

# 5<sup>TH</sup> AFRICA CIS CONFERENCE

Credit Infrastructure for Sustainable Growth

*13-14, February 2020*



# CreditRegistry

Connect. Trust. Empower.

## Insights into Nigeria's Credit Journey: *Africa's Largest Economy & Most Populous Nation*

Jameelah Sharrieff-Ayedun


*MD/CEO, CreditRegistry Nigeria*

*"If you want a happy life, tie it to a goal and not to people or things"*  
– Albert Einstein





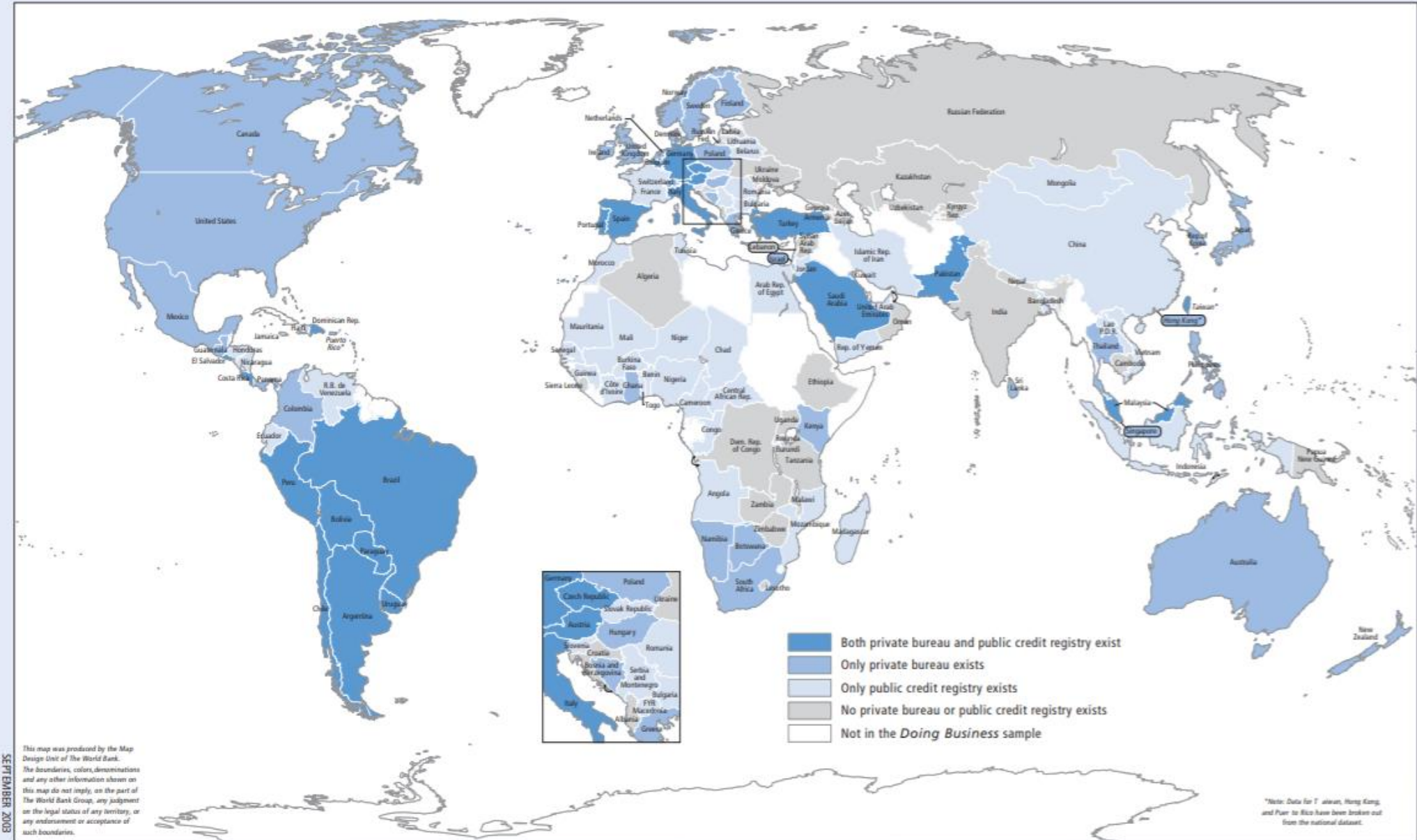
*“Every successful modern economy has consumer credit as a basis for large-scale consumption and increased economic activity.” - Taiwo Ayedun, Founder*



It all starts here...



**Figure 5.1**  
**Which Countries Have Credit Registries?**



Source: *Doing Business* database.



