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Financial Inclusion Across Gender among University Students after the Implementation of the 3-Tier KYC Requirement Policy in Nigeria

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Abstract: This study examines financial gender differences among university students, theoretically, categorized as persons with small scale financial needs. Policy reports and academic research conclude that persistence of the financial gender gap, a major factor in financial exclusion over time in developing economies, is linked to regulatory barriers, and levels of education and financial literacy. The study seeks to ascertain the extent to which removal of regulatory barriers to account ownership for small scale users of financial services, achieved by the implementation of the financial inclusion supply side, the 3-Tier KYC requirement Policy by Nigerian banks, reduced financial gender gap in an environment of tertiary education status. Data used for the study is from survey questionnaires, and data analyses involved tables of frequencies and percentages and the chi-square test. The findings indicate no gender difference in both ownership of accounts with formal financial institutions, usage of financial providers and of other financial services including, receipts of funds, payments and borrowings. The study concludes that formal financial gender differences do not exist for the group. The findings imply that 100% financial inclusion is attainable. Policy makers and practitioners can achieve this by use of regulatory policies that remove barriers to the provision of formal financial services for persons with small scale financial service needs, coupled with strong financial literacy campaigns.

Keywords: Financial inclusion; Regulatory policy; Gender differences; Nigeria

JEL Classifications: F65; G10; G18; O16

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1. Introduction

This study documents gendered financial inclusion among university students in Nigeria. A gender gap in financial inclusion, the tendency for fewer women relative to men to use formal financial services is supported by stakeholders in many developing economies. The financial gender gap is observed to exist across, different service providers: the formal financial institutions (Were et al, 2021; Zulfiqar, 2017) and mobile money service providers (Kulkarni & Ghosh, 2021), usage of services and products (Shabib & Ali, 2022), and classes of financial inclusion beneficiaries by rural dwellers (Manta, 2019), and economic activity (Adegbite & Machethe, 2020; Kairiza et al, 2017). In Nigeria, the financial gender gap exits a decade after the Central Bank of Nigeria (CBN) launched the National Financial inclusion strategy (NFIS) in 2012, and is accounted a key factor in the failure of the policy to achieve its target of financial inclusion of all adult persons (EFINA, 2020). The persistence of the phenomenon, as indicated by the assertion that financial inclusion gender gap tends to remain in the most financially included economies (Fanta & Mutsonziwa, 2016) informs a growing perception that the financial gender gap may be policy resistant. Such perceptions have motivated a large literature to study the drivers and the policy approaches to the phenomenon. A theme in previous studies is the key role of education in the existence of the financial gender gap (Ndoya & Tsala, 2021; Özşuca, 2019; Botric & Broz, 2017). Empirical findings however, remain inconclusive.

University students though of tertiary education status, are among groups vulnerable to financial exclusion. The characteristic small-scale demand for deposits and loans, absence of capacity to meet minimum balance requirements, transactions costs and identification requirements for opening accounts are sources of supply side barriers, which limit the willingness of providers of formal financial services to open accounts for persons in such groups. Empirical findings ascertain that tertiary education reduces financial gender differences but financial inclusion stakeholders posit its persistence due to legal and regulatory supply side barriers (Demirgüç-Kunt et al 2013). That policy makers and practitioners subscribe to this view, is shown in Nigeria by the CBN's 3-Tier KYC requirement policy launched in 2013, under which, banks have flexible account opening requirements for persons in different categories of scale of demand for financial services; and Nigerian banks have implemented by the "student account", innovation. The special bank account for undergraduates aged 16-28 years, requires school ID card for identification and near zero minimum balance. The product innovation is noted to be accompanied by massive financial literacy programs (Mohammed, 2020). Previous studies emphasize the importance of financial literacy for the achievement of financial inclusion for groups vulnerable to financial exclusion (Koomson, et al, 2020). The current study explores this setting of persons with tertiary education status and are beneficiaries of the CBN 3-Tier KYC policy, and examines whether gender differences persist in formal account ownership and usage of other services.

The research problem of this study is thus, gender gap in financial inclusion of university students in Nigeria. The tertiary education status of university students supposes the absence of financial gender differences due to education. Moreover, they are beneficiaries of the student bank account financial inclusion initiative, originated by Nigerian banks to meet the needs of undergraduates, to implement the tier 1 account of the CBN's 3-Tier KYC policy. This supply side policy, combined with strong financial literacy and awareness campaigns undertaken by banks in line with CBN policy, together with the tertiary education status might eliminate gender differences in financial inclusion among university students. Previous studies are rather controversial on the role of education in eliminating the gender gap but studies document the importance of financial literacy. For example, tertiary education correlates with a lower financial gender gap (Sharif, et al, 2022), but, Fanta & Mutsonziwa (2016) reports persistence of financial gender gap even after controlling for education status. There is however, no report available on the effect of this policy on the gender gap in financial inclusion in Nigeria.

