



NIGER DELTA UNIVERSITY

WILBERFORCE ISLAND, BAYELSA STATE.

44TH

Inaugural Lecture

Title:

FINANCIAL INCLUSION:

THE LAST HOPE OF THE COMMON MAN IN SUB-SAHARAN AFRICA

By

Peter Ego Ayunku

(PhD, MAMN, CFIP, FCFIP, CMC, FIMC)

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NIGER DELTA UNIVERSITY
Wilberforce Island, Bayelsa State, Nigeria

Motto

Creativity, Excellence, Service

Vision

To be a centre of excellence defined by well articulated programme
that will produce creative and innovative minds

Mission

To strive to maintain an international reputation for high
quality scholarship, research and academic excellence for the
promotion of the socio-cultural and economic well-being of mankind

**NIGER DELTA UNIVERSITY ANTHEM
(THE BRIGHTEST STAR)**

Like the brightest star we are, to lead the way
To good education that is all our due,
The dream of our fathers like the seed has grown;
Niger Delta University if here to stay.

In all that we do, let us bring to mind
Our duty as staff and students of N.D.U
Ev'rywhere to promote peace towards mankind.
Creativity, Excellence and Service

Let us build on this noble foundation
And with love, let our dedication increase,
To rise and uphold this noble vision
Ev'ry passing moment let our zeal never decrease.

CHORUS
Rejoice, great people old and new, rejoice
For the good fruit through us is shown;
Be glad in our worthy contribution
To the growth of humanity (x2)

Dedication

I dedicate this inaugural lecture to God Almighty who made it possible for me to deliver this lecture today. I return all glory to him.

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Protocols

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Deputy Vice Chancellor (Academic)

The Registrar

The Bursar

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Provost of the College of Health Sciences

Dean, School of Postgraduate Studies

Deans of other Faculties and Directors of Institutes and Centres

Heads of Departments

Academic and Non-Teaching Staff

My Dear Beloved Wife and Children

My Pastor and Members of Christ's Chosen Church of God Int'l

Members of NDU Intercessory Prayer Group

My Undergraduate and Postgraduate Students of Niger

Delta University

The Media and Press Group

My Colleagues and Well Wishes from other Universities

My Family Members/Relatives

Distinguished Ladies and Gentlemen

Preambles

Let me begin by thanking God for giving me the opportunity to stand before this audience of cream of academic scholars to present my Inaugural Lecture today. My sincere appreciation to my amiable digital Vice-Chancellor, Professor Samuel G. Edoumiekumo, Chairman Committee of Vice-Chancellors of Nigerian Universities, a recipient of African Educationist Award of Niger Delta University for giving me this privilege to share my experience as a one-time banker who now turns academic Professor.

This Inaugural Lecture is very unique in the sense that I am the first tenure Professor in Finance and Banking to deliver an Inaugural Lecture in the Department of Banking and Finance, and the first Professor of Finance and Banking in my community, Toru-Angiama Town in Sagbama Local Government Area of Bayelsa State, Nigeria, and also the first Professor of Finance and Banking in Bayelsa State. I give God all the glory for lifting me from grass to grace in the pursuit of my academic career and life's endeavors.

Mr. Vice-Chancellor Sir, it might interest you to note that I took this teaching job reluctantly as an Assistant

Lecturer largely due to the poor remuneration package given to me as the salary then was not up to one of my allowances while in the banking industry. Today, I feel honoured and it is all history as I am now standing before this cream of esteemed distinguished Professors and colleagues to present this lecture. May God alone be glorified.

Distinguished guests, ladies and gentlemen, let me not bore you with a plethora of definitions of an inaugural lecture. An inaugural lecture is simply an academic ritual where a newly promoted or appointed staff in a University system to the rank of Professor is given the opportunity to profess in his area of specialization to the university community and the general public at large.

Mr. Vice-Chancellor, Sir, my research focus has been in the areas of finance and banking and I have published well over sixty papers in the field of finance and banking in the past one decade plus.

In view of the above, and with all sense of humility, I wish to present this 44th inaugural lecture, titled “Financial Inclusion: The Last Hope of the Common Man in Sub-Saharan Africa.” Thus, in this inaugural lecture, we shall

endeavour to highlight and discuss some key areas in financial inclusion and the role of financial sector development in emerging economies and other interesting areas of the subject matter.

Introduction

Financial Inclusion (FI) is relatively a novel thought that has captivated the attention of policy makers, academics and the world in recent times; this is due to the changing economic dynamics across the globe. The World Bank (2018) regards FI as a fundamental propeller in poverty reduction and enhancing prosperity in an economy. Studies have revealed that FI has a huge benefit for the financially omitted population, most especially vulnerable women and other low-income earners in most Sub-Saharan African countries.

Ensuring that individuals especially the low-income earners have access to at least fundamental financial services in the formal sector is what is regarded as FI (Ozili, 2018, 2020). It is asserted that an inclusive financial system undoubtedly promotes economic growth, but on the contrary, as sizeable percentage of the population all over the world's bankable adults (female & male) seems not to have access to financial services and usage, most especially women appear to be financially excluded from the economy (World Bank, 2011; Swamy, 2012; Nkwede, 2015).

The Global Findex Report indicates that financial inclusion is rising globally and that close to 1.2 billion bankable adults have bank accounts since 2011 while the bankable people with an account with formal institutions or through mobile money services rose significantly from sixty-two percent to sixty-nine percent between 2014 and 2017. They observed that emerging economies also share same increment from 54 percent to 63 percent respectively and that the share of female in developing economies remains low at 9 percent points less than male who have a bank account (Global Findex, 2017).

In Nigeria, 40.1 million adults are not formally included. This means that 41.6% of the bankable people were financially omitted in 2016 and that 55.1% of the omitted groups were female, while 61.4% of the left-out populace was within the bracket (18 and 35 years above), 34.0% had no proper education and that 80.4% of the population lives in remote areas (NFIS, 2018).

Empirical evidence on financial inclusion nexus, those in extreme lack and income gap in several countries with different methodologies and results revealed that FI is capable of bridging income gap and poverty (Dixit & Ghosh 2013; Sanjaya, 2014).

Ratnawati (2020) used three dimensionsnamely, banking penetration, access to banking services and the use of banking services as parameters to measure financial inclusion on economic growth, poverty, income inequality and financial stability, the result revealed that all the three measures of FI concurrently have increasing effect on the response variables.

What is poverty?

- Poverty is the state of not having enough food to eat or not having enough basic needs or materials in life.
- Poverty is simply referring to as a lack of basic requirements of life namely shelter, clothing and food
- World Vision (2018) defines poverty as the lack of adequate financial capacity to provide the requirements of life, i.e., food, clean water, shelter and clothing. In todays' economies, poverty is stretched to consist of access to basic health care system, education and even means transportation.

Mr. Vice-Chancellor sir, figures 1 and 3 below shows exactly the poverty level inSub-Saharan African Countries where most children and men have turn themselves to beggars. The trend is everywhere even in Bayelsa State.



Figure 1: Poverty in sub-Saharan African countries.

Source:worldvision.org

Abraham Maslow Hierarchy of Needs Theory

This theory as propounded by Maslow, postulated five basic needs which he organized into successive level of hierarchy of importance as shown in figure 2 below.

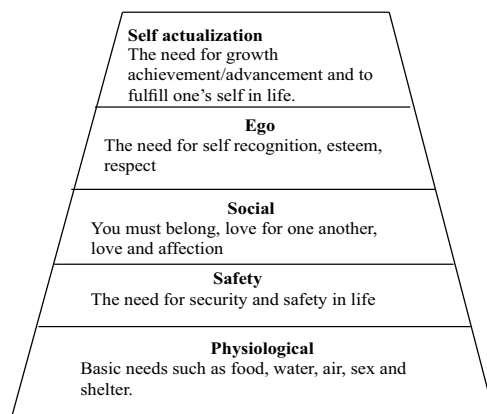


Figure 2: Abraham Maslow hierarchy of needs.

Source: www.continued.com

Mr. Vice Chancellor sir, anyone who lacks any of the mentioned basic needs of Abraham Maslow hierarchy of needs, is regarded as one who is in poverty.

Stylized Facts and Figures of Poverty in Africa

According to the World Bank, (2014) living in poverty is a state of hunger, lack of shelter, illness, and anxiety. It is also a fear of the future. According to studies conducted across Africa, about 82 percent of the continent's poor households are in rural areas. Most of them are engaged in farming. In 2015, the number of people living in poverty in Africa has increased significantly. From 278 to 413 million, it is estimated that the continent will not reach the Sustainable Development Goals' target by 2030 (World Bank, 2018).

The global poverty line is a little below 2 dollars (\$1.90) per day. According to the World Bank, this amount is adequate to meet an individual's basic food needs for a day. Reports indicate that poverty is significantly worse in Sub-Saharan Africa as posed to North Africa and that only two of Africa's 46 SSA countries are on to meet their Sustainable Development Goals (SDGs) the target which include Mauritania and Gabon; while the poorest countries include Burundi, DR Congo, Malawi and Mozambique.

Sixteen million people are said to be living in extreme poverty in South Africa (SA). On the other hand, Nigeria which is the largest economy in Africa, currently has 46 percent rate of poverty. The proportion of this to the population is 90 million people while Burundi is regarded as the world's poorest country with a poverty rate put at 80 percent. Next in the rank is CAR with 79%, Madagascar with 78%, the Republic of Congo with 75%, and the DRC at 74%.



Figure 3: Poorest Countries in Africa.
Source: worldvision.org

Causes of Poverty in Africa

There are several causes of poverty in Africa, namely but not limited to the following;

- Inadequate access to clean water and nutritious food
- Lack of education

- Climate change
- Lack of infrastructures
- Lack of government support
- Conflicts
- Inequality
- No access to livelihood
- Lack of jobs
- Poor healthcare system
- Lack of savings

Role of the Financial Sector in an Emerging Economy

Finance is central to every emerging and developing economy like Nigeria. Thus, a well-functioning financial system contributes to the economic health and the general wellbeing of the micro and macro economy. It is also beneficial for the poor as it enables them to borrow and spend their money efficiently. And by extension enhances investment in health and education (Gould&Mebecky, 2017).

