



UNDERSTANDING END USER HOUSING FINANCE IN ABUJA: DRAFT REPORT



REPORT SUBMITTED TO REALL



BY

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Table of contents

ABBREVIATIONS AND ACRONYMS	2
EXECUTIVE SUMMARY	3
1.0 STUDY BACKGROUND	5
1.1 Study objectives	5
1.2 Methodology	6
1.2.1 Inception meeting	6
1.2.2 Desk research	6
1.2.3 Pre-task exercise	6
1.2.4 In-depth interviews (IDIs) among end-users	6
1.3 SAMPLE SIZE & LOCATION	6
1.4 STUDY LIMITATION	7
2.0 RESEARCH FINDINGS	8
2.1 Perception and reality around residing in Abuja:	8
2.2 Housing aspirations and fears	9
2.3 Knowledge of housing financing options available to low-income earners	11
2.4 Factors considered when sourcing housing finance	14
2.5 Perception toward different housing financing	15
2.6 Processes of accessing housing finance - pros and cons	22
2.7 Understanding the relationship between religion and housing finance	25
2.8 Women and Housing Finance	26
2.9 Future housing models and motivation for adoption	28
2.10 Green and sustainable housing	29
3.0 CONCLUSION	29
4.0 RECOMMENDATIONS	31

ABBREVIATIONS, ACRONYMS AND LOCAL WORDS

BVN - Bank Verification Number

NIN - National Identification Number

LAPO - Lift Above Poverty (Microfinance bank)

FCDA - Federal Capital Development Authority

RTO - Rent To Own

QSR - Quick Service Restaurant

Omo-Onile - Omo-onile are different families with authorities to manage and sell their ancestral lands

POS Agent - These are individuals who provide last-mile financial services to people in their neighbourhood - whether banked or unbanked. They are highly mobile because they only need one major tool to perform all their transactions: a Point of Sale (POS) machine. Because of their tool of trade, they are often referred to as POS agents

EXECUTIVE SUMMARY

The housing deficit crisis in Nigeria has worsened in recent times, with statistics showing a deficit of at least 17 million. From the report of the World Bank in 2018, Nigeria requires about 700,000 housing units annually, spanning 20 years, to accommodate the rising population. With its growing population, coupled with high demand for housing units, both in quantity and quality, there is a need to seriously address the issue of the housing deficit in Nigeria.

Reall, an innovator and investor in climate-smart affordable housing in urban Africa and Asia has been operating and investing in affordable housing in Nigeria since 2014. The majority of this work to date has been in partnership with the Millard Fuller Foundation (MFF), delivering affordable urban or peri-urban homes for Nigerians in the bottom 40% of the income pyramid. One of its mandates is to expand housing finance solutions to low-income borrowers, enabling previously excluded people to access affordable housing finance.

To further this aim, we conducted a qualitative study among low-income earners in Abuja. We discovered that low-income earners, like top earners, aspire to become homeowners. They desire to live in a community or gated estate and be secure in terms of living without fearing property demolition. Beautiful environment, with basic social amenities, a place they can call home.

The challenges they face in becoming homeowners are predominantly a lack of finance, fear of purchasing unauthentic lands, agents selling the same land to multiple people, difficulty accessing government-approved lands, and property demolition by Federal Capital Development Authority (FCDA).

Based on the findings identified in this study, there is a need for a holistic review of the housing financing process to critically tackle the ingrained perceptions and create a behavioural change that will facilitate the awareness and increased adoption of external sources of these financing options among low-income earners.

We recommend a two-pronged approach targeted at the government, financial institutions, and end-users.

1. Creation of a strong partnership between the public and private sectors:
 - a. **Public financing and accessibility:** Since lack of access to finance is the overarching challenge in becoming a homeowner among the target audience, we recommend that the government source funds internally and externally to support and bridge the gap in the housing deficit. We recommend that Rent-To-Own [RTO] is adopted, so funds are not diverted to other purposes, and the problem of the bulk fund is eliminated. The fund for the building could be channelled through a steering committee consisting of representatives from the public and private sectors to mitigate mismanagement and misappropriation of funds. Specifically, the ministry of housing and works, the ministry of finance, federal mortgage banks, private mortgage banks, commercial banks, microfinance banks, and private sector property developers as well as community representatives. As for the steering committee, we suggest a new infrastructure consisting more of technocrats.

- b. **Policymaking:** There is a need to create policies that strictly define low-income earners, how funds or properties will be disbursed, the requirements for eligibility, and disqualification. The policy should be inclusive and free from any ambiguity.
 - c. Periodic monitoring and evaluation: Setting up an independent monitoring and evaluation team is imperative to ensure funds or properties are paid to the correct profiles and repayment are made as scheduled. They will help safeguard the resources and be held accountable for the disbursements.
 - If rent-to-own is the preferred option, consider building properties strategically where it is central enough for residents to live and commute to their means of livelihood quickly and relatively cheaply. The property developer could recommend possible locations, which could be one of the conditions for releasing funds as developers would prefer acquiring lands in remote areas because they are cheap.
 - For those who prefer to build, the process of land verification should be automated and updated regularly so that without a physical visit to a government office, applicants can see if the location of the land is earmarked for other purposes or suitable for their intended purposes. This is particularly useful for self-build categories because those opting for rent-to-own do not need to verify personally. After all, it's part of the documents to be presented by the realtors at the point of purchase or allocation to buyers. The realtors, on the other hand, are already conversant with the process of verifying the validity of the land, unlike individual homeowners who find it cumbersome and confusing.
2. Creating awareness and assuring the public of the viability of housing finance would be the first step in convincing them of accessibility.
 - a. Government should deploy mass media to create awareness in different languages and at different times to sensitise the public to the availability and accessibility of homes or funds.
 - b. Authentic testimonials should be available in the public domain to make them malleable.
 - c. Process of request and disbursement/allocation to be automated and transparent

1.0 STUDY BACKGROUND

Nigeria has an estimated population of over 200 million people; the majority of its cities are fast becoming homes to thousands of people due to internal migration, rapid-growing population, and rapid urbanization, among other factors. With this trend, there has been an increase in the demand for houses across the country. The housing deficit crisis in Nigeria has worsened in recent times, with statistics showing a deficit of at least 17 million¹. There has been a steady rise in the housing deficit, from 7 million in 1991 to 14 million in 2010. From the report of the World Bank in 2018, Nigeria requires about 700,000 housing units annually, spanning 20 years, to accommodate the rising population. This is highly unattainable with current indices, coupled with the sluggish growth of the housing sector in Nigeria, inflation, poor standard of living, and depleting disposable income. With its growing population, coupled with high demand for housing units, both in quantity and quality, there is a need to seriously address the issue of the housing deficit in Nigeria.