Nigerian data shows that women are persistently more financially excluded relative to men, even after more than a decade of the CBN's largely supply-side financial inclusion policies in the economy. In particular, data shows that 76.8% of the female adult population but 63.5% of adult males were financially excluded in 2008. In 2016, a total of 40.1 million adult persons (41.6%) were financially excluded and 55.1% of these persons were women. As at 2020, women continue to account for more financially excluded adults. Specifically, 40% of the female population remain excluded comparative to the 32% recorded for males (EFINA, 2008, 2016, 2020).

Low rate of account ownership by women in spite of supply side financial inclusion policies suggests a limited contribution to financial inclusion for women. This questions the marginal effect of supply side financial inclusion policies for the financial inclusion gender gap. That is, can the removal of key supply side and regulatory factors in financial exclusion remove the financial gender gap, when education status is of tertiary level? The main argument of this study is that removal of supply side barriers should eliminate financial gender gap and financial exclusion with innovations in financial products, financial literacy and awareness campaigns. The research questions of the study therefore, are (i) Is there a gender difference in university students' ownership of account in formal financial institutions (ii) Is there a gender gap in university students' usage of providers and other financial services in Nigeria. (iii) Do students have a gender heterogenous perception of the quality of financial services?

This study contributes towards the literature on gender differences in ownership and usage of formal financial services. It provides evidence on the gender gap in financial inclusion from an environment that permits the observed pattern of ownership and usage of formal financial services by women and men to be interpreted as individual preferences. In terms of methodology, the study adopted convenience sampling and derived results using nonparametric methods.

2. Review of Literature

Financial inclusion is variously defined by different stakeholders as, an activity that provides access to financial services to all persons and specifically, the groups of poor and excluded persons (Ozili, 2018); the achievement of access to affordable formal financial services, payments, savings, loans, insurance, and pension products for all adult Nigerians (CBN, 2018). Definitions of financial inclusion support the concept to be both bank account ownership and usage. Early financial inclusion paradigm emphasized ownership of formal bank accounts by all adults and it supposed that account ownership would promote usage of formal financial services, to meet life cycle needs, receipt of funds, payments, savings, credit, insurance and pensions. Measurement of financial inclusion is conceived narrowly as account ownership and broadly as both account ownership and usage. This study considers that the financial service needs of university students in Nigeria should primarily be receipt of funds, payments and borrowing.

Financial inclusion policies fall into three classes. First class is, supply side policies, which encompass improvement in traditional banking services delivery via bank branches, Automatic Teller Machines (ATMs), Debit Cards, Credit Cards, microfinance services, and innovations in financial institutions and products including, e-banking, and digital financial services such as mobile money services providers. Second is regulatory policies, which aim at easing regulatory banking processes to ease opening and operation of banks accounts for all adult persons. Such regulatory strategies include flexible KYC requirement policies and the universal national identity card policy. Third, is demand side policies and include strategies such as women economic empowerment programs, government to person transfers (G2P) (Arnold & Gammage, 2019) and innovations in financial institutions and products that address individual characteristics, poverty and low income, formal and financial illiteracy, that promote financial exclusion.

Gender difference in financial inclusion is generally conceptualized as the likelihood that women have lower access to and utilization of (formal) financial services relative to men. Studies of this phenomenon however, conclude the existence of a financial gender gap across financial service providers as well as across categories of financial inclusion beneficiaries. Antonijević, et al (2022) examine the gender gap in several dimensions of financial inclusion by applying nonparametric techniques to global Findex Data for a sample of countries. The study finds differences between men and women in financial inclusion. In an examination of the magnitude and determinants of gender difference in financial inclusion in Saudi Arabia, Shabir & Ali (2022) used both non-parametric Chi-Square tests and regression analysis and the World Bank's Global Financial Inclusion (GFI) survey data. The paper finds gender differences in bank account ownership and usage of financial services. Zulfqar (2017) establishes gender differences in access to microfinance bank accounts in Pakistan, Kulkari & Gosh (2022) finds lower access to and usage of digital finance for rural and urban women, gender gap in digital finance services, while, Adegbite & Machete (2020) provide evidence of existence of the gender gap in financial inclusion for small holder agriculture in Nigeria. However, Kairiza et al (2017) in a study of financial inclusion among entrepreneurs in Zimbabwe, did not find evidence of a gender difference.

The fundamental role of education in financial inclusion is commonly found a factor in the existence of financial gender differences. Low level of education, such as secondary schooling status is widely found to be a key factor aggravating the tendency for women to be vulnerable to supply-side barriers. Specifically, studies find that education status determines the low rate of financial inclusion of women across, providers, products, classes of financial inclusion beneficiaries and countries. Sharif et al's (2022) study examine the extent to which gender influences financial inclusion and whether education fills the financial gender gap in low income countries. The authors find that relative to men, financial inclusion narrowly defined was lower for women and that tertiary education reduced the difference. But, their results showed no gender difference for formal savings and credit. Ndoya & Tsala (2021) in an analysis of Finscope 2017 data for Cameroun finds that income was the largest factor in the gender gap in access to financial services, but that education is the major factor for the gap in usage.

