

Empowering Nigeria's Women Micro-Entrepreneurs: Actionable Insights for Financial Services Providers

Jennifer Iwueze and Justin Archer

September 2024



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Acknowledgments

We would like to express our deepest gratitude to all those who contributed to the successful completion of this research.

Our heartfelt thanks go to the members of the research team, Mai Nagabayashi, Sonja Kelly, and Angela Wambugu, whose invaluable feedback and support have greatly enriched our work.

We extend our appreciation to the research consultants, Evelyn Jibunor and Amaka Jane Agu, for their expert insights and dedication. Additionally, we are grateful to the field researchers for their tireless efforts in collecting the data.

We are also deeply thankful to the research participants, whose willingness to share their experiences and perspectives has been fundamental to the success of this study.

Lastly, we acknowledge the Bill & Melinda Gates Foundation for their generous funding and support, which made this project possible.



Foreword

I have seen firsthand that when financial institutions design their products and services with women in mind, the impact is profound—for financial institutions as well as for the women they serve. Not only do these tailored solutions address the unique needs of women micro-entrepreneurs, but they also create significant opportunities for financial services providers (FSPs) to tap into a dynamic and underserved market segment. This dual advantage underscores the importance of inclusive financial design and highlights its potential to drive meaningful change.

As Women's World Banking extends its efforts across Africa, the focus on women micro-entrepreneurs becomes increasingly pivotal to our mission. Women in Nigeria are not only crucial to the economic fabric of their communities, but they also represent a burgeoning force for increased productivity and growth. As Women's World Banking deepens its efforts in Africa, the focus on women-led enterprises continues to be pivotal to our impact.

This research project is a testament to the transformative impact that targeted financial services can have. The report provides critical insights into how financial institutions can better serve women micro-entrepreneurs, thereby enhancing their financial inclusion and overall business success. Our commitment to advancing this agenda is reflected in the thorough analysis and thoughtful recommendations presented here.

As Women's World Banking continues to champion the cause of women micro-entrepreneurs, this project will serve as a valuable resource for financial services providers and policymakers committed to driving positive change. By leveraging the findings and implementing the recommendations, we can create an ecosystem that not only supports women micro-entrepreneurs but also benefits the broader economic landscape.

In closing, I would like to express my gratitude to everyone involved in this endeavor. Your dedication and expertise are instrumental in shaping a future where women entrepreneurs have the tools and opportunities they need to flourish.



Harsha Rodrigues

Global Head, Client Services
Women's World Banking

Introduction



Beneath Nigeria's bustling marketplaces lies a complex financial reality for women micro-entrepreneurs. This report explores their financial practices, preferences, and challenges, with the aim of bridging the knowledge gap and developing effective financial solutions for these business owners. These women are economically powerful yet underappreciated, and financial institutions ignore them at their own expense.

In 2022, Women's World Banking partnered with three Nigerian banks to introduce a savings product, with optional credit, for low-income women. One bank evaluated the impact of encouraging women to save small amounts over three or six months, and offering credit support at the end. Throughout the initiative, the economic power of these women was evident. The Women's World Banking team conducted surveys and interviews across Nigeria's five geopolitical zones, providing valuable insights for financial services providers to better address these women's needs and advance financial inclusion.

This report provides an overview and in-depth analysis of the financial lives of women micro-entrepreneurs. It begins by outlining the existing literature and data on women micro-entrepreneurs and highlighting the key findings related to their financial behaviors, access to financial products, and the barriers they experience. It then turns to a detailed examination of the characteristics of the women sampled in our study, offering insights into their demographics, business activities, and financial practices. Finally, it considers how these insights can inform the practices and products of financial services providers.

Key insights

Our analysis of the financial behaviors of Nigerian women micro-entrepreneurs provides a nuanced understanding of the realities and challenges they face, and highlights several key insights:



Nigerian women micro-entrepreneurs face barriers to financial services access and usage: These include high costs, aggressive collection methods, technical difficulties, cultural and religious constraints, lack of product awareness, complexity of loan applications, and fear of stigma associated with defaults.



Women who access financial products attest to their impact: Savings accounts are valued for their security, loans facilitate business expansion, and digital solutions increase accessibility. However, challenges include varying levels of enthusiasm and gaps in customer support.



Financial practices vary by geography: Savings are common in Nigeria, although habits vary by region. For example, women in Lagos are frequent savers, while budgeting is popular in Enugu.



Women use a diversity of coping mechanisms to manage shocks: Those include personal savings, informal loans, and digital financial tools. Still, better support is needed to offset financial challenges.



Women prioritize savings and financial management: Daily savings, community support, and cautious loan borrowing are common, but regional differences exist in financial education, engagement, and management.



For a range of reasons, women prefer informal financial products: Community savings groups (esusu) and thrift savings are perceived to offer more reliability, flexibility, alignment with values, and support than formal financial services such as savings accounts and loans.

These findings highlight the necessity of addressing the specific needs and challenges faced by women micro-entrepreneurs. Tailoring financial services to their needs, enhancing financial education, improving accessibility, and respecting cultural and religious values are essential steps toward empowering these entrepreneurs and supporting their financial stability and business growth.

Women micro-entrepreneurs in Nigeria: An overview

The Nigerian marketplace is primarily run by women micro-entrepreneurs engaged in various economic activities. The participation of these women is crucial to the country's informal economy and overall development.



Quantifying the exact number of women micro-entrepreneurs is challenging due to the informal nature of their activities. However, the International Finance Corporation (IFC) estimates that over 70% of trading in Nigerian markets is carried out by women. The Federal Ministry of Women Affairs and Social Development also highlights the significant presence of women micro-entrepreneurs in the informal sector.

Despite their economic role, these women are underrepresented in financial inclusion efforts. Women are as financially active as men but only have about half as much access to formal financial services. Financial access—to products such as credit, savings, and insurance as well as to education—is vital for their empowerment. Studies show that the reasons why women face challenges in accessing formal financial services include lack of collateral as well as financial literacy barriers.

Our analysis of the World Bank Global Findex data (2021) indicates it could take over 100 years to achieve gender parity in bank account access in Nigeria. The EFINA 2023 survey reveals a stark gender gap in financial inclusion, with 46.1% of men banked compared to 33.3% of women. Women are more likely to rely on informal financial systems, making them more vulnerable.

These figures highlight the need for focused policy reforms to address these disparities and promote financial inclusion for women.

Table 1
Financial access by gender

	Banked	Formal other	Informal only	Financially excluded
	46.1%	8.9%	12.5%	8.9%
	33.3%	9.1%	16.7%	40.9%

Data source: EFINA 2023

Banked: Individuals with access to and use of formal financial services like bank accounts.

Formal other: Individuals using non-bank formal financial services but lacking traditional bank accounts.

Informal only: Individuals relying solely on informal financial services without engaging with formal institutions.

Financially excluded: Individuals without access to or use of any financial services, either formal or informal.

Research methodology

The study aimed to understand the financial needs and preferences of women micro-entrepreneurs in Nigeria by focusing on credit, savings, pensions, insurance, and payment services. It assesses awareness and usage of these services and their impact on financial inclusion. The research also identifies barriers preventing full utilization of financial products and explores decision-making processes, confidence in transactions, and strategies for managing financial shocks. The goal is to provide insights to enhance financial strategies and policies in order to foster economic empowerment and inclusion.



Quantitative survey

- **Phase 1:** A survey of 2,319 micro-entrepreneurs in four states in South West and South South Nigeria collected data on financial needs, preferences, and usage patterns. While this initial survey was largely focused on a specific product, the results were used for the team's contextual understanding and to drive follow-up qualitative and quantitative data gathering.
- **Phase 2:** A survey of 200 micro-entrepreneurs from five states across four geopolitical zones enriched the dataset, offering a broader perspective on financial challenges and needs. This phase refined and validated initial findings, highlighting regional differences and broader trends.



Qualitative interviews

The study included 30 in-depth interviews with micro-entrepreneurs and five key informant interviews with bank employees. These interviews provided rich insights into personal experiences, financial decision-making and barriers faced by entrepreneurs. Combining quantitative and qualitative data offered a comprehensive view of the financial realities of women micro-entrepreneurs.

Stratified sampling ensured diverse representation of women micro-entrepreneurs across Nigeria. Convenience sampling drove selection of product and loan officers from commercial banks. Interviews were conducted in Lagos, Abuja, Kano, Benin, and Enugu.

Research methodology continued



Triangulation

Triangulation enhances the validity and depth of understanding by combining qualitative and quantitative methods. Quantitative surveys provide broad, generalizable data, while qualitative interviews offer detailed insights into individual experiences. This combination ensures a comprehensive perspective, cross-validating results and addressing the limitations of each method. It increases the credibility of findings, making them more reliable for informing financial services providers, researchers, and policymakers.

The analysis of the research on women micro-entrepreneurs in Nigeria integrated data from two phases of quantitative surveys with qualitative interviews. The first phase provided a foundational dataset on financial behavior trends, while the second phase included insights from additional regions, enhancing geographical scope. Qualitative data from in-depth interviews with micro-entrepreneurs, in addition to the key informant interviews with financial inclusion experts, offered nuanced perspectives on financial needs, preferences, and barriers.



Sampling strategy



The first phase of the quantitative surveys gathered data from 2,319 women micro-entrepreneurs at nine markets located in four states in South West and South Southwest Nigeria: Lagos, Ogun, Warri, and Edo. Participants provided data about their financial needs, preferences, and usage patterns, with the number of respondents at each market ranging from 110 to 498 women. In the second phase, a supplementary survey collected data from 200 women micro-entrepreneurs based in markets in five states across four geopolitical zones and representing four age groups from 20-30 to 51-60.

In the qualitative study that followed, 30 women micro-entrepreneurs reflecting diverse age groups, locations, social classes, and income levels gave in-depth interviews about their financial decision-making and challenges, providing information about their usage of loans, payment services, and savings products. As part of the qualitative study, five interviews with key informants from commercial banks— two interviews with product officers and three with loan officers—added to the comprehensive view of the financial realities facing Nigerian women micro-entrepreneurs. The qualitative interviews were held in Lagos, Abuja, Kano, Benin, and Enugu. For a more detailed look at the survey samples, see the tables in Appendix B.

Research findings

Although awareness of financial products is generally high, it does not consistently result in the widespread use of formal financial services.

High awareness of financial products and high financial activity among women micro-entrepreneurs in Nigeria has not translated into consistent and widespread use of formal financial services. These women, who play a crucial role in the informal economy, seek financial solutions that fit their daily needs and business realities. Factors such as accessibility, cultural norms, and trust in financial institutions significantly influence their interactions with financial products such as loans, savings accounts, insurance, pensions, and payment services. Understanding their financial engagement requires examining both their awareness and their practical usage of these services.

