Journalist Fellowship Paper

The role of media in financial literacy and poverty eradication in Nigeria

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December 2019

Michaelmas Term

Sponsor: The Wincott Foundation

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Acknowledgments

My profound gratitude goes to the Wincott Foundation for its sponsorship of this programme. Their funding for African journalists made it possible for me to have this unique opportunity to tap into the wealth of knowledge that resonates at the Reuters Institute for the Study of Journalism.

I am grateful for this opportunity to learn, expand my horizons, and positively increase the impact of journalism across the world.

Specifically, I am grateful for the sincere concern, attention and support I received from Meera Selva, Prof. Rasmus Kleis Nielsen, Prof. Denise Lievesley, Phillipa Garson and all the staff at the Institute who made my stay so remarkable.

Working with you Shari, Claire and the entire FT money team at the Financial Times was wonderful. And I am also deeply grateful for the priceless help and partnership of my husband, Dr. Adedeji Afolabi, my family and my in-laws, whose support made my time here possible.

Thank you also for the assistance of the entire cohort of past African and Nigerian Fellows, who shared ideas and supported me in this journey. Chineme Okafor and Laban Cliff, thank you so much for helping to shape my ideas and for the continued support.

Finally, I would like to thank my fellow Fellows: Jaakko, Kohei, Consuelo, Nalan, Nana, Camilla, Phillip, Tejas, Emily, Gulmira, Jonas, Maryanna, and Dan. Your friendship and inspiring careers further enriched this wonderful journalism experience.

Executive Summary

If I were to describe the life of a person who survives on less than $1.90 per day, it would be difficult to do and maybe even harder to comprehend by whomever was listening. But, in a world of 7.6 billion people, the World Poverty Clock (WPC) has identified the world's poorest to represent 7.8% of its population.

This amounts to a total of 591.5 million people.

The good news is that global poverty has more than halved over the past 20 years. But despite marked improvements in poverty reduction around the world, the race to eradicate it by 2030 seems unattainable: consider countries like my own, Nigeria, where every minute another 5 people fall into extreme poverty as shown in Figure 1.

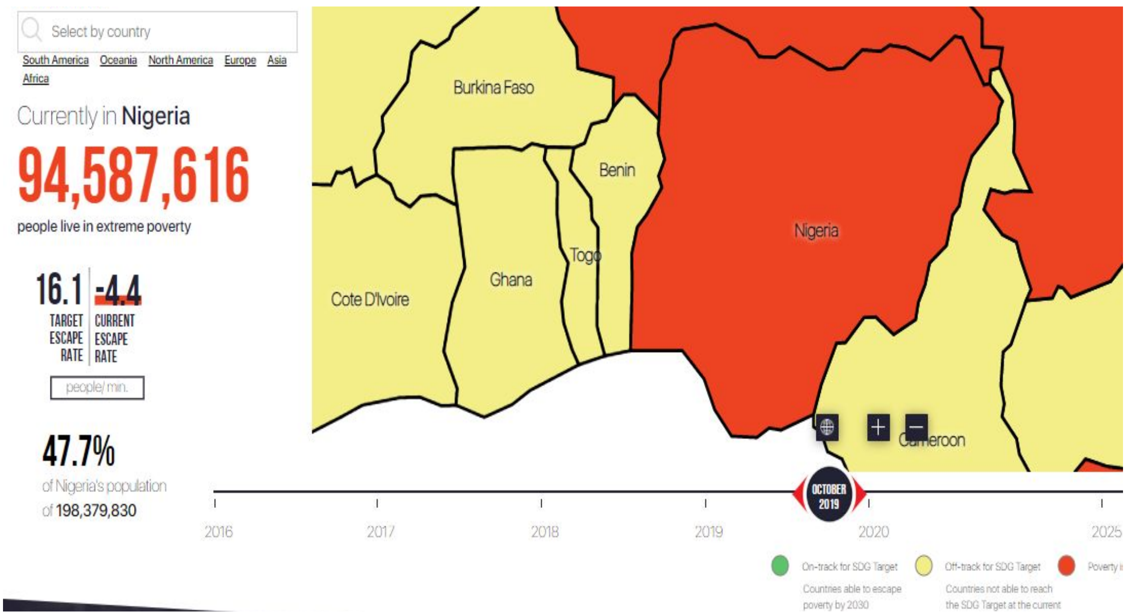

Figure 1. Nigeria's population living in extreme poverty. Source: World Poverty Clock

Data from the International Monetary Fund (IMF) and World Bank, shown below in Figure 2, indicates that as of October 2019, Nigeria is home to 15.5% of the world's poorest population. Some 94.6 million people (about 48% of its population) are living in extreme poverty, meaning they survive on a maximum spend of $1.90 per day.