Were et al (2021) asserts that digital financial services served to advance financial inclusion in Tanzania as shown by the observation of increased access and usage of formal financial services. However, the study reports persistence of the gender gap for both dimensions of financial inclusion. Özşuca (2019) examines the World Bank's 2017 Global Findex Data for MENA countries, to identify factors in gender differences in formal financial services usage. The findings show that gender difference in financial inclusion is attributable to employment, age and tertiary education. Botric & Broz (2017) analyses the financial gender gap using cross country data for Central and South Eastern Europe and across age groups, they find variations across countries and age groups explained by employment and education status.

3. Methodology

The data used for this study is primary data collected by online survey questionnaire. The instrument for data collection was a structured questionnaire administered by an online google from to students in university of Benin. A convenience sampling was used by posting the google form on different online platforms of students across faculties in the university. The respondents consist of One hundred (100) students comprising 77 females and 23 male who responded positively by filling and submitting the online form. The study measures financial inclusion by both ownership of an account with a formal financial institution or mobile money service provider, and by the usage of financial services and products and the quality of financial services.

This study follows previous studies of gender differences in financial behaviour of university students (Antonijević, et al, 2022) and use non parametric techniques to explore gender differences in account ownership and usage of financial providers and financial services and products among students in a university in Nigeria. Non-parametric methods are justified because the study's data was generated using convenience sampling. Non-parametric tests are techniques of data analysis that are robust to several data problems including non-normal distributions due to non-random sampling.

4. Results and Discussions

This section presents the frequencies and percentages, the Pearson's correlation coefficients and the Chi-Sq test statistic and its probability results for gender differences in account ownership, usage of financial services and service providers as well as the quality of services perceived by the respondents.

Table 1 shows that 77 (100%) of female students and 23 (100%) of male students respectively have accounts with a formal financial institution, that is, a commercial bank or a microfinance bank. 68 (88.3%) of Females and 17 (74%) of men have accounts with mobile money service providers. Based on the p-value of about 0.09, the Chi- Sq. Statistics of about 2.88 is statistically significant at the 10% level of statistical significance. The result of no gender disparity in ownership of formal bank accounts differ from Shabir & Ali (2022) and Gosh and Vinod (2017) but is in accord with Kairiza et al (2017). The finding of 100% ownership of formal bank accounts has not been found in any other study, even in similar studies of financial inclusion in specific groups as the current study, such as Kairiza (2017).

Table 1. Gender differences in Account Ownership in Formal Financial institution and Mobile Money Service Provider

Question/Response	Females		Males		Full sample	
	Frequency	Percent (%)	Frequency	Percent %	Frequency	Percent (%)
Question: Do you have an account with a formal financial Institution such as Commercial bank and Microfinance bank?						
Yes	77	77	23	23	100	100
No	0	0	0	0	0	0
Question: Do you have access to a Mobile-money-service provider?						
Yes	68	88.31	17	74	85	85
No	9	11.69	6	26	15	15
Pearson's Chi-Sq 2.88 P-value(1) 0.09						

Source: Author/Survey Data

Table 2 shows the responses by women and men respectively on usage of providers, delivery channels for payments and other services. 66 (85.71%) women and 0 (0%) women report usage of accounts with formal institutions, that is, commercial and microfinance banks while 1 (14%) of women utilize accounts with mobile money service providers. 16 (69.56%) of men and 2 (8.75) of men utilize accounts with formal institutions, while 5 (22.74%) men utilize mobile money services provider accounts.

Table 2. Gender Differences in Usage of Financial Service Providers, Products and Services.

Question/Response	Females		Males		Full sample	
	Frequency	Percent (%)	Frequency	Percent (%)	Frequency	Percent (%)
Question: Which financial service provider do you typically use?						
Commercial Bank	66	86.71	16	69.56	82	82
Microfinance bank	0	0	2	8.70	2	2
Mobile-money service provider	11	14.29	5	22.74	16	16
Question: Which of the following service provider do you typically use to receive funds						
Commercial Bank	66	85.71	18	78.26	84	84
Microfinance bank	2	2.60	2	8.70	4	4
Mobile money service provider	9	11.69	3	13.04	12	12
Question: Which of the following financial Product do you typically use to make payments						
Cash	37	48.05	14	60.87	51	51
Debit card	23	29.87	2	8.70	25	25
Online transfers	17	22.08	7	30.43	24	24
Do you have other financial services, such as credit, insurance, or investment products?						
NO	19	30.43	7	24.68	26	26
Yes	58	69.57	16	75.32	74	74
Question: Have you ever taken out a loan or borrowed money from a financial institution?						
No	72	93.51	19	82.61	76	76
Yes	5	6.49	4	17.39	24	24
Pearson's Chi-Sq 16.80 P-value (12) 0.16						