Reall is an innovator and investor in climate-smart affordable housing in urban Africa and Asia. Reall has been operating and investing in affordable housing in Nigeria since 2014. The majority of this work to date has been in partnership with the Millard Fuller Foundation (MFF), delivering affordable urban or peri-urban homes for Nigerians in the bottom 40% of the income pyramid.

Reall also pursues an ambitious market transformation agenda in Nigeria, working with key stakeholders and ecosystem players to amplify its housing investments and resolve systemic bottlenecks. By 2025, Reall aims to:

- Expand housing finance solutions to low-income borrowers, enabling previously excluded people to access affordable housing finance
- Address critical governance, policy, standards, and regulatory barriers that impede the market
- Resolve data and evidence gaps that inhibit more effective solutions for affordable housing and people on low incomes accessing decent housing
- Build capacity for low-carbon buildings, renewable energy, and green finance in the affordable housing space

To help achieve the objectives stated above, we conducted a qualitative study in diverse locations across Abuja among low-income earners.

1.1 Study objectives

We addressed two overarching objectives in this study:

1. Identifying and analysing key sources of housing finance for low-income households in Abuja
2. Gained a deeper understanding of end-user attitudes toward housing finance in Abuja and explored the demand for different housing solutions.

¹ Although the government seems to contest these numbers, lack of data is another crucial factor impacting accurate policy development and implementation

1.2 Methodology

1.2.1 Inception Meeting

We conducted a virtual inception meeting to align study participants and their demographics, ranging from age groups, occupations, languages they speak, marital status, gender, preferred locations, and their sources of housing finance. We also addressed religious affinity and specifically decided to interview women-led households to understand the impact of gender on housing and housing finances.

1.2.2 Desk Research

The secondary research helped us identify two significant sources of housing finance in Nigeria: informal (the traditional source) and formal (the modern source). Through the desk research, we also identified gender-based restrictions on housing financing, renting, and ownership, which we investigated in the fieldwork. We provided:

- [an inception report](#) that addressed types of housing finances
- challenges with sourcing housing finance, and
- a detailed fieldwork plan for the study in Abuja.

1.2.3 Pre-task Exercise

To familiarise participants with the project, we conducted a one-day warm-up exercise over the phone. We recruited and successfully conducted a pre-task exercise with 18 participants. The questionnaire for data collection was designed on Google Forms and disseminated via WhatsApp. The exercise entailed questions around:

- The trajectory of their home movement in the past ten years
- A short video tour of their homes
- Likes and dislikes of past homes/accommodations
- Source of housing finances, typical means of paying rent, and frequency
- Participants' future/ideal home

At the end of the [pre-task exercise](#), we identified different types of housing financing available (with diverse levels of accessibility) and three major types of future homes - blocks of flats, bungalows, and duplexes.

1.2.4 In-depth Interviews (IDIs) among end-users

We conducted in-home IDIs among low-income earners in Abuja, taking into cognizance where they work - formal or informal sector, marital status, gender, age, religion, etc.

1.3 SAMPLE SIZE & LOCATION

12 participants were interviewed across different locations in Abuja. They are representative in terms of gender (equal split), a mix of religion (8 Christians, 4 Muslims), a mix of age groups [24 - 30yrs (4), 31 - 40yrs (4), 41 - 50yrs (3), 51 - 60yrs (1)] and mix of marital status [Single never married (4), married with children (6), widow (2)]

The study was conducted in Abuja from February - March 2023.

Respondent's name	Gender	Age	Marital status	Religion	Living condition	Location	Workplace (formal/ informal sector)
Tsaaga M.V	Female	31 - 40 yrs	Widow + 1 son	Christian	Own house	Galadimawa	Informal
Austin B.A	Male	41 - 50 yrs	Married with children	Christian	Rented apartment	Iddo Sarki	Informal
Hafiz S	Male	51 - 60 yrs	Married with children	Muslim	Rented apartment	Karu	Informal
Oboba E	Female	41 - 50 yrs	Single	Christian	Rented apartment	Karu	Formal
Nosiru A	Male	24 - 30 yrs	Single	Muslim	Rented apartment	Jabi	Formal
Bernardine A	Female	31 - 40 yrs	Single	Christian	Rented apartment	Finance quarters, Kubwa	Informal
Otang E	Male	31 - 40 yrs	Married with children	Christian	Rented apartment	Lugbe	Formal
Adetunji D	Female	31 - 40 yrs	Widow + 4 female children	Christian	Rented apartment	Lugbe	Informal
Grace K	Female	24 - 30 yrs	Single	Christian	Live with family	Galadmia Village	Formal
Aliyu H	Female	24 - 30 yrs	Married with children	Christian	Rented apartment	Mpape	Informal
Kabiru B	Male	41 - 50 yrs	Married with children	Muslim	Rented apartment	Lugbe Zone 6	Formal
Kasimu J	Male	24 - 30 yrs	Married with children	Muslim	Rented apartment	Bassa Village, Airport road	Informal

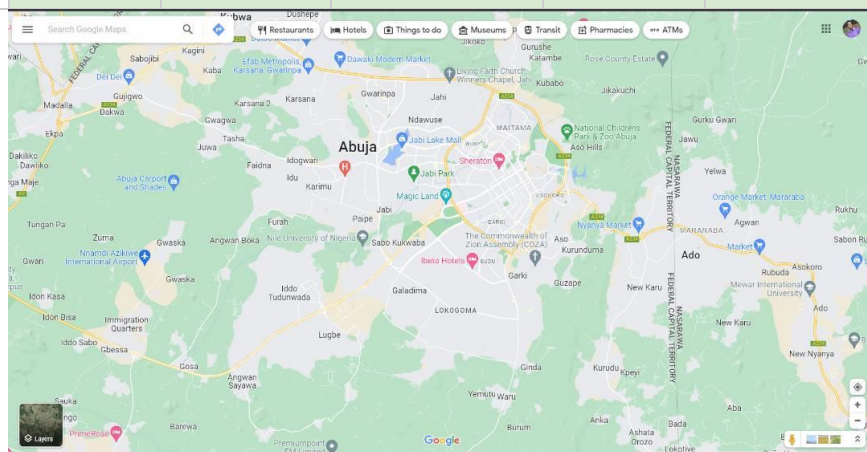


Fig 1: Map of Abuja showing locations visited

1.4 STUDY LIMITATION

Due to budgetary constraints, we interviewed only 12 people. Interviewing a larger sample size to validate data would have been more insightful.

