



What we are learning from the Financial Institutions Expressions of interest (EOI).



In one month, over 151 financial institutions completed the expression of Interest for financial institutions cutting across commercial banks, microfinance banks, finance companies, fintechs, mortgage banks, co-operative societies and finance houses. 85 of these institutions are licensed by the Central Bank of Nigeria. This report focuses on the CBN licensed financial institutions.

This EOI process serves an organic survey to understand the consumer credit portfolios of the financial institutions, the regulatory compliance of the financial institutions and how the consumer credit sector can be best supported.

Valuable insights are summarized in this report.

The process also enables onboarding of ready institutions to kick off the Consumer Credit Scheme.



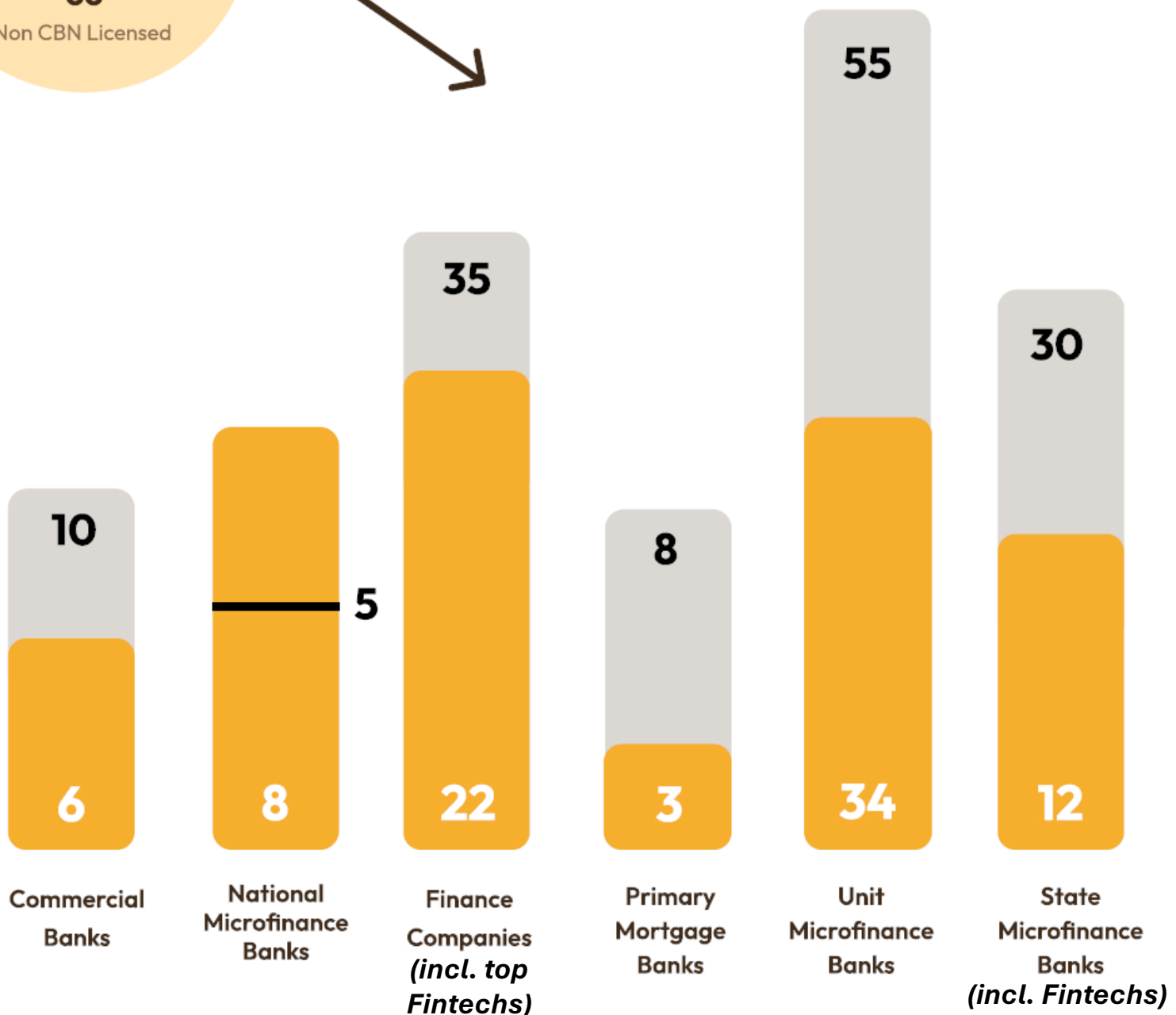
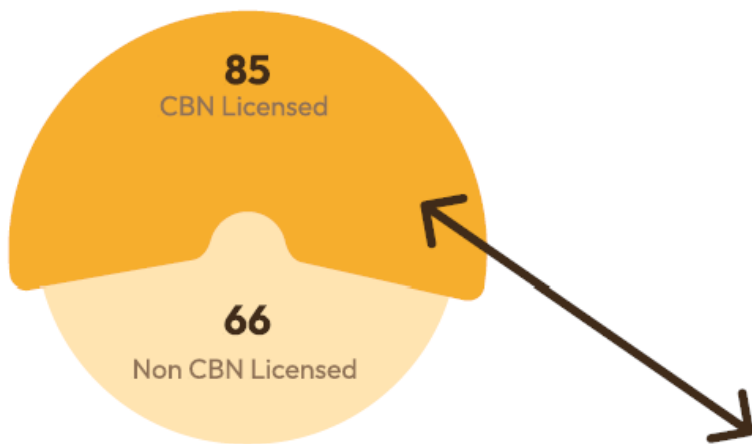
Institution Type – Submission Summary

