

Understanding the Impacts of Capital Market Inclusion on the Nigerian Economy



Presented by:

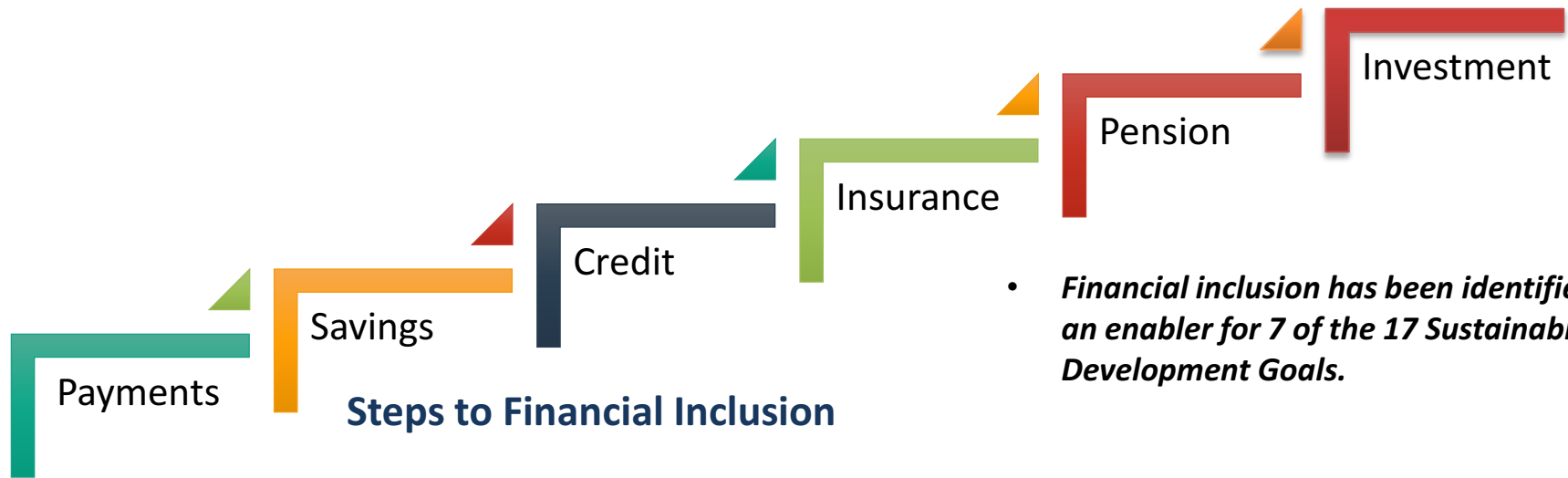
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Financial (Capital) Market Inclusion

According to the World Bank, Financial inclusion means:

“that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way.”



- *Financial inclusion has been identified as an enabler for 7 of the 17 Sustainable Development Goals.*

- Most of the efforts at financial inclusion are targeted at increasing the banked population
- This is useful given that most other financial services require users with bank accounts
- But this can also place less emphasis on capital market inclusion
 - especially as general financial inclusion targets are still not met
- Thus, capital market Inclusion can be defined as:
a state where adult Nigerians (18yrs+) have easy access to the capital market and formal investment services that meet their needs at affordable costs.

Drivers of Capital Market Inclusion

Macro environment

- Economic stability
- Improved welfare of citizens

Supply-side inclusion

- Types and number of products and platforms
- Number and distribution of operators
- Access factors and transaction costs