# OUR TEAM

*CreditRegistry Nigeria*

CREDITREGISTRY



Fatumata Soukouna Coker, *Chairman*



Jameelah Sharrieff-Ayedun, *MD/CEO*



Dr. Jill Matzke, *Director*



Emeka Emenike, *Director*



Vera Osuji, *Head of Sales & Business Development*



Trevor Ryan, *Chief Experience Officer (CXO)*



Olaniyi Sulaiman, *Professional Services IT Manager*



Jes Freemantle, *Chief Data Scientist*

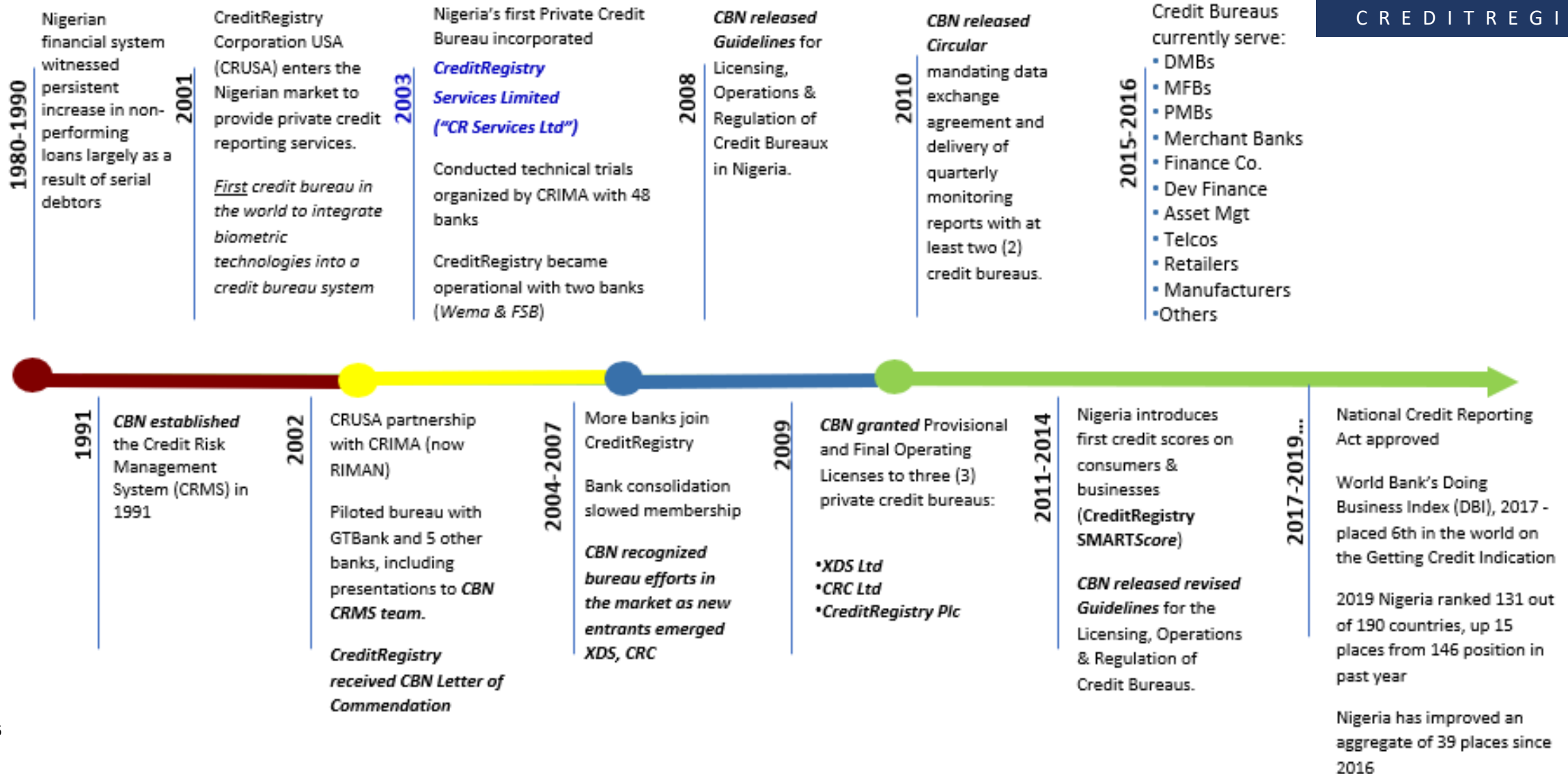


Denis D. Dell, *Global Strategy Advisor*

# NIGERIA'S CREDIT BUREAU JOURNEY



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# NIGERIA'S LARGEST CREDIT BUREAU