Prior to the advent of an organized payment system, primitive societies engaged in direct exchange without fiat currencies. This impeded trade, specialization/division of labour and economic progress. To support these, money and the financial systems have evolved

according to the needs of the time to be the wheel of progress to every economic system.

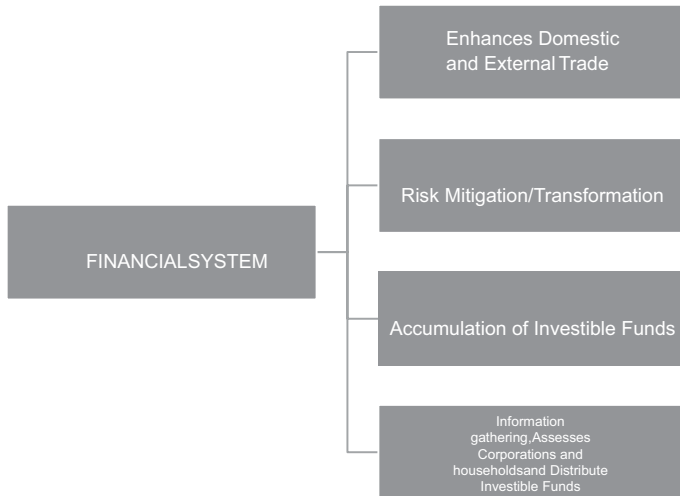


Figure 4: Core Financial Services Rendered by the Financial System
Source: Adopted from Greenbaum, Thakor & Boot (2019)

The financial sector comprises of banks and nonbank financial institutions that provide financial products and services for the consumption of households and businesses. The financial sector intermediates and bridges the gap between the owners and users of funds through size, maturity and risk transformation (Casu, Giradon, & Molyneux, 2006). This enables households and businesses to build assets and accumulate other financial products and services in an economy. Intermediaries also provide external funds to vulnerable groups, households,

and businesses to take advantage of opportunities that would otherwise be unavailable (Chen & Jin, 2016).

An efficient financial sector encourages availability, breadth and the use of mainstream service by all groups in the society (Chikalipah & Makina, 2019). More precisely, a robust financial sector accelerates access and usage of credit, savings, insurance and other financial instruments in an economy. A well-functioning financial system has many service providers. These diverse financial service providers offer different financial instruments and services at varying prices and conditions that meet the financial needs of households, businesses and the public sector (Shaw, 1973).

It is also an embodiment of a stable quality regulation and not prone to incessant systemic risks. However, financial systems that are underdeveloped are riddled with the costs of financial disintermediation and economic retardation due to failure in mobilizing all available surplus funds or failure to integrate them and make them available as loanable funds or failure to allocate the funds efficiently to the deficit units. Specifically, any kind of shock that destabilizes the financial system impoverishes the people, businesses and the economy.

The roles of a developed financial sector are well documented in theory and empirical literatures. Before the financial crisis in Mexico, the average growth rate in Latin America from 1960-1980 was over 6% per year. It then started to decrease after the crisis started in 1982 (Tapen, 2001) Shaw's hypothesis posits that a robust financial system characterized by several financial service providers, healthy competition and innovation enrich access and usage of financial services. In the same vein, Goldsmith opined that an efficient financial system bridge the gap between the surplus and deficit sectors of the economy and thus spurs economic growth.

As indicated in Figure 4, financial intermediaries and the financial sector mobilize resources, facilitate trade, minimize risks and allocate capital resources. These together would kindle and enhance capital formation due to increased access to financial resources (Greenbaum, Thakor, & Boot. 2019). This is accentuated by an adequate regulatory and business climate, rising GDP per capita levels, increasing commerce and a well-functioning macroeconomic environment.

Access to Financial Services in a Globalizing and Dynamic World

One of the most important contributors to the lethargic growth trajectory of developing countries is lack of adequate funds and funding options that fails to meet the financial needs of households, businesses and other deficit sectors of these countries. This makes users of funds to resort to direct financing from the informal sector that is riddled with acute risks of conflict and shocks (Gebrehiwot and Makina, 2019; Katoroogo, 2016). These are common attributes of developing countries, and they impede growth and aggravate poverty. The reason for poor access to financial products and services could be due to outright exclusion, and in other instances, voluntary exclusion (that is, people that willingly stopped using mainstream financial products and services due to dissatisfaction from use).

Expanding penetrative reach and the spread of mainstream financial services to get to all households, small business and other private sector participants is a reoccurring theme in think tanks, conferences and policy dialogues. This is anchored on the thesis that the broadening of access to mainstream financial products and services enhances the wellbeing of the people,

businesses and the economy (Duvendack & Mader, 2020). More precisely, it is held that access to finance and funding options can enhance the attainment of “United Nations (UN) Sustainable Development Goals (SDGs) in ending poverty, improving health and education, and reducing inequality” (Kara, Zhou, & Zhou, 2021).

Access to financial services creates a window for households to build assets and further create the platform for improved quality of life such as schooling and health-care (Hudon, 2009). Businesses are also afforded the opportunity to expand their product and service lines. Again, it affords businesses the ability to capitalize on new investment opportunities that would be unavailable in the absence of financial products and services. This invariably gives households and businesses the opportunity to generate returns and further their asset holdings (both fixed and current). Thus, access to financial products and services scales up the wellbeing the people, businesses and the economy.

Financial access in countries with high per capita income (PCI) is far higher than low and middle-income countries. And, this informs their growth trajectory as well. The level of access to financial services (in terms of account ownership) in high income countries is estimated to be

90% (Thorsten & Torre, 2007). World-wide statistics indicate that 1.7 billion people do not have a basic account at a regulated financial institution in 2017 (Duvendack & Mader, 2020). WDI revealed that account ownership in upper middle income countries rose from 71% in 2014 to 73% in 2017. For middle income countries, account ownership rose from 57% in 2014 to 63% in 2017. Account ownership in low income countries rose from miserly 22% in 2014 to 34.8% in 2017. This indicates that financial access in low income countries which are usually developing countries is acutely lacking and supply side policies like financial liberalization, trade liberalization and deregulation have not yielded the expected accelerated increase in access to financial services and products to the general population and more specifically, underprivileged rural households, smallholder farmers and small businesses.

Consequent on this, international financial institutions are on the forefront in giving informed policy direction and data collation, in order to broaden access and solve identified drawbacks to the agenda.

Concept of Financial Inclusion

FI typifies banking the unbanked by promoting and expanding outreach and consumption of mainstream

services like savings, credit, insurance, pension and payment systems (Chen & Jin, 2016). Policies of financial inclusion are tailored at “creating an enabling environment and developing innovative financial solutions to facilitate access to financial services to the larger population, by lifting the barriers” (Soumare et al., 2016:232)

.
Descriptions of financial inclusion are subjective and are mostly based on the policy goals of the agency defining it. Table 1 presents several description of FI. The primary focus of strategies of FI is to expand availability, convenience and affordability of financial services to entire population. The highlight of these policies are to ensure how best to integrate underprivileged households, smallholder farmers and businesses into the formal financial institutions.

Table 1: Financial Inclusion (FI) Defined

Institution	Definition
Global Partnership for Financial Inclusion (GPFI)	FI refers to access to bank and NBFIs services. It also posits that the delivery of these services should be effective. This implies that the process of obtaining a financial service, which can be done in a convenient and responsible manner. This can result in customers avoiding the use of informal means.
Central Bank of Nigeria	FI is attained when bankable people access to formal services at an affordable cost.
Ministry of Finance and Economic Development Planning, Burundi	“Permanent access to a set of products and services that are available to the adult population.” These include savings and loan products and services, insurance products, and investments. This concept aims to improve the living conditions of the population by taking into account their needs.
Bank of Mozambique	The objective to promote the use of financial products, so that the country's population can obtain a better quality of life.
G-20	Working adults in the financial state have effective access to credit and savings. This includes various types of accounts and insurance products.

Source: Extracted from the Alliance for Financial Inclusion (2017)

These groups of people mostly are unbanked and/or underserved either due to poor GDP per capita, place of residence, poor banking presence and illiteracy (Triki & Faye, 2013). Financial inclusion does not mean accessing savings and external funding options alone. It also entails

access to insurance, retirement planning options and frequency of use.

There are several dimensions of FI. However, they are generally classified into three broad groups of access, usage and quality of financial products and services.

Table 2: Dimensions of Financial Inclusion

ACCESS	Availability of formal, regulated financial products and services: • Physical Proximity • Affordability
USAGE	Actual usage of financial services and products: • Regularity • Frequency • Duration of time used
QUALITY	Products are well tailored to meet client needs: • Appropriate segmentation to develop products for all income levels

Source: Adopted from the Alliance for Financial Inclusion (2011)

Financial access simply entails the supply of formal services like savings, credit, risk mitigation products, retirement planning options and remittance channels. This is determined by the nearness and affordability of financial service providers to the market. Financial usage also, entails participation in formal financial institutions. This implies the regular and frequent usage of mainstream

services. Demand and formal participation is predicated on availability, ease of access and the perceived benefits from it. Quality financial services connotes the appropriateness of financial services to meet the financial needs the entire population, especially underprivileged households, small holder farmers and businesses.

In developed economies, financial inclusion denotes clear and informed information about financial services (Zulkhibri, 2016). Access to easy information regarding products and services by intermediaries is a common feature of FI. However, in evolving countries, the policy thrust of FI is to broaden access and usage of financial instruments and services. It is imperative to posit that financial inclusion efforts should be holistic: Such efforts should promote the three dimensions of access, usage and quality, all at once. This would help assuage the flawed axiom of increased access creating increased demand and use of financial products and services.