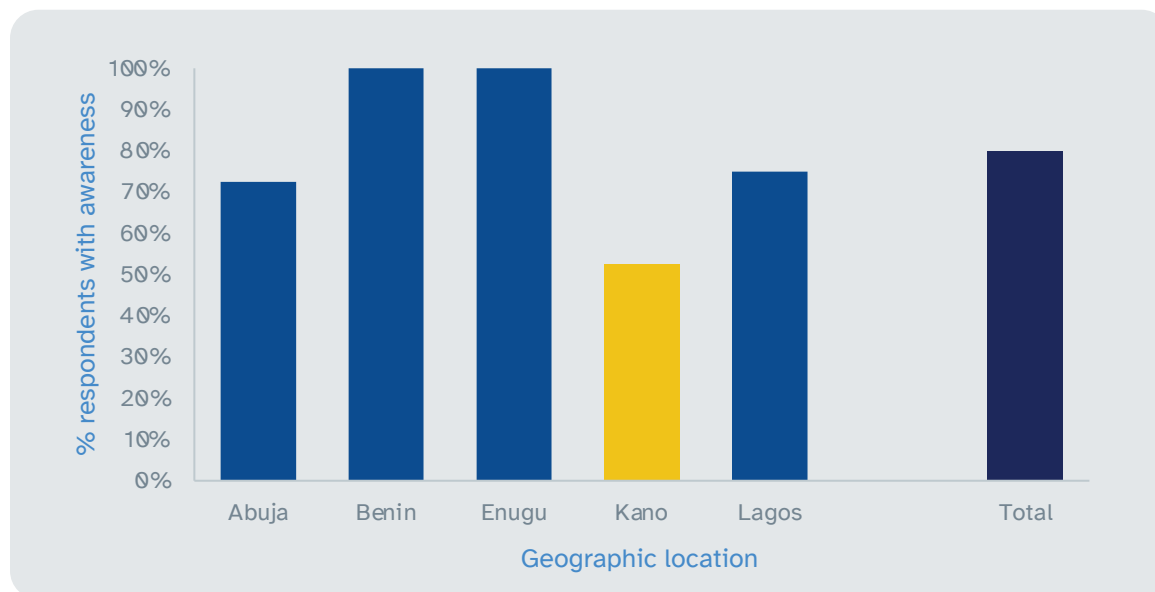


Saving awareness and usage

The research indicates a high level of awareness of savings products among women micro-entrepreneurs, with 80% reporting familiarity with such formal products. However, this awareness varies significantly across regions. For instance, only about 50% of women in Kano State are aware of these products.

Figure 1

There is widespread awareness of savings products, particularly in Benin, Enugu, and Lagos.



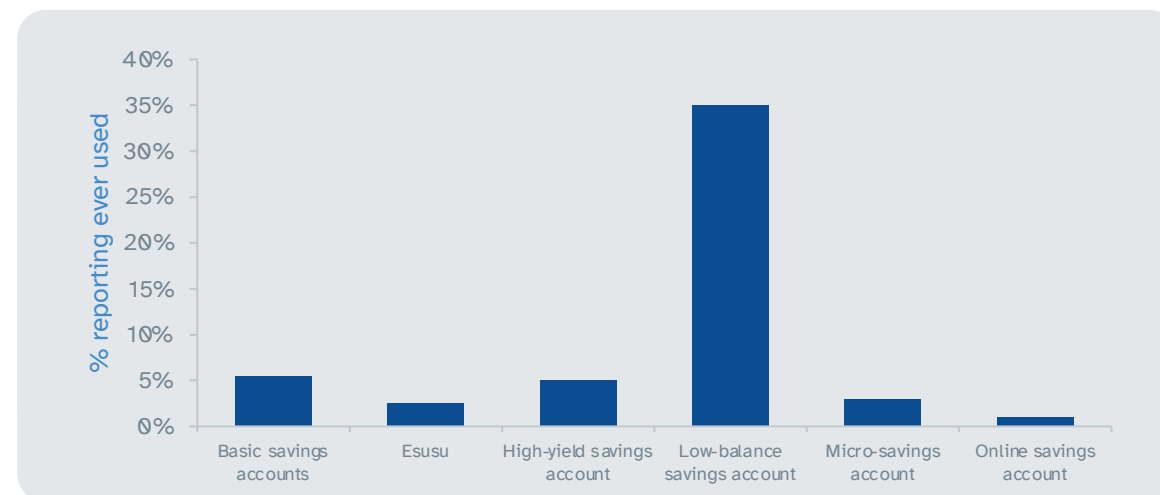
Source: Authors. Represents the percentage of women in each location who report being aware of savings products. N=200

Despite this widespread awareness, the actual usage of savings products is notably lower. For example, although 56% of women are aware of Low-Balance Savings Accounts—which have a low minimum-balance requirement—only 35% actively use them. In the case of other products, awareness as well as usage are significantly lower, with targeted accounts showing only 8% awareness and no reported usage.

In terms of financial practices, 24.5% of women use mobile money accounts for saving, and 26% rely on informal savings clubs. While formal financial inclusion in Nigeria has grown to 64%, the gender gap widened to 9% in 2023.

Figure 2

Among formal savers, women entrepreneurs use low-balance savings accounts most frequently.



Source: Authors. Represents the percentage of all women entrepreneurs who report having ever used the given savings product. N=200

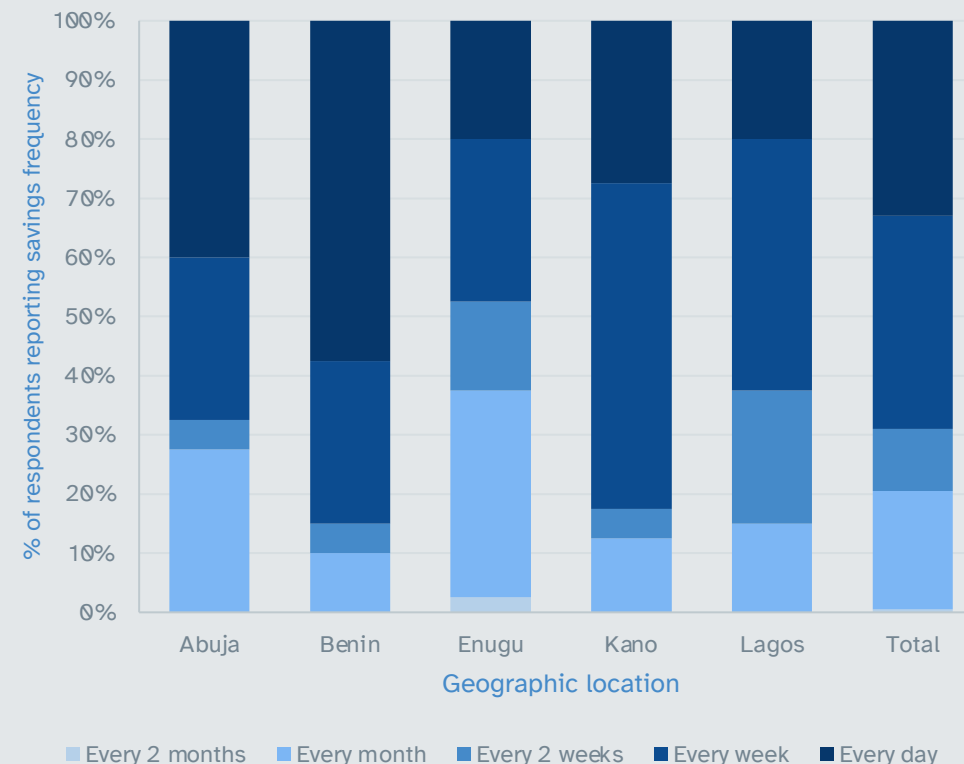
Saving behavior and geographic disparities

Women frequently save, with over half saving at least weekly. This behavior varies significantly by region, as illustrated by the frequency with which women typically save—daily, weekly or monthly, for example—in different states. For instance, 58% of women in Benin State and 40% of those in Abuja State save daily. In contrast, only 20% of women in Enugu and Lagos States save daily. In Enugu, the savings pattern is more varied, with 35% of women saving monthly, making it the most common frequency there. Kano State women are most likely to save on a weekly basis, with 55% reporting this habit.



Figure 3

Savings frequency varies by geography



Source: Authors. Figure shows percentage of respondents who save within each frequency in each geography. N=200

Deposit behavior and target discrepancies

Across states, there is a relative consistency in the actual amounts that women deposited into their savings accounts in the previous month. However, a significant discrepancy exists between actual and desired deposits. The largest gap is seen in Enugu State, where women's average deposits of 34,862 NGN fall 94% short of their desired average of 606,625 NGN. In Kano State, the alignment between actual deposits and desired amounts is closer, with deposits meeting 41% of the target.

Comparing women's current savings balances to their deposit targets reveals an interesting trend. Despite the large gap in Enugu, where the actual monthly deposits fell significantly short of the target, the average savings balance is 119,815 NGN, which is above the overall average of 95,707 NGN across states. In Benin State, where women save 33% of their target, the average savings balance is 40,954 NGN. In Lagos State, the average balance is 43,579 NGN, with a deposit gap of 16%. This indicates that while there is a significant gap between deposits and targets, the savings balances in accounts do not always reflect this discrepancy.

Figure 4

Deposit amount varies by geography, with high gaps between desired and actual savings and deposits.



Source: Authors. Figure shows average deposits in the previous month, desired monthly deposits, and current savings balances of respondents in each geography. N=181

Preference for commercial banks over other channels

When it comes to where women prefer to lodge their savings, commercial banks are the top choice for 76% of women, a dominance that exists across all geographies. In contrast, only 1% choose fintech banks and 6% prefer microfinance banks. Informal channels like esusu (9%) and thrift savings (7%) also hold a notable place in women's savings habits.