2.0 RESEARCH FINDINGS

Introduction

Most participants relocated to Abuja, from other cities like Lagos, Minna, and Kaduna, within the last 10 - 20 years, hoping for a greener pasture. All the participants believed that Abuja had better opportunities, prospects, and jobs to offer them than they could access in other states they had lived in Nigeria. This perception is driven by the information they access on media [rich politicians live in Abuja, beautiful buildings, Abuja is home to the government powerhouse flowing with rich and honey, etc.] and word of mouth [family and friends]. Half of them relocated to Abuja, hoping to access a wide range of better opportunities, while a few moved to Abuja strictly in search of jobs and studies.

“I came to Abuja in 2015 to improve my life”- IDI 3, Male, Single, 30, Muslim

“I came to Abuja in 2010 for greener pastures” - ID 5, Male, Married, 38, Christian

“I am very hopeful that one day I will make it in Abuja” - IDI 4, Female, Single, 32, Christian

2.1 Perception and reality around residing in Abuja:

Residents have quickly realized that living in Abuja is more than meets the eye, as the majority described living in Abuja as “Challenging.” The high cost of living, accommodation, transportation, and unsupportive nature of other residents are some of the reasons informing their ubiquitous opinion about living in Abuja.

“Living in Abuja is like hell; at some point, I regretted living in Abuja. Considering the rate of demolition. I believed Abuja is a place for the rich alone. Accommodation in Abuja is very expensive; the only thing that is cheap is transportation.” - IDI 8, Female, Married, 30, Muslim

“It has not been easy since the death of my husband because I have been the one footing the responsibilities; when he was alive, I was a full-time housewife. I was staying in a single room when I lost my husband, and after then I moved to a two-room apartment, and I have been here for 5 months.” - IDI 6, Female, Widow, 38, Christian

“It has been tough; it has not been easy coping with the cost of transportation and everything. It is very difficult. Living in Abuja is not easy except you are opportune to get a good job because the whole money will go into transportation and feeding” IDI 5, Male, Married, 38, Christian

However, to a few participants, Abuja heralds hope and peace. Seeing other Nigerians achieve great success legitimately in Abuja assures them of a better tomorrow. They become prayerful and resilient and keep pushing through.

“We’re grateful to God; hoping that it will be better.” IDI 1, Male, Muslim, Married, Muslim

2.2 Housing aspirations and fears

All participants, regardless of their gender, age, and religion, aspire to own their properties to bring a sense of fulfillment and to help eliminate the high cost of accommodation they currently incur. They also desire to live in a spacious house.

The majority are unhappy with their current living condition due to the following reasons:

- Small room sizes; not as spacious as desired
- No privacy due to the number of rooms they can afford to rent/build; children and their parents sometimes share a room
- State of the environment (poor, unclean, lacks basic amenities, etc.)
- Distant from places of work/means of livelihood. Living far from their workplace translates to more transportation costs.

They also desire homes in choice environments [e.g., Lugbe, Asokoro, Maitama, Kubwa, Katampe, Jabi, etc.] with good infrastructure [constant power supply, roads, recreational parks, clean water, QSR, etc.]

Watch: https://drive.google.com/file/d/1gwijBL_508wDElV-hFxDGMbtMLI806T5/view

Watch: <https://drive.google.com/file/d/13Xt4uBsnMlO4U-bO510LtXlRRxmRxuL/view>



“My desired home has never been in this environment. I wish to get a bungalow, not in this place. I desire to have a bungalow in an Estate; I would love to live in Lugbe.” - Pilot 1, Female, Widow, 37, Christian

“I would love to become a landlord because I will not pay house rents again and if the house is big enough I can rent it out and make other income. I would love to achieve that through rent-to-own.” - IDI 1, Male, Married, 52, Muslim

“My dream is to live in a better house with big rooms with room equipment like fan, tv, etc.”- IDI 3, Male, Single, 30, Muslim

“All my life, I want a portable house that I can call mine. I want a standard bungalow for myself, that’s all.” IDI 8, Female, Married, 30, Christian

Despite having such lustrous aspirations, they are ground to a halt in fear. The reality of this dream seems far-fetched, given their current household income and responsibilities. The main concerns driving their fear include but are not limited to lack of finance, buying unauthentic land, difficulty accessing government-approved lands, unwillingness to pay the maintenance fee², etc. However, of these concerns, the need for more finance and purchasing unauthentic lands is prominent.

Lack of finance: With most participants grappling with meagre monthly income, high cost of living, and survival year-in-year-out, conceptualising property ownership in Abuja seems like a long-term plan, given the high cost of procuring authentic land in Abuja. Residents focus more on daily survival - paying tuition, rent, feeding, transportation - and maintaining a decent lifestyle. Given their limited knowledge and access to alternative finance, the cost of building materials and accessing bulk sums to kickstart the project is currently unattainable.

“It all boils down to money and it’s difficult to get a job that will give an armed robber (good) salary.” - IDI 5, Male, Married, 38, Christian

Purchase of unauthentic lands (unapproved lands by the government): This is a multi-faceted problem as potential buyers/builders are confronted with the following:

- 1) Numerous fake land agents sell a piece of land to multiple unsuspecting buyers. This leads to court cases and land-snatching problems (omo-onile). In the process, buyers are swindled with lots of money. These agents are sometimes indigenes of the area or real estate impostors.
- 2) Difficulty accessing government-approved lands is another reason residents fall victim to impostors. Accessing government-approved lands entails visiting FCDA [Federal Capital Development Authority]. Created in 1976, FCDA is saddled with the responsibilities of planning, development, and administration of the Federal Capital City and the Federal Capital Territory. As such, seeking the ministry’s approval is imperative before buying or building in Abuja. However, the long-processing time and lack of awareness and knowledge on navigating the approval process from the FCDA discourage people from verifying their potential lands. In Nigeria, any land, whether virgin lands or even land with buildings on them, needs government approval. Non-government-approved lands are governed by the traditional leaders and people called omo-online (Omo-onile are different families with authorities to manage and sell their ancestral lands).
- 3) Property demolition by FCDA: During periodic checks, FCDA marks and demolishes properties built on unapproved sites. In Abuja, lands had been allocated for different purposes. There are lands meant for residential use, some commercial use, some

² To the participants, refusal to pay maintenance fees is related to a lack of understanding of the value accrued and also seen as not being value for money. In most cases, the participants take turns cleaning their compounds. So, they don't pay maintenance fees in their current homes. They might see some value in a maintenance fee, but it's an additional cost they would rather avoid.

educational use, and some recreational use. So when you buy land meant for commercial use and build a residential house on it, it will be demolished sometime in the future. Should that happen, only owners with legal and approved documents from the government usually get compensated.