Primarily, someone is said to be financially included when the said person has a basic account in a conventional bank. Transactions in the formal financial system are based on the platform of an account. For example, remittance, insurance, social security, savings, credit and

other financial services offered in the mainstream are facilitated using a bank account. Consequent on this, people that are not banked are said to be financially excluded (Wentzel, Yadavalli & Sarma, 2016). Financial exclusion therefore simply entails lack of access and usage of financial products and services due to cost and non-cost related factors. Thus, people that are unbanked or underserved, people that have no access or limited access, people that have no use, and people that cannot afford formal financial services are all categorized as financially excluded (Sapovadia, 2018). A financial system that is exclusive breeds disparities, poor living conditions, shocks and risks. Financial inclusion efforts are aimed at smoothening these barriers, expanding access and integrating the excluded with afforded quality financial products into the mainstream financial system. This way, equal opportunities will be served and lives will be transformed (Duvendack & Mader, 2020).

Financial Inclusion and Sustainable Development Goals (SDGs)

In 2015, the United Nations adopted the Sustainable Development goals. These goals, which are aimed at addressing the various problems of poverty and inequality, were established following the

implementation of the Millennium Development goals (Kara et al., 2021). The highlights of the “UN SDGs strategy articles are 17 goals and 169 targets to be achieved in the year 2030 by its member nations”(United Nations ,2015).

The framework for the achievement of the SDGs involves worldwide cooperation of all critical stakeholders, which includes the government, the private sector, multinational financial institutions, etc. However, one of the critical channels of actualizing these policy goals is largely dependent on the development of the financial sector. It is argued that broadened access and usage of bank accounts help households and businesses (especially smallholder farmers and businesses) to access loans and advances to meet emergencies; working capital and expansion needs, and further invest in their health, education and housing. Scholars are of the opinion that this would enhance the living conditions of the people, boost local communities and reduce poverty and inequality (Immurana, Iddrisu, Boachie, & Dalaba, 2021). Through a study conducted on “M-PESA (a mobile money service in Kenya),” the service lifted around 19,000 households out of poverty. The study also showed that it has improved the economic conditions of women(Suri & Jack, 2016).

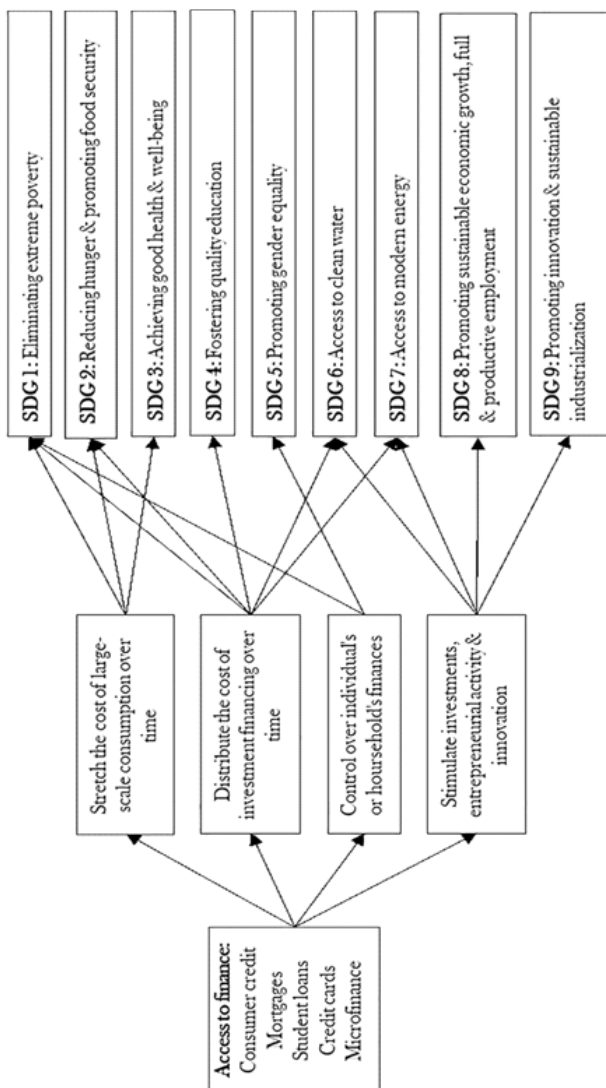


Figure 5: The nexus between financial inclusion and SDGs.
Source: Adopted from Kara et al (2021)

To end poverty and hunger (that is, SDGs 1&2), it is posited that access to loan accounts for income yielding businesses, education, housing and the acquisition of modern farming implements by households, smallholder farmers and businesses improve their living conditions and wellbeing (Kara et al., 2021; Ma'ruf & Aryani, 2019; Kuada, 2019). Health is wealth is a common saying in social discourse. This is the case because among other factors of production, labour (especially, an healthy one) plays an essential role in the productive process.

Thus, greater access to funds would enable households to meet their health emergencies. Again, it helps the people to observe better dieting, sanitation and general well being (Immurana et al., 2021). This contributes in the attainment of SDG 3. SDG 4&5 are about quality education and gender equality. Increase in household income through funding to income yielding ventures positions rural families other disadvantaged households to enhance the quality of educational materials and training they give to their children and wards. Access to student loans can also empower the people to meet their goals of obtaining higher education and professional certifications. Income is a leveler.

When women through funding opportunities from the formal financial system invest in income yielding ventures or acquire modern farming implements to enhance their yields, they earn more and are better placed to be critical stakeholders in decision making thus, reducing the gender gap (Kara et al., 2021). Forty percent of global labour force is made up of women and 34% of small businesses are owned by women in emerging countries (Kara et al., 2021). Women also have limited access to loan accounts than men. Thus, broadening access to credit or credit inclusion for women would scale up their economic power and reduce gender inequality.

SDGs 6 & 7 are concerned with “access to clean water and energy.” As the income of households improves through the maximization of business and investment opportunities due to access to funding options, access to clean water, sanitary conditions, solar energy, and living conditions of the people and communities become better. Access to mortgage facilities could also enable households to build standard homes with water, sanitary conditions and solar energy.

It is apparent that sustainable economic growth, having a decent work, innovation and sustainable industrialization

(SDGs 8&9) are largely dependent on 'low cost business models', and other small and micro business enterprises. They have the capacity to add 95 million jobs and scale up world gross domestic product by 6% in 2025 (UNSGSA, 2018). Thus, it can be argued that they have the potential to enhance the living conditions of poor people through gainful employment with living wages. These low cost businesses have a global funding gap of \$5.2 trillion, thus bridging this funding gap may sustain growth, spur innovation and enhance the development world economies.

Table: 3
SDGs and Expected Contribution by Financial Inclusion

Number	Goals	Expected Contribution by Financial Inclusion (FI)
1.	No poverty – end poverty in all its forms everywhere	By 2030, all households will have access to financial services, which will help them manage their assets and improve their living standards.
2.	No hunger – end hunger, achieve food security and improved nutrition, and promote sustainable agriculture	Access to financial services should enhance twicethe agricultural output and incomes of those in the value chain by 2030.
3.	Quality education – ensure inclusive and equitable quality education and promote lifelong learning for all	Increases household income that, in turn, encourages investments in education.
4.	Gender impartiality – achieve gender equality and empower all women and girls	Women's rights are still not equal in the US. There are many reforms that need to be made to give women the same access to finance and economic resources as men.
5.	Gender equality – achieve gender equality and empower all women and girls	Reforms are needed to give women equal access to financial resources and economic opportunities.
6.	Clean water and sanitation – ensure availability and sustainable management of water and sanitation for all	Household and consumer loan accounts would help ensure better living conditions like water and sanitation.
7.	Affordable and clean energy – ensure access to affordable, reliable, sustainable, and clean energy for all	Improvements in income impact the use of cleaner energy at household-levels.
8.	Decent work and economic growth –promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all	Strengthen the capacity of domestic financial institutions to encourage and expand FI.

10.	Reduced inequalities reduce inequality within and among countries	Through rural enterprise development, it spurs rural development and enhances the wellbeing through well-paying jobs.
11.	Sustainable cities and communities – make cities and human settlements inclusive, safe, resilient and sustainable	No immediate impact
12.	Responsible consumption and production ensure sustainable consumption and production patterns	Impacts economic growth in rural and poor communities through enterprise development.
13.	Climate action – take urgent action to combat climate change and its impacts	No immediate and direct impact
14.	Life below water conserve and sustainably use the oceans, seas and marine resources for sustainable development	No immediate and direct impact
15.	Life on land is a conservation strategy that aims to protect and restore terrestrial ecosystems. It is also used to combat desertification and reverse the loss of biodiversity.	No immediate and direct impact
16.	Peace and justice promote mutual respect and equality among all people, and build effective institutions and accountable authorities at all levels.	
17.	Partnerships for the goals are the essential components of a sustainable development system.	No immediate and direct impact

Source: Adopted from Kuada (2019).

CBN's Cash-less Policy and the Implication for Financial Inclusion in Nigeria

Nigeria's central bank introduced cashless policy in 2011. The policy became effective with a pilot programme in Lagos in April, 2012. The policy was aimed encouraging noncash transactions. The policy had three key objectives as follows;

- (i) To remodel and enhance remittances systems
- (ii) To enhance cost-effectiveness in banking service delivery and broaden access to financial services.
- (iii) To enhance monetary policy effectiveness and spur national growth.

From the above, it is evidence that CBN's cashless policy objective two is a component and linked to financial inclusion; this is so because, lowering cost of banking services would lead to increased FI and affordable use of services.

EFInA (2013) also reported inadequate use of cashless remittance channels in Nigeria. For instance, records indicate a 0.7%, 0.8% and 2.5% of POS, internet and USSD transactions respectively by bankable adults in Nigeria.

Central Bank of Nigeria Digital Currency eNaira

Mr. Vice Chancellor Sir, ladies and gentlemen, the eNaira is the Nigeria's digital version of the naira. Like the naira, the eNaira is a creation of the nation's central bank. The currency performs all the primary functions of money and services as a more efficient means of effecting remittance. In order to further drive FI in Nigeria, the CBN recently launched the digital form of the naira known as “eNaira”. The apex bank derived its powers from section 19 of the CBN Act.

The eNaira is at par with the naira. It is a digital fiat currency that forms the money stock of the country. According to the Guideline, access, use and storage of the digital currency can be done with the online purse (also called “eNaira wallet”). The CBN is empowered to manage the wallet via the Digital Currency Management System.