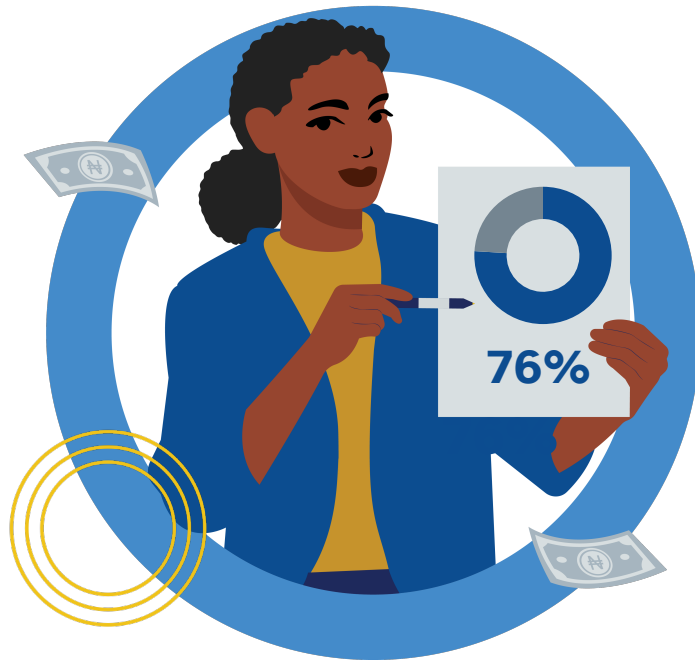
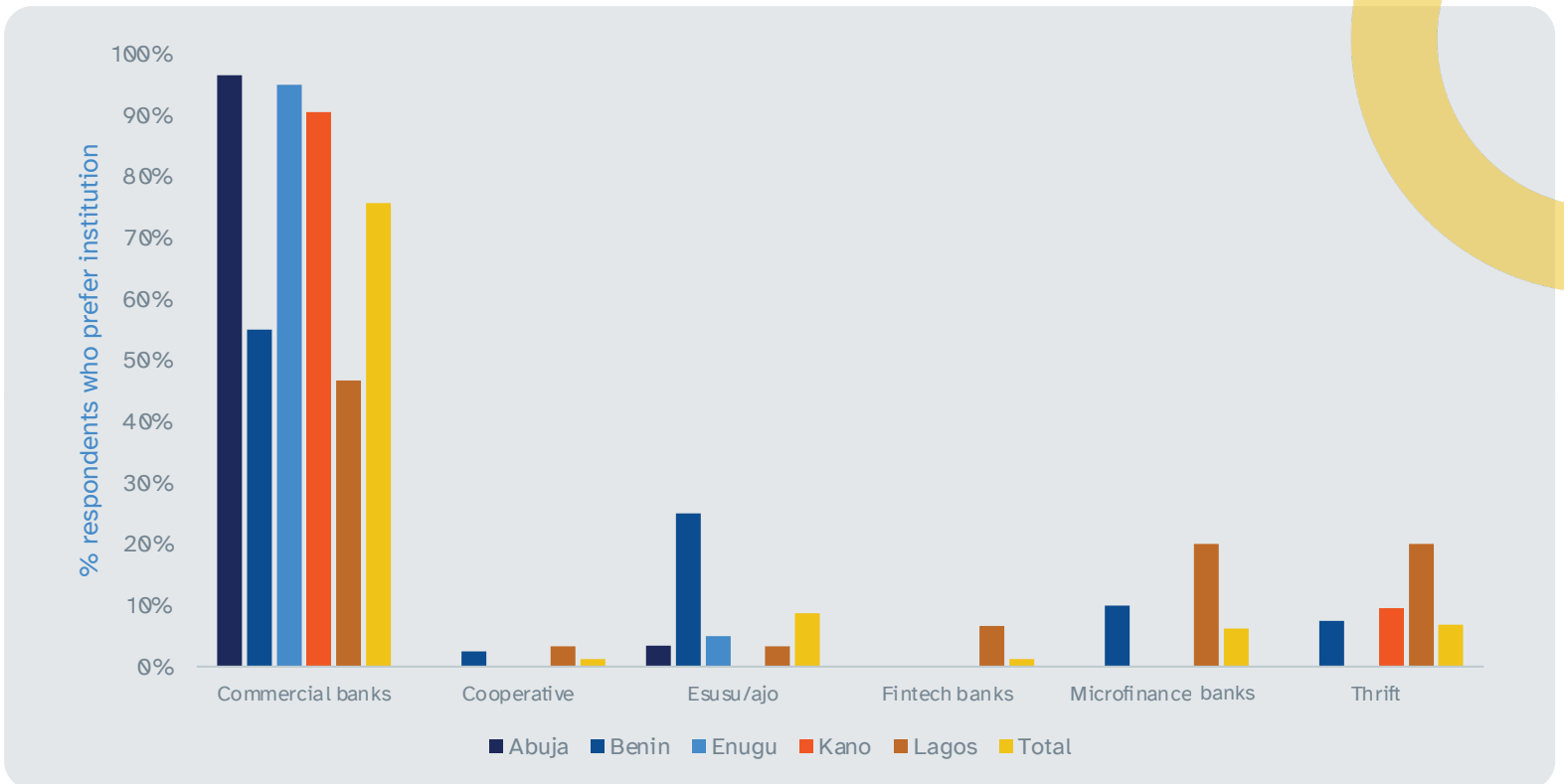


Figure 5

Commercial banks dominate formal savings channels across geographies.



Source: Authors. Figure shows percentage of respondents who prefer each financial institution in each geography. N=160

The prevalence of informal savings practices among women micro-entrepreneurs

Across Nigeria, informal savings practices play a pivotal role in the financial lives of women micro-entrepreneurs, reflecting a strong preference for traditional and communal savings methods. Our analysis reveals that 27 out of 30 women actively engage in informal savings groups such as ajo and esusu. These groups are characterized by their communal approach, in which participants contribute fixed amounts on a regular basis and take turns receiving the pooled contributions. This practice not only fosters a sense of community, but it also provides a structured way to manage savings and access lump sums of money when needed.

In addition to these informal savings groups, a smaller but noteworthy number of women (specifically three out of 30) prefer saving through market unions. These unions offer unique incentives that resonate with women micro-entrepreneurs' practical needs. Members benefit from additional perks such as gifts and food items, which enhance the appeal of saving within these groups.

Furthermore, market unions provide immediate advice and assistance, creating a supportive environment that helps women navigate financial decisions and challenges more effectively.

Another prevalent practice, particularly in Kano, is the act of saving cash at home. This method is deeply ingrained in the local financial culture and serves as a straightforward way for women to manage their finances without relying on formal banking systems. Keeping cash at home offers immediate access to funds but also carries risks related to security and mismanagement.

These insights underscore the diverse financial behaviors and preferences of women micro-entrepreneurs across different regions of Nigeria. The reliance on informal savings groups, market unions, and home savings highlights a preference for accessible, community-oriented financial solutions that provide practical support and flexibility.



Amaka Ndidi's experience with savings



Women micro-entrepreneurs utilize a blend of informal and formal savings methods. Informal mechanisms, such as ajo and esusu, are particularly prevalent. Ajo is a trust-based informal group savings program in which members regularly contribute fixed sums to a common fund, and esusu is a traditional form of cooperation in Nigeria whereby groups of individuals contribute to informal savings and credit associations for their mutual benefit. These methods are favored for their simplicity and cultural alignment. As Amaka Ndidi shares,

“

Being part of an esusu group has been a lifesaver. It provides a safety net without the complications of formal loans.

Her experience emphasizes the way in which women micro-entrepreneurs trust informal savings methods and value their effectiveness, finding them to offer a practical alternative to formal banking.

“

I save a portion of my earnings every day, ensuring that I have enough to replenish my stock regularly.

Women also use formal savings accounts—valuing them for their security and for additional features like Electronic Funds Transfer (EFT)—but prefer accounts that offer low fees and a flexibility that matches their variable incomes. Amaka's disciplined approach to saving is a testament to the importance of combining the benefits of informal and formal savings methods. She explains,

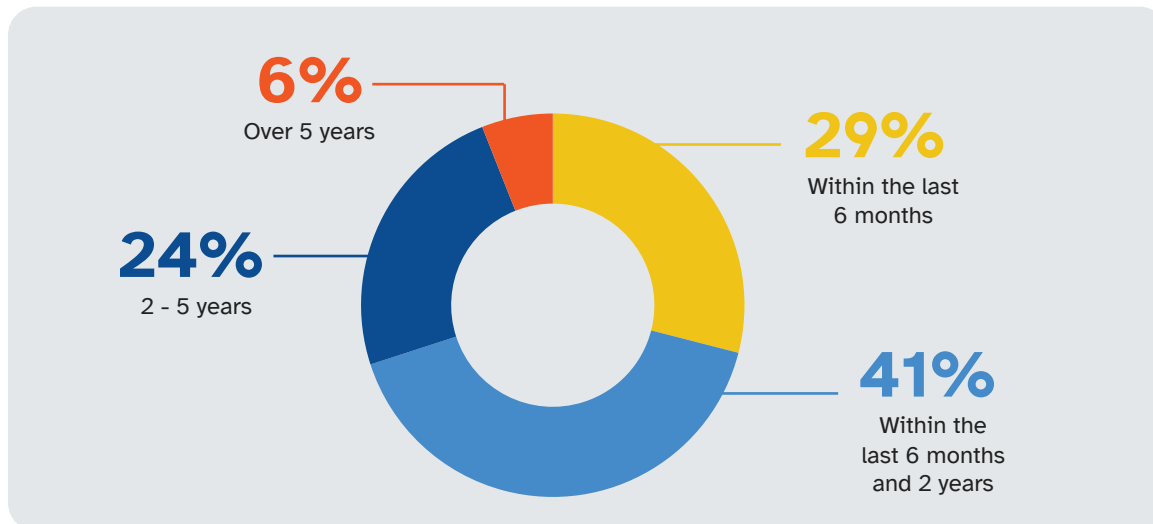
This routine highlights how informal savings practices support her financial stability and business management.

Credit awareness and usage

The research indicates that awareness of loan options among women micro-entrepreneurs is nearly universal, with high levels of recognition across the four states studied. In Kano State, 85% of women are aware of loan offers, but this represents the lowest rate among the regions. Among these women reporting awareness of credit products, 83% had confidence in their level of awareness of various types of credit. However, awareness varies significantly by loan type and region.

Figure 6

Most women micro-entrepreneurs applied for a loan within the past two years.

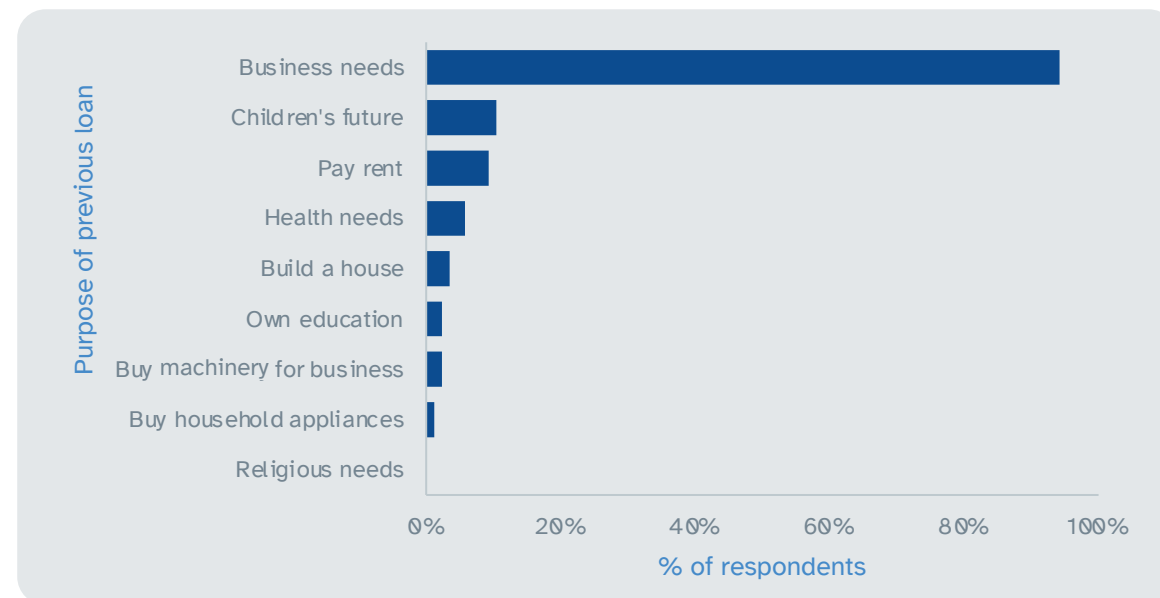


Source: Authors. Figure shows percentage of respondents who applied for their most recent loan within the given time period. N=86

Nearly three-quarters of the sample applied for a loan within the past two years. Of these, 29% have applied within the last six months. The primary purpose of these loans is for business needs, which account for 94% of applications. Most loans have manageable terms, with 73% having an annual percentage rate (APR) between 10% and 20%.