“Most people do not have the money to buy land from the government; they end up buying land from local chiefs, and it can be demolished at any time. This is why people do not spend so much money building beautiful houses in this place”- IDI 12, Male, Married, 32, Muslim

Watch video of the demolished area here: <https://bit.ly/3z0DT3m>

2.3 Knowledge of housing financing options available to low-income earners

Due to longstanding awareness of financial limitations in Nigeria, most of the participants we interviewed, regardless of their social and economic class, looked inward to achieve their goals and aspirations. This remains the same for housing finance. This study revealed that low-income earners instinctively look within themselves to support and finance their aspirations regarding becoming homeowners.

When asked how they will finance their housing aspirations, we identified two patterns: internal and external sources of finances.

Internal (informal) source

1. Personal savings
2. Money from business
3. Contribution (daily/monthly)

External (formal) source

- Mortgage banks/loans
- Cooperatives
- Rent-to-own

At this point, Islamic finance was not mentioned. It was prompted with the showcards.

- Mortgage banks refer to Private mortgage banks and Federal mortgage banks
- Loans refer to funds sourced from their workplace, microfinance banks, & family & friends (informal source).

The majority who are in the informal sector/micro business owners stated “Savings” and “Money from their business” as their natural means of funding projects. However, Savings and Loans resonated among participants in formal employment.

Only one person had yet to learn how to fund such a project due to the nature of his job (a cleaner) and low monthly income (earns N30000/53GBP). At first, he felt hopeless, but he remained hopeful.

“I don’t know where I can get a loan to fund the project because no one is willing to borrow me [loan]. The only place I can get a loan is from my workplace, and it will be deducted from my salary. It is only the POS³ agent that can borrow me N40,000 (71GBP)” - IDI 3, Male, Single, 30, Muslim

³ Point of Sale (POS) machine agent. They provide last-mile financial services for the banked and unbanked population.

This immediately revealed that there needs to be more awareness of how to source housing finance. There is also a perception that most external sources of housing finance are not attainable to their socio-economic class due to their income bracket.

Sources of Awareness

Study participants learned about housing finances through their workplace, family & friends, adverts (TV commercials and billboards), social media (Facebook & WhatsApp), personal research, and their individual connections.

It was also discovered that their means of livelihood, where they work, and the nature of their job, impact the housing finance information accessible to them. For instance, participants working in the formal sector became aware of Loans from mortgage banks and loans from the workplace from their employers and colleagues. While participants working in the informal sector became aware of housing finance information like Rent-to-own from daily interaction with different people, especially their family, and friends.

However, information about accessing housing finance through federal mortgage banks, cooperatives, and microfinance banks became available to workers in the formal and informal sectors through TV commercials, billboards, and word of mouth. This further reiterates the importance of creating ample awareness around the different housing finance via several means the target audience can access readily. When people are informed, they have more options and can make intelligent decisions suitable to them.

“It was introduced to us as a staff of the office, and the loan can be used for anything. You pick a tenure rate and the longest tenure rate is 6 months.” IDI 9, Male, 40, Married, Muslim

“The private school I was working at before got a loan from a mortgage bank, and they repay every month. I learned about Federal mortgage banks from adverts on television.” Pilot⁴ 1, Female, 37, Widow, Christian

“I worked there, and it was announced to the members that we will start our own cooperatives; I am the general secretary of the market. I got to know about federal mortgages through an advert, and I got to know about microfinance loans through my brother. One of our members in the market wanted to get loans from Jaiz bank, and as the secretary, I had to sign; that is how I got to know about Islamic finance” Pilot 2, Male, 43, Married, Christian

It was also observed that no specific medium or type of awareness strategy resonated across the age brackets. For instance, among those aged 24 - 50yrs, friends and family played a crucial role in creating awareness. Among those aged 31 - 50yrs, the workplace was a common source of awareness. For those aged 24 - 40yrs, Social media (Facebook, Instagram, Twitter, and WhatsApp) was instrumental in creating awareness.

Therefore, in creating awareness for housing finance among the target audience, adopting a diverse and broad range of communication - from online to offline - will prove effective and impactful in bridging the gap of low awareness. A multi-channel communication strategy is recommended.

⁴ We conducted 2 Pilot sessions to test our research instruments and their fluidity.

Trusted sources of housing finances and factors informing the decision

Study participants are critical of the sources of housing finance they trust because many have heard unpleasant stories and fraudulent cases. Therefore, trusted sources are:

- a. Family and friends: They are the most trusted sources of awareness because credibility has been built over the years. According to the participants, not all relatives and friends can be trusted; as such, they will only source information from relatives and friends who have proven trustworthy over the years; and provided reliable and trusted information in the past. In addition, this category of people is trusted because they are easily accessible.

“I trust my friends because I see them physically. If he lies to me, I know where and how to get him”- IDI 3, Male, 30, Single, Muslim

“I will trust information from people (someone I know) who have gone through that process before.” IDI 4, Female, 32, Single, Christian

- b. Federal mortgage banks and government loans: Study participants trust these channels because they are government-owned establishments and initiatives; they expect government channels to provide credible information. They also have faith in them because there have been testimonials of property acquisition through them. However, this channel is not trusted blindly as they follow their social media pages to get the latest information; they also visit government offices to inquire about ambiguous news.

“I follow the federal mortgage on social media (Instagram and Facebook) if I don't understand, I can browse about it. I can also walk into any of their branches, but most of all I trust them because they belong to the federal government and many have acquired the property through them” Pilot 1, Female, 37, Widow, Christian

“I only trust the government loan board e.g integrated staff housing, etc because I heard a story of people who were scammed after the money had been deducted from their salary. I don't know or trust any other source apart from the government.” - IDI 2, Female, 43, Single, Christian

- c. Commercial and microfinance banks: This group is trusted because they provide the information and the loans so they can also remain in business. Participants believe this group is not generous or magnanimous. Therefore, they will give truthful information that will help increase their customer base. It is also thought that they have provided credible information in other areas of their operations; therefore, housing finance information is deemed authentic.
- d. Advert (TV advert [NTA] and billboard): These are public channels with some credibility; therefore, any information sourced from TV and billboards is somewhat trusted. TV stations and billboards are believed to be traceable, and they can seek redress through them.

“The TV is a little reliable source because whenever there is any issue you can go to the tv station to lay complaints, and they will be able to guide you. You can trace it. Billboard is equally reliable because there is a channel of communication there and can be traced.” - IDI 9, Male, 40, Married, Muslim

A few participants have little trust in information sourced on social media.