CREDIT REGISTRY IN SNAPSHOT



5

GLOBAL AWARDS



17

YEARS IN OPERATION



1000+

SATISFIED USERS



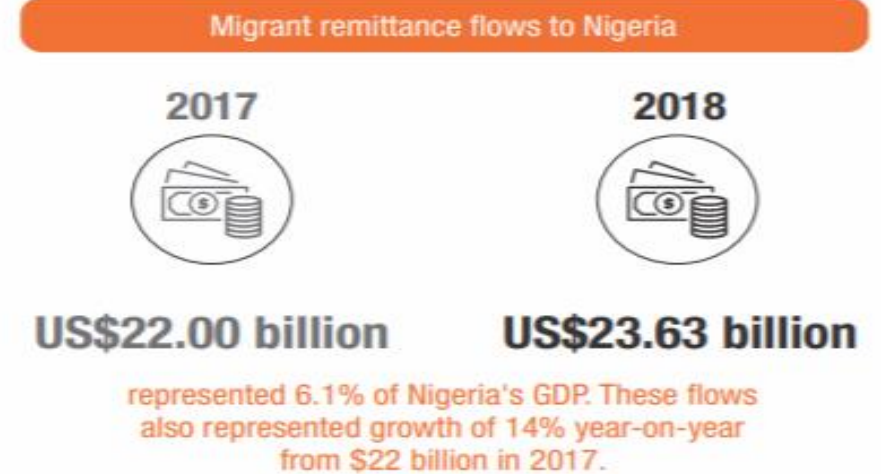
60MIL

ENTITIES

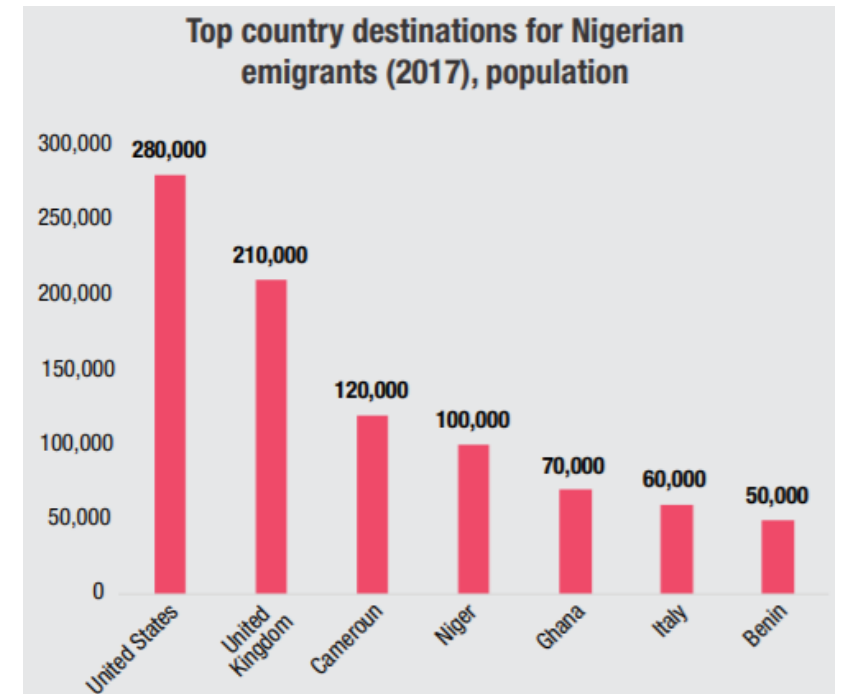


# NIGERIA'S DIASPORA

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- Official records indicate that there are 1.24 million migrants from Nigeria in the diaspora (United Nations, 2017).
- Almost half of Nigerian adults have indicated their willingness to leave the country in the next five years, according to a 2018 survey conducted by the Pew Research Centre.
- Nigeria accounts for over a third of migrant remittance flows to Sub-Saharan Africa. It is estimated that these flows amounted to US\$23.63 billion.