Table 4: Key Components of the eNaira Platform

S/N	Components	Function
1	Financial Institutions	The primary application that financial organization use to manage their electronic currency investments. It is commonly used to request and redeem digital currency from the central Bank of Nigeria
2	Digital Currency Management System (DCMS)	The “eNaira” would be issued through the CBN's Digital Currency Management System. It would be managed by a team of experts and would be issued in batches.
3	The eNaira Wallets	This platform shall host the eNaira “online purse” for various interest-groups
4	The “electronic Naira” stock Wallets	This platform is owned by the CBN and it shall store all imprinted “electronic Naira”
5	eNaira Treasury Wallets	The Financial Institutions shall maintain a safe of eNaira folder to store eNaira collected from CBN “eNaira” online purse.
6	eNaira Branch Wallets	Financial Institutions will generate eNaira local office sub wallets for its divisions
7	eNaira Merchant speed wallets	This shall be used by merchants speed wallet. Exclusively for receipt and making eNaira compensations for transactions.
8	eNaira speed wallets	These wallets be made obtainable for and usage on eNaira platform

Source: Regulatory Guidelines for the eNaira, 2021

Tiers of eNaira wallet and its Daily Limits

Table 5: Different tiers of eNaira, requirements and its daily limits

Tiers	Group	Prerequisite	Daily Limit	Total Limit
0	No current Bank Account number	Name, date of birth mobile or contact number	₦ 20,000 (\$48)	₦ 120,000 (\$292)
1	No present Bank Account	Name, age, contact number and means of National Identification Number (NIN)	50,000 (\$121)	300,000 (\$729)
2	Has existing Bank Account	BVN + valid means of identification	200,000 (\$486)	500,000 (\$1215)
3	Has existing Bank Account	Tier 2 requirement + public utilities evidence of payments or receipts	500,000 (\$1215)	5,000,000 (\$12000)
-	Merchant	-	No Limit	No Limit

Source: <https://africanbusiness/2021/10/Finance-services> CBN (2021)

Country Specific Studies on Financial Inclusion

The country specific impact of FI has been interrogated severally. However, the findings of a number of such studies have been generally inconclusive. Fadum (2014) employed FE and RE technique and found that FI help reduce poverty and enhance the redistribution of income in developing countries. Also, Anwar and Reviani (2016) used inferential statistical technique to uncover a nonlinear link between FI and poverty. This implies that FI does not cause a decline in poverty levels in Indonesia. The study further concludes that FI is beneficial to gross investment, increase in employment and output growth in Indonesia.

Studies by Abimola, Olokoyo and Farouk (2018) study adduced that demand deposits and number of depositors/agricultural sector causes a decline in the number poor people in Nigeria. This implies that rising FI levels reduce poverty in the country.

Evans (2018) study reported that access to online platforms and telephone services spur FI and usage of various types of products and services offered by intermediaries in the African continent. On the subject of illiteracy, Chikalipah (2017) strongly affirmed poor education and inability to read and write as germane impediments of FI efforts in SSA countries.

The Current State of Financial Inclusion in Nigeria

The Nigeria economy is commonly characterized by physical cash, being that large amount of fiat currency is not within the vaults of banks. Since 2005, tailor-made regulatory interventions have been carried out to enhance FI (CBN, 2013).

And in recent times, CBN has invested heavily on point of service facilities. In 2011, the number of ATMs in Nigeria rose to 9,640. This implies that there were about 11 machines/100,000 bankable people in Nigeria. The

proportion of bankable people per automated cash machine fifty nine in SA, thirteen in Indonesian, forty two in Argentina, fifty six in Malaysia and a hundred twenty in Brazil. Nigeria is faring better than Pakistan and Bangladesh (see table 6).

Table 6:Number of ATMs per 100,000 Adults in selected countries

S/N	Countries	ATMs/ 100,000 Adults
1	Brazil	120
2	South Africa	59
3	Argentina	42
4	Thailand	77
5	Malaysia	56
6	Indonesia	13
7	Bangladesh	2
8	Pakistan	4
9	Nigeria	11

Source: fas.imf.org and Authors computation.

According to CBN (2013) POS/100,000 adults as 13 in Nigeria. It also reported India has sixty-seven, Uganda has four hundred and fifty-three, and Namibia has three hundred and thirty-eight and Brazil, two thousand two hundred and forty-seven POS/100,000 adults.

Countries Specific Measures for Financial Inclusion

Every country has its own metrics for financial inclusion. Thus, most policy makers in sub-Saharan Africa (SSA) are seeking ways and means develop and collated individual-level data that would provide the needed data to enhance our understanding and inform domestic policy formulation. For example, Kenya and Burundi is taking the lead in this regard to address their country related concerns on the subject of accelerating FI (AFI, 2010).

In 2012, the CBN adopted the NFIS and revised it in 2018 on the premise to adequately cover supply and demand-side concerns, legal constraints to FI and uncover possible accelerants on leverage on them in Nigeria. That is, “Agency Banking, Mobile Banking/Payment, Linkage Models and Client Empowerment.” The dimensions of FI noted by the NFIS are: “access, usage, affordability, appropriateness, financial literacy, consumer protection and gender inequality.”

Indicators of Financial Inclusion

FI has plethora of indicators and dimensions. In this lecture, we adopted the G20 FI indicators endorsed by leaders of the G20 in 2012. The G20 FI indicators cover a wide range of payment instruments. They are basically

measured in three dimensions namely:

- i. Access to financial services
- ii. Usage of financial services and
- iii. Quality of the products and services delivery

Table 7: Indicators of financial inclusion (FI)

S/N	Category	Indicators	Dimension
1	Adults with Accounts	- Percentage of adults with accounts at formal financial institution or mobile money provider - Deposit accounts (per 1000 adults) - Amount of accounts holder (per 1000 adults)	Usage
2	Number of accounts	- eNaira accounts (per 1000 adults) - Mobile money transaction per 100,000 adults	Usage
3	In regulated institutions, credit is granted to individuals with limited background.	- Adults with one loan accounting outstanding with a Bank - Outstanding loans/1000 adults - Number of outstanding loans/1000 adults	Usage
4	Insurable adult	Policy holder/1,000 adults	Usage
5	Cashless transactions	Number of retail cashless transaction/1,000 adults	Usage
6	Adults using digital platforms	Adults that use the internet to pay goods and services	Usage
7	Saving propensity	Adults that kept valuables at a Bank	Usage
8	Officially Banked Organizations	SMEs that has account with official financial organizations	Usage
9	Point of service (POS)	- Amount of outlets/100,000 adults - ATMs/100,000 adults - Amount of ATMs/100,000 adults - Amount of merchant payment service providers/100,000 adults	Access
10	Financial Knowledge	Financial literacy and capacity about some primary financial thoughts such as inflation, interest rate, compound interest. Etc	Quality
11	Financial behavior	Number of adults that with 1/20 of GNI/ capita as saving source	Quality

Source: G20 Financial Inclusion Indicators

It has asserted that the financial system in SSA remains inefficient and lacks the effectiveness needed to spearhead growth and development. It remains imperative to digitalize banking and financial transacting to expand and enhance the penetration of financial services to remote settlements that are underserved. The need for financial literacy programmes and enhance the regulatory framework is equally important (NFIS, 2015; World Bank, 2012).

Share of Population without Access to Financial Services

In 2014, the portion of unbanked people in the globe revealed that Morocco has the largest number of unbanked people with 71%. This was closely followed by Vietnam and Egypt with share of unbanked individuals reaching 69% and 67% respectively.

Nigeria's share of population without access to financial services was put at 60% while Australia, Canada, Denmark, Netherland and Finland, Sweden and Norway had 0% respectively. People without a deposit account in formal intermediaries or PSBs 1.7 billion economic units (Global Findex, 2014).

Financial Technology in Sub-Saharan Africa

Studies have revealed that innovation in financial technology has rapidly transformed the global financial sector and that from two decades ago about \$50 billion has been committed to fund corporations in the world. Fin tech has redefined how to “store, save, borrow, invest, move, spend and protect money” (Skan, Dickerson & Gasliardi, 2016). Furthermore, Financial Technology has the potentials to strengthen FI in SSA.

The pursuit of liberal policies, regulatory and institutional restructuring from early 2010 has progressively deepened the system and FI in SSA. It has also tremendously enhanced her interactions and flow of foreign capital to SSA. In spite of this observation, the depth of the financial service sector and FI in SSA is meager in comparison to developed nations.

Kasekende (2010) study reported that the trend for the indicators of financial development (CPS to GDP and M2 to GDP) has been linear over the years in SSA. However, the author adduced that financial systems in the continent remain inefficient, lacks depth and the needed impetus cultivate growth and the needed external funds by households, small holder farmer and new business models

in Africa in comparison to elsewhere. According to the author, this is also reflected in the level of FI as only 20% of bankable economic units in LDCs are involved in the formal system. Meanwhile, developed and emerging countries have 92% and 38% level of deposit account ownership.

High level of financial illiteracy, inadequate facilities and low level of investment in financial technology are adduced as reasons for the inefficient financial system and poor level of FI in SSA. However, SSA is a leader in the use of mobile channels in improving FI in the world. Active users of this financial technology are said to be about 40 developing countries.

Digital Payments

Digital payments essentially refer to where money can be transferred electronically from one account to another through your phone or mobile wallet. Demirguc-Kunt et al (2017) provided an evidence of the spread of digital payments in developing economies. The report revealed that in 2017, 44% of adults in developing economies had made digital payments during the past years from 32% in previous survey in three years later. The report also stated that in Kenya over 73% of the population use mobile

money and that the fraction exceeds 50% in Uganda and Zimbabwe.

Crypto payments

This is also another form of digital payment system that has to do with crypto currency where payments can be made online for goods and services. Thus crypto currency enables the holder to buy goods and services online and you could also trade them for profit.

Digital Financial Services during COVID-19 Pandemic

The annual FAS report by IMF as released for the year 2020 indicates a 2% rise in the mobile money transactions to GDP for both less developing and emerging countries. The report also recorded that there was an increase in the volume and the money value of online banking transactions for income groups. This was said to be more notable in the rich and richer economies due to non-pharmaceutical protocols to Covid-19 in the world (IMF, 2020).