Figure 7

Business needs represent the top reason why women micro-entrepreneurs take out loans.



Source: Authors. Figure shows percentage of respondents who had previously taken out a loan for each purpose. N=86

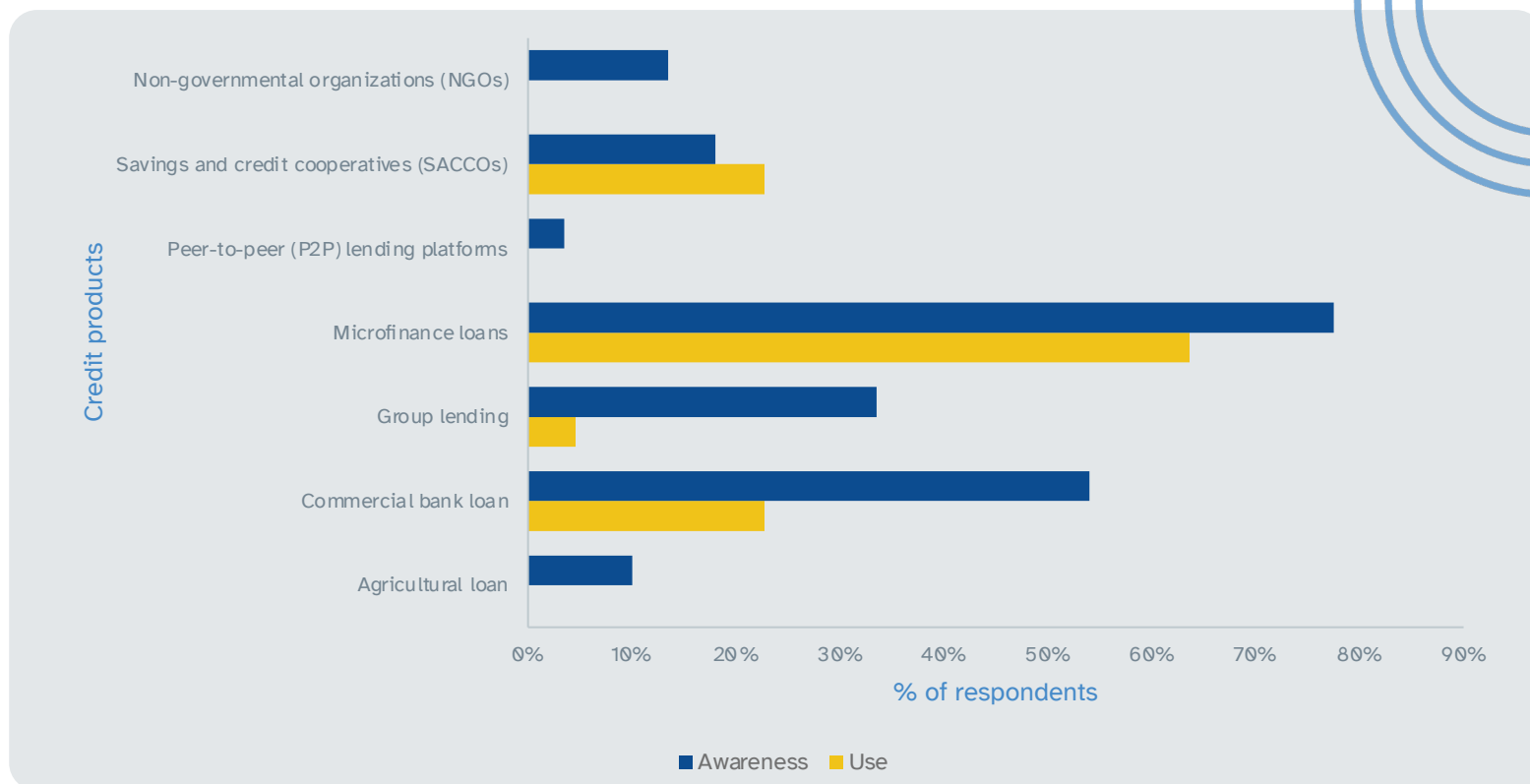
Choosing a credit product

Awareness of specific loan institutions also varies. Women in Enugu exhibit greater awareness of a range of loan offerings, including commercial banks, group lending, microfinance loans, NGOs, and Islamic microfinance. In Kano State, awareness is concentrated on more traditional loan sources. However, a notable gap exists between awareness and actual use of loans. For instance, while 34% are aware of group lending, only 5% have utilized it.



Figure 8

The gap between awareness and take-up of credit varies by product.



Source: Authors. Figure shows percentage of respondents who are aware of and use each credit product. Aware: N=200; Use: N= 86.

In their own words: Borrowing preferences

Women primarily learn about loan services through informal channels such as word-of-mouth, market associations, and community meetings. Mercy Ominiya from Abuja describes how loan services are promoted:

“

They usually come here to advertise it. They usually come with papers and flyers, and sometimes they even give out leaflets. Word-of-mouth also plays a big role, as fellow traders and friends share their experiences and recommendations about loan products.

In Enugu, Edeh Vivian notes the role of in-person interactions in loan awareness:

“

Sometimes, when you visit the bank branch for a little transaction, somebody can just walk up to you, introduce his or herself, and start telling you about a loan. In the marketplace, some marketers do come to talk about loans and their benefits for business growth.

Despite this awareness, women's understanding of loan terms such as interest rates and repayment schedules is often limited. Hyelsinta Reuben from Kano reflects on this gap:

“

They told me about the interest rate, but I didn't pay much attention. I just wanted to secure the loan to restock my goods. The repayment terms became clearer when I started making payments.

Loans are essential for business expansion and for managing demand. Ajoke, a seller in Lagos, highlights the importance of loans, despite the complexity of terms:

“

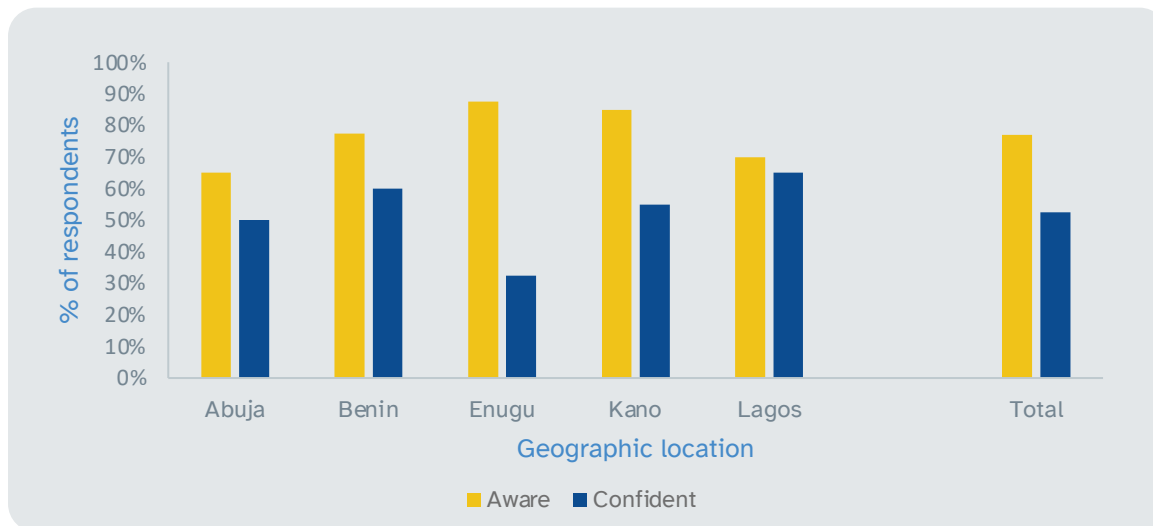
Loans are important for my business expansion and meeting high customer demand. I learned about loan services from my friends at the market and community meetings, but I often find the terms, like interest rates and repayment schedules, confusing. What matters most to me is getting the loan to keep my business running.

Insurance awareness and usage

Awareness of insurance products among women micro-entrepreneurs is relatively high, with three in four women reporting that they know insurance exists. However, confidence in their knowledge about these products is lower; with only half feeling they are well-informed. The engagement with insurance is limited: eight out of 30 of the women use insurance only in connection with loans from LAPO Microfinance Bank. This reflects an approach to insurance planning that is more reactive rather than proactive.

Figure 9

The gap between awareness and confidence in using insurance varies by state.



Source: Authors. Figure shows percentage of respondents who are aware of insurance products and are confident about them. N=200.

In her own words: Awareness of insurance

Despite some awareness of insurance among women micro-entrepreneurs, their understanding of these benefits remains superficial. The women often receive information sporadically through word-of-mouth, community meetings or advertisements, leading to a fragmentary grasp of how insurance can protect their livelihoods, health, and assets.

Business insurance in particular is rarely utilized. Among those who mention it, such as Silavanesa, insurance is often tied to loan agreements and seen as a safeguard for loan repayment rather than as a proactive financial tool.

“

I pay 1,000 naira monthly for a period of five years, but I haven't been consistent with the payments lately.