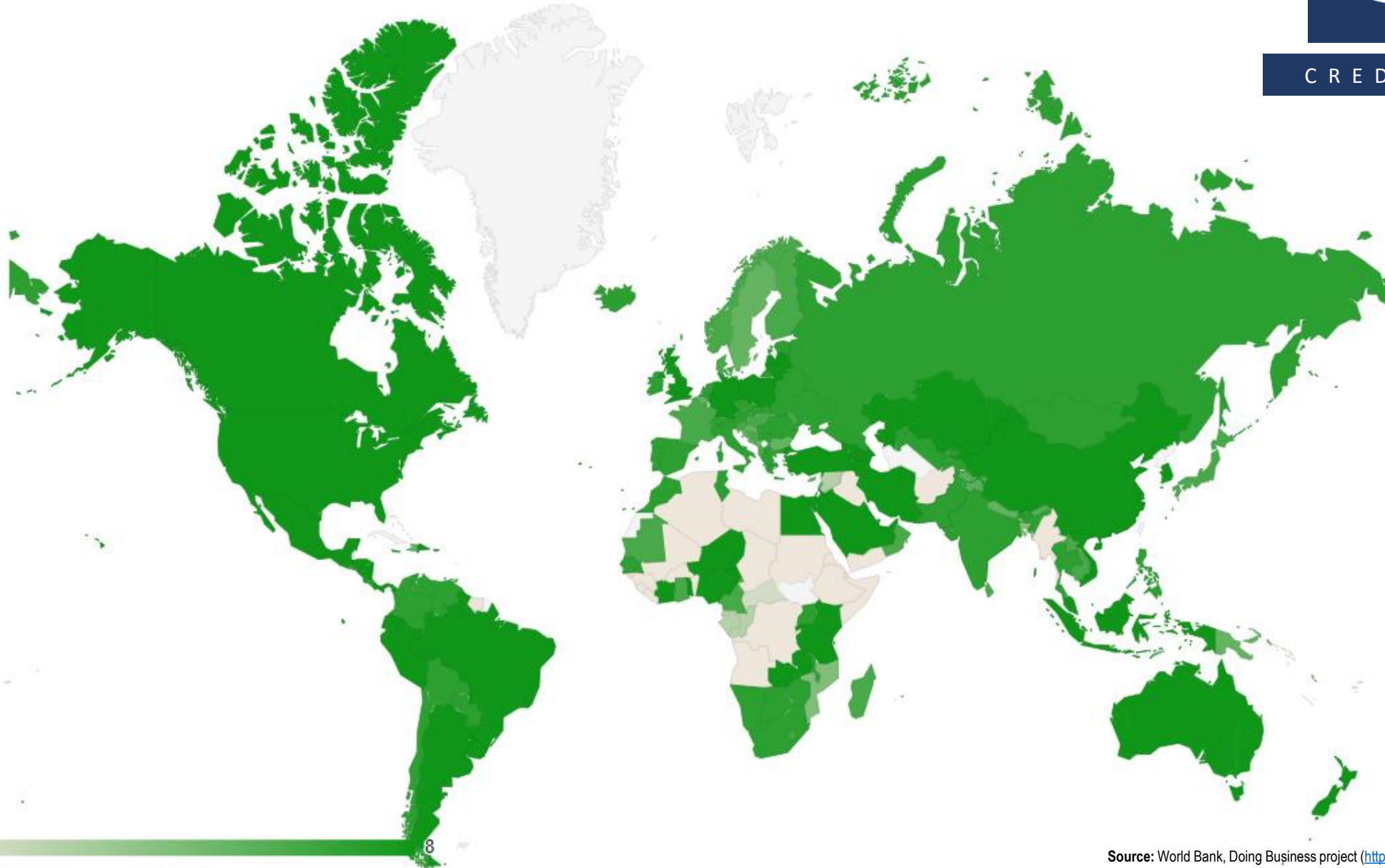


# DEPTH OF CREDIT INFORMATION INDEX

*World (0=low to 8=high)*



CREDIT REGISTRY

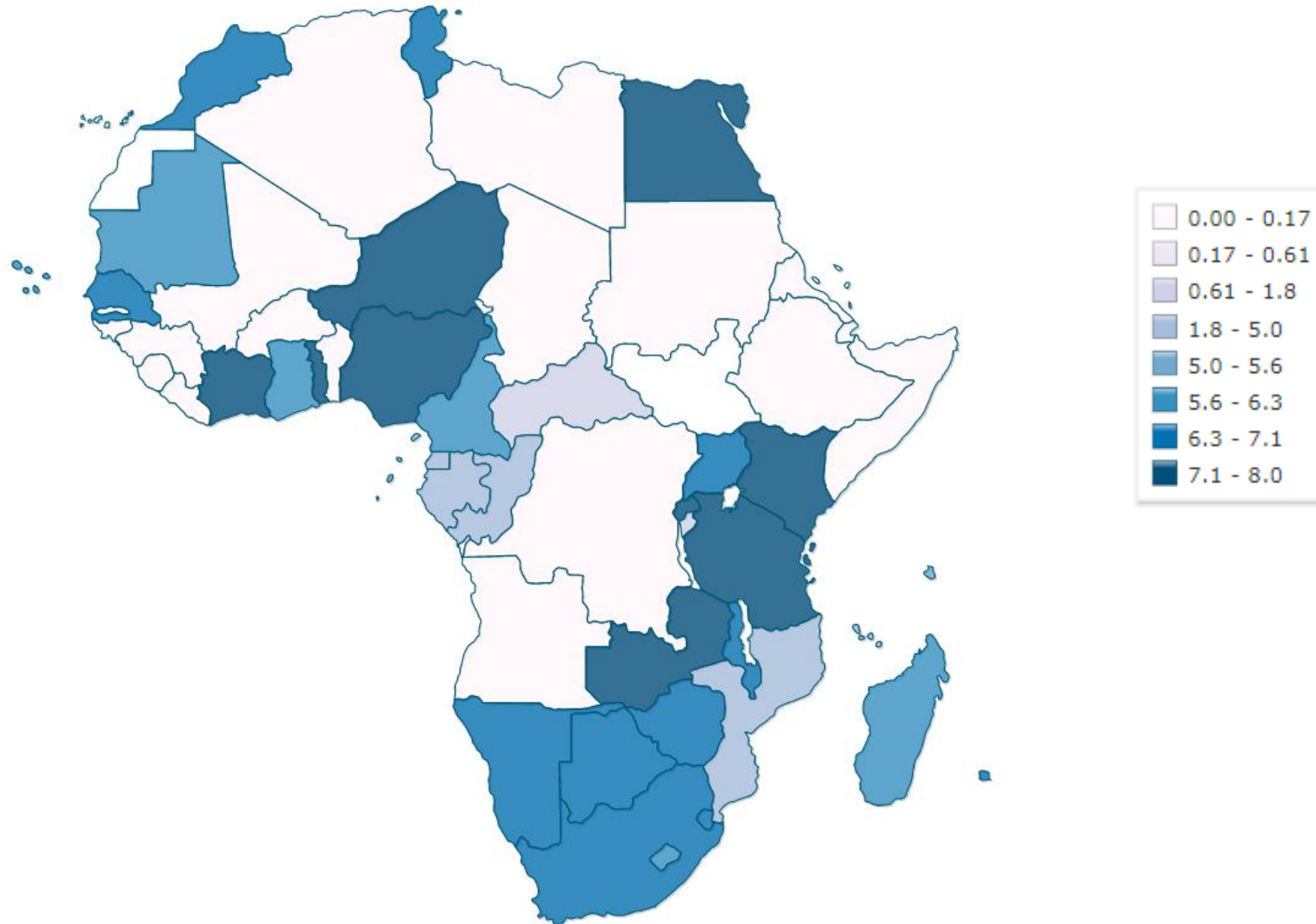


# DEPTH OF CREDIT INFORMATION INDEX

*Africa (0=low to 8=high)*



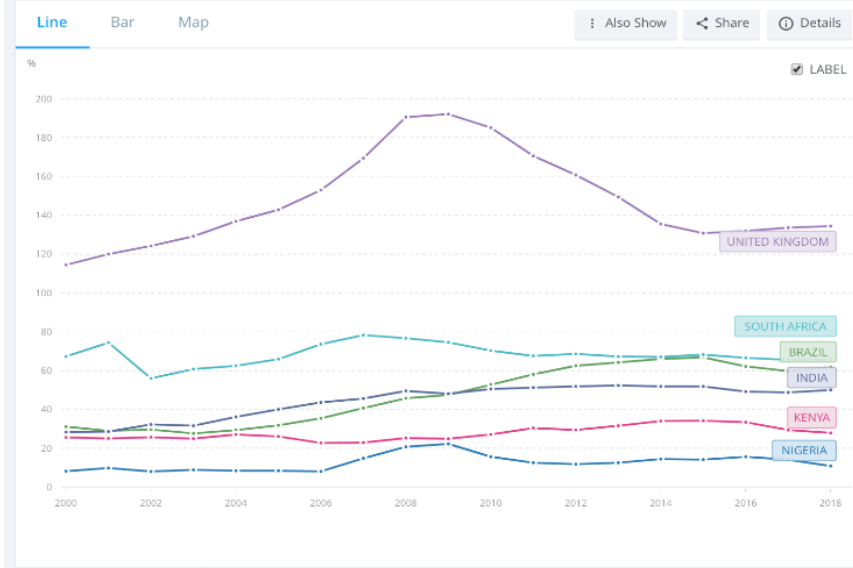
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## Domestic credit to private sector by banks (% of GDP) - Nigeria, Brazil, India, Kenya, South Africa, United Kingdom

International Monetary Fund, International Financial Statistics and data files, and World Bank and OECD GDP estimates.

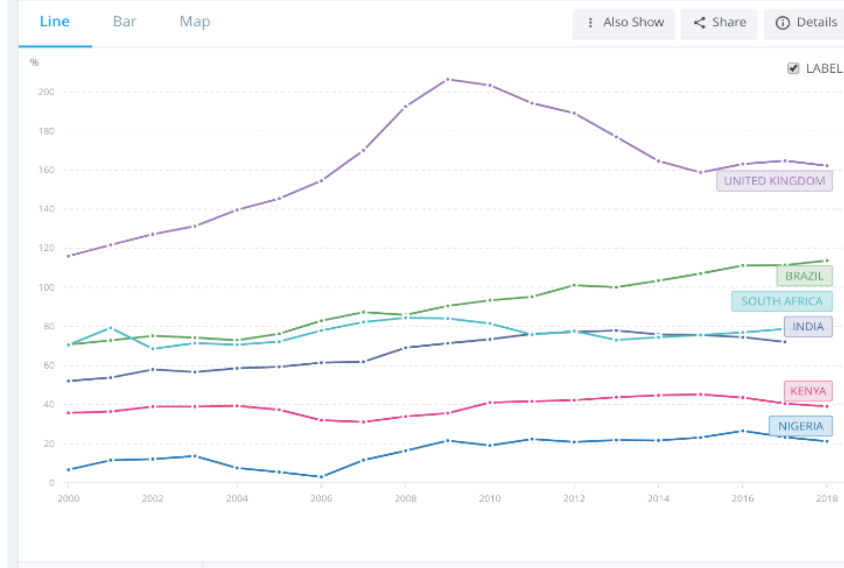
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## Domestic credit provided by financial sector (% of GDP) - Nigeria, Brazil, India, Kenya, South Africa, United Kingdom

International Monetary Fund, International Financial Statistics and data files, and World Bank and OECD GDP estimates.

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- Several perspectives of how Nigeria compares to similar economies (Brazil, India and Kenya) as well as more developed economies (UK and South Africa)
- Illustrates that Nigeria is behind but the potential exists

## Bank nonperforming loans to total gross loans (%) - Nigeria, Brazil, India, Kenya, South Africa, United Kingdom

International Monetary Fund, Global Financial Stability Report.