Barrier of Financial Inclusion

World Bank (2019) identified the following as barriers of financial inclusion

- Lack of trust in the financial system
- High cost of transaction
- Lack of documentation
- Lack of education
- Lack of labour force participation
- Distance to bank branches
- Family pattern

Impact of Covid-19 on Digital Financial Inclusion in Sub-Saharan Africa

The impact of COVID-19 on FI in the sub-continent cannot be overemphasized as the crisis posed threat to financial inclusion efforts earlier made. The lock downs and curfews imposed by various governments were aimed at containing the disease from spreading. In trying to meet restrictions occasioned by the pandemic, banks migrated to online and mobile technology in transacting business (Prospect, 2020).

Recent empirical evidence suggests the positive link between FI occasioned by virtual technology and expansion in productivity and improvement in the wellbeing and standard of living of the poor in SSA

(World Bank, 2020). World Bank (2017) reported that there has been approximately 26.47% upsurge in deposit accounts ownership in 2017. Also, a 21% increase in accounts with mobile service providers in 2017.

Individual characteristics of Account Ownership

Global Findex (2017) defined account ownership of a checking account with a conventional bank or with mobile money service provider. Accounts ownership varies across economies. Globally, only 14 percent of adults have an account with conventional banks while in developing economies the share of people having an account is put at 63 percent (World Bank, 2020).

According to Global Findex survey report (2017), affirms that India has made tremendous 80% increase in FI owing to tailor-made “biometric identification policy” policies to increase deposit account ownership in the country. The report holds that this policy has tremendously accelerated account ownership in the Asian country of India.

In Nigeria, various policies have been introduced by government all was aimed at deepening FI with the launch of community and microfinance banking policies to improve access to integrate the excluded to formal

financial institutions. In Nigeria, it is recorded that out of the eighty-five million bankable people in the country, only 31 million have a formal bank account in the country (CBN, 2012). In comparison, South Africa and Kenya have 68% and 41% respectively (Uchenna, Ibukun & Evans, 2014).

The current situation in Nigeria, according to EFInA(2020), access to financial services shows that most Nigerian adults (51% on form of bank account a formal financial institutions). The report suggested that there is a 49% increase in account inclusion in 2018. The report adduced this to have been caused by a 45% increase in banking service delivery. In spite of this development, Nigeria was unable to reach the National Financial Inclusion Strategy target of 80% before the end of 2020.

The Sub-Saharan Africa Experience

The level of social exclusion in sub-Saharan Africa is chronic. Access to health care, housing, sanitation and food are still basic in terms of the hierarchy of needs of households due to paucity and inadequate use of core financial services. The World Bank posited that household consumption per capita in SSA remains unchanged for 22 years. Figure 5 below indicates that this same time period

(1995 to 2017) have seen high income countries experiencing an upward sloping household consumption per capita.

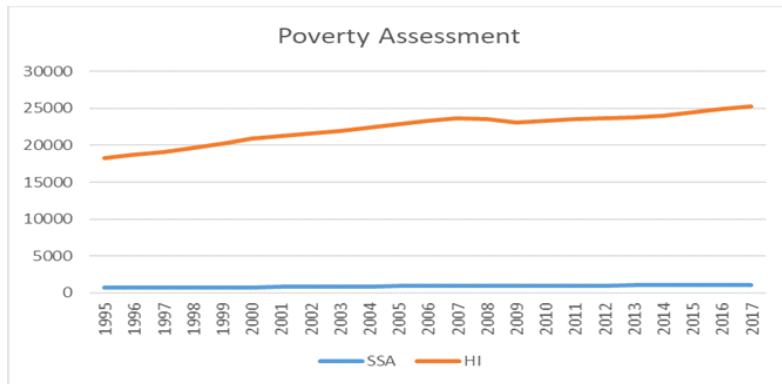


Figure 5: Comparing poverty assessment using household consumption per capita between SSA and High Income countries.

Source: World Bank (2019)

Financial development in SSA has been described as “underdeveloped, risk-averse, and highly concentrated in urban areas, and skewed against the poor, women and youth” (Kauda, 2019). However, financial access in terms of banking outreach in the region has been slow but progressive. Channels of delivery of basic financial services slowly increased from about 1 per 1,000 adults in 2006 to 5 per 1,000 adults in 2018 (World Development Indicators, 2019). Also, records for geographical penetration of banking services showed that there is 1 bank branch per 1,000km² in sub-Saharan Africa (Ajide,

2017). However, most of these service outlets are located in urban areas. This implies that the 656 million rural households in the region have limited access to financial services.

Whilst deposit accounts increased by 42% between 2011 and 2014 in the region that of loan accounts was 25% in the same period (European Investment Bank, 2017). This indicates that credit inclusion in the SSA is still an issue of concern to policy makers. For example, Figure 6 indicate a downward trend in the percentage of CPS to GDP in the sub-continent. Records indicated that in 2006 loan account ownership stood at 59.8% of GDP. It picked at 60% of GDP in 2007 and declined to about 46% in 2018. This implies that there has been a 23% decline in the use of loan accounts in the sub-continent. However, it is imperative to note that this decline may be as a result of varying levels of inclusive finance in the sub-continent. For example, inclusive finance in Mauritius, Kenya, South Africa and Nigeria stand between 60 and 80 percent, the proportion in Congo, Niger and Mozambique stand between 5 and 13 percent (Yah and Chamberlain, 2018).

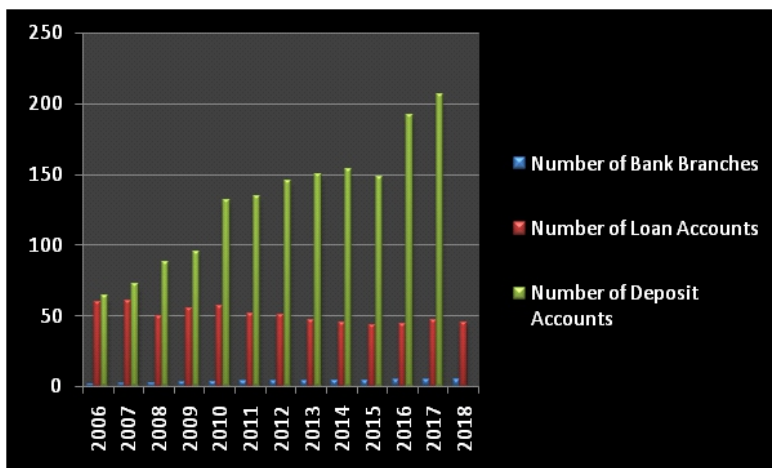


Figure 6: comparing indicators of service outlets, loan accounts and deposit accounts in SSA

Source: World Development Indicators, 2019

Direct financing in the sub-continent is prevalent due to lack of breadth and depth in the financial system. This has caused financially excluded households, smallholder farmers and businesses to forcefully rely on informal networks, personal savings and retained earnings to pursue their various investments and business endeavours (Gebrehiwot and Makina, 2019). In addition, this exposes households and firms to unnecessary unsystematic risks and shocks associated with obtaining funds from the informal system (Katoroogo, 2016). This is a classic case in developing countries, and this impedes their growth efforts.

As earlier stated, SSA has made slow but progressive efforts at integrating the adult population into the mainstream of the financial system. Figure 7 shows the gradual progression of account ownership, credit usage, mobile money services and savings in SSA. It further shows that the sub-continent is not faring well in the drive for an inclusive financial system when compared with the progress made by other regions globally. However, in terms of mobile money services, the region is far ahead of all other regions globally. For instance, there was an 80% increase in the delivery of financial services via mobile money platforms in 3 years. That is, mobile money services increase from 11.6% in 2014 to 20.9% in 2017. Sub-Saharan Africa is by far the leading sub-continent in this regard.

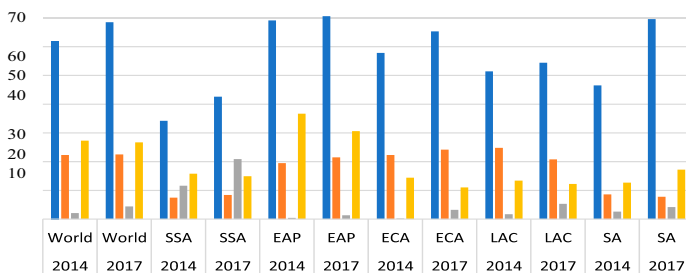


Figure7: Regional comparison of financial inclusion.

Source: Demirgüç-Kunt et al. (2017).

Notes: SSA=Sub-Saharan Africa, EAP=East Asia and Pacific, ECA=Eastern Europe and Central Asia, LAC=Latin America and the Caribbean, SA = South Asia.

Two key success models that stood in the SSA region are: first, the M-PESA is regarded as low-cost, harmless platform for mobile payments and remittance of funds to rural areas in Kenya; second, the Mzansi is a low-cost account for underprivileged households and businesses in South Africa.

Generally, lack of access to bank networks, bank runs, lack of formal education, financial illiteracy, low per capita income, excessive bank charges, and more are constraints to broadening FI in sub-Saharan Africa (Triki and Faye, 2013). Global Findex Database (2017) reported that about 1.7 billion adults remain unbanked without an account at a financial institution or through a mobile money provider and that most of the unbanked adults live in developing countries. It was also reported that, almost half resides in Asia and Africa (including Nigeria). And that 56% of all the unbanked adults were women, and that the unbanked are characterized to be paupers and educational backward.

According to a release by the apex bank of the world, about 515 million adults have an account with a bank or a mobile money provider globally. The report also noted that almost half of the adult population now has an

account.

The report shows that a large population in sub-Saharan African countries remains unbanked. However, a notable progress has been made in recent times since 2011. Thus, SSA is the largest deployer of mobile payment services in the whole world (EIB, 2018) though the formal participation in this region is still far below the world average in terms of account ownership. Mobile payment services refer to the use of various components such as mobile phones, smartphones in making payments for goods and services.