151 Financial Institutions have completed the expression of interest for financial institutions since it was launched.

CREDICORP had set a target of 50% submission from active financial institutions from each institution type.

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Full bar represents our target (e.g. target for commercial banks was 10 out of which 6 filled out the EOI. Target for National MFBs was 5 out of the 9 in the country; 8 of them filled out the EOI, including Accion and LAPO).

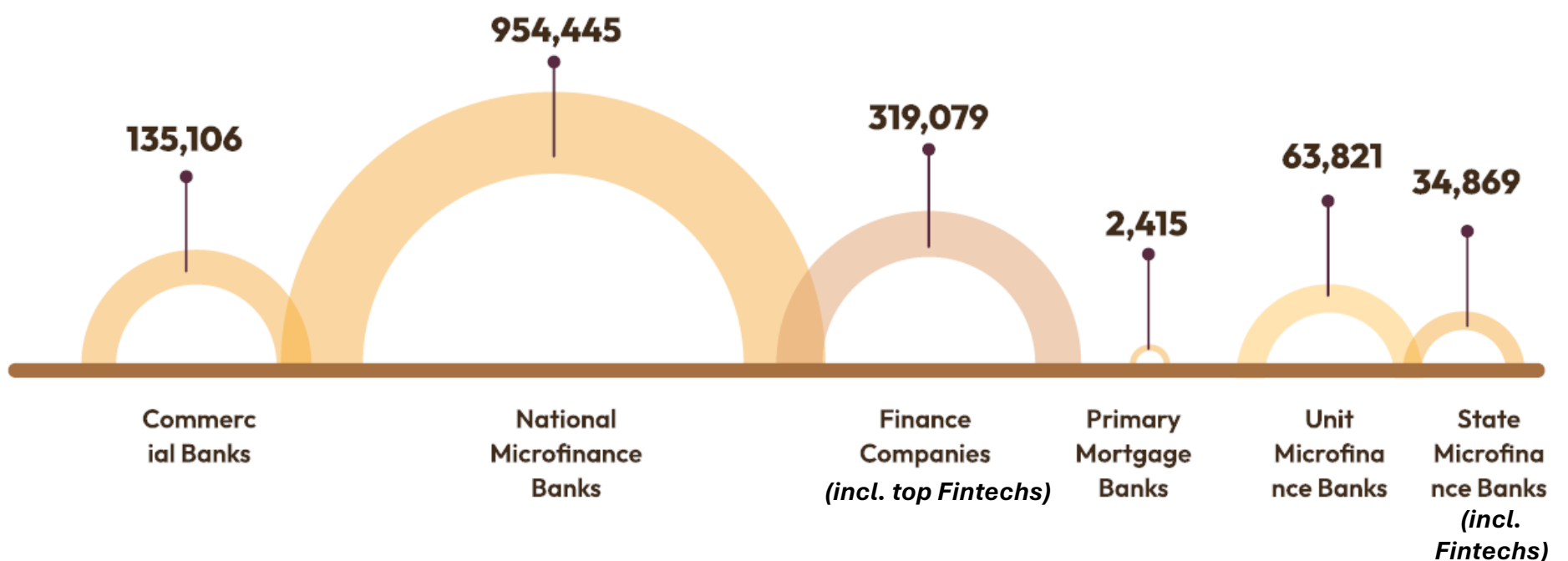




**NIGERIAN
CONSUMER
CREDIT
CORPORATION**

No. of Consumer Credit Customers – Submission Summary

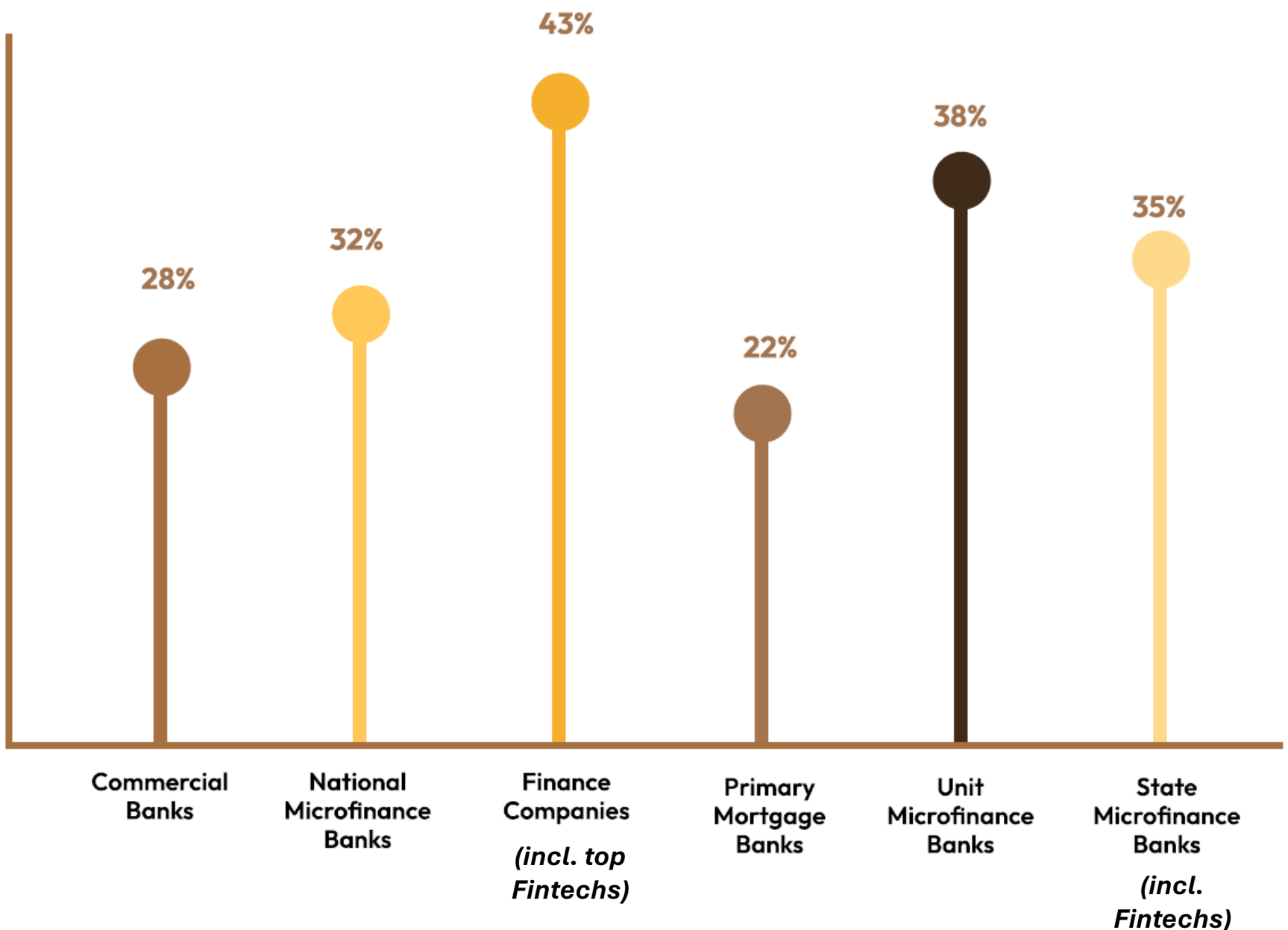
The 85 institutions that completed the EOI so far report over 1.5 million registered and served consumer credit customers on their books. The sector needs to grow to 40 million active customers by 2030.