Sources of housing finances they do not trust

Social media: Due to the high occurrence of fake news and unvalidated user-generated content that flood the social media space daily, most of the participants do not trust housing finance information sourced on social media like Facebook, Blogs, WhatsApp, etc

“I do not trust social media because they are scammers”- IDI 7, Female, 27, Christian.

Other factors driving mistrust in social media are previous unpleasant experiences recounted by others and the high rate of cyber financial crimes recorded in the country.

“Social Media has done a lot of negative damage on people”- IDI 8, Female, 30, Christian

“Anything relating to finance, I do not trust the social media”- IDI 9, Male, 40, Muslim

2.4 Factors considered when sourcing housing finance

It was discovered that there are numerous factors considered when exploring housing finances. However, the two critical factors are interest rate and repayment schedule.

Interest rate: Most participants are aware and comfortable with the knowledge that they will be charged interest rates for securing housing finance from external sources. Only a few are unsure of the need to pay interest on government loans. They expect the interest rate to be low as a housing project is not an income-generating project where they can easily recoup higher profit to service the interest on the facility. They are also concerned about the interest rate, which should be at most 10%.

“Any loan that the rate is high, I don’t go for it”- IDI 9, Male, 40, Married, Muslim

“If the interest is not much; they have to have low interest.” IDI 8, Female, 30, Married, Christian

“They cannot collect interest like God, 5% is okay”- IDI 4, Female, 32, Christian

“It is not a business loan, so there should be a little interest”- Pilot 1, Female, 37, Widow, Christian

Repayment schedule: This is a critical concern for study participants as they expect the repayment period to be long and specific tenure influenced by the loan's value - 10 years, all through their active years in service, 1 - 5yrs etc. There is no one-size-fits-all for the repayment tenure; while some are comfortable with a shorter term based on the loan value (N200,000 - N3,000,000), others who have yet to access traditional loans have no idea about an acceptable tenure.

They are also concerned about the weekly, monthly, or annual repayment frequency. The monthly repayment is preferred as it allows people to source the stated amount before the due date.

“I can never borrow a loan from LAPO {microfinance bank} because of people's experience. I see people run helter-skelter just because the repayment date is due and they don't have the money. I also heard they lock up defaulters in the toilet. I know a woman who ran away and returned to her village because she couldn't keep up with the every Tuesday repayment, the stress was too much, it was affecting her business and health.” - IDI 8, Female, 38, Widow, Christian

Repayment condition: Flexible repayment conditions should be included in the terms and conditions of the facility. People should be allowed to liquidate a loan if it becomes available before the loan repayment schedule. The principal + interest rate should be recalculated to suit the current reality.

“Would want a flexible interest rate that can be split based on the time you want to pay back. For example, I know someone who had an experience with a microfinance bank; they did not allow her to pay the loan back at once when she had the money. They insisted that she pay the money over the period of time agreed; just so they can get lots of interest on the loan.” IDI 1, Male, 43, Married, Christian

Further factors considered are loan amount, the source of the loan, borrowers' financial capability, other beneficiaries' testimonials, and lenders' reputations.

2.5 Perception toward different housing financing

Awareness

In this data collection section, we presented participants with show cards of different housing financing options. We had four different sorting exercises:

1. to select the housing finance they were aware of,
2. to select the housing financing options they have ever used,
3. to select the options they prefer,
4. to select the options they envisaged would be easy to access by them.



In terms of awareness, we discovered that although many of the housing financing options were known to them, they were not top of mind; we prompted them with the show cards to trigger recall. The show cards were also helpful as some participants did not readily associate those financing options with meeting housing needs.

We explored 16⁵ housing financing options among the participants and observed that their perception of house financing impacted their adoption.

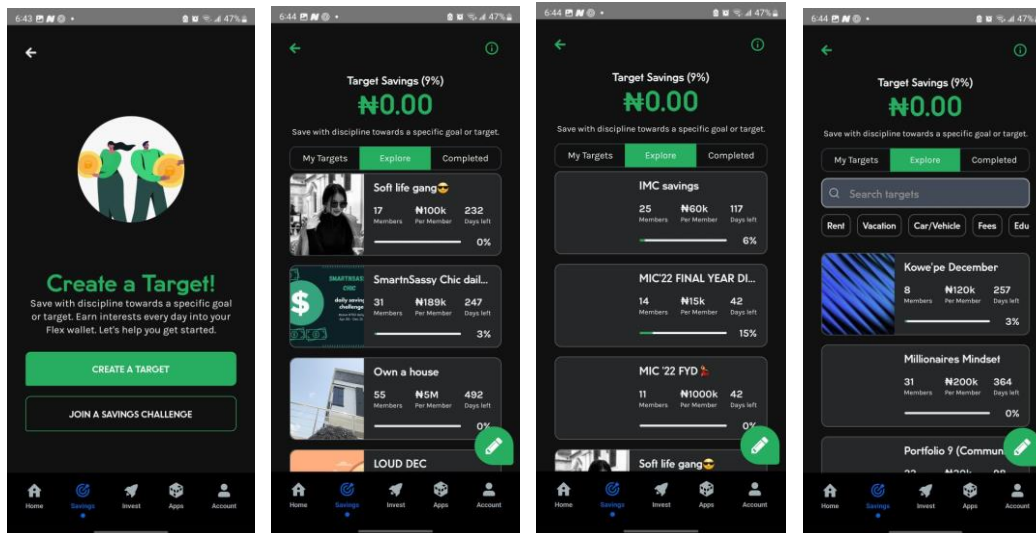
Microfinance banks:- They create awareness online and offline among their target audience; they educate the public on their array of offerings and flexibility (in terms of accessing finance and less stringent criteria when compared to commercial banks). It is perceived among a few that the interest rate is favourable for businesses but unrealistic for meeting housing needs. However, the majority concluded that the interest rate is high, even for business, and unachievable for Nigerians, especially if it's meant for paying rent or investing in a building project. 5% - 20% is considered a high-interest rate. In addition, the transient nature of the loan and frequency of repayment (mostly weekly) makes it unsuitable for a long-term project like housing finance. LAPO is a famous microfinance bank among the study participants.