The Nigerian Experience

The level of cash at the non-bankingsystem typifies the complexity of financial exclusion in Nigeria. In the 1960s, the ratio fiat money in circulation to narrow money stood 61.1%, in the 1970s it declined to 44.3% and later to 40.9% in the 1980s (Kama & Adigun, 2013). The 1990s saw the eroding of the integration efforts occasioned by banking distresses while the bank runs following it caused the ratio to increase by 16.6%. Financial and economic reforms of the government drove downward the ratio to 38.2% in 2005 (Kama & Adigun, 2013).

Irrespective of few setbacks, financial inclusion efforts in Nigeria have been slow but progressive. This is due to

various policy interventions over the years. Some of these interventions are the establishment of the rural banking programme of 1977. The scheme was aimed at bring banking closer to the people via the spreading of banking service outlets to local council headquarters by commercial banks. This was aimed at ensuring that the scheme creates a platform for the savings and micro-finance activities in rural areas and further support households and small businesses (Okorie, 1990). The initiative increased formal participation by a number of rural households, smallholder farmers and businesses (Kama & Adigun, 2013). Irrespective of this, the expected impact to rural households was limited due to branching constraint occasioned by poor patronage.

To further consolidate on inclusion, the People's Bank and Community Bank were established in 1989 and 1990 respectively. The primary goal of the People's Bank was to offer and fashion services specifically, to meet the financial needs of the underprivileged households, smallholder farmers and businesses. The People's Bank was not like the traditional banking service provider, the bank's business model and methods of operations were not constrained by the banking rules (Babalola, 1991). The reason for this was to ensure that the bank would be

well-positioned to meet financial needs of rural and poor households that are un-banked or underserved by the commercial banks. The bank was created to ensure proximity to financial service providers; cost and non-cost related barriers were lessened, and financial products were designed based on their peculiarities. This led to 34.9% and 20.6% increase in penetrative reach in 1992 and 1994 respectively and an 887% increase in credit inclusion in 1990 (Kama & Adigun, 2013). However, inefficiency due to red-tapism led to the winding up of the bank.

One obvious drawback of the People's Bank was that the loan amount per borrower was limited, thus, the Community Banks bridged this limited funding gap on its inception in 1990 (Okoye & Okpala, 2001). Community banks are banks owned by a by the people to meet the savings and funding needs of rural households. They were built on the principles of communal ownership and self-sustaining community based banks (Kama & Adigun, 2013; Okoye & Okpala, 2001). Community Banks (CBs) brought banking closer to the people, scaled up their savings habit and broadened access to credit facilities in rural areas. Nine years after the licencing of CBs, deposit and loan accounts with the banks stood at N8.9 billion and

N2.9 billion respectively. However, CBs failed due to inadequate capital, inefficiency, credit mismatch and managerial incompetence.

To further enhance financial inclusion, the National Microfinance Policy was instituted in December, 2005. The policy established the legal and governance framework concerning licensing, minimum capital requirement and other operational guidelines for microfinance banking and other micro finance institutions in Nigeria (CBN, 2011). The mandate was to broaden access, mobilize funds from the informal sector, enhance financial service delivery and serve as a conduit to meet the short-term funding needs of households, smallholder farmers, micro and small businesses in Nigeria.

The policy created two categories of MFBs. That is, those certified to operate in council areas and the state capital to enhance banking penetration and inclusion (Oladejo, 2011). Access to short-term loan accounts increased from N16 billion in 2006 by 322.5% in 2011 (Kama & Adigun, 2013).

The Microfinance policy guidelines were reviewed in 2011 to reposition and bridge gaps in financial inclusion

caused by branch concentration in city centres, the shocks of the 2007/2008 global financial meltdown and the restructuring that followed in 2009 spurred the review exercise. This was aimed at strengthening institutional quality and capital requirement, encourage the inflow of funds to the microfinance sector and the speedy adoption and use of digital financial service delivery (Central Bank of Nigeria, 2011).

In order to properly integrate all idle funds informal financial system, in 2011, the CBN also instituted the non-interest banking scheme to create an inclusive banking environment for all faiths. Furthermore, in order to enhance penetrative, react, the apex bank established cashless policy in 2012 to instill a culture of carrying out transactions without the fiat currency. This was followed by policy advisories to financial service providers to broaden point of service outlets, electronic banking and most recently; the apex regulator has launched the Central Bank Digital Currency (CBDC) which is code named eNaira.

Again, the Financial System Strategy (FSS 2020) provided another strategic boost to expand FI in the country. The policy was a “holistic and strategic road map

and framework for developing the Nigerian financial sector into a growth catalyst that will enable Nigeria to be one of the largest economies by 2020” (Kama & Adigun, 2013: 20). The nucleus of the FSS 2020 was to enhance regulatory quality and further deepen the financial service industry to design variety of products, enhance remittance systems, inclusive credit and savings propensity that would propel the needed economic growth in the economy.

Consequently, penetrative reach to financial services have been appreciative over the years due to the various interventions of regulators and the government.

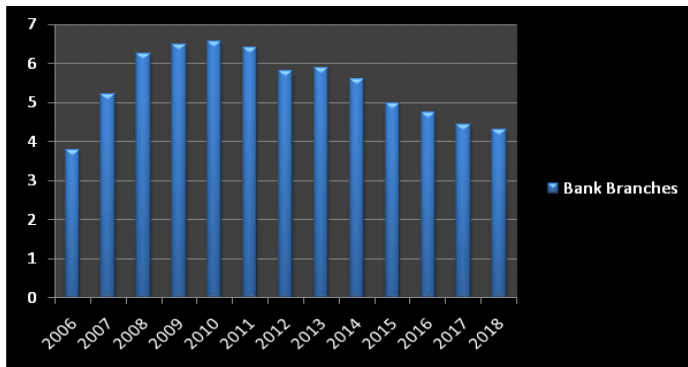


Figure 8: Bank branch spread in Nigeria from 2006 to 2018

Source: World Development Indicators, 2019.

The spread of banking service outlets indicates that bank branches expansion peaked in 2010 with 6.56 per 1,000 adults from a paltry number of 3.78 per 1,000 adults in Nigeria. This led to a remarkable increase in the ownership and usage of deposit accounts in the country (see Figure 8). The decline started from 2011 to 6.40 to 5.81 in 2012 and down to 4.3 per 1,000 adults in 2018. These periods coincided with the commencement of electronic and mobile banking services via online real time channels. For instance, in 2011, the apex regulator gave operational charter to 14 mobile payment service banks (PSBs). The decline in penetrative reach may have been caused by the complementary role played by mobile banking and payment channels in the country.

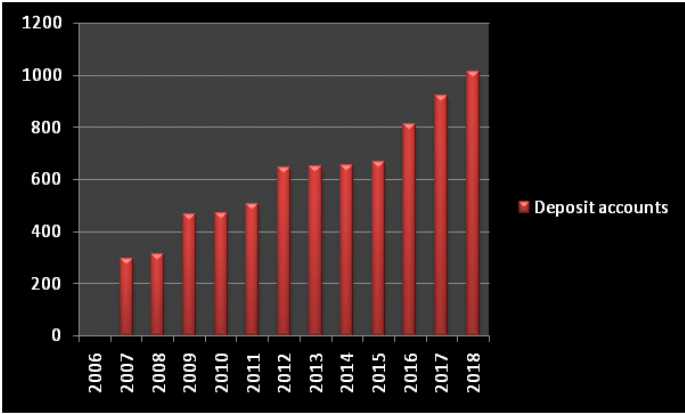


Figure 9: Number of depositors with commercial banks from 2007 to 2018
Source: World Development Indicators, 2019.

The number of depositors with commercial banks has been on a continuous rise irrespective of a decline in banking reach. In 2007, deposit accounts (per 1,000 adults) were 296.1495. Irrespective of the global financial meltdown, there was a 48.9% rise in the amount of deposit accounts from 2008 to 2009. It further rose to 472.6091 accounts in 2010 and progressively picked to about 1013.28 accounts in 2018. This indicates an impressive rise in access to bank accounts. As earlier noted, account ownership is an integral indicator of the depth of FI in a nation.

Nigeria has made tremendous progress in the area of credit inclusion. However, there has been periods of setbacks caused by possible external shocks on credit instruments in Nigeria.

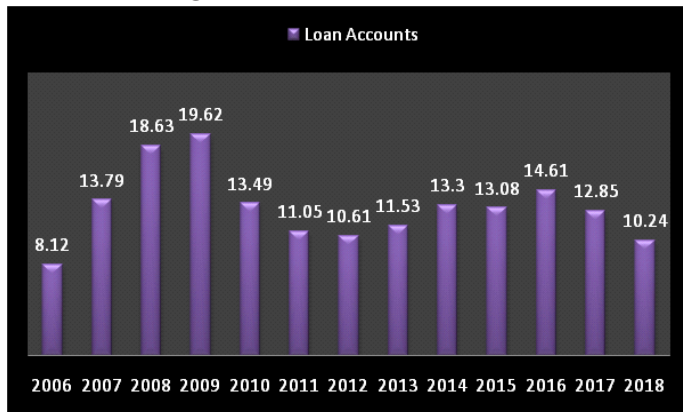


Figure 10: Loans accounts (% GDP) from 2006 to 2018

Source: World Development Indicators, 2019.

The percentage of loan to GDP in 2006 was 8.12%. It gradually rose and peaked at 19.2% in 2009 and sharply declined to 13.49% the following year with oscillations from 2012 down to 2015. It peaked at 41.61% in 2016 and declined to 10.24% in 2018. This portends the need for stability and re-echoes the need to broaden access to credit to households, smallholder farmers, businesses and other private sector operators to capitalize on available investment opportunities to spur output, breed innovation, sustain well-paying jobs and better the living conditions of the people in the country.

How can the Situation be Improved?

Mr. Vice-Chancellor, Financial inclusion strives in a developed financial system. Thus, to accelerate the level of penetrative reach in SSA, to raise the hope of the common man in SSA, it is imperative to ensure that there are robust banking and non-banking financial intermediaries designing and offer financial products and services that are affordable and suits the financial standing of the people. The poor and vulnerable groups have financial needs, to integrate them the products and services offered by the formal financial system should be diverse enough to meet their peculiarities. This can be achieved by fostering a diverse financial system with

large array of products and services according risk classes, level of literacy and economic status. Also, regulators need to institute a regulatory framework that would put into effect low-cost retail accounts via collaboration with small scale merchants.