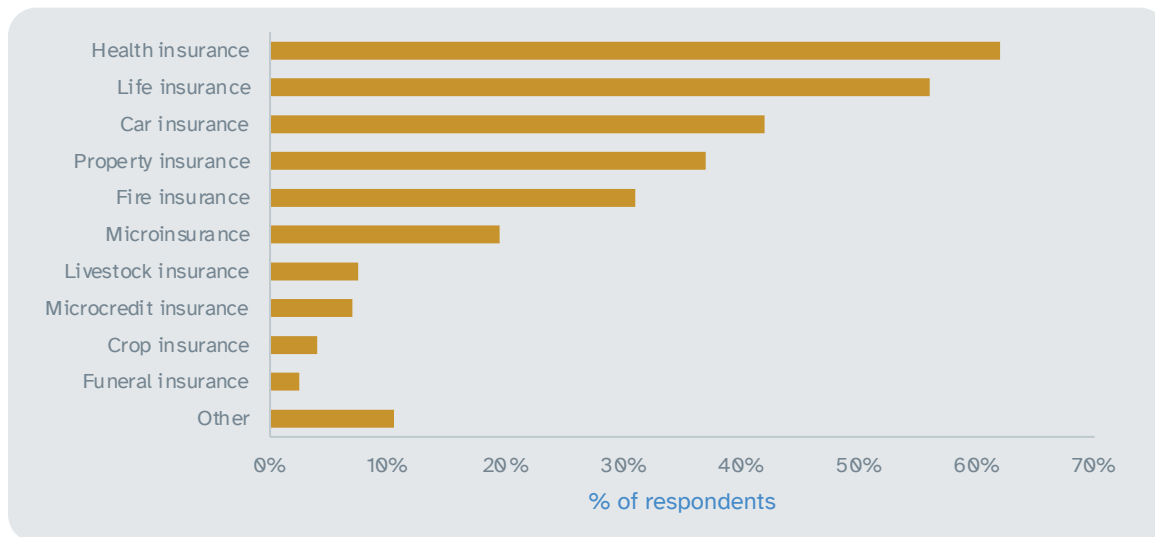
She notes, reflecting the practical challenges and limited engagement with insurance.

Product-level insurance awareness

Awareness varies significantly across different types of insurance. Health insurance is the most recognized, with 62% of the women in the survey stating they are aware of it. The next most-recognized type is life insurance at 56%. Awareness of microinsurance, property insurance, fire insurance, and car insurance is lower but still notable, ranging from 20% to 42%. Despite this awareness, there is a general lack of clarity regarding coverage, especially for business insurance, due to inadequate education from financial institutions.

Figure 10

Awareness of insurance varies dramatically by product type.



Source: Authors. Figure shows percentage of respondents who are aware of each insurance type. N=200

In her own words: Barriers to adoption

The qualitative findings highlight a significant gap in both awareness and understanding of insurance products among women micro-entrepreneurs. According to the EFINA 2023 survey, only 3% of women hold insurance products, underscoring substantial barriers to adoption. Many of the women's interactions with insurance are limited to their loans, as evidenced by Silavanesa, a fish seller in Abuja, who says,

“

I'm aware of insurance products and have used them before. I have a family plan with ARM pensions, which my cousin helped me register for, but I didn't receive much education on how it works from the financial institution.

This reactive approach to insurance is further exemplified by Amaka Ndidi from Kano, who reflects,

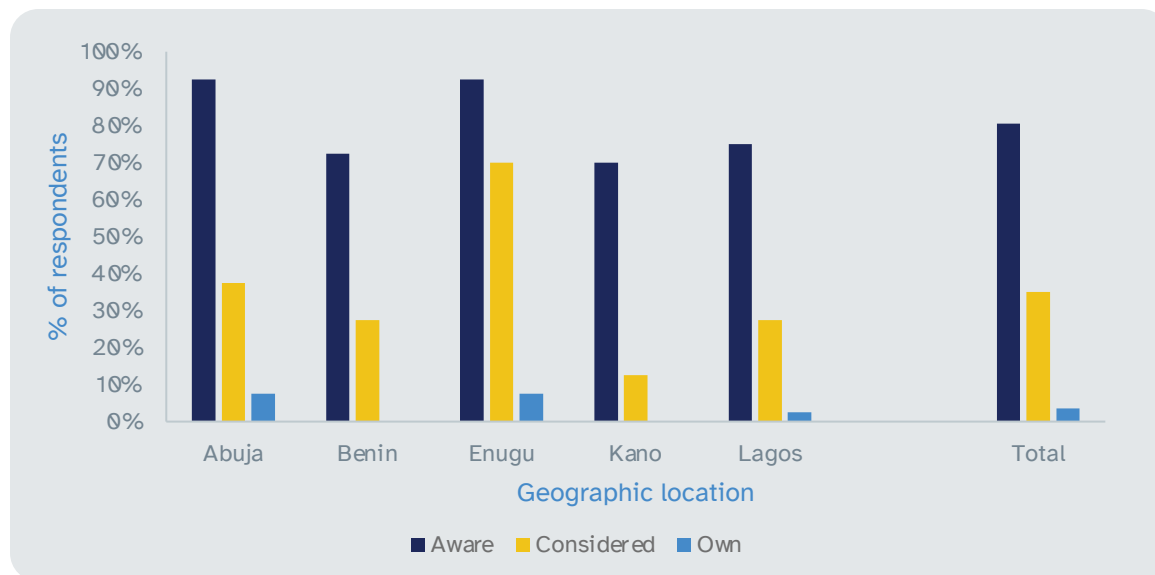
“

I always thought that pensions and insurance were only meant for civil servants, not for small and medium entrepreneurs. It's only recently that I learned even petty traders can insure their businesses. I had no idea this was possible.

Pensions awareness and usage

The reasons for low pension uptake among women micro-entrepreneurs are multifaceted. A significant portion of women (41%) report low awareness of how to enroll in a pension scheme. Additionally, many women feel excluded from pension schemes due to monetary constraints (44%), lack of formal employment (45%), or specific eligibility criteria (21%).

Figure 11
Awareness, usage, and ownership of pension products varies by state.



Source: Authors. Figure shows percentage of respondents who are aware of, have considered or currently own a pension product in each geography. N=200

Awareness of pensions among women micro-entrepreneurs is relatively high, with 81% of women demonstrating a knowledge that pensions exist. However, only 35% of these women have considered pensions as a viable option for retirement savings. The actual use of pensions is exceedingly low, with just 3% reporting ownership of a pension plan.



Barriers to pension adoption



Despite the relatively high level of awareness about pensions, they are among the least understood financial products. Many women view pensions as irrelevant to their situation. Among a sample of 30 women micro-entrepreneurs, only two are enrolled in formal pension schemes as government retirees. The remaining 28 women lack participation in any pension schemes due to insufficient information and a perception that pensions do not apply to their circumstances.

Most women who perceive pensions as irrelevant lack the necessary information to make informed decisions about retirement savings. This belief about pensions, combined with their low penetration among informal sector workers, emphasizes the need for more targeted financial education to address these misconceptions and promote pension adoption.

In her own words: The importance of having a pension

Ejime Abuna, an egg seller in Benin and a retiree, underscores the importance of pension planning:

“

As a retiree, I understand the significance of having a pension. I advocate for women to establish pension accounts because they will prove invaluable in the future. Recognizing our physical limitations as we age, it's advisable to diligently save while we're still capable. This foresight ensures that when we eventually step back from work, we can rely on our pension savings for a steady monthly income as retired businesswomen. This is what I intend to do any moment from now.

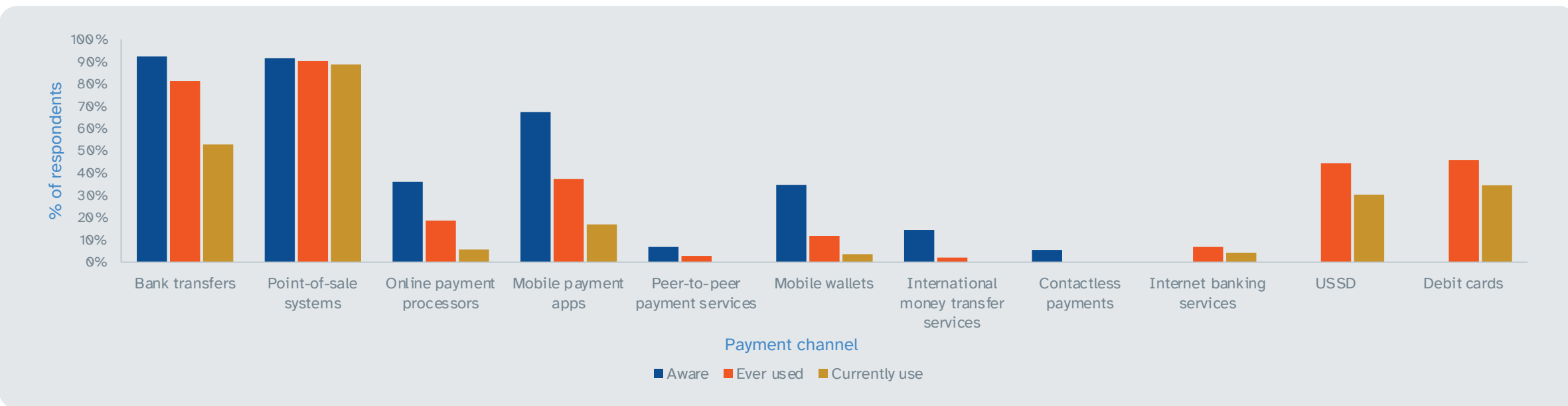
Awareness and usage of payment systems

Women micro-entrepreneurs demonstrate notable savviness in using various payment systems. Awareness and prior use of bank transfers and POS systems are nearly universal, with 92% of women reporting that they are aware of and have used these methods. Mobile payment apps also benefit from substantial awareness (67%), though they are in less frequent use (38%).

Despite this broad awareness of payment systems, current usage patterns are narrower overall. POS systems (89%) and bank transfers (53%) are the most commonly used payment methods. Other methods such as USSD (30%), debit cards (35%), and mobile payment apps (17%) are used less frequently but still contribute to the payment landscape.

Figure 12

Awareness and use of bank-based payment channels is higher than use of mobile-based payment channels.



Source: Authors. Figure shows percentage of respondents who are aware of, have ever used or currently use each payment channel. Aware: N=144; Ever used: N=144; Currently use: N=142

Use of digital payments is increasing

Qualitative analysis underscores the growing adoption of digital payment systems among women micro-entrepreneurs, a trend driven by the rise of mobile phones and fintech innovations. Services from providers like Opay, Moniepoint, and Fairmoney are becoming popular due to their convenience, low or zero transaction fees, and the speed of transactions. However, despite this shift, cash remains a critical part of financial management due to its reliability for immediate transactions and emergencies.



In her own words: Motivations for adopting digital payments

Vivian Edeh, a foodstuff trader in Enugu, shares her experience:

“

During the cashless period, I saw an increase in customers because they could pay by transfer. If I had what they wanted, they always bought something. The ease of buying and transferring money brought more business my way. Even if the mobile app failed due to network issues, they could still use USSD codes or POS machines to make payments.

“

Adejoke, a carrier bag seller in Lagos, emphasizes the importance of digital transactions:

As a business owner, accepting digital transactions is essential. For instance, during the cashless policy period, those without bank accounts couldn't make any sales. Additionally, that period saw a surge in fake transfers. However, having a bank account allows you to verify payments on the spot, reducing the risk of fraud. Many traders were advised to open Opay accounts because Opay provides immediate payment alerts, making it easier to confirm transactions quickly and securely.