“I got to know about it through a friend who used them to settle rent. Their interest rate is about 5% but I think the interest rate is normal for business but if it is for rent payment it is not worth it.” Pilot 1, Female, 38yrs, Widow, Christian

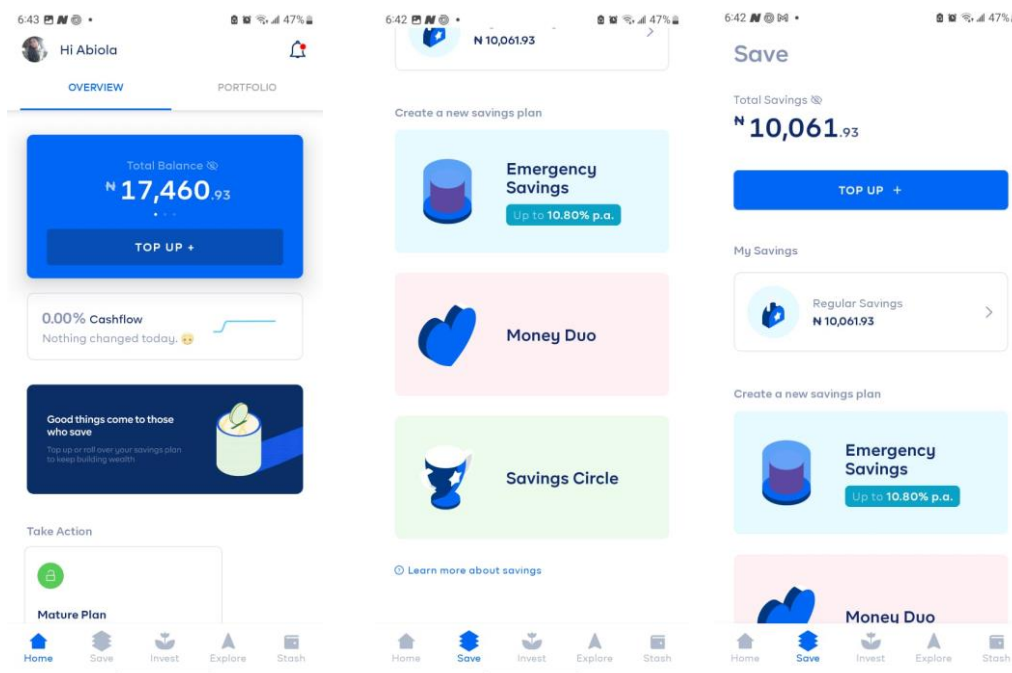
“For LAPO, the interest rate and tenure rate is very short, so I discouraged my wife from taking such a loan.” IDI 9, Male, 40, Married, Muslim

Monthly contribution/Savings group:- This option is predominant among workers in both formal and informal sectors to support and augment their incomes. It is a rotational savings initiative, essentially an informal structure, among a group of trustworthy friends, family members, colleagues, or acquaintances. They come together, select numbers at inception, and send money to the coordinator, who disburses to the person due. Interestingly, some FINTECHs brands like Cowrywise, Piggyvest, etc. have created similar mobile app features. Another variant of the monthly contribution is for people to save a specified amount of money with a daily savings collector who returns the saved amount to the participants at the end of the defined tenure after deducting his commission. The only disadvantage is that the group might be unable to pull off the required amount needed for a housing project. The monthly contribution is primarily suitable for paying annual rent, children's tuition, etc., due to the total amount raised at the end of the savings tenure. Women and men in the informal sector save more than those in the formal sector because they make money daily, unlike those in the formal sector who earn monthly salaries. They save from N1,000 - N7,000 daily. A woman in the informal sector saves N50,000 monthly. Formal sector workers save from N5,000 - N10,000 monthly, depending on their salaries.

⁵ Savings group and monthly contribution are merged in the report because participants classified them as one, but we separated them in the field. The last one is FISH (federal integrated staff housing), known by one person but has yet to access the loan.



Screenshots of feature on Piggyvest mobile app



Screenshots of feature on Cowrywise mobile app

Personal savings:- This is seen as the easiest but limited to their disposable income, which is insignificant given their monthly income and high cost of living in Abuja. Most of them acknowledged that they could not achieve significant progress without other support (monthly contributions, cooperatives, loans, etc.). Most participants do not have savings after fulfilling their recurrent expenses and monthly contributions obligations. A few who can save keep the remaining money in their bank accounts.

Money from business:- This only applies to participants in the informal sector who make daily income from the sales of their products. To avoid depleting the value of their businesses, they save from their business and plow the money back. They only use a part of their profit to meet other needs.

“This is where we do our daily contribution and it depends on how sales are.” Pilot 1, Females, 37, Widow, Christian

Family and friends:- This study revealed that sourcing loans from family and friends is the last resort for the majority of the participants. Not only because most people in their network are impoverished but because they want to avoid shame and embarrassment in case they default. Others do not give loans to family and friends because they believe they usually default.

Workplace:- Accessible to workers solely in the formal sector. They can access a short-term loan between 3 - 6 months but commensurate with their monthly salary. Some organizations charge interest while others do not. The typical process entails writing a letter requesting a loan with a stated reason, tenure, and repayment schedule. Funds get disbursed once a request for a loan is approved by the head of the unit and management. The deduction, which ensures the following month, is made monthly from salaries; no collateral or guarantor is required. However, the accessible loan is a function of a monthly stipend unsuitable for completing or initiating a housing project. It's only suitable for paying rent.

“When you are a staff working there, you can easily ask for a loan and they will deduct it from your salary.: IDI 3, Male, 30, Single, Muslim

Commercial banks:- The majority became aware of this through word of mouth and bank communication stating their product offerings. People close to a few participants have accessed short-term loans from different commercial banks, but they had no details on the complete requirement. There is a widespread perception that they would be disqualified from accessing a loan from commercial banks because they do not have collateral and high-interest rate. Word of mouth, not a physical encounter with the banks, drives this perception.

It is also widely believed that loans from commercial banks are only accessible to people working in formal employment as they have a steady source of income to make the repayment.

“Personal savings from commercial banks is when you save a certain amount of money and you are allowed to get a certain amount of loan for housing, school fee etc.” - IDI 6, Female, 38, Widowed, Christian

“When you are a government employee or when they know you have a good source of income where they can get their money back they lend you money”. - IDI 5, Male, 38, Married with children, Christian

“I am familiar with this from GTBank⁶ where they charge an interest rate of 1.5%. - IDI 9, Male, 32, Married, Muslim.

Cooperative groups:- It's a member-only savings and loans group. Formed by a group of people with common goals and interests - colleagues, a group of hairdressers, a group of IT gadget sellers at a market - they save and loan one another money for a while, as much as

⁶ Guarantee Trust Bank (GTBank) is one of the leading commercial banks in Nigeria.

x2 of the individual's savings. A little interest is charged on loan received. It is easily accessible as no collateral or guarantor is required to access the loan. For example, FIRS⁷ cooperative society is managed by non-FIRS staff due to the number of members and for transparency.