The World Poverty Clock's projections suggest that extreme poverty levels will have reduced to 400 million people globally by 2030. However, Nigeria's poverty rate will have doubled, representing 30% of the world's extremely poor – that is 120 million people.

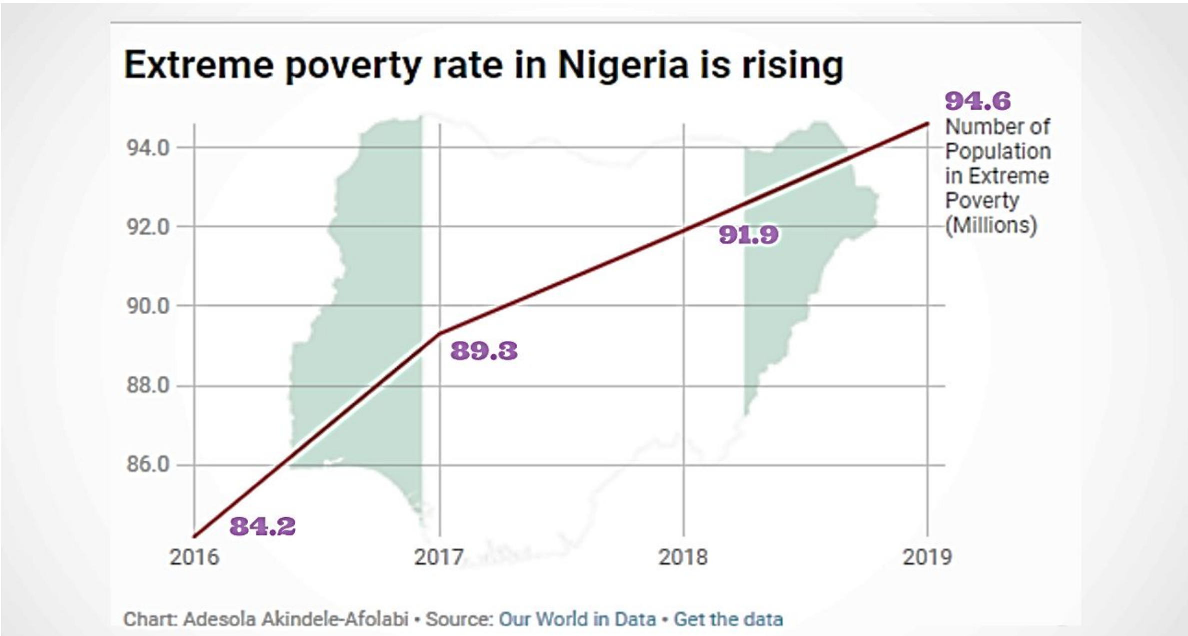

Figure 2. Extreme poverty rate in Nigeria. Source: [Our World in Data]

There is a growing mandate to mitigate this unfavourable prediction of the country's poverty trajectory. It has become an urgent concern for all stakeholders – including the media, and particularly finance journalists – to create better awareness about finances and how to manage them.

The world's most comprehensive ongoing comparative study of news consumption – the Reuters Institute's Digital News Report – shows the environment around news and information dissemination is changing and challenging. Across all countries surveyed in the 2019 report, "most people agree that the news media keeps them up to date with what's happening (62%), but only half (51%) say news media help them understand the news".[1]

If Nigeria's finance journalists hope to aid in the nation's economic development, then our role in taking complex information and making it accessible and relatable to audiences becomes our pressing priority.

In order to do so, we must answer these three key questions:

1. Who constitutes the extremely poor in Nigeria?
2. What is the media consumption pattern of this demography?
3. How can the finance media effectively penetrate the existing media environment for the benefit of this demography and with the ambition to end poverty?