License : CC BY-4.0



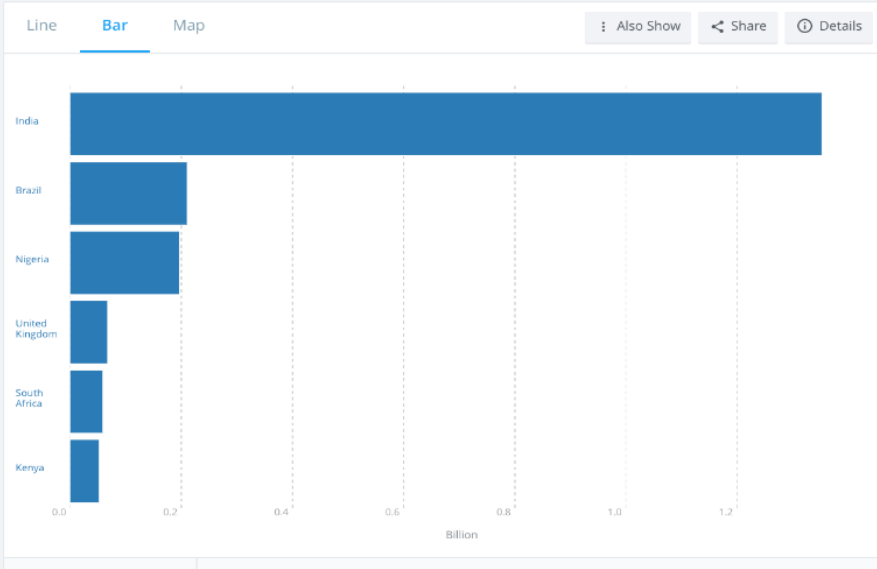
# POPULATION AND GDP



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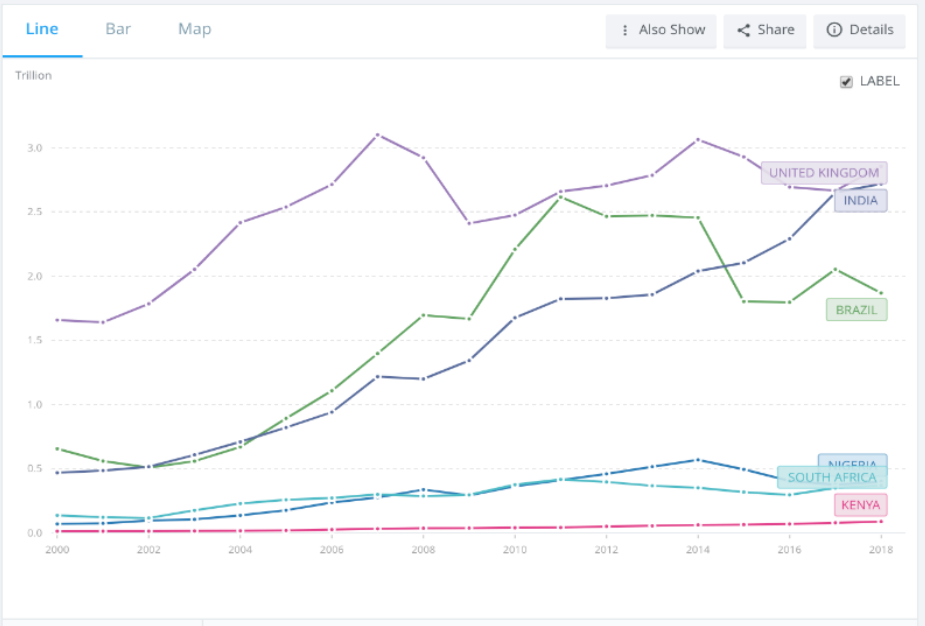
## Population, total - Nigeria, Brazil, India, Kenya, South Africa, United Kingdom

( 1 ) United Nations Population Division, World Population Prospects: 2019 Revision, ( 2 ) Census reports and other statistical publications from national statistical offices, ( 3 ) Eurostat: Demographic Statistics, ( 4 ) United Nations Statistical Division, Population and Vital Statistics Reprot ( various years ), ( 5 ) U.S. Census Bureau: International Database, and ( 6 ) Secretariat of the Pacific Community: Statistics and Demography Programme.  
License : CC BY-4.0



## GDP (current US\$) - Nigeria, Brazil, India, Kenya, South Africa, United Kingdom

World Bank national accounts data, and OECD National Accounts data files.  
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- Two other perspectives of how Nigeria compares to similar economies (Brazil, India and Kenya) as well as more developed economies (UK and South Africa)
- Illustrates further the potential for Nigeria
- Brazil has a similar population size to Nigeria yet significantly higher GDP
- UK has much smaller population than Nigeria and a much higher GDP – UK is processing many millions more bureau transactions than in Nigeria, not just credit report requests

Nigeria Private Credit Bureau statistics	2003	2019
Subscribers – Namely Wema Bank, FSB etc.	3	Over 1000
Monthly transactions	100	300,000
Business loans reported (1354% increase)	13,836	201,198
Consumer loans reported (7966% increase)	73,512	5,936,170
Data subjects reported	60,000	54 million



# FUNDAMENTAL DRIVERS TO SHAPE CONSUMER CREDIT MARKET



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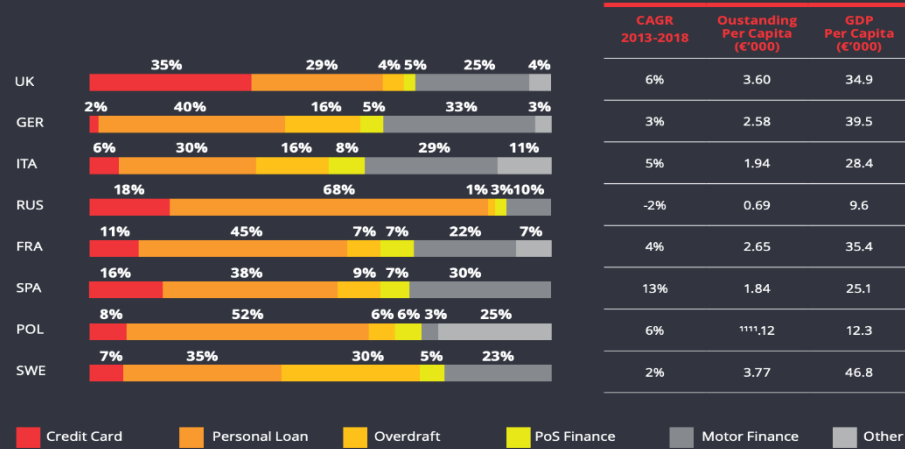
- ‘Progress’ in performing economies in Europe as a comparator versus “ambition” for Nigeria
- Technological advancement – APIs, data analysis capabilities, speed & precision with decisions, emphasis on digital and real time versus branch based traditional manual methods
- Focus on the consumer expectations – personalization, flexible & risk based options
- Change in consumer behaviour – loyalty declining, consumers up for grab, best services win and multiple service providers welcomed
- Supportive regulation – spur greater efficiency & innovation, open to multiple/ alternative data sources, consumer protection laws

