

The day in review

- Equity market shed 5bps
- Interbank rates closed higher
- Muted activity in NTB market
- Naira appreciated at NAFEX window

Looking forward

Aug-2021 FAAC Disbursement Report - NBS

Daily Insight

CBN e-Naira Series 2: Can the e-Naira deepen financial inclusion?

One of the marketed value propositions of the e-Naira is its potential to deepen financial inclusion in Nigeria, as it is targeted at both the banked and unbanked segments of the population. The CBN views the e-Naira as an opportunity to further its goal of achieving its National Financial Inclusion Strategy target of 80.0%, which it was unable to meet in 2020. In today's series, we look to examine the financial inclusion dimension of the soon-to-be-piloted e-Naira.

Going by the most recent survey conducted by Enhancing Financial Innovation & Access (EFinA), c.36.0% of Nigerian adults remained financially excluded by the end of 2020. EFinA also observed that c.81.0% of Nigerians owned a mobile phone (including smartphones) as of 2020, compared with c.69.0% in 2018, with the share of active digital financial services users expanding to c.28.0% from c.16.0%. The fact that the e-Naira does not necessitate the usage of a bank account indicates potential to serve underserved individuals.

However, Nigeria's low internet penetration level and smartphone ownership will likely be a barrier to adoption. Although this can be addressed by enabling offline access through Unstructured Supplementary Service Data (USSD), we opine that some more fundamental barriers may further beset adoption and hamper the potential of inclusion. According to EFinA, attitudes and perceptions, including a strong preference for physical cash, account for c.34.0% of reasons for not having bank accounts amongst Nigerians. There is little evidence that these behaviors will change with the introduction of the e-Naira. Other barriers include small and irregular income (underemployment) and unemployment. EFinA also found that lack of awareness and suitability of products are key barriers to non-bank formal financial services, including mobile money, micro-insurance and micro-pensions. In view of the foregoing, we believe that a market-sensitive approach, utilising the pilot phase to explore product-market fit and raising awareness through extensive sensitisation will yield the best outcomes.

Headline	Level	1 day	YTD
NGX ASI	38,852.7	▼ -0.1%	▼ -3.5%
Mkt. Cap (N'bn)	20,242.5	▼ -0.1%	
Mkt. Cap (\$'mn)	48,992.0	▼ -0.1%	
Value (N'mn)	1,510.3	▼ -35.6%	
Value (\$'mn)	3.7	▼ -35.5%	
Volume	155.8	▼ -15.5%	
Deals	3,256.0		
Market Breadth	0.8x		

T-Bills Yields	Current	Previous	%Δ
3 months	4.15	4.15	0.00
6 months	5.20	5.20	0.00
12 months	8.30	8.31	-0.01

Bonds Yields	Current	Previous	% Δ
3 years	9.25	9.26	-0.01
5 years	10.45	10.71	-0.26
7 years	11.60	11.60	0.00
10 years	11.94	11.94	0.00

Currencies	Current	Previous	% Δ
NAFEX	413.18	413.28	0.0%

Other Key indices	Current	Previous	% Δ
OBB	17.0	15.5	▲ 1.50
OVN	18.0	16.3	▲ 1.75
Brent	75.7	73.9	▲ 2.41

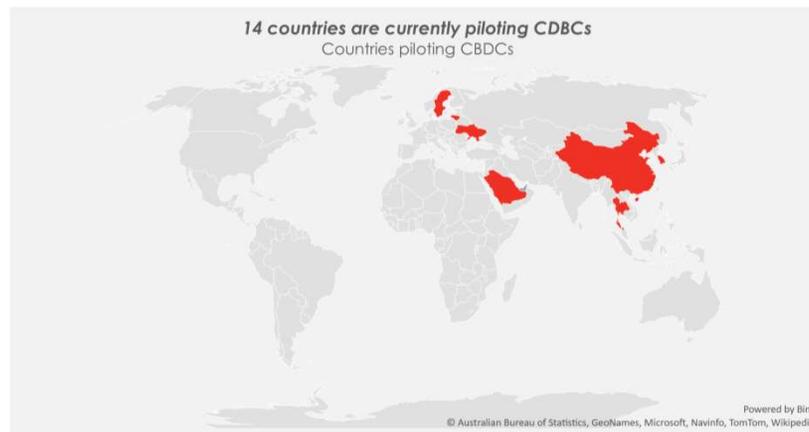
	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	▼ -3.0%	▲ 13.3%	na	na
Banks	▼ -1.0%	▼ -3.0%	▼ -7.0%	2.9	9.4%
Consumer	▲ 0.0%	▼ -0.7%	▼ -4.4%	69.9	3.7%
Industrial	▲ 0.1%	▼ 0.5%	▼ -4.6%	16.6	4.8%
Insurance	▲ 0.1%	▼ -4.3%	▼ -3.5%	9.2	3.0%
Oil & Gas	▲ 0.1%	▼ -2.4%	▲ 58.9%	10.6	4.2%
Mkt. Avg. P/E		10.4		Mkt. Avg. Div. Yid	5.3%

*P/Es are based on the last twelve months trailing earnings
*Dividend yields are based on past year dividend payments



Pan African Market Monitor as at today

Equities	Level	1 day	YTD	P/E (x)	Div. Yid.
BRVM	180.4	▲ 0.5%	▲ 24.1%	9.9	6.0%
Egypt	10,710.6	▼ -1.6%	▼ -1.2%	9.5	1.5%
Kenya	182.8	▲ 1.2%	▲ 20.1%	13.6	3.3%
Mauritius	1,963.4	▲ 0.0%	▲ 19.1%	na	2.0%
Morocco	340.7	▲ 0.8%	▲ 11.8%	29.1	3.4%
MSCI FM	665.6	▼ -0.1%	▲ 16.4%	15.5	2.6%
South Africa	61,453.4	▼ -2.2%	▲ 3.4%	11.4	4.3%
Tunisia	7,262.0	▲ 0.1%	▲ 5.5%	22.9	2.2%
Zimbabwe	160,442.3	▲ 0.4%	▲ 246.3%	8.3	1.8%



Source: Atlantic Council, United Capital Research

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