[1]Newman, N., Kleis Nielsen, R., Fletcher, R. and Kalogeropoulos, A., 2020. Https://Reutersinstitute.Politics.Ox.Ac.Uk/Sites/Default/Files/Inline-Files/DNR_2019_FINAL.Pdf. Digital News Report. [online] Oxford: Reuters Institute for the Study of Journalism, p.26. Available at: <https://reutersinstitute.politics.ox.ac.uk/sites/default/files/inline-files/DNR_2019_FINAL.pdf> [Accessed 28 July 2020].

Nigeria's Poor Households And How They Consume News

Poverty is most severe in the rural areas of Nigeria. About 49% of Nigeria's population live outside of cities[2], according to World Bank data. Of the total population, about 105 million – or 59% – are under the age of 35[3].

This rural population is majorly dependent on agricultural activities; 70% are smallholder farmers who produce 90% of Nigeria's food on un-irrigated plots of land that are wholly dependent on rainfall.[4]

Nigeria's poor households may have wanted to adopt print and digital media through mobile and wireless internet, but are mostly hindered by:

1. Little or no literacy.
2. Poor infrastructure (telecommunication, electricity and road networks) among the rural communities discourage the expansion of established news organisations to these areas.

Hence, Nigeria's poor households are primarily reached by audio formats. Radio sets or cheap mobile devices that cost about US$4.30 and come with inbuilt radio are the most popular means of connecting with the outside world in these communities. This is due to ease in powering these devices, as well as the affordability of the products. There are over 500 native languages spoken in Nigeria, but only the Federal Radio Corporation of Nigeria (FRCN) – a state-run media company – operates in multiple languages.

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[2] Data: World Bank based on the United Nations Population Division's World Urbanization Prospects: 2018 Revision.
[3] Data: Annual report 2019, International Fund for Agricultural Development (IFAD)
[4] Data: Annual report 2019, International Fund for Agricultural Development (IFAD)

The BBC's 2019 Nigerian media profile[5] describes the country's media scene as "one of the liveliest" on the continent, noting all 36 sub-national states of the country run at least one radio network and a TV station, and confirming radio is a key source of information.

The country's state-owned TV channels claim to reach tens of millions of viewers. Armstrong Idachaba, director of the Director-General's Office at the National Broadcasting Commission (NBC), in an interview[6] with the Oxford Business Group, says approximately 50 million people are watching free television. While the BBC, citing government reports, estimates state-owned media has a reach of 90 million of Nigeria's 195.9 million population.

Reporting the news in local dialects and having nationwide availability has a big role to play in market dominance in Nigeria.

Whilst there is not much currently known about the specific media consumption patterns of Nigeria's poorest households, research[7] conducted into the distribution of programme types of the nation's three most popular television stations shows low levels of programming under the education category (where personal finance and financial literacy programmes might reasonably be expected to fall).

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[5] Nigeria Profile - Media. (September 2018). BBC
[6] Nigeria's media landscape undergoes rapid change, The Report Nigeria 2017, Oxford Business Group
[7] *Breakdown of Television Programmes in Selected Media Houses Nigeria. Obono, Koblowe & Madu, Oluchi. (2018).* Programming Content of Nigerian Broadcast Media: Towards an Indigenizing Paradigm. *8. 75-91.*

Programme Type	AIT		NTA		STV		Total
	No.	%	No.	%	No.	%	
News Bulletin	7	7.7	8	7.1	2	1.7	5.5
Breakfast show	2	2.2	2	1.8	1	0.8	1.6
Documentary	0	0	0	0	0	0	0
Sports Programme	5	5.5	7	6.2	3	2.5	4.7
Children's Programme	0	0	5	4.4	23	19.5	8.0
Soap Opera	10	11.0	6	5.3	8	6.8	7.7
Talk Show	5	5.5	16	14.2	2	1.7	7.1
Entertainment/Musical Prog.	16	17.6	9	8.0	25	21.1	15.6
Government Sponsored Prog.	3	3.3	3	2.6	2	1.7	2.5
Game show	0	0	4	3.5	3	2.5	2.0
Reality TV show	2	2.2	3	2.7	0	0	1.6
Late night movie	1	1.1	1	0.9	2	1.7	1.2
Religious programme	13	14.3	10	8.8	18	15.3	12.8
Drama	4	4.4	2	1.8	28	23.7	10.0
Educational Programme	2	2.2	11	9.7	1	0.8	4.2
Business Related Programme	5	5.5	15	13.3	0	0	6.3
Political Discussion Programme	16	17.6	11	9.7	0	0	9.1
Total	**91**	**100**	**113**	**100**	**118**	**100**	**100**

Figure 3. *Breakdown of Television Programmes in Selected Media Houses Nigeria. Obono, Koblowe & Madu, Oluchi. (2018).* [Programming Content of Nigerian Broadcast Media: Towards an Indigenizing Paradigm.]() *8. 75-91.*

As the Nigerian media landscape continues to undergo rapid changes, it is clear that it must find ways to accommodate the transmission of financial literacy to Nigeria's poor households.

This reporting should ideally be targeted at those who constitute the nation's extremely poor, and personalised and localised to their unique languages and experiences. Moreover, the often overly-complex nature of financial literacy programming must be made simply and engaging to reach Nigeria's poorest households.

This is not an exercise in charity for media houses: developing such programming provides an opportunity for expansion into new markets, and audience diversification, and ultimately a chance for new income generation. And, of course, there is a long-term benefit to prioritising the prosperity of your audience: as they grow, so does business.

Financial Inclusion And Literacy In Nigeria

The lack of financial literacy has not gone unnoticed by fiscal and monetary authorities in Nigeria. They have kicked off several commendable plans to ensure financial literacy is an attainable goal in the nearest-possible future.

The most prominent among plans rolled out by the Central Bank of Nigeria (CBN) is one to reduce the rate of financially excluded adults in the country to 20% this year.

EFInA (a development organisation operating under the acronym "Enhancing Financial Innovation and Access", and funded by the UK Government's Department for International Development and the Bill & Melinda Gates Foundation), says the financial exclusion rate among the country's 99.6 million adult population is currently at 37%.

In order to reduce this figure to 20% by the end of 2020, all financial institutions led by the Central Bank of Nigeria (CBN) began campaigns to drive people into the financial inclusion net.

Financial inclusion is defined as ensuring access for all to financial services and products (like accounts and loans), and is generally recognised for its positive impact on economic growth and the reduction of poverty. It aids access to credit for those doing business, especially at small- and medium-sized enterprise (SMEs) levels.

In recognition of the positive impact of financial inclusion on economic growth and poverty reduction, CBN has launched initiatives including new licensing guidelines[8] for payment service banks (a category of bank with smaller scale operations and the absence of credit risk and foreign exchange operations). This allows mobile telecommunication companies to act as banking agents, and provide financial services for low income earners and unbanked segments of the economy by leveraging technology.

There is also the Shared Agent Network Expansion Facility (SANEF) also championed by the CBN to intervene in the widening and deepening of financial access points and services for the purpose of increasing financial inclusion rates.

These initiatives are coupled with the provision of a newly conducive regulatory environment for Fintechs – all in a bid to contribute to financial inclusion.

With this drive for financial inclusion more poor, rural households will have access to banking technology, financial institutions will be within reach, and the task of implementing better financial habits can begin.

The time is ripe for financial journalism that will allow media houses to build trust, improve audience base and facilitate income. But editors must first understand the demographics and challenges of the currently excluded population if they wish to best meet their informational needs.

With over 63% of Nigeria's adult population based in the rural areas (Figure 4), packaging targeted useful tips of information to reach this audience would be an easy win.

[8] Payment Banks: All You Need to Know about Nigeria's Newest Payment Service Category, Sustainable and Inclusive DFS. (October 15, 2018.) Medium

EFInA's report on Access to Financial Services in Nigeria[9]
sheds light on how this demographic accesses financial services.

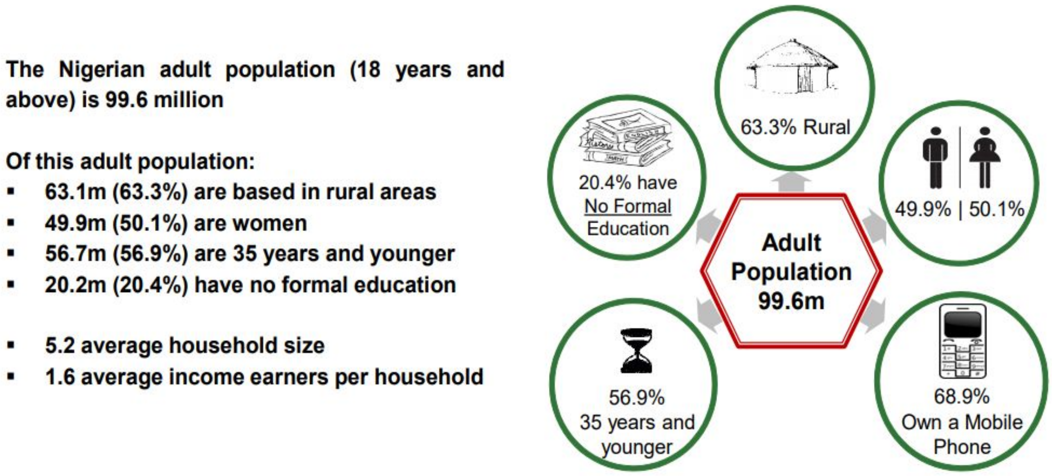

Figure 4. *Demography of Nigeria's Adult Population,*
Source: [EFInA Access to Financial Services in Nigeria 2018 Survey]

According to the report, 82% of adult Nigerians receive their main income in cash, 10% receive their main income into a bank account or through mobile money, while 8% do not receive income. Survey findings (Figure 5) also revealed that a vast majority of respondents indicated that they were not aware of mobile money or insurance services.

[9] EFInA Access to Financial Services in Nigeria 2018 Survey, https://www.efina.org.ng/wp-content/uploads/2019/01/A2F-2018-Key-Findings-11_01_19.pdf

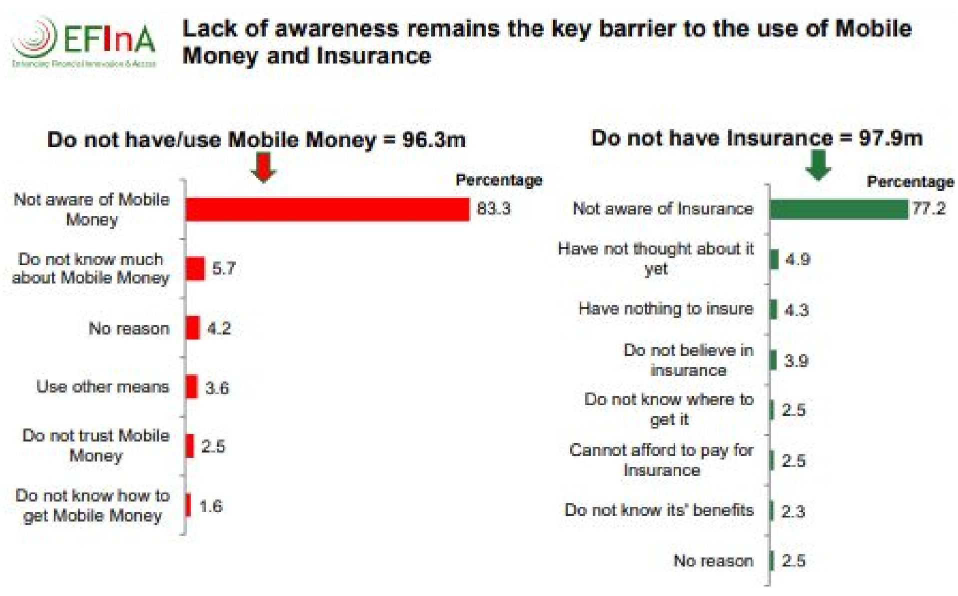

Figure 5. *Lack of awareness; key barrier to mobile money and insurance growth,* EFInA Access to Financial Services in Nigeria 2018 Survey

With awareness known to be a major hindrance to financial liberty[10], if we simplify issues around the insurance and banking sub-sectors of the country this should contribute significantly towards poverty reduction and vulnerability in Nigeria.

The task will be to design effective programmes and platforms to deliver on key topics such as:

1. Savings
2. Microfinance
3. How to access loans
4. Pension
5. Inclusive Banking
6. Bank Charges
7. Tax

… and eventually:

8. Investment Opportunities

[10] Micro Insurance in India: A Gizmo to Vehicle Economic Development & Alleviate Poverty and Vulnerability by Ms. Kirti Singh and Prof. Vijay Kumar Gangal, *IOSR Journal of Economics and Finance*, Volume 6, Issue 2. Ver. I (Mar.-Apr. 2015), PP 14-20

Where Are These Programmes Most Needed?

The information/exclusion gap as shown in the EFInA report is rather large, but further research shows there are sub-nationals that are worse off than others.

Figure 6 shows that the North-western part of Nigeria – home to cities such as Kano, Jigawa, Katsina, Zamfara, Kaduna, Sokoto, and Kebbi – had 62% of its adult population financially excluded as of December 2018. In the North East that figure stands at 55%, in the North Central 31%, the South East 29%, the South South-23%, and the South West 19%.

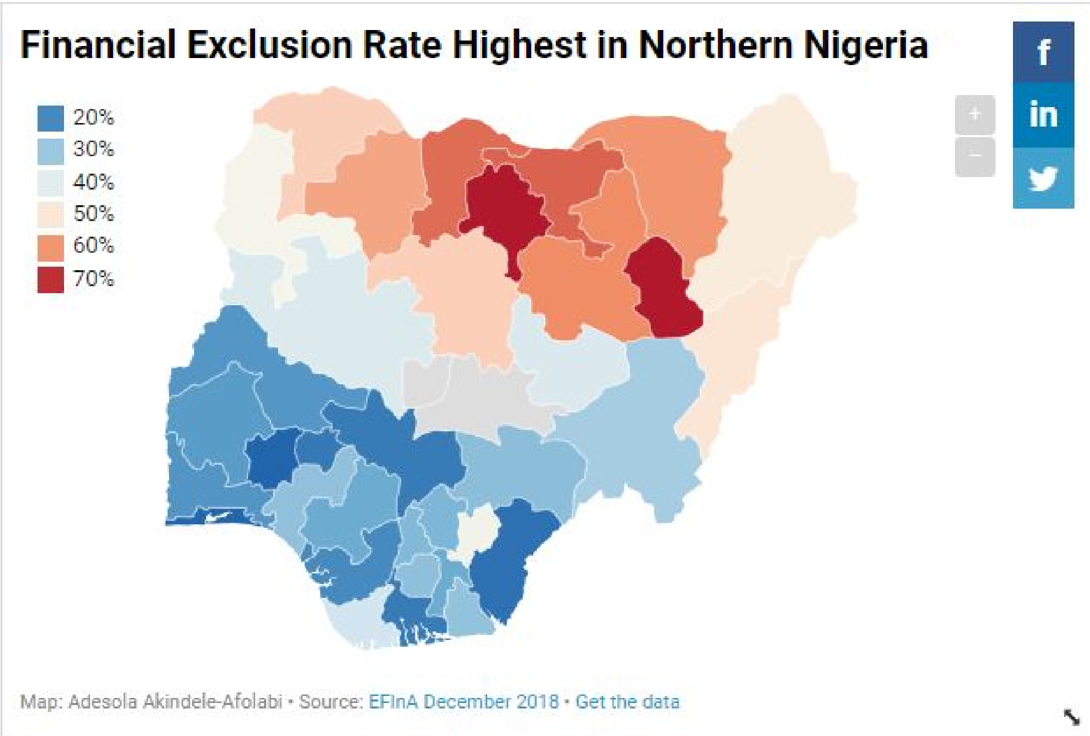

Figure 6. *Financial Exclusion Rate across Nigeria, Data Source: EFInA*

For a journalist interested in bridging the exclusion gap, several approaches can be employed. For instance, one can decide to focus efforts on the most severely financially excluded states.

To this end, financial literacy radio programmes translated to Hausa (a language most familiar with Northern Nigerians) or Pidgin (another language widely understood in this region) will resonate.

The array of editorial content that could prove helpful might include:

1. **Personal finance tips:** Written and published from the specific perspective of the challenges faced by the financially excluded and poor citizens of each society.

2. **Multimedia vox-pops that promote a savings culture:** The average income of the extremely poor, according to the EFInA survey, is $42.80 per month. This dismal income leaves little room for savings, but targeted advice on how to cut unnecessary expenses will improve their chances of climbing out of poverty. Of the people earning this amount, the survey indicates 35% are within the age bracket of 18-25 years of age.

3. **Spending habits monitor:** Using 5-10 minutes of a popular weekly radio programme to address how a low-income earner can best apportion their daily income. This can serve as both educational and as a motivation to curb old habits or cultivate new ones. Existing shows can also do more to shed light on gambling, Ponzi schemes and other activities aimed at preying on the vulnerabilities of the poor.

4. **Interviews:** Live Q&A sessions or progress reports with an individual who is representative of the 55.9% of Nigerian women or 44.1% of Nigerian men who are financially excluded.
   In selecting this individual one must bear in mind key tips for proper representation:

- Should be representative of the 95.9% of the adult population who are unaware of mobile money, banking agents, and lack access to financial institutions.
- Should earn less than $2 a day, but has access to information if they are shown where to find it.

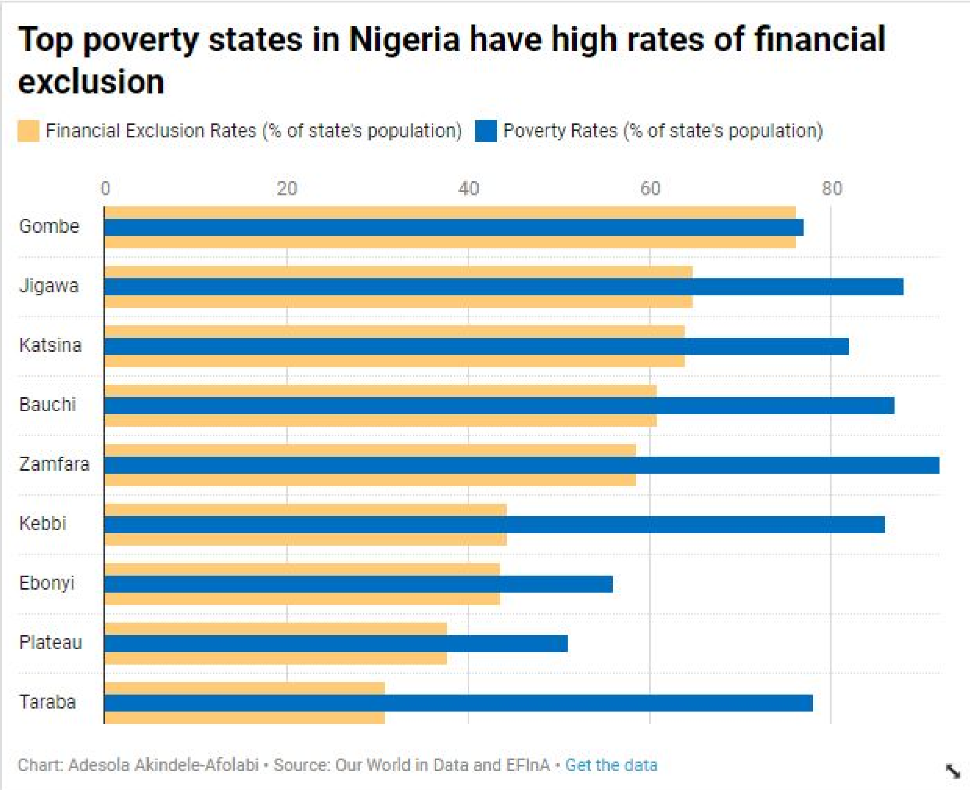

Figure 7. *Nigerian States with High Poverty and Exclusion Rates, Source: [EFInA]*

Conclusion

Nigeria has been dubbed the poverty headquarters of the world because more than 90 million of its estimated 200 million citizens are living in extreme poverty.

Whilst projections by the World Poverty Clock suggests that extreme poverty levels will have reduced to about 400 million people by 2030, the projections look grim for the most populous black nation in the world. This is because Nigeria's poverty rate will have doubled to represent 30% of the world's extremely poor, represented by 120 million people.

There is substantial evidence that proves reduction of poverty is attainable when financial literacy is in abundance. Opportunities to improve income levels become clear. The ability for trust to be built between the journalist and the audience increases, and poor financial habits starts to ebb. But without adequate reportage, Nigeria will be left to only watch as the rest of the world celebrates improvements in living standards achieved over the last two centuries, buoyed by collective efforts of a vibrant media, policy makers and perceptive leaders.