Olumide Fumilayo, a foodstuff and vegetable seller in Abuja, highlights a common issue:

“

I am aware of various payment services and regularly use POS and mobile banking for my transactions. Recently, I encountered a challenge with a POS system while trying to transfer money to a supplier. The POS indicated there was no network, yet the money was deducted from my account. To settle the transaction, I had to borrow money from someone else. Thankfully, the issue was resolved the next day. Despite this setback, I continue to use payment services because they are convenient and help me manage my business transactions efficiently.

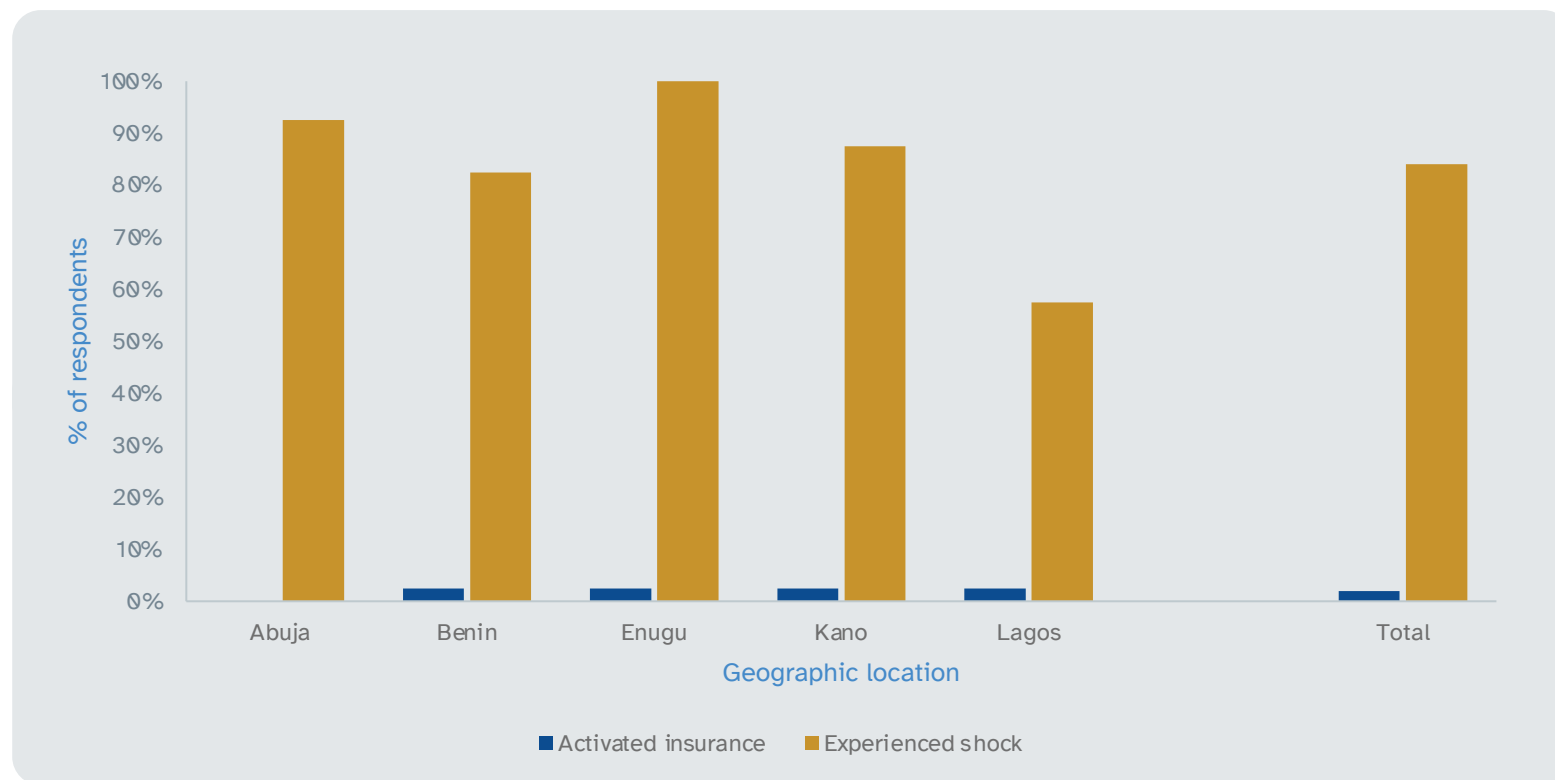
Insurance is rarely used to mitigate the impact of financial shocks

Our analysis revealed that women micro-entrepreneurs have faced severe economic hardships due to hyperinflation and unexpected financial shocks, revealing a stark disparity between their challenges and the support systems available.



Figure 13

The gap between financial shocks and insurance use is nearly 100% in all states.



Source: Authors. Figure shows percentage of respondents who have experienced a financial shock and who have ever activated an insurance product in each geography. Experienced shock: N=200 ; Activated insurance: N=168

Despite a staggering 84% of women micro-entrepreneurs experiencing a significant negative financial shock in the past year, a mere 2% utilized insurance policies to mitigate these impacts. The graph above visually illustrates the discrepancy between the high incidence of financial shocks and the low uptake of insurance.



Table 2

Insurance offerings available for types of economic shocks experienced

Economic shock	% Experienced event	Insurance type
Bad harvest due to drought	1%	Crop insurance
Bad harvest due to floods	3%	Crop insurance
Loss of harvest due to plant illness, insects, animal invasion, etc.	1%	Crop insurance
Business went bankrupt	19%	Microcredit insurance
Death of a member of the household	12%	Life insurance
Illness or injury of a member of the (small) household	17%	Health insurance
Sickness or theft of animals	5%	Livestock insurance
Theft of other goods	6%	Property insurance

Source: Authors. Figure shows percentage of respondents who experienced each economic shock.

The table above displays the specific events cited by the women respondents, along with the corresponding insurance products that could have alleviated these shocks. The findings highlight the potential for insurance to address these financial shocks more effectively.

Economic challenges complicate financial realities

Qualitative insights reveal that the limited uptake of insurance among these women reflects their broader economic struggles. For instance, hyperinflation has significantly diminished the women's purchasing power, leading many to rely on personal strategies and informal financial arrangements to adapt. A spice seller in Enugu described the strain of rising costs, explaining that inflation pushed prices beyond what customers could afford, compelling her to buy on credit and adjust her prices accordingly. As she explains,

“

Inflation really hits us hard. Imagine heading to your distributor to buy goods that normally cost ₦7,000, only to find out the price has gone up. That's an unexpected expense. By then, you have already sold your stock at the old price, leading to a loss of income. This forces you to buy on credit and pay back later just to restock. Ultimately, you have to raise your own prices to make a profit.

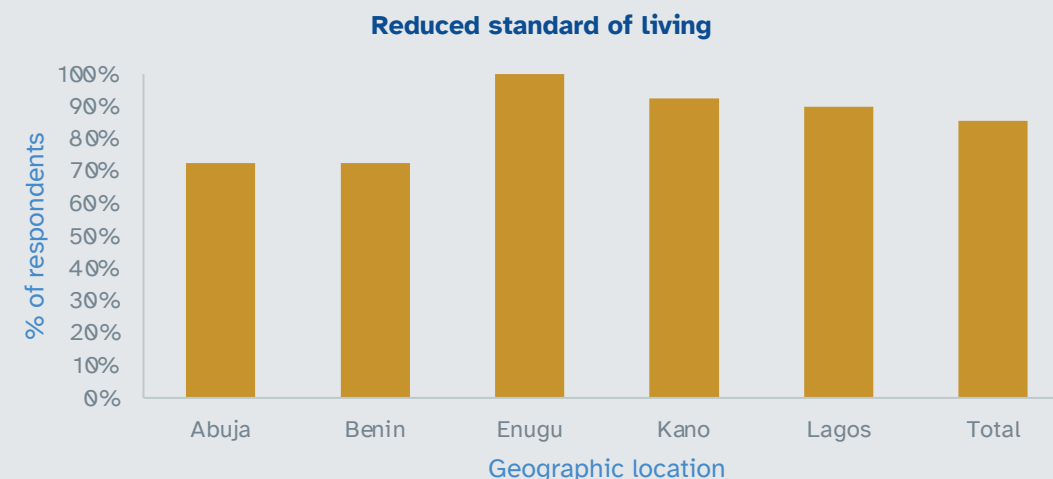
In response to these economic pressures, women have adopted various coping mechanisms. Personal strategies such as adjusting prices gradually rather than abruptly, and offering small discounts to maintain customer loyalty, have emerged as critical approaches. Silavanesa, a fish seller in Abuja, illustrates this tactic:

“

When prices go up, I adjust mine as well, but I explain the situation to my customers and offer small discounts on bulk purchases. This helps me retain their trust and keeps my sales steady.

Figure 14

Under economic pressure, most women in most geographies reduce their standard of living.



Source: Authors. Figure shows percentage of respondents who have experienced a reduction in standard of living as a result of hyperinflation. N=200

A significant percentage of households (86%) chose to reduce their standard of living due to the hyperinflation crisis, making this the primary financial strategy for reducing expenses and illustrating the widespread effect on quality of life.

Diversification of financial tools and channels remains critical to women's coping strategies

The use of informal loans from friends and family, often interest-free or with flexible repayment terms, has provided another crucial financial buffer during challenging periods. Ogochukwu, a thrift clothes seller in Lagos, reflects on this support:

“

When I needed extra funds to buy new stock and sales were quite low, I borrowed money from my mother. She didn't charge me any interest, and I could repay at my own pace.

Adopting digital financial services such as mobile banking has also proven beneficial. These tools not only facilitate secure transactions but also help manage cash flow during tight periods. Edeh Vivian, a food seasoning seller in Enugu, highlights the convenience and safety of mobile banking:

“

Using mobile banking has made it easier to handle transactions securely. I can pay my suppliers and receive customer payments without worrying about carrying large sums of money. During the cash crunch period, it was a lifesaver—I could still receive transfers, ensuring no customer left empty-handed unless I didn't have what they wanted.