# FUNDAMENTAL DRIVERS TO SHAPE CONSUMER CREDIT MARKET



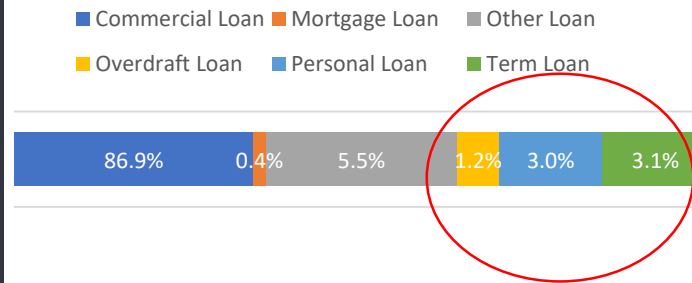
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Product mix by geographic and balance growth (2018; GDP: 2017)



Source: Central bank statistics, company reports

## NIGERIA PRODUCT MIX (BALANCES)



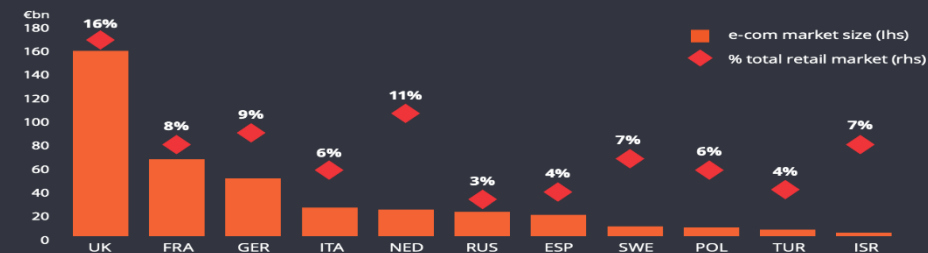
- More diversity of credit and finance products than in Nigeria – *less than 10% goes to consumer lending*
- e-commerce has become essential and a crucial element of performing markets and should be a focus for Nigeria – *too few lenders conduct transactions electronically*
- Operating efficiencies with use of scoring etc
  - Technology driven credit decisions
  - Efficiency helps reduce price
  - Consumer awareness on credit scores

So, who wins the future of credit?

Nigeria must move from current conservative, manual and cumbersome practices today.

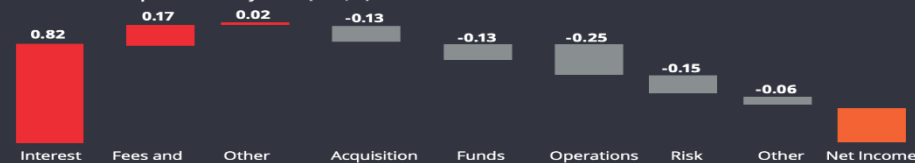
*"Fintechs have professionalised to become true suppliers or competitors to incumbents."*

E-commerce market sizes (2017 or latest available)



Source: Deloitte/Tubisad, Einzelhandel, ONS, Morgan Stanley, E-Marketer, Confcommercio

Consumer credit provider cost by driver (2017, %)