Seeing the benefits of cooperative societies, people in the informal sector have started setting up cooperative groups for members of like minds irrespective of age, gender, ethnicity, and religion. Among the respondents we interviewed, no one was using cooperatives. However, two of the participants in the informal sector claimed they had just started cooperatives in their respective work environments.

Islamic financing:- When people think of Islamic finance, Jaiz Bank comes to mind; the majority of the participants became aware of Islamic banking/finance through their networks. Interest-free loan is the primary attribute identified with Islamic finance. A few Christians also expect Islamic finance to serve only Muslims to avoid a religious crisis. However, the level of knowledge is not based on the religion they practice but an intentional effort to learn and know more about the various financing options.

"It is a non-interest loan example mujaraba where a group of people can come together to share a pool of funds. There is another one where the bank will finance the project for you and add the profit and sell it back to you. I went to the bank to get information about it. I was unable to get the loan because I didn't have a stable source of income." IDI 1, Male, 52, Married, Muslim

"I don't know anything about them; I use to hear about them, and they always help people." IDI 3, Male, 30, Single, Muslim

"Jaiz bank should have something like this to encourage the Muslims to save." IDI 4, Female, 32, Single, Christian

Loan from Government:- It is believed by the majority of the participants that loans from the government are only accessible to government workers and not regular citizens. This is further entrenched in non-government workers who applied but failed to qualify for or receive the loan. A few participants became aware of government loans on Facebook, and they followed the call to action but met a dead-end.

"You have to work for a number of years, and I think it depends on the parastatal you are. The number of your work years will also influence the offers you get." IDI 4, Female, 32, Single, Christian

"People in my place of work, they work with the government and most of the houses are given to them by the government. Most people who work with the government, receive loans from the government." IDI 8, Female, 30, Married, Christian

"They support people who work under them as a worker. You must be a government worker before they can help." IDI 10, Male, 32, Married, Muslim

Real estate companies- Awareness is primarily driven by massive investment in advertisements - fliers, social media - Twitter, Instagram, word of mouth, etc. Participants know that real estate companies sell land and properties and can access authentic CoOs⁸

⁷ The Federal Inland Revenue Service (FIRS) is the agency responsible for assessing, collecting and accounting for tax and other revenues accruing to the Federal Government of Nigeria.

⁸ C of O: A Certificate of Occupancy is a legal document issued by the government that proves that a person owns land in Nigeria.

for buyers. A few participants (only 2 of them) are also aware that they could subscribe to Rent-to-own schemes through real estate companies.

“I see them on Instagram or Twitter; if you want to buy a house, there will be a discount. I don't really know much about them, but I have been hearing about them.”
IDI 10, Male, 32, Married, Muslim

One of the participants, a woman in the informal sector who already has an incremental building, mentioned she could access a property through an NGO called [Abuja Moms](#). The NGO supports women based in Abuja to become homeowners. However, the majority of the participants had no depth in accessing housing finance from real estate companies.

Loan from pension funds administration:- There is low awareness of PFA among the participants, especially those in the informal sector. As such, awareness of loans from PFA was, expectedly, lower. A few participants in the formal sector and those previously in the formal sector were aware of the new policy allowing workers to access a certain percentage of their pension funds for personal use. Not all workers in the formal sector are enrolled in PFA. As such, awareness and uptake are low.

I heard you can take 30% of your pension to access a loan and the house must be registered under the PFA. Heard about it from an inlaw.” IDI 1, Male, 52, Married, Muslim

National housing funds (NHF):- There is low awareness of NHF among workers in the formal and informal sectors. A few have heard about the name but need to understand its meaning and how to access it.

National Housing Fund (NHF) is a Federal Government scheme, which entitles all Nigerians above the age of 21years in paid employment to a low interest, government funded loan. Members of the scheme contribute 2.5% of their monthly salary to the fund through Federal Mortgage Bank of Nigeria. The maximum amount obtainable under the NHF used to be N5 million but has since been increased to N15 million. The borrowed capital is repayable over a maximum of 30 years at the rate of 6% interest.

“The big staff in my office source loan from there and I think they deduct it from their salary. It is a compulsory deduction from the salary of any staff of any organization.”
IDI 9, Male, 40, Married, Muslim

Federal staff housing loan: This is a strictly housing loans for government workers. A few participants stated it's a government-driven initiative targeted at government workers. As such, it's a loan only accessible to civil servants (government workers). Overall, there is a low awareness of this type of housing finance among the majority of the participants we interviewed.

“They give houses to civil servants and they pay back in instalments.” IDI 4, Female, 32, Single, Christian

A church member works there and I know they deal with most of the houses in Gwarimpa.” IDI 7, Female, 27, Single, Christian

“I knew it from a friend who has used it. They take from their salary and every month they deduct a percentage from their salary.” Pilot 1, Females, 37, Widow, Christian

Aided and unaided awareness	Usage
<p>Highest recall (9 -10 mentions)</p> <ul style="list-style-type: none"> • Microfinance banks- 10 • Monthly contribution- 9 • Personal saving - 9 • Money from business- 9 • Loan from family and friends- 9 • Loan from commercial banks- 9 <p>Mid recall (6 -8 mentions)</p> <ul style="list-style-type: none"> • Loan from the government- 7 • Islamic financing- 7 • Cooperative society- 6 • Real estate companies- 6 <p>Low recall (0 - 5)</p> <ul style="list-style-type: none"> • Savings group- 5 • Pension fund administration (PFA)- 5 • Federal staff housing loan board- 4 • NHF- 4 • Loan from where you work- 2 • Federal mortgage bank- 1 	<p>Highest usage</p> <ul style="list-style-type: none"> • Personal saving- 10 <p>Mid usage (6 -8 mentions)</p> <ul style="list-style-type: none"> • Monthly contribution- 8 <p>Low usage (0 - 5)</p> <ul style="list-style-type: none"> • Money from business- 3 • Saving group- 2 • Loan from the workplace- 2 • Loan from family and friends- 1 • Federal housing loan board- 1 • FISH⁹- 1 • Microfinance bank- 1

Table 1: List of housing financing options they are **aware of vs current usage**

The table above shows a high awareness for 10 of the housing financing options showcased. However, usage is primarily limited to Personal Savings and Monthly Contributions - options sourced internally. In accessing external sources, 5 (4 males and 1 female) have tried to access housing finance - to pay rent; 2 of them are in the informal sector and 3 in the formal sector but only 3 of them successfully accessed short-term loans from 1. microfinance bank 2. Workplace 3. a friend.

