusing on women's financial inclusion. The project aims to revitalize microfinance providers in Afghanistan through recapitalization support and, alongside an offering of technical assistance, to diversify products and operational efficiency. Additional focus is on creating a pipeline of bankable micro and small enterprises, including women-led businesses, through business development services and a credit viability fund, to connect them to the regulated financial system.

**In Ethiopia,** the World Bank provided technical assistance to the authorities to support regulatory reforms to enable foreign direct investment in telecom and financial services, and new business models (mobile money) and wider use of digital financial services for government service delivery. As a result, mobile money account ownership grew 10-fold in 5 years (from 2 to 20 million). In addition, disbursements of social benefit transfers into mobile money accounts enabled more than 2 million women for the first time in their lives able to save and make & receive payments digitally.

The World Bank has undertaken a wide range of technical assistance activities to support governments in implementing effective and appropriate financial consumer protection (FCP) regulation and market conduct (MC) supervision. World Bank operations have also repeatedly supported implementation of financial consumer protection and market conduct reforms. In Ethiopia and Rwanda, among other countries, the World Bank supported reforms to address the lack of a comprehensive FCP regulatory framework to address issues regarding transparency and disclosure, fair consumer treatment and provider business conduct. The World Bank has also supported implementation of dedicated MC supervision functions.

The World Bank Group works globally with standard-setting bodies to develop guidelines, standards and good practices. We also work with the G20 to develop guidance for regulators and policymakers and to catalyze new actions in support of financial inclusion. We are also an implementing partner for the G20 Global Partnership for Financial Inclusion (GPFI). We also work closely with a number organizations and donor partners to advance financial inclusion, including Alliance for Financial Inclusion (AFI), AusAid, the Bill and Melinda Gates Foundation, DFID, Financial Sector Development Trusts, GIZ, the Ministry of Foreign Affairs of the Netherlands, the OECD, SECO, UNCDF, UNCITRAL, UNSGSA, USAID, and regional development banks.

The principle of financial inclusion has assumed greater level of importance in recent times due to its perceived importance as a driver of economic growth. Giving access to the hundreds of millions of men and women (all over the world) who are presently excluded from financial services would provide the possibilities for the creation of a large depository of savings, invest-able funds, investment and therefore global wealth generation. In other words, access to financial services, that are well suited for low-income earners promote enormous capital accumulation, credit creation and investment boom. Usually the low-income earners constitute the largest proportion of the population and so control enormous chunk of the economy's idle fund albeit held in small amounts in the hands of each of the several million members of this group.

Harnessing and accumulating these resources provides a huge source of cheap long-term investable capital. Mehrotra et'al (2009), emphasized that access to financial services allows the poor to save money outside the house safety, and helps in mitigating the risks that the poor faces as a result of economic shocks. Hence, providing access to financial services is increasingly becoming an area of concern for every policymaker for the obvious reason that it has far reaching economic and social implications. Financial inclusion has therefore become an explicit strategy for accelerated economic growth and is critical for achieving inclusive growth in a country. This realization, in the recent past, was the major impetus for the adoption of policies and measures aimed at growing global financial inclusion as a means of promoting world economic prosperity. Notwithstanding this global consensus, achieving pervasive financial inclusion has remained a global challenge with as much as 54.0 per cent of adults worldwide being financially excluded (without access to financial services).

The situation is even worse in the developing economies where some countries have as much as 70.0 per cent financial exclusion levels. The 2010 financial survey by the Consultative Group to Assist the Poor 2 Financial Inclusion in Nigeria: Issues and Challenges (CGAP/World Bank), show that the figures in almost all economies in Sub Saharan Africa were below this world average, while high-income countries were above it. Sub-Saharan Africa and South Asia are the regions with the lowest share of banked households. The report also indicated that the percentage of households having deposit accounts in a formal financial institution varies greatly across countries, ranging from below 1.0 per cent in the Democratic Republic of Congo and Afghanistan to about 100 per cent in Japan. This worrisome level of access to finance, especially in the developing countries poses a serious challenge not only to the different local economies, but also to the global economic growth at large and thus, necessitating the pragmatic efforts by policy makers to remove barriers like education, gender, age and irregular income so as to enhance access.