Source: Company accounts

***Nigeria is ready. Only the complacent will lose!***

## NIGERIAN BANK EXAMPLE

Consumer Market



GTBank

*Potential to do more...*

## GT BANK – June 2019

Total Assets - N3.598 trillion



Total Profit - N115.8 billion



Net Assets/ Shareholders' Funds - N603.0 billion



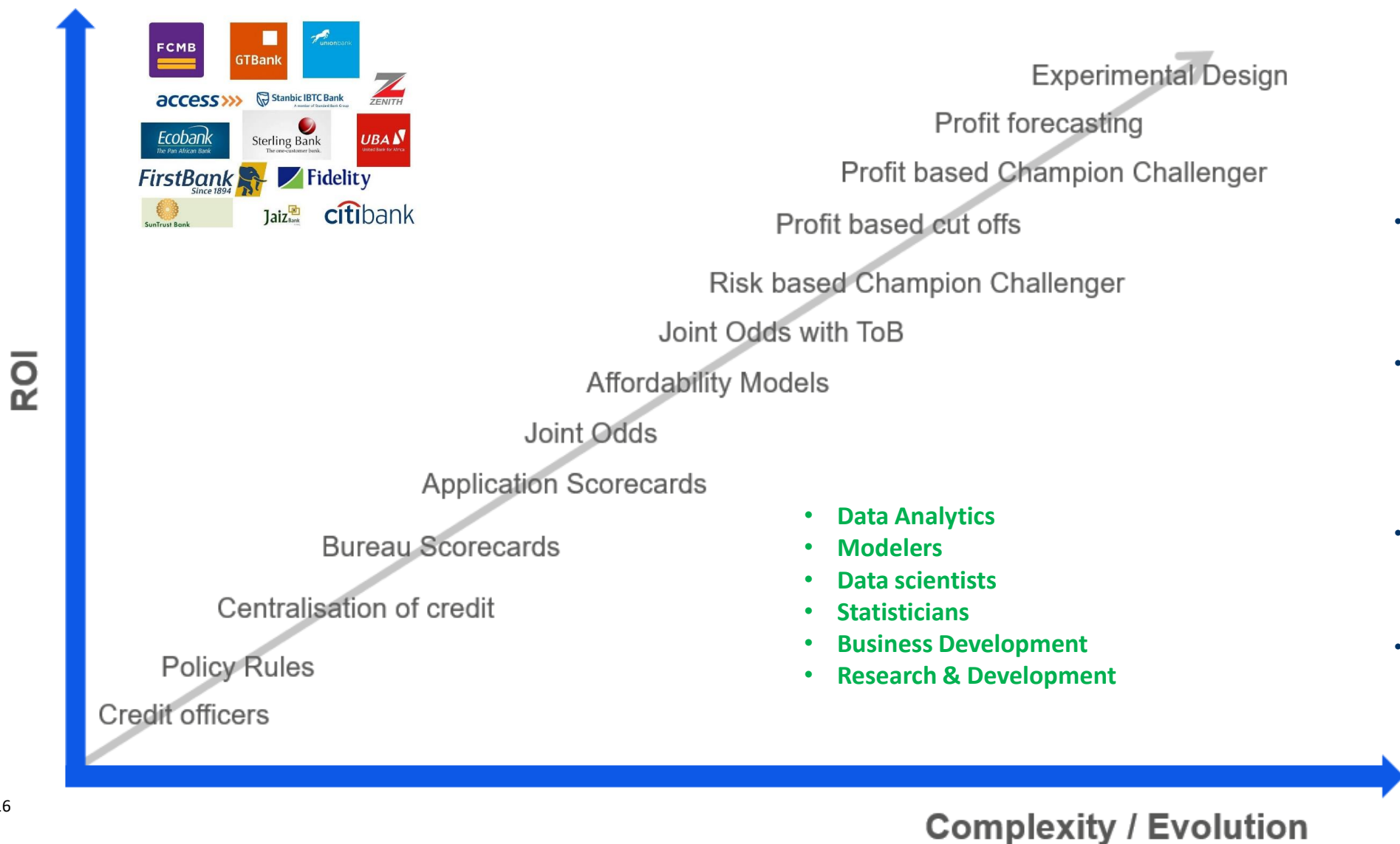
- Average ROE of 30% between 2011 & 2016; other top banks were 11%-22%
- Leveraged digital banking solutions resulting in fewer branch networks compared to competitors.
- Doubled customer numbers from 4.7 million in 2012 to 8.6 million in 2016, market share grew from 10 to 12 %



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# EVOLUTION OF CREDIT ORIGINATION

*Moving towards being a developed economy*



- **Use of other bureau services and not just credit reports** (i.e. scoring, employment vetting, monitoring, tracing, fraud detection, etc.)
- **More diversity in data sources** (i.e. retail credit, debt collectors, utilities, insurance, internet service providers, government, cable networks, brokers, etc.)
- **Increase types of data provided** (i.e. income, credit applications, court judgements, bankruptcy, etc.)
- Consumer awareness



# NIGERIA's GOALS

TABLE 6: NFIS targets and their status as of 2018, or the most recent year for which data is available

	Status as of 2018	NFIS 2020 target
Share of adult Nigerians using digital payments	16%	70%
Share of adult Nigerians owning a savings account	38%	60%
Share of adult Nigerians using a credit product	8.3%	40%
Share of adult Nigerians with an insurance product	3% (2016)	40%
Deposit money bank branches per 100,000 adults	5.5 (2016)	7.6
ATMs per 100,000 adults	16.32 (2017)	203
POS terminals per 100,000 adults	198	850
Agents per 100,000 adults	10.50 (2017)	476

Source: EFinA, CBN.

## National Financial Inclusion Strategy

- Bureaus (if used effectively) add to the economy and GDP growth – *consumers, lenders and retailers all benefit*
- Bureaus can do more and should be encouraged to do so based on best practice in other performing economies
  - Managing different data, not just credit data
  - Providing broader services, not just credit reports
- Consumer access to credit in Nigeria is a major constraint vs other performing economies
  - Population volumes high but diversity of credit bureau data and usage extremely low
  - GDP growth in the right direction but credit availability and access to credit is poor
  - Variety of credit / finance products offered is limited in Nigeria
  - World Bank report highlights several shortcomings in providing access to credit – needs to addressed to improve GDP and economic standards generally
- Regulation and control in performing economies drives and supports the use of bureaus
  - Minimum loan to deposit ration of 65%
  - Improving credit infrastructure for all players
  - Expanding alternative data sources
  - Adopting scoring methods



# CREDITREGISTRY

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## THANK YOU

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Questions?