Quality regulatory environment is an imperative. The goal of regulation is to ensure a conducive financial system that imbibes stability, soundness of financial interactions and relationships amongst the critical stakeholders. Regulators must form sound legal framework that permits the adoption of new business models that are aided by technology that would meet the needs of the target group. Regulators should be interested in promoting microfinance banking and institutions and any other policies that directly affects the unbanked and underserved. Policymakers and regulators need to ensure that set rules that promote sound financial interactions are adequately implemented.

It is virtually impossible to open service outlets in the remote areas that form large parts of the informal sectors. Thus, there is the need to leverage on technology to spread the penetrative outreach and enhance access to residents of these areas. The goal is to reduce their running cost,

encourage a more effective payment system that supports their means of livelihood and scale up socio-economic inclusion. Leveraging on digital technological innovative products that allow low income earners, small holder farmers and new business models access to funding options on virtual platforms based on their peculiarities would do a major dent on existing informal channels. There is the need to set up and monitor an effective and swift resolution of service failures and disruptions accompanying new financial technologies. It is on record that many financial service consumers have stopped the use of virtual systems due to dissatisfaction and the cumbersome and untimely resolution of such issues. Efficient service delivery would improve usage.

Local savings and loan associations (LSLAs) are thriving in remotes areas. They design savings and funding products that meet the needs of local households, small holder farmers, petty traders and other participants in the informal sector. Thus, there is need for a regulatory framework and top tier banks collaborating with local merchants and agents in these areas to integrate them into the system. The role of the agents is to enlighten, train and leverage on virtual platforms like Unstructured Supplementary Service Data (USSD) to integrate the LSLAs and their users into the financial system.

Issues and Challenges of Financial Inclusion

Empirical investigations have revealed that merely 46% of adults have access to banking and NBFIs. This development has no doubt posed a great challenge in achieving FI goals worldwide. Moghalu (2011) noted that constraints to access by millions of adults globally poses a serious challenge to reflate and improve the global economy. He stated that the foremost problem of policymakers are facing in Nigeria is how to carry along the most vulnerable and poor rural dwellers as they lack financial sophistication. He added that about 40 million people in the country are financially excluded because they do not have the necessary knowledge, skills and resources to formal participation. This is largely due poor financial education and knowledge. This informs why a good number of the socially and financially excluded falls within this group in Nigeria. Other challenges include but not limited to the following;

- The savings rate of the populace due to double-digit inflation is not enough to make up for the cost of living.
- Increasing level of poverty and unemployment rate
- Uncompetitive level of wages/salaries

- Low level of financial literacy
- Budgetary allocation to education and health is very low.
- Incessant power outage.
- Inadequate information and communication services
- Point of service machines and mobile banking channels remained inefficient
- Rural areas lack financial infrastructure.

My modest Achievements as an Academic Scholar

Mr. Vice-Chancellor, Sir, ladies and gentlemen, I have made some modest achievements as an academic scholar since I joined the service of Niger Delta University.

- I have successfully organized the 1st International Conference of the Faculty of Management Sciences, Niger Delta University with the theme: Efficient Resource Management and Effective National Development held on the 3rd – 6th December, 2019.
- I have also in December, 2021 successfully organized the 2nd International Conference of

Faculty of Management Sciences, Niger Delta University with the theme:“Global Management Dynamics and Compliance Challenges for Developing Economies: What Options for African Development in Post COVID-19 Era?” Held on the 1st–3rd December, 2021.

- I have also presented a maiden career talk/workshop in collaboration with Linkage Assurance PLC, Lagos on 25th of February, 2018 in the Department of Finance and Accountancy.
- Led the Department on assumption of duty to achieve full professional accreditation for the three programs, namely, Banking and Finance, Insurance and Accountancy respectively in 2018.
- Also succeeded in executing an MOU on behalf of the University with CIBN Linkage program in February 13, 2018.
- Ably Led all the six Departments in the faculty to achieve full accreditation.

My humble key Research Contributions in the Field of Finance and Banking

Mr. Vice-Chancellor, Sir, and distinguished Professors, ladies and gentlemen, since I joined Niger Delta University in 2005 as an Assistant Lecturer my research focus or interest has always been in the area of Finance and Banking, Corporate Finance, Bank Management, Investment Analysis and Portfolio Management, Stock Market Development, and Firm Performance.

Mr. Vice-Chancellor, Sir, it might interest you to note that in the course of my career as a lecturer in this University I have published well over sixty(60) research articles in reputable International Journals out of this number of publications 15 (fifteen) are local while 45 (forty-five) are in Foreign Journals. I have also published papers in conference proceedings and contributed to book chapters.

Vice-Chancellor, Sir, permit me to highlight some of my key publications and the findings in this inaugural lecture. Ayunku, (2008) Issues and Challenges in the Nigeria Bond Market. Journal of Banking and Finance Development, 2(1),18-22. This was my first research work published in the Journal of Banking and Finance Development, Ebonyi State University, during the course of my PhD programme in that University.

The findings of the study revealed that the Bond market has remained stagnant over the years as government and other government agencies often source funds or capital outside the capital market. Among others, I had recommended that coupon rate on bonds should be made more attractive by bond issuers and that government should create awareness and resort to the option of capital market funding.

Ayunku, (2015) An Investigation of Human Capital Investment and Economic Growth in Nigeria: A Cointegration Approach. Nigerian Academy of Management Journal, 9(1), 28-34. The study adopts after-effect and inferential statistical tool. The ECM results lend very strong support to the existence of 2 sustained nexus between the variables. The ECM results suggest that investments on human capital via education and health promote economic growth.

Ayunku, (2015) The Nexus between Financial Sector Development and Economic Growth in Nigeria: A Cointegration Approach. Noble International Journal of Social Sciences Research, 3(8), 55-70. The study employed CPS, total value of deposit liabilities, cost of credit, MCAP and money market instruments as the

regressands of the study. The study affirms that a robust financial sector significantly improve economic growth in Nigeria. Some recommendations were offered based on the findings.

Ayunku, (2019) Interest Rate Liberalization and Credit to Private Sector in Nigeria; ARDL Cointegration Approach. *Journal of International Finance and Banking*, 6(1), 40-50. The finding shows the existence of a measly linear effect on CPS. Furthermore, the results a 0.087% rise on cost of capital. Among others, it suggests the adoption of liberal interest rate policies to promote economic development in Nigeria.

Ayunku, & Ekokeme, (2019) Ownership Structure on the Value of Firms in Nigeria. *International Journal of Scientific and Research Publications*, 6(9), 738-749. The results assert that there is a linear nexus between debt/equity and ROE. The study suggests that corporations should at all-time leverage on the best possible combination of debt and equity (capital structure) to maximize their wealth.

Ayunku, (2017) Efficiency and Banks performance: Evidence from Nigeria. *Nigeria Academy of*

Management Journal, 12(2), 31-39. The paper focused on the nexus between efficiency and Banks' performance between 1989-2013 in the country. It establishes that rising or high non-performing loan tends to undermine banks' performance in the banking industry thereby creating inefficiency among banks in Nigeria. The study offered some recommendations.

Ayunku, (2019) Do Macroeconomic Indicators Influence Stock Price Behavior? Evidence from Nigerian Stock Market. International Finance and Banking, 6(2), 26-39. The study investigated whether macroeconomic variables have effect on prices of securities in the NSE between 1985-2015. The result shows a negative nexus between M2 and prices of securities in NSE, while MCAP has a positive effect on the prices of shares in the exchange. Among others, the study recommended the need to spur the development of the securities market in Nigeria by the regulators.

Tertiary Education Trust Fund (TET FUND) Funded Research Grants

Mr. Vice-Chancellor, Sir, two of my articles also attracted some grants that made me to travel out of the shores of Nigeria. I attended the following conferences sponsored

by Tetfund in 2015 and 2019 respectively.

**World Finance Conference, Buenos Aires Argentina
July 22-24, 2015**

Where I presented a paper titled “Defense Spending and Economic Growth, in Nigeria: Is there Any Relationship: Vector Error Correction Model (VECM) Approach.”. The study concluded that there was an extensive nexus between the regressor and regressands in Nigeria.

International conference on Banking and Finance (6th ICBF) at Chiang Mai University Thailand 29th March – 1st April, 2019.

Paper presented at the conference was titled “Bank Credit, Macroeconomic Dynamics and the Performance of Small and Medium Scale Enterprises in Nigeria: A Non-Linear ARDL Approach”. The study empirically investigated how credit, macro-economic dynamics affects the performance of SMEs in Nigeria. The study found that a rise in the regressands exerts a declining effect on the performance of SMEs in the country.

Conclusion

Mr. Vice-Chancellor, Sir, and my dear respected esteemed colleagues and distinguished guests, from this inaugural lecture, I have made it clear from empirical evidence that financial inclusion has the capacity to reduce poverty and enhances prosperity (World Bank, 2018). Studies have revealed that financial inclusion has significant benefits for the financially or excluded population most especially for women and poor adults or people in most Sub-Saharan African countries that would bring about increased income through savings and security and which can lead to job creation.

Recommendations

Mr. Vice-Chancellor, Sir, distinguished guests, ladies and gentlemen, permit me to make the following recommendations:

- That developing countries like Nigeria should embrace well-coordinated collaboration between private-sector partners and financial organizations to ensure implementation of government policies on financial inclusion so as to reduce poverty in Sub-Saharan Africa (SSA).

- That relevant authorities should be given the responsibility of investing on ICT that would further drive and improve financial inclusion that would ultimately leads to financial education and protection.
- An improved literacy level campaign should be carried out to educate consumers by relevant agencies such as consumers protection agency so as to further encouraged and minimized distortions in the market.
- That rural banking policy should be revisited so as not to exclude our rural populace from the scheme of things, and that monetary authorities should revert back to the opening of deposit money bank branches in rural areas so as achieve the objectives of financial inclusion, that would further lead to reduction of poverty in Sub-Saharan Africa.
- Telecommunication services should be made available to all villages in Nigeria
- Regulators and other stakeholders should collaborate and conduct individual level or demand-side surveys. Supply-side data are not feasible.