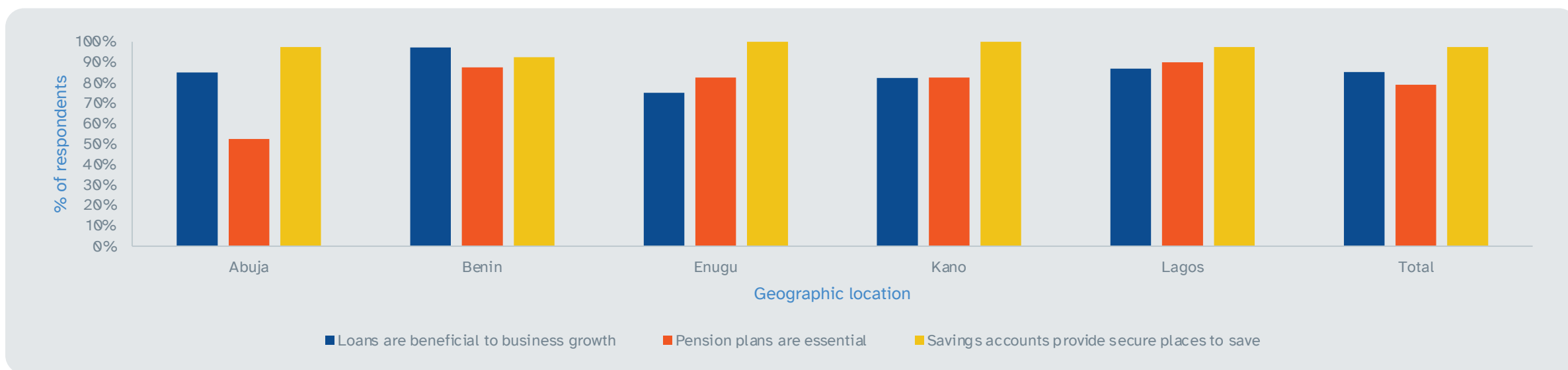
Women find strong value in formal financial services

Financial products tend to have an overwhelmingly positive perception among women. For instance, 98% of women appreciate savings accounts, recognizing them as a secure means for saving money. Loans also receive strong endorsement, with 85% of women agreeing that they significantly contribute to business growth. Digital financial solutions, including mobile technology and agent networks, are seen as pivotal, with 90% of women agreeing that these innovations improve accessibility and extend the reach of their businesses.

Despite the general enthusiasm for financial services, there is a notable variance in support for different financial products. For example, while 98% of women believe that savings accounts provide plans as essential.

Figure 15

Financial services are perceived to have strong value for households and businesses.



Source: Authors. Figure shows percentage of respondents who agree with each financial sentiment in each geography. N=189

Personal stories of financial transformation

The impact of financial products is vividly captured through the personal stories of women who have leveraged these tools to enhance their business operations and personal lives.

“

Savings and loans have transformed how I manage my money by separating my personal and business finances. I avoid using my business funds carelessly. This discipline has supported and improved my business operations. I now have the money to buy necessary items and save effectively, ensuring steady growth and financial security.

Ego Chiwetalu, a snacks and drinks seller in Enugu

“

There was a time my supplier warned me that prices for raw materials were about to increase significantly. Because I had been saving, I withdrew the money and bought more than I initially planned. Two weeks later, there was a stock shortage and high demand for those items. Thanks to my savings, I could meet the demand and maintain my business. This experience showed me the importance of saving for future opportunities.

Angela Christopher, a food spice and seasoning seller in Kano

“

Saving has greatly helped me. It enabled me to start my business and manage other personal expenses.

Felicia Cletus, a foodstuffs seller in Kano

“

Utilizing transfer and mobile apps has improved my business operations. Now, customers have multiple payment options, like POS and ATM, ensuring successful transactions every time. This flexibility has significantly helped my business by providing reliable and convenient payment methods.

Mercy Ominyi, a petty trader in Abuja

Supply-side perspectives on impact

Industry professionals who provide financial services and digital solutions to women micro-entrepreneurs can offer insights into the real-world benefits of these products on their clients' businesses. A loan officer and a product officer share their personal anecdotes on how financial services such as loans have empowered women to enhance their businesses and manage their finances more effectively:

A loan officer from Enugu shares a success story of a client whose business grew substantially after receiving a loan:

I met her when she was just starting out as a side table businesswoman, selling her goods from a small table. This was two years ago. I told her about our bank, our loan options, and other financial services. She began with a loan of 50,000 naira. Today, her business has expanded significantly. She appreciates how stress-free the loan process is, with a low interest rate of just 3%. For example, if she borrows 200,000 naira, she only needs to pay back 236,000 naira.

Similarly, a product officer from Abuja reflects on the broader impact of financial services:

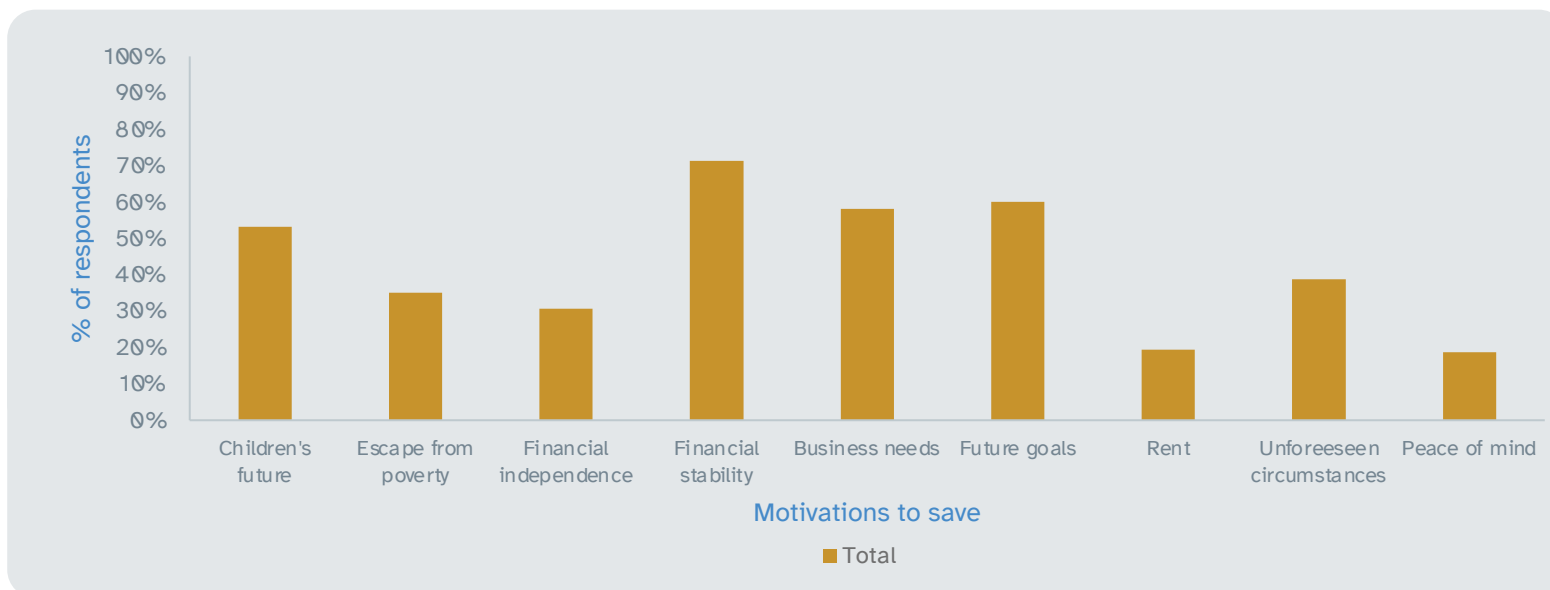
Many of our beneficiaries are women who faced numerous struggles when they first approached us. Today, their testimonies speak volumes. Some have been able to save enough to build homes and improve their living conditions. Others have raised enough money to send their children to school. Many have set up successful businesses. It has been incredibly rewarding to work with these women and witness their growth and success.

Financial goals and objectives

Women's motivations for using financial products reveal a broad spectrum of immediate and long-term needs. The primary drivers for savings are meeting business needs (23%), achieving financial stability (21%), planning for future goals (19%), and securing their children's futures (17%). These factors underscore the diverse reasons women save, ranging from practical, day-to-day requirements to more ambitious, long-term objectives.

Figure 16

Financial stability, business needs, and future goals drive savings activity.



Source: Authors. Figure shows percentage of respondents who have each of the specified motivations to save. N=160



Finance as a social activity

Community savings groups and supplier credit are crucial in supporting women micro-entrepreneurs' businesses, particularly during financial shocks or peak demand periods. These informal systems play a vital role in maintaining cash flow and meeting customer needs.

When considering loans, the majority of women weigh the benefits of business expansion against repayment pressures and interest rates. They often seek advice from loan officers, agents or family members, reflecting a careful, and informed approach to borrowing. Cynthia Jigbe from Benin notes,

“

I often consider applying for a loan, but I always discuss it with my husband first.

Similarly, Amaka Jennifer from Enugu explains,

“

I have to be cautious when accessing a loan to avoid negatively impacting my family, especially my children's feeding, school fees, and general upkeep.



Financial decision-making is typically collaborative, though constrained by limited resources and external influences. Women's confidence in managing finances is closely tied to their financial literacy, emphasizing the need for targeted educational programs. Awareness campaigns led by loan officers also play a crucial role in helping women compare and select suitable financial products. A loan officer from Benin highlights,

“

Awareness is very important. It helps women weigh different financial products and make informed choices.

Case example: Amaka Ndidi's story



Amaka Ndidi is a micro-entrepreneur who sells goods at the market in Sabongari, Kano. She is a non-loan-user, and this case study highlights the typical financial behaviors and strategies she uses for managing her business without relying on loans. Amaka's experiences provide insights into the financial practices and challenges prevalent among market women in this region.

Amaka's ability to conduct her business without relying on loans showcases a self-sufficient approach that relies on personal savings. By saving a portion of her daily earnings in a formal savings account, she avoids the complications of interest rates and repayment schedules, ensuring financial independence and security. Amaka meticulously tracks her income and expenses, setting aside daily savings and reinvesting profits back into her business, which allows her to maintain a well-stocked inventory and meet customer demands. Her strategy of bulk purchasing at wholesale prices boosts her profit margins and helps her maintain a steady cash flow.

The decisions Amaka makes about how to manage her business are influenced by the cultural norms and social environment in which she lives and works. Amaka's community places a high importance on maintaining a good reputation, and this deters her from borrowing due to the fear of defaulting. She also consults with her husband for major financial decisions, reflecting a collaborative household approach. Amaka participates in informal savings groups known as *esusu*, which provide financial flexibility without the formalities of commercial banks. She enhances the convenience and security of her transactions by utilizing mobile money and POS services.

Despite these strategies, hyperinflation in Nigeria has strained Amaka's financial resources, requiring adjustments in spending and saving habits. The challenges she is facing include limited access to capital, moderate trust in financial institutions, lack of insurance, and a need to improve her financial literacy so she can explore beneficial financial products and services.

Case example: Ejime Abuna Agege's story



Ejime Abuna Agege, a 58-year-old female trader and a loan user, sells eggs at the Oba Market in Benin. She is a mother of five children and a pensioner with a National Diploma in accountancy. Ejime supplements her pension by running her egg-selling business, which she started over seven years ago.

Her average monthly income is approximately 50,000 naira, which can fluctuate based on market conditions. Ejime initially funded her business using her pension savings. She maintains a bank account for savings, and occasionally seeks external financial support—such as loans from Fairmoney, an online loan platform—to meet high customer demand. The need for a loan arises when her available funds are insufficient to allow her to stock up. She does not have a separate business account, choosing to manage both personal and business finances from a single account.

Ejime rates loans and savings as crucial for her business, emphasizing their role in providing financial security and helping her to meet customer demand. She selects loans based on moderate interest rates and flexible repayment terms, and she values the convenience of nearby financial services providers. Beyond financial tools, she highlights the importance of using intellectual and human capital, building strong customer relationships, and maintaining a good reputation.