Summary: Challenges in accessing housing finance

- Inability to access sufficient funds from their network for substantial housing projects: personal savings, a monthly contribution, or loan from family and friends
- Low monthly income impacts the amount they can access from their workplace.
- Lack of collateral and guarantor prevent them from accessing loans from commercial banks and microfinance banks.
- Lack of awareness and knowledge impedes them from accessing loans from the government, real estate companies, etc.

Preference: Most Preferred vs Least Preferred

The preference for the different housing financing was primarily driven by the level of knowledge of the finance options, ease of access, ease of repayment, and comfort. We also

⁹ FISH: Federal Integrated Staff Housing is a federal government loan for only its workers

observed that participants in the informal sector use money from business; while the formal sector use the loan from workplace. This section shows the level of preference from top to bottom.

1. **Personal savings and monthly contributions** are the most preferred because of the ease of accessing finance; it's devoid of stress and provides lasting peace of mind. However, it was agreed that it would take a long time to actualize a housing project with these sources of finance. They are also the most accessible, as no one is required to approve before the fund is accessed.

2. **Cooperative society**: Given its communal nature, participants believe a sense of humanitarian feeling is associated with sourcing housing funds from cooperatives. They are believed to be humane and easy to relate with. Funds from cooperatives are easily accessible because there is usually an existing relationship with the group members.

3. **Loan from the workplace**: Short processing time and the convenience of repayment make it preferred. Repayment will be made from their monthly salaries. The loan from the workplace is easily accessible because the borrower currently works in the business, and no collateral is required.

4. **Loan from microfinance bank**: While it is easy to access and preferred, it is believed that microfinance banks are designed to extort people due to the high-interest rate and short repayment tenure. However, it is preferred to loans from commercial banks.

5. **Real estate companies**: The awareness is low among the participants as they do not know how to approach the real estate companies. In addition, participants were skeptical about accessing genuine real estate companies to avoid demolition and fraudulent transactions.

6. **Loan from the government**: Some participants prefer government loans because they expect them to be accessible to all Nigerians. They expect them to be more reliable than personal loans. They believe it is an interest-free loan and offers an extended repayment period. In reality, it's not an interest-free loan but it's for an extended period of time. Participants also perceived that to access loans from the government, you need to:

- be a government worker
- know someone senior in the government office
- have substantial collateral
- have many guarantors

7. **Loan from commercial banks**: A few participants believe that loans from commercial banks are accessible to their existing customers, and they can offer considerable loans to meet housing finance. However, the majority of the participants believe that commercial banks loan is not accessible because:

- Of the need to have a stable means of income (stable job)
- Need for the certainty of repayment before accessing the loan - *"commercial banks do not have mercy on you. For commercial banks, you have to be 99.9% sure that you are going to pay back before collecting a loan"*
- Loan defaulters are usually under severe stress - *"It is usually trouble once it is time for payment and you don't pay."*
- Need for valuable collateral that is unattainable by Nigerians - *"Many of us cannot provide the collateral requested by commercial banks"*
- Request for referral (surety) from a senior level officer

8. Money from business: It provides peace of mind but might affect the sustenance of their business.

9. National Housing Funds (NHF): The majority of the participants are unaware of how to access NHF. However, a few claimed that borrowers would be able to access millions of naira for the housing project as its a government-initiated loan. One of the participants who are aware of the initiative stated that *“I prefer it because it comes cheap. Most of the houses are low cost, and they are not built with so many fancy designs.”*

10. Loan from family and friends: The majority of the participants are uncomfortable accessing loans from their family and friends because:

- they fear that in the event of disagreement, F & F will ridicule them
- can lead to conflict if they default
- no one to provide them with a housing loan in their network due to a lack of funds

11. Federal staff housing: One of the least preferred housing financing as it is only accessible to government workers. A few claimed you need to know someone in the government to access it.

12. Loan from PFA: The majority of the participants are unaware of this source of housing finance. For those who are aware, there is limited information about how to access the loan. One of the participants believed that 25% of the total pension is available to pensioners, and the monthly interest is suitable, but accessibility to the loan is a huge problem.

13. Islamic finance: The name is common among most participants, but the mode of operation and its accessibility remain elusive to them. It is believed that:

- Islamic finance discourages interest; the finance provider does not add interest on borrowed funds
- Interest-free, but there is a need to provide collateral e.g. C of O
- Flexible repayment

14. Loan from federal housing authority- There is low awareness of FHA among the participants. However, among the few who are aware, it is believed that the Federal housing authority provides loans at a low-interest rate and the repayment plan is flexible

15. Federal mortgage bank: This source of housing finance is unknown among the majority of the participants. However, it is believed that since it is government related, the loan and repayment plan would be flexible.

Preferred housing financing options	Accessibility
<p>Most preferred (9 -10 mentions)</p> <ul style="list-style-type: none"> • Personal savings • Monthly contribution 	<p>Highest ease of access</p> <ul style="list-style-type: none"> • Personal saving
<p>Mid-level preference (6 -8 mentions)</p> <ul style="list-style-type: none"> • Cooperative society • Loan from the workplace 	<p>Mid access (6 -8 mentions)</p> <ul style="list-style-type: none"> • Monthly contribution • Cooperative society

<ul style="list-style-type: none"> • Loan from microfinance banks • Real estate companies <p>Least preferred (0 - 5)</p> <ul style="list-style-type: none"> • Loan from the government • Commercial bank • Saving group • Money from business • NHF • Loan from PFA • Federal staff housing • Loan from family and friends • Islamic finance • Federal mortgage bank • Loan from federal housing authority • FISH 	<ul style="list-style-type: none"> • Loan form workplace • Loan from microfinance bank • Money from business <p>Lowest access (0 - 5)</p> <ul style="list-style-type: none"> • Money from business • Saving group • Loan from the workplace • Loan from family and friends • Federal housing loan board • FISH • Microfinance bank
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Table 2: List of housing financing options they **Prefer vs Accessibility**

2.6 Processes of accessing housing finance - pros and cons

This study revealed that five (four males and one female) of the participants have tried to access housing finance - to pay rent; 2 of them are in the informal sector and 3 in the formal sector. 3 of the applicants got short-term loans from: 1. Microfinance bank 2. Workplace 3. a friend.

In terms of accessing housing finance, participants have standard expectations from becoming aware of the housing finance, accessing it to interest rate, and repayment tenure.

Accessibility: This is one of the pressing requirements for low-income earners, given their past experience with accessing housing finance and loans from external sources like government and commercial banks. They expect housing finance to be accessible to all Nigerians regardless of the socio-economic class, level of influence, or people in their network. It