Average Interest Rates – Submission Summary

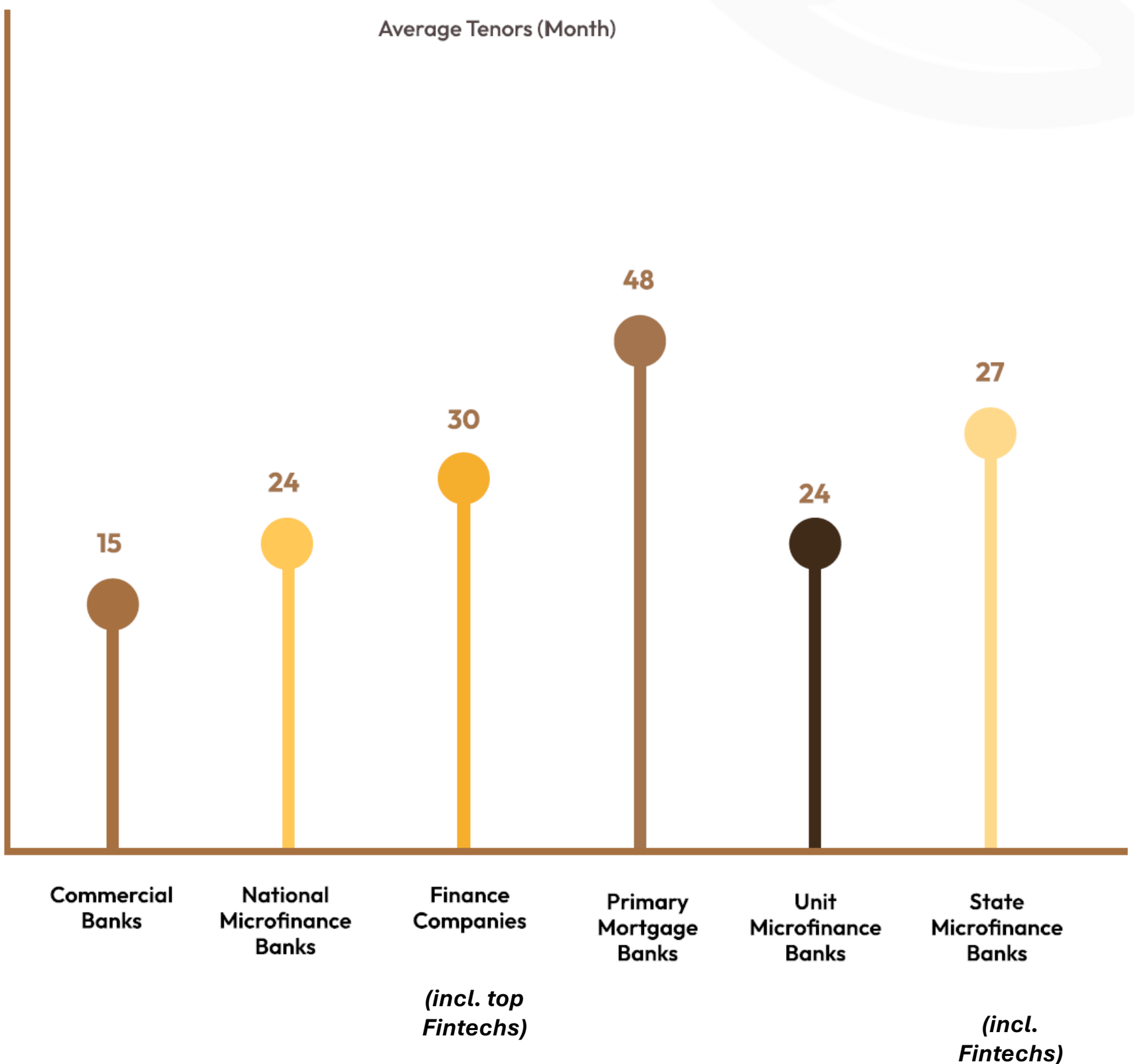
The institutions report an average interest rate of 37% per annum on consumer credit. Such a high interest rate can limit access to credit for many consumers. This strengthens CREDICORP's resolve in designing financial products that enable lower but sustainable rates on an ongoing basis.

Average Interest Rate (Per Annum)