The objective of this paper is therefore to examine the efforts so far made in achieving financial inclusion in Nigeria, the challenges therein and the way forward. Following this introduction section II deals with the conceptual issues and relevance of financial inclusion. Section III reviews country experiences in financial inclusion, while Section IV gives an overview of financial inclusion in Nigeria. Issues and challenges of financial inclusion in the country are x-rayed in Section V, while Section VI contains the way forward and conclusion. Conceptual Issues The increasing importance of financial inclusion as a catalyst for economic growth and development has been well documented in the literature. Financial inclusion is today widely considered as a right of all citizens to social inclusion, better quality of life and a tool for strengthening the economic capacity and capabilities of the poor in a nation (Banco Central do Brazil, 2010). Policymakers have thus, viewed financial inclusion as a basic access for all citizens, highlighting its non-excludability and also its non-rivalness.

Considering that financial inclusion meets these two criteria, Mehrotra et al (2009), concluded that though, the degree of public in "financial inclusion" may be different from a typical public good like 3 Financial Inclusion in Nigeria: Issues and Challenges defence, but there should be no doubt that financial inclusion meets the two features of public good and thus, can be regarded as a "quasi-public good". Consequently, financial inclusion is defined as a process or situation which allows for ease of access to, or availability of and usage of formal financial systems by members of the economy. It describes a process where all members of the economy do not have difficulty in opening bank account; can afford to access credit; and can conveniently, easily and consistently use financial system products and facilities without difficulty. It is the process which ensures that a person's in-coming money is maximized, out-going is controlled and can exercise informed choices through access to basic financial services (PCC Financial Inclusion Strategy, 2009). In that regard, financial exclusion is the inability of individual, household or group to access particularly the formal financial products and services.

To Mohan (2006), financial exclusion signifies lack of access by certain segments of the society to appropriate low cost, fair and safe financial products and services from mainstream providers. it is Though there may not have been a universal agreement over an exclusive list, widely agreed that financial inclusion is multidimensional, encompassing access to, use of and capability in relation to a range of financial services. Stephen Sinclair et al (2009) summarized that financial inclusion is a state in which all people have access to banking and insurance services as well as financial literacy and capabilities. It has also been defined as "the state of financial system where every member of society has access to appropriate financial products and services for effective and efficient management of their resources; get needed resources to finance their businesses; and financial leverage to take up opportunities that will lead to increase in their income" (Chima, 2011).

The Centre for Financial Inclusion provides a somewhat all-encompassing 4 Financial Inclusion in Nigeria: Issues and Challenges definition. The Centre defines financial inclusion as "a state in which all who can use them have access to a full suite of quality financial services, provided at affordable prices, in a convenient manner, and with dignity for the clients. It is a state where financial services are delivered by a range of providers, most of them private sector, and reach everyone who can use them, including the poor, disabled, rural, and other excluded populations" (Centre for Financial Inclusion, 2010). In cross-country policy research working paper on access to financial services and inclusion around the world in 2011, Ardic et al, (2011) noted that there is yet much to be done in the financial inclusion arena. The findings revealed that 56.0 per cent of adults in the world do not have access to formal financial services and that the situation is even worse in the developing world with 64.0 per cent of adults banked.

A study conducted by Beck et al (2007) revealed that on a regional breakdown of predictions, Sub-Saharan Africa (SSA) and South Asia (SA) were the two regions with the lowest percentage of banked individuals, with medians of 12.0 and 22.0 per cent, respectively. Latin America and the Caribbean (LAC), East Asia and Pacific (EAP), and Middle East and North

Africa (MENA) followed with medians of 40.0, 42.0 and 42.0 per cent, respectively. In the developing world, Europe and Central Asia (ECA) were the regions with the highest percentage of banked households on average, with a median of 50.0 per cent. 2.2. The Relevance of Financial Inclusion The global financial inclusion average defined as the number of adults with access to financial services is less than 50.0 per cent. The problem is more acute in developing and African countries, such that achieving a higher financial inclusion level has become a global challenge (Ardic et al, 2011).

The global target has been to remove all the barriers, including education, gender, age, irregular income, regulation and geographical locations that have together contributed to the dearth of access to financial services by billions of adults all over the world. Sanusi, (2011) had attributed the rise in poverty level in Nigeria to the 5 Financial Inclusion in Nigeria: Issues and Challenges challenges of financial exclusion. According to him, achieving optimal level of financial inclusion in Nigeria means empowering 70.0 per cent of the population living below poverty level, and this would boost growth and development. Inclusion of this segment of the society would generate multiple economic activities, cause growth in national output and eventually reduce poverty.