- Legal, regulatory and supervisory framework should be strengthened so as to promote financial intermediation and financial inclusion.
- That financial inclusion for individuals and micro-enterprises should be broad based and sustainable so as to reduce poverty in Africa

Acknowledgements

Let me begin by thanking God Almighty for giving me the privilege to stand before academic intellectuals and great men and women of substance to deliver this Niger Delta University 44th inaugural lecture.

I sincerely thank our digital, amiable, a visionary leader, a vibrant economist an erudite scholar Vice-Chancellor, Professor Samuel G. Edoumiekumo who is the Chairman Committee of Vice-Chancellor of Nigerian University (CVCNU) who has change the narrative of Niger Delta University for good. His passion for staff promotion and welfare is quite evident since he assumed office as Vice Chancellor and I wish to place on record that it is in your administration that I was promoted to the rank of full Professor in Finance and Banking and was appointed as Ag. Dean, now substantive, Dean, Faculty of Management Sciences. I am indeed very grateful to you and I wish to state that by God's grace I will not disappoint you in discharging my duties faithfully and the confidence you reposed in me will be sustained.

I also wish to appreciate the Pro-Chancellor Barr. Matthew B. Seiyefa, Chairman, Governing Council and the members, and also, to all distinguished Senate

members present here. May God bless you all.

My very special thank goes to all the principal officers of this great University, Professor Allen A. Agih (DVC Administration), Professor Christine M. Odi, (DVC Academic), Dr. (Mrs) Fyneman Biokuromoye (the University Librarian), the Registrar, Mr. Benjamin Joffa and the University Bursar, Mr. Yalah Bolou for their wonderful contributions towards the growth and development of this University.

Let me specially thank my Academic mentor, Prof. Ibaba S. Ibaba (Dean of Postgraduate School) who taught me how to create files for publications made and those to be written and how to make friends by attending International Conferences and Workshops. Truly speaking, the year he gave me that advice it was when I travel to Argentina, South America in 2015 to deliver a paper in an International Conference. May God reward you immensely.

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Worthy of appreciation, Mr. Vice-Chancellor, Sir, are my academic colleagues and friends from other institutions they are Dr. Samuel Ogunniya, Associate Professor,

HOD, Uniport; Dr. Godfrey Omojafe, Associate Professor, Uniport; Professor Ezeabasili Vincent; Professor Ezibim, C.B, Uniport; Dr. (Mrs) Olulu Briggs, Associate Professor, Uniport; Professor E.P. Ifionu, Uniport; and Dr. Sunny Ogbeide, Elizade University Ilara- Mokin, Ondo state. I say thank you, Professor Festus Ogiji Dean, EBSU, thank you very much.

I wish to express my profound gratitude to my family members present here, Chief Musa Ayunku, Edward Ayunku, Paris Ayunku (Director Accounts) Judiciary for his support and prayers. Chief Ewepu Azikewe, Akpobomowe Ayunku, Andrew Apare, I sincerely thank you all for coming.

My special appreciation to my amiable beloved girlfriend and wife Mrs. K. Ayunku who stood by me when I was passing through some challenges in life. My prayer for you is that you will not die young, you will certainly live to enjoy the fruit of your labour. And to my dear beautiful children, Timi, Tama and Tubor and my grandchildren Miss Tokoni and Tienado; I love you all, grow in God's grace and divine protection. May God bless you, I am grateful to God for having you.

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44TH INAUGURAL LECTURER



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Brief Profile of Professor Peter Ego Ayunku

Professor Peter Ego Ayunku was born to the family of Mr. Sukulu Ayunku and Mrs. Boubou Sukulu Ayunku (both of blessed memory) of Toru-Angiama Town in Sagbama Local Government Area of Bayelsa State. Professor, Peter Ego Ayunku attended the prestigious and famous University of Lagos and bagged his degree B.Sc (Hons) in Business Administration in 1994. And due to his interest in finance he later proceeded to University of Benin and obtained his master's in Banking and Finance in 1998. He didn't stop at master's level and later proceeded to Ebonyi State University, Abakaliki and obtained his Ph.D in Banking and Finance in 2013.

Professor Peter Ego Ayunku, joined the Niger Delta University in 2005 as an Assistant lecturer in the department of banking and finance where he brought to bear his wealth of practical and theoretical banking experience in teaching various finance and banking courses in the University. He was promoted to lecturer II in 2008 and by 2011 he was promoted to lecturer I and in 2014, he was promoted to the rank of a Senior Lecturer and by 2017 he was promoted to the rank of an Associate Professor and lastly due to his hard work and dedication to duty he was promoted to full Professor in Finance and

Banking in 2020.

University Administration Stewardship and Positions Held

Professor Peter Ego Ayunku has held several positions in the University Administration, among which are Pioneer, Faculty Coordinator of the Postgraduate programme in 2014-2016, Pioneer, Departmental Coordinator of the Postgraduate programme between 2016-2019, and became Head, Department of Finance and Accountancy between 2017-2019, Ag Dean, Faculty of Management Sciences between 2019 – 2021 and lastly, he was made substantive Dean by Election in 2021-date.

Membership of Administrative Work/Committees

Professor Peter Ego Ayunku has also serve in various capacity as Chairman, Faculty of Management Sciences appraisal committee from 2019-date, Institute for Niger Delta Studies Board Member from 2019-date, Institute of Continuous Education Board Member from 2021-date, Committee of Provost and Deans (CPD) Member from 2019-date, University Senate member from 2014-date, University Postgraduate Board Member from 2019-date, Appointment and Promotion Committee Member from 2019-date, University Postgraduate Ethic Committee Member from 2021-date.

He has also contributed immensely to academic International Journals and Peer reviewed manuscripts and papers such as;

- A reviewer to Macro Think Institute of International Finance and Banking
- A reviewer to China-USA Business Review Journal

Professor Peter Ego Ayunku has served as board member at both Local and International Journal which include the following;

- Editor-in-Chief, Niger Delta Journal of Management Sciences from 2019-date.
- Member, Editorial Board, Journal of Banking and Financial Dynamics from 2017-date.
- Member, Editorial Board and Reviewer of China-USA Business Review Journal from 2016-date.

Professor Peter Ego Ayunku is also a member to several professional bodies such as; Member, Academy of Management Nigeria(MAMN), Fellow, Institute of Management Consultant(FIMC), Fellow, Chartered Forensic Investigation Professional(FCFIP).

Meritorious Awards Received

He is also a recipient of several awards to his credit. Namely;

- Award of honour by National Association of Banking and Finance Students (NABAFS) in 2016/2017.
- Award of excellence in recognition of invaluable contributions to education at the masters programmes by M.sc accounting pioneer class community, Niger Delta University.
- Award of honour as the most dedicated lecturer in the department of Finance and Accountancy by National Association of Banking and Finance Students (NABAFS), Niger Delta University.
- Award of recognition of selfless contributions towards the growth and development of management students in 2021.

Conferences/Workshops Attended

Professor Peter Ego Ayunku has also attended both Local and International conferences and workshops and the most recent was the 6th International Conferences in Banking and Finance (ICBF) 2019 Chiang Mai University, Chaing Mai, Thailand between 29th-1st April,

2019, where he presented a paper titled “Bank Credit, Macroeconomic Dynamics and the Performance of Small and Medium Scale Enterprises in Nigeria: A Non-Linear ARDL Approach”. On arrival from Thailand, he also attended the 6th IICFIP Global Forensic International Conference in Ghana between October, 22nd – 24th, 2019.

Professor Peter Ego Ayunku is well-travelled and have published over 60 articles including conference papers. He has also successfully supervised over 12 PGD, M.Sc and 4 Ph.D students.

He is happily married and blessed with three great children, Timi, Tama and Tubor, and two happy grandchildren, Tokoni and Tienadou. To God be all the Glory.

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41 Prof. Jonathan E. Oghenekohwo	Investment Needs of Adult Education in the Andragogy of the Excluded	20-10-2021

42 Prof. Comfort Ebere Mbachu	Teacher Motivation: A Recipe for Effective Curriculum Implementation at the Classroom Level	17-11-2021
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Title:
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and the Invisible Imperatives:
Lessons for Democratic Governance
and National Cohesion**

Professor Ebimieowei Etebu
B.Sc., M.Sc. (RSUST, Nigeria),
PhD (The Univ. of Sheffield, UK), FIPAD
Professor of Agricultural and Molecular Microbiology
Department of Microbiology, Faculty of Science,
Niger Delta University, Wilberforce Island,
Bayelsa State, Nigeria.

Wednesday 18th August, 2021.

Bio-Molecular Revolution and the Invisible Imperatives: Lessons for Democratic Governance and National Cohesion

NIGER DELTA UNIVERSITY
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41st Inaugural Lecture

**Investment Needs of Adult
Education in the Andragogy
of the Excluded**

By
Jonathan Egbe Oghenekohwo
B.Ed (Hons), M.Ed, PhD (Ibadan)
Professor of Management Economics of Adult Education
Faculty of Education, Niger Delta University
Wilberforce Island, Bayelsa State, Nigeria.

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**Teacher Motivation:
A Recipe for Effective Curriculum
Implementation at the Classroom Level.**

By
Prof. Comfort Ehere Mbachu
B.Ed, M.Ed, Ph.D
Professor of Curriculum Studies
Department of Area Education
Faculty of Education, Niger Delta University
Wilberforce Island, Bayelsa State, Nigeria.

Teacher Motivation: A Recipe for Effective Curriculum Implementation at the Classroom Level. Comfort Ehere Mbachu

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The Last Universal Language: Beyond the Bottom
Tower Households Dominate! We Imperiously Continue.

By
Stanley Ogoun
(PhD, FPA, FIPA, FICA, ACIS, ACS, ANAA, NAMN)
Professor of Accounting,
Department of Accounting,
Faculty of Management Sciences,
Niger Delta University,
Wilberforce Island, Bayelsa State.

Accounting: The Last Universal Language: Beyond the Bottom Tower Households Dominate! We Imperiously Continue. Stanley Ogoun