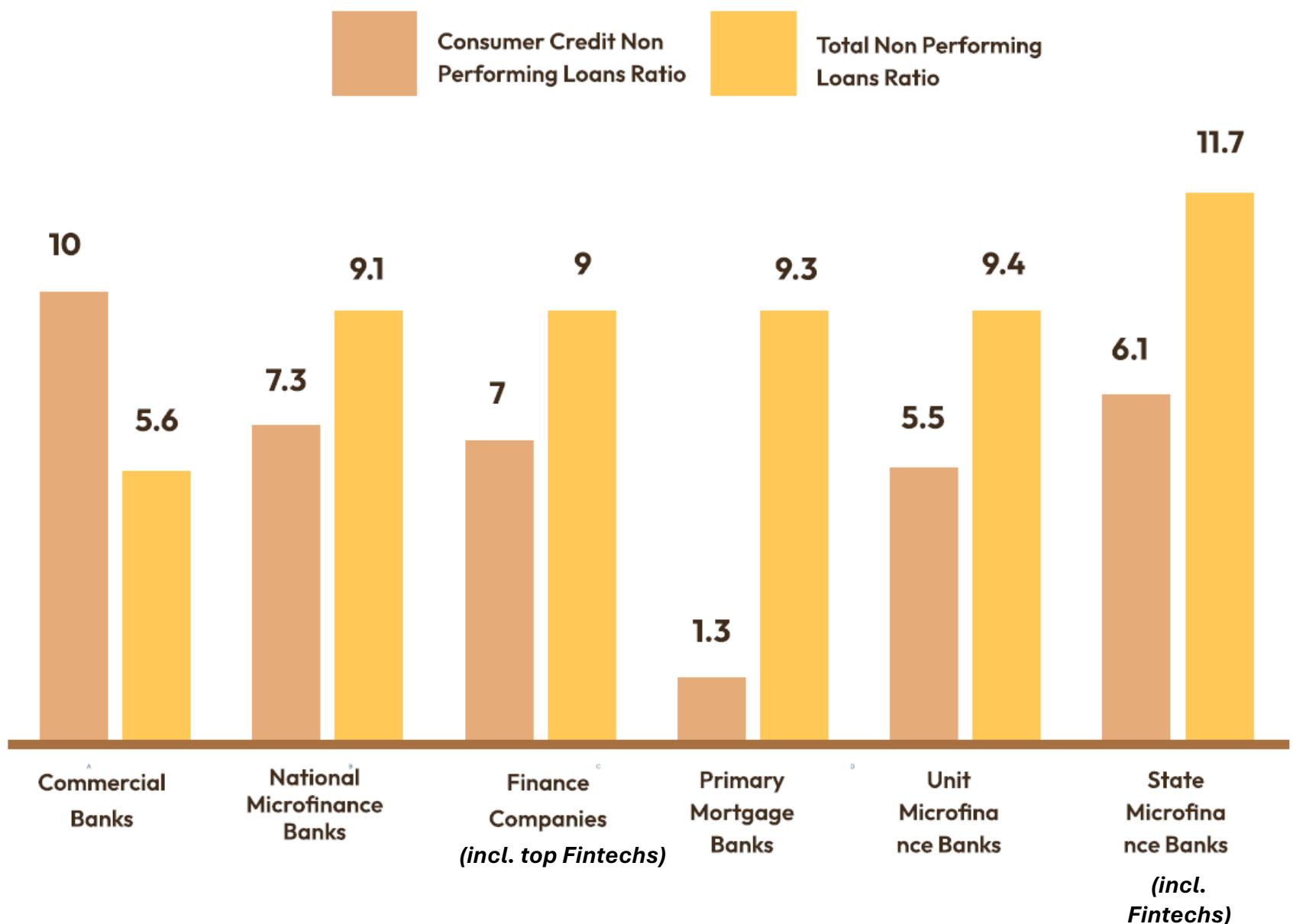
Average Tenors (Months) – Submission Summary

The institutions have an average tenor of 26 months on their consumer credit portfolio, indicating an appetite for risk of lending over extended periods. This contrast with non-CBN licensed companies, which may focus on shorter tenors to leverage faster turnover of capital.



Performance of Consumer Credit Portfolios – Submission Summary

The consumer credit portfolios for profitable institutions show an average NPL of 6%, while the average NPL across all other credit is 9%. The commercial banks show a reverse pattern from the average (i.e. higher NPLs on consumer credit than other credit), likely due to a wider range of options to deploy their capital (e.g. corporates) and therefore deepened focus and expertise in those.



Product Preference – Submission Summary

“Which of our two credit products best enables you expand consumer credit access?”



Wholesale Capital

“CREDICORP lends you (the FI) its funds at good rates (MPR or *slightly* concessionary) and you lend to Nigerians seeking all kinds of consumer credit. You bear the credit risk.”

80



Credit Guarantee

“You lend Nigerians your funds and CREDICORP shares the credit risk partially (say 50%) with you. Guarantees apply for a broad range of consumer credit (e.g. locally-manufactured, targeted industries, etc) but not all.”

5

Note: this is a summarized report and does not include the detailed, sensitive or identifying information shared by financial institutions (e.g. profitability, capital adequacy ratios, liquidity ratios, risk management frameworks, compliance frameworks, regulatory standings and any infractions, debt service ratios, etc.)

However, this summarized EOI report is still *not* for public consumption and should only be reproduced with the explicit consent of CREDICORP.





THANK YOU!

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