Theoretically, greater access to deposit facilities enhances the ability of financial intermediaries to mobilize savings, while better access to finance facilitates economic growth by increasing the ability of households to undertake productive investments and (Andrianaivo AKpodar, 2011). Specifically, financial inclusion connects people to banks with the consequential benefits. Chong and Chan (2010), noted further that access to a well-functioning financial system, by creating equal opportunities, enables socially and economically excluded people to integrate into the economy and actively contribute to economic development. This ensures that the financial system plays its role of inclusive growth which is one of the major challenges of emerging and developing economies.

Mohan (2006) noted that, once access to financial services improves, inclusion affords several benefits to the consumer, regulator, and the economy alike. The author noted that the establishment of an account relationship can pave the way for the customer to avail the benefits of a variety of financial products, which are not only standardized, but are also provided by institutions that are regulated and supervised by credible regulators that ensures safety of investment. In addition, bank accounts can also be used for multiple purposes, such as, making small-value remittances at low cost and purchases on credit. In summary, access to a bank account does provide the account holder not only a safer means of keeping his/her fund but also provides access to use of other low cost and convenient means of transaction.

For the regulator, the transparency in the flow of transactions makes monitoring and compliance easier, while for the economy, increased financial inclusion makes capital accumulation easier and more transparent. Mohan (2006) concluded therefore that "the 6 Financial Inclusion in Nigeria: Issues and Challenges single gateway of a banking account can be used for several purposes and represents a beneficial situation for all the economic units in the country". The consequence of financial exclusion is to minimize the scale of economic activities that can be financed and hence, limiting the potentials for higher economic growth.

Financial inclusion requires that attention is given to human and institutional issues, such as quality of access, affordability of products, provider sustainability, and outreach to the most excluded populations. Financial inclusion guarantees improved ability of poor people to save, borrow, and make payments throughout their lifetime. Apart from the regular form of financial inter-mediation, financial inclusion takes care of: • Basic no frills banking account for making and receiving payments; • Savings products suited to the pattern of cash flows of a poor household; • Money transfer facilities; and • Insurance (life and non-life).

**FINANCIAL INCLUSION IN SOME SELECTED JURISDICTIONS**

Different countries have implemented varying policies to promote financial inclusion taking into consideration the peculiarities of the economy and local population characteristics. Some countries have promoted vigorously, alternative financial institutions such as micro finance institutions and Self-Help Groups, among others, to ensure financial services reach the excluded, while others simplified existing products to overcome the difficulties in accessing such services. Developed Economies In the developed economies, specific legal and policy pronouncements have been made to encourage actions (particularly by banks) that ensure continuous broadening and sustained financial inclusion.

The United Kingdom was one of the first countries to realize the importance of financial 7 Financial Inclusion in Nigeria: Issues and Challenges inclusion. It published its strategy of financial inclusion “Promoting Financial Inclusion” alongside the Pre-Budget Report of 2004. HM Treasury (2004), indicated that the government identified the need for financial literacy and basic understanding of financial concepts as a critical success factor in the efforts at ensuring increased financial inclusion. To achieve this, government worked with potential providers to develop proposals for delivering a significant increase in free face-to-face money advice, targeted in areas of high financial exclusion. Specifically, the government took active part in the process of midwifing models of money advice outreach aimed at reaching those who do not normally present themselves to debt advisers. Also, a Financial Inclusion Fund of £120 million was set up to help bring about expansion of access to financial services, while a

Financial Inclusion Task-force was formally launched in February 2005 to monitor progress on financial inclusion and make suitable recommendations. Working and consulting with stakeholders (including community development finance institutions, and home credit companies), the government implemented policies, including community investment tax relief scheme to deliberately promote the informal sector. The German Bankers' Association introduced a voluntary Code in 1996 providing for an "every man" banking transactions, (Srinivasan,2009). This ensured that financial institutions made access to banking services easy and less cumbersome for the benefit of every member of the community. In Sweden, Belgium and France legislation recognized the right to open account and so prevent banks from refusing to open account for intending customers (CGAP, World Bank, 2010).

Mohan (2006) had enumerated that in France, the “Law on Exclusion” of July 1998 reiterated the right to an account first set out in the 1984 law and has since then simplified the process of exercising the right, while in Belgium, the Banking Bill 2003, which had been implemented since October 2003, set out the minimum standards for basic bank accounts and specifies the minimum number of free face-to-face transactions. 8 Financial Inclusion in Nigeria: Issues and Challenges Srinivasan (2009) added that the laws in Belgium and France not only commit banks to open a minimum number of branches in rural areas but also stipulates the basic transaction types to be on offer as well as put ceilings on charges that can be applied.