Source: Author/Survey Data

To receive funds, commercial banks and microfinance banks are typically used by 66 (85.71%) and 2 (2.60%) of women respectively, while 9 (11.69%) use mobile money service providers. 18 (78.26%) and 2 (8.70%) of male respondents respectively, typically utilize the commercial and microfinance banks and 3 (13.04%) typically use mobile-money service providers. In the case of payments transactions, 37 (48.05%) of female students respectively, typically use cash, while 23 (29.87%) and 17(22.08%) typically use debit cards and online transfers respectively. 14 (60.87) of the males typically use cash, while 2 (8.70%) and 7 (30.43%) of the male students respectively typically use cash, debit cards and online transfers. For usage of other services, credits, insurance and investment products, 58 (69.57%) of the females and 16(75.32%) of the males utilize other services. Also, 5 women (6.49%) of the females and 4 (17.39%) of the males have borrowed. The computed Chi-sq. statistic of about 26.24 is not statistically significant at any conventional level of statistical significance based on the p-value of 0. 157. The finding that gender differences do not exist in usage by university students aligns with Ndoya & Tsala (2021).

Table 3. Gender differences in Quality of Financial Services and Products

Question/Response	Females		Males		Full sample	
	Frequency	Percent (%)	Frequency	Percent %	Frequency	Percent (%)
Question: Do you experience difficulties in accessing financial services from your bank/mobile account						
No	29	37.66	14	60.87	43	43
Yes	48	62.34	9	39.13	57	57
Question: To what extent has your bank account/mobile account helped you to receive funds						
None	2	2.60	0	0	2	2
Small extent	6	7.79	5	21.74	11	11
Large extent	45	58.44	7	30.43	52	52
Very large extent	24	31.17	11	47.83	35	35
Question: To what extent has your bank/mobile account helped you make payments						
None	1	1.30	2	8.70	3	3
Small extent	8	10.39	9	39.13	17	17
Large extent	46	59.74	4	17.39	50	50
Very large extent	22	28.57	8	34.78	30	30
Pearson's Chi-Sq 26.24 P-Value (9) 0.0019						

Source: Author/Survey Data

The perceptions of the quality of financial services and by men and women (Table 3) shows that 27 (37.66%) and 14 (60.87%) of females and males do not have difficulties in accessing the financial services from their accounts with formal institutions and mobile money service providers. 2 (2.60%) women and 0 (0%) men report receiving of funds is not helped by their bank account/ mobile money service provider. 6 (7.79%) women and 5 (21.74%) men report a small extent, 45 (58,54%) and 7(30.43%) of women and men respectively, report large extent and while 24 (31.17%) of women and 11 (47.83%) report very large extent.

Furthermore, 1(1.30%) of females and 2 (8.70%) of males respond that payments transactions are not helped by their bank account/ mobile money service provider. 8 (10.39%) of women and 9 (39.13%) of the men, 46 (59.74%) and 4 (17.39%) of men and 22 (28.57%) of women and 8 (34.78%) of men respectively state small extent, large extent, and very large extent. The chi-Sq, statistics value of about 26.24 is statistically significant at the 1% level based on the computed p-value of 0.0019. The results on gender differences in respondents' perceptions of quality of financial services support existence of a disparity between men and women.

5. Summary Conclusions and Recommendations

The study explored gender differences in financial inclusion among university students. The students are beneficiaries of “student account” policy initiated by Nigerian banks in line with the CBN’s 3-Tier KYC requirement financial inclusion policy. Their environment is a setting characterized with tertiary education status, absence of supply side and regulatory barriers to financial inclusion and exposure of policy beneficiaries to massive product awareness campaigns by banks. The study proposed that financial gender differences, a key cause of financial exclusion should not exist in such an environment. The findings of the study from analysis of the responses of female and male students to survey questions on account ownership and usage of financial services show 100% ownership of accounts with formal financial institution in the study group. Furthermore, the results show that there is no gender difference in usage of financial service providers, products and services. The author concludes that tertiary education status, 3-Tier KYC requirement policy, in combination with financial literacy and product awareness campaigns result in elimination of the gender gap in formal financial inclusion and 100% rate of financial inclusion.

The policy recommendations arising from the findings of this study are one, policy makers place priority on regulatory policies and remove regulatory barriers that act as constraints on the provision of formal financial services to persons with small scale financial service needs. Second, policy makers and financial inclusion practitioners should assign a key role to financial literacy and strong awareness campaigns as component parts of strategies to promote financial inclusion.

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