The success of her business is mainly a result of her diligence and market intelligence, while physical assets and support systems play an important role too. Digital banking tools, for example, have significantly facilitated Ejime's business operations, enabling smooth transactions and reducing the need to carry cash, although network issues occasionally pose challenges. Ejime plans to expand into poultry farming, demonstrating her strategic vision for vertical integration and business sustainability. Her experience underscores the importance of a balanced approach to financial and non-financial resources in effective business management.

Case example: Precious Blessing Okorie's story



Precious Blessing Okorie, a 41-year-old woman micro-entrepreneur from Ketu, Lagos, has found stability and growth in her clothing business after transitioning from selling perishable juice. She engages actively with financial products like loans and savings, maintaining an account with a leading commercial bank in Nigeria for business transactions and personal finances. Precious supports her family's needs through a combination of formal savings with the bank and informal daily contribution schemes (ajo), ensuring a balanced approach to managing both personal and business finances.

Loans from the bank have been instrumental in helping her to expand her inventory and improve her market offerings, and have provided a structured repayment process that she finds more reliable than borrowing from individuals. To meet the diverse demands of her customers, Precious frequently restocks her clothing inventory, strategically timing her loan applications to align with peak business periods. Even though she appreciates the benefits of loans, she acknowledges the challenges of maintaining repayments during market downturns. She also notes that market women tend to be secretive regarding their loan usage to avoid judgment or envy.

Precious values the convenience of services like Opay for instant transaction alerts but remains cautious about high maintenance fees and unexplained deductions. She maintains a positive relationship with the leading commercial bank, benefiting from its proximity, reliability, and support. Precious advocates for accessible, manageable loans, and lower maintenance fees to better support women micro-entrepreneurs.

Financial services providers have an opportunity to expand and diversify their products

Nigerian women micro-entrepreneurs are crucial to the country's economy, and they exhibit remarkable resilience and adaptability in managing their financial lives. Despite their resourcefulness, they encounter significant challenges and barriers that affect their ability to fully leverage the benefits of using financial services. Insights from their experiences reveal opportunities for financial services providers to create more impactful, accessible, and inclusive solutions. By addressing the gaps that keep women micro-entrepreneurs from accessing financial services, and by tailoring services to meet their specific needs, financial institutions can support women's economic empowerment and business growth. The following opportunities and recommendations would enhance support for women micro-entrepreneurs in Nigeria:

Recommendation 1: Expand and diversify financial product

- ✓ **Create tailored financial products:** Develop financial products specifically tailored to the needs of women micro-entrepreneurs, such as interest-yielding savings accounts as well as low-interest and easy-to-access microloans, to enhance women's financial inclusion and business growth.
 - Offer products with easy repayment terms and moderate single-digit interest rates (5%). These can better meet the needs of micro-entrepreneurs.
 - Introduce savings accounts with features tailored to different saving habits and needs. For example, products could offer tiered interest rates based on balance levels, or flexible deposit options that align with irregular income patterns. Mobile savings solutions could include features like automatic transfers and goal-setting tools to help women manage their finances more effectively.
- ✓ **Offer Sharia-compliant financial services:** Create financial products that adhere to Islamic principles, such as interest-free loans and Takaful (Islamic insurance). These would address the needs of women who avoid conventional financial products due to religious beliefs. Offering such products would expand the customer base and foster inclusivity.
- ✓ **Enhance loan products:** Design loan products with lower interest rates, longer repayment periods, and more lenient collateral requirements. Incorporating features like grace periods or payment holidays would ease financial pressure and support business expansion without the fear of immediate repayment burdens.

Women micro-entrepreneurs would benefit from financial literacy, accessibility, convenience, and support

Recommendation 2: Improve financial capability

- ✓ **Strengthen digital financial infrastructure:** Invest in upgrading digital platforms to ensure robust and reliable network coverage. It is important to address issues such as connectivity problems and transaction failures by partnering with telecom providers to improve infrastructure and provide technical support.
- ✓ **Increase accessibility to financial services:** Expand the reach of financial services to underserved and remote areas by establishing more local branches, ATMs, and agent networks. Mobile banking units or partnerships with local businesses can help to provide financial services in areas with limited access.
- ✓ **Improve digital financial capability:** Invest in women's digital literacy, financial capability, and digital financial capability to increase openness and receptivity to digital financial tools. Engage financial services and consumer groups alike in this focus.

Recommendation 3: Enhance accessibility and convenience

- ✓ **Implement targeted educational programs:** Develop and deploy financial-capability-building programs specifically tailored for women micro-entrepreneurs, covering topics such as budgeting, debt management, and investment strategies. These programs could be delivered through workshops, online courses or community events, and should include practical, hands-on training.
- ✓ **Increase awareness of financial tools:** Conduct targeted awareness campaigns to educate women about the benefits and functionalities of various financial products. The campaigns should use local languages and culturally relevant materials to ensure comprehension and engagement, and utilize community leaders to advocate for financial literacy and product adoption.

Recommendation 4: Improve customer support and transparency

- ✓ **Reduce charges:** Consider reducing account maintenance fees and other charges to make financial institutions' services more accessible and attractive to women micro-entrepreneurs.
- ✓ **Simplify processes:** Streamline the processes for opening accounts and accessing services in order to increase the confidence and participation of women micro-entrepreneurs in formal financial systems.
- ✓ **Enhance customer service:** Provide dedicated customer support to assist women micro-entrepreneurs with financial products and services. Offering personalized guidance and problem-solving assistance would help users navigate complex financial decisions and address issues promptly.
- ✓ **Increase transparency:** Ensure that all financial products have clear, straightforward terms and conditions with no hidden fees or surprises. Implementing transparent pricing and providing detailed information on loan terms, savings account features, and insurance policies would help to build trust and avoid misunderstandings.



Products are enhanced by linking to informal systems, aligning with cultural norms, and providing innovative solutions to financial shocks

Recommendation 5: Leverage informal financial systems

- ✓ **Adapt products to regional needs:** Tailor financial products to align with regional financial practices and preferences. For example, in regions where informal savings groups are prevalent, products can be designed to complement these practices or integrate with existing community-based savings systems.
- ✓ **Promote culturally sensitive solutions:** Develop financial services that respect and incorporate cultural and religious values. This could include designing products that align with traditional practices, such as offering no-interest loans or ensuring that financial products do not conflict with local customs and beliefs.

Recommendation 6: Address cultural and regional specificities

- ✓ **Integrate informal savings methods:** Recognize and integrate traditional informal savings methods, such as *ajo* or *esusu*, into formal financial services. This could involve creating hybrid products that offer the benefits of informal savings while providing the security and features of formal banking.
- ✓ **Support community-based financial solutions:** Collaborate with community savings groups and local financial networks to enhance their capabilities and formalize their operations. Providing training, resources, and support will help these groups integrate with formal financial systems and expand their reach.



Recommendation 7: Develop innovative solutions for financial shocks

- ✓ **Create financial safety nets:** Develop insurance products and emergency funds specifically designed to protect against financial shocks. These could include micro-insurance options that are affordable and tailored to the needs of small businesses, helping women manage risks associated with unexpected events.
- ✓ **Offer emergency financial assistance:** Implement emergency credit lines or quick-access loans to help women micro-entrepreneurs cope with sudden financial crises. Products designed to have flexible terms and minimal bureaucratic hurdles would ensure rapid and effective support during times of need.

Financial services providers should focus on these opportunities to provide products with detailed features that are tailored with women micro-entrepreneurs in mind. By doing so, they can better meet the needs of Nigerian market women, facilitating their economic empowerment and fostering more inclusive growth in the financial sector.



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Appendix A

Financial management strategies among a select group of 30 women micro-entrepreneurs

Typical financial behaviors of women micro-entrepreneurs in Nigeria often reflect their need to manage fluctuating incomes, their limited access to formal financial services, and the necessity of balancing business and household financial responsibilities. Some common financial behaviors observed among these women are as follows:

Category	Insight	Details
Formal savings	All of the women maintain formal savings accounts.	Savings facilitate seamless transactions in daily operations and ensure funds for unforeseen emergencies.
Business reinvestment	Most women engage in bulk purchasing to boost profits and reduce costs.	Regular inventory replenishment ensures the women can meet customer demands and avoid shortages.
Cash management	The women primarily deal with cash transactions.	Cash reserves are kept for restocking inventory, paying daily expenses, and handling emergencies.
	13 out of 30 women do not separate personal and business funds.	These women use one bank account and keep detailed sales records to track finances.
	17 out of 30 women separate personal and business funds.	Separation of funds helps in managing sales, profits, expenses, loan repayments, and business growth.

Category	Insight	Details
Credit and borrowing	15 out of 30 women access small loans from microfinance institutions.	The loans fund business expansion or cover unexpected expenses.
	2 out of 30 women obtain goods on credit from suppliers.	They repay after selling the goods.
	Borrowing from friends, family or fellow market women is common.	Informal loans are usually based on trust, with no formal documentation.
	Cultural norms in Kano significantly influence borrowing behaviors.	Men control financial decisions; women need consent from husbands; fear of ruining their reputation deters borrowing.
	5 women in Kano and 1 in Lagos find loans inappropriate.	They avoid loans due to extensive processes, paperwork, and perceived conflicts with religious beliefs.
Use of mobile banking and digital payments apps	All of the women use mobile banking services and digital payment methods like USSD, Opay, Fairmoney, and Moniepoint.	These tools offer convenience for saving money, transferring funds, accessing credit, and facilitating swift transactions.

Source: Authors. Summary drawn from textual analysis of semi-structured interviews with 30 women micro-entrepreneurs.

Appendix B

Sample stratification of qualitative and quantitative surveys of women micro-entrepreneurs and key informants

Table 5

Survey sample in Lagos, Ogun, Warri, and Edo

Location of market	No. respondents	Percentage of sample
Ikotun	283	12.20%
Iyana-Iba	165	7.10%
Abeokuta	331	14.30%
Shagamu	332	14.30%
Ijebu-Ode	165	7.10%
Warri	165	7.10%
Benin	498	21.50%
Abule Egba	270	11.60%
Ikorodu	110	4.70%

Table 6

Supplementary survey sample in Lagos, Abuja, Kano, Enugu, and Benin

Participants	20-30 years	31-40 years	41-50 years	51-60 years	Total
Supplementary survey sample	50	60	50	40	200

Table 7

Qualitative sampling stratification reflecting a diversity of age, location, social class/income

Location	Lagos	Abuja	Kano	Enugu	Benin	Total
Accessed loan in the past year/ use payment services and savings product	3	3	3	3	3	15
Have not accessed loan but use payment services and savings product	3	3	3	3	3	15
Key informants	1 product officer	1 product officer	1 loan officer	1 loan officer	1 loan officer	5
	7	7	7	7	7	35



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