In the US, the flagship legislation to promote financial inclusion required regulatory authorities to rate banks based on their efforts at serving rural-low income communities just like the Community Reinvestment Act (1997) requires banks to offer credit throughout their entire area of operation and prohibits them targeting only the rich neighborhoods (Srinivasan, 2009) Canada enacted “Access to Banking Services Regulation in 2003” requiring all banks/financial institutions to provide/open personal accounts without minimum opening balances irrespective of the employment or credit history and with minimum requirements.

There was also a financial consumer agency established to monitor whether financial institutions adhere to their public commitments. The Canadian Bankers Association and the Canadian Foundation for Economic Education (CFEE) were involved in promoting financial education, extending beyond credit counseling to awareness about macroeconomic environment (Mehrotra et al, 2009). In summary, the strategy and policy responses by central banks and monetary authorities in most developed economies have therefore been a combination of codes of practice and specific legislations.

OECD, India, Malaysia and Brazil Effective access to financial services has assumed the status of fundamental human rights in most of the emerging market economies as it is considered as one of the main driving forces of economic equality in this contemporary age. While the high-income OECD countries have as low as 8.0 per cent, the exclusion rate ranges from 49.0 per cent in Central Asia and Eastern Europe to 58.0 per cent in South Asia and 65.0 per cent in Latin America. Attempts to grow financial inclusion have been largely focused

Financial Inclusion in Nigeria: Issues and Challenges on either support for microfinance network (subsidy, co-financing, technical assistance etc.) or provision of environment and regulation that promotes access to financial services (CGAP, World Bank, 2010). With only 35.0 per cent of the population of India in formal banking and 40.0 per cent of the banked rarely using the account less than once in a month, the gross inadequacy of financial services availability, especially for the poor and rural dwellers became very evident attracting the attention of the government. To pursue a paradigm shift, the authorities set out to tackle the identified causes of financial exclusion, including inefficient regional and uneven distribution of bank services and branches, overcoming banker's aversion to financial inclusion, poverty levels, among others. Facilities such as "no frill" accounts and "General Credit Cards" for low deposits and credits were introduced by the Reserve Bank of India as part of the several measures initiated to achieve greater financial inclusion (Srinivasan,2009).

A post-implementation review helped India to develop a comprehensive multi-step road map (improved telecommunication and information technology, financial counselling, change and digitization of account opening documentation, education - curriculum update, capacity building) to deal with initial bottlenecks and challenges on the way to increasing financial inclusion level (Vighneswara and Vijayanagar,2009). The road map fostered availability and affordability of appropriate financial services to most of the economy, allowing the Indian economy assume the enormous benefits therein. In Malaysia, having realized the importance of financial inclusion as a vehicle of economic growth and development, government, through the Malaysia central bank, took several steps in 2009 to address the challenges of financial exclusion.

Zeti (2010) noted that, the commitment of the government was reflected in the enactment of the new Malaysia Central Bank Act 2009, which included financial inclusion as an objective of the Bank. The legislation ensured that subsequent/future policy makers would continue to focus on building an inclusive financial system, (Bank Negara 2010). Specifically, the central bank created legal and business 10 Financial Inclusion in Nigeria: Issues and Challenges environment which allowed a range of financial service providers to thrive and compete. The Bank also issued guidelines on the specific basic banking products that must be on offer at reasonable cost while prescribing and ensuring that diverse delivery channels, in terms of physical branches, ATMs and Kiosks, among others, are provided, for wider and easier reach to the greater population. In addition to providing a consumer protection and enlightenment framework which enhanced financial literacy, the Bank also established training centres for building professional capacity as well as providing institutional and infrastructural support such as credit bureau to facilitate the operations of the financial institutions in granting of credit.

Alliance for Financial Inclusion (2010) noted that Bank Negara conducts outreach activities on rights and responsibilities of customers, targeting women, students, rural communities and pensioners who may be most vulnerable. In Brazil, the first step to promoting financial inclusion dates to 1990 when the Brazilian Central Bank started working with the public and private agents to articulate knowledge and actions on how to raise the financial inclusion level in the economy (Banco Central do Brazil, 2010). By 2010, the Bank adopted the promotion of financial inclusion as one of its strategic objectives and ensures the soundness and efficiency of the National Financial System (AFI, 2011). The approach initially focused on improving the regulatory framework for achieving financial inclusion, including some normative changes such as correspondents and simplified accounts, the establishment of credit unions and micro entrepreneur credit companies (SCM) which were later transformed into micro entrepreneur and small business credit companies (SCMEPP).

Banking correspondents were allowed to provide all financial services, with the formally licensed banks taking full responsibility for the conduct of the correspondents linked to them, (Mehrotra et al, 2009). Eventually, the process of financial inclusion was articulated more around the broad objective of right of all citizens to social inclusion and a better quality of life as well as a tool for strengthening the economy. Banco Central do Brazil (2010) noted that one of the most important aspects of financial inclusion in Brazil was the use of services and 11 Financial Inclusion in Nigeria: Issues and Challenges tools that were developed in response to National Monetary Council Regulation by beneficiaries of federal government income transfer Programmes like the “Bolsa Família” (PBF). The “Bolsa Família” program, or PBF, is responsible for transferring funds amounting to R$1.2 billion to approximately 13 million households each month. 3.3. Middle East and North Africa A World Bank sponsored study by Pearce (2011).

**Recommendation and Conclusions**

To enhance financial inclusion and access to finance in Nigeria, several recommendations and conclusions can be drawn.

**RECOMMENDATIONS**

**Increase access to financial service**s: Efforts should be made to expand financial services to rural areas, where exclusion rates are higher. This can be achieved through the use of non-banking channels, such as mobile money agents and financial cooperatives

Targeted interventions: Interventions should be tailored to address the specific needs of excluded populations, such as farmers, dependents and women. This can include the developments of specialized financial products and services.

Collaboration and Coordination: Stakeholders, including government agencies, financial institutions, and development organizations, should collaborate and coordinate their efforts to achieve financial inclusion goals.

Over 80% of the world's 1.4 billion adults without financial accounts reside in places at risk from climate, intensifying their susceptibility to economic and environmental shocks. Financial services enable individuals and businesses to invest in climate-resilient infrastructure, adopt sustainable agricultural practices, and implement energy-efficient technologies, thereby contributing to climate mitigation. Moreover, availability of insurance and savings products speed recovery from environmental shocks.

Financial inclusion in Nigeria is a significant issue, with over 1 in 3 Nigerian adults financially excluded from formal financial services such as payment, savings, and credit. The Central Bank of Nigeria has set ambitious targets to increase access to financial services: payment services from 21.6% in 2010 to 70% by 2020, savings from 24% to 60%, credit from 2% to 40%, insurance from 1% to 40%, and pensions from 5% to 40%. Financial inclusion aims to ensure that financial services are accessible to all, promoting economic growth and reducing poverty.

Affordable financial products and services—such as transactions, payments, savings, credit and insurance—help people manage risks, build wealth and invest in businesses. Financial inclusion means that individuals and businesses have access to and use affordable financial products and services that meet their needs, which are delivered in a responsible and sustainable way. Financial inclusion is a catalyst for achieving seven of the 17 Sustainable Development Goals (SDGs). It fosters economic growth and employment, promotes economic empowerment of women, and contributes to eliminating poverty.

Financial inclusion supports entrepreneurship and business growth. Access to credit and capital, secure savings, and efficient payment services enable small businesses to expand, create jobs, and drive economic development. Access to insurance enhances resilience by offering protection against unforeseen risks and financial shocks providing individuals with peace of mind and allowing entrepreneurs to undertake ventures with greater confidence. By bringing more people and enterprises into the formal economy, financial inclusion strengthens economic activity, boosts productivity, and lays the foundation for inclusive and sustainable economic growth.

Financial inclusion empowers women. By reducing barriers to economic participation, financial services equip women with tools and resources to start and grow businesses, manage household finances, and invest in their futures. This strengthens their voice in decisions affecting them and narrows gender gaps in financial access, promoting broader social and economic equality.
Financial inclusion helps build resilience for people and businesses vulnerable to climate change and natural disasters.

## CONCLUSIONS

Progress has been made: Nigeria has made significant progress in increasing financial inclusion, with the percentage of financially excluded adults decreasing from 32% in 2020 to 26% in 2023. Challenges Persist: Despite progress, challenges persist, particularly in rural areas, where exclusion rates remain high. The gender gap in financial inclusion also remains a concern.

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