Demand-side inclusion

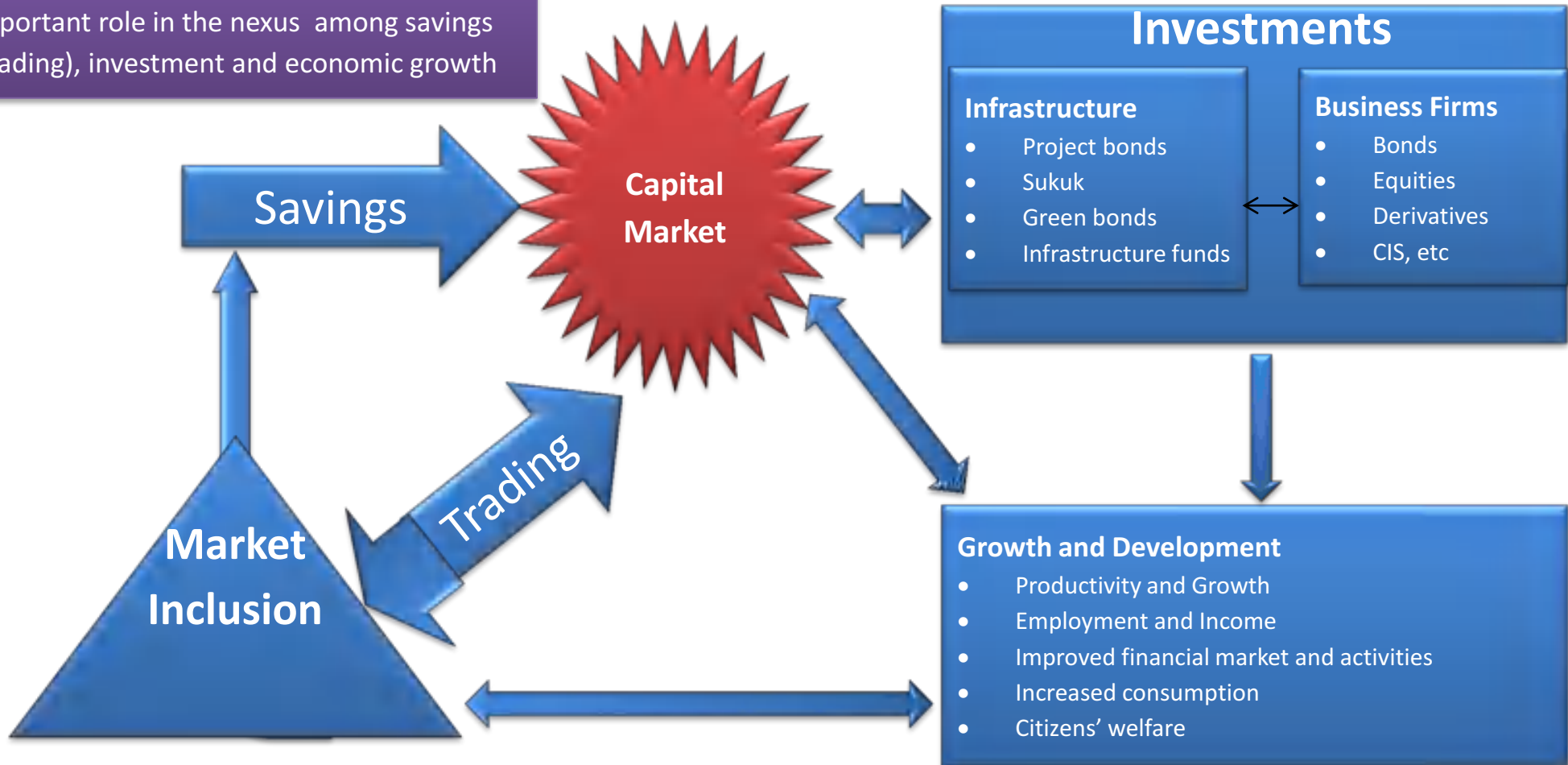
- Number and percent of adults investing in various asset classes

Regulation for inclusion

- Investor education
- Investor experience and confidence
- General inclusion strategy

Capital Market Inclusion and the Economy

- Economic activities are interconnected
- Capital market inclusion and operations play important role in the nexus among savings (trading), investment and economic growth



Opportunities for Capital Market Inclusion Going Forward

- Around 65% of Nigerian adults are financially included
 - But 15% out of these are just included at the informal sector
- Hence, about 50% of Nigerian adults are still excluded from the formal financial sector
- Also, there are about 45million unique bank account holders (BVN) in Nigeria
 - But less than 10% of these invest in the capital market
 - Less than 5% of accounts have above N500,000
- Nigeria has about 41.54 million MSME businesses operating in Nigeria,
 - 99.8% are Micro, 0.2% Small and 0.004% Medium.
 - The need for innovative funding methods to include MSME in the capital market
- Less than 5% of Nigerian adults probably invest in Nigerian capital market (around 5m unique investors and 0.5m CIS account)
 - Those 45m with banks are the first targets, before those totally excluded from the financial system
 - Collect credible data on capital market participation and set bold target sfor improvement
 - Engage existing and potential investors through relevant capital market education programmes
- Over 60% of stock investments are in the Financial Services Sector, especially banks
 - We need to diversify the attractiveness of other stocks and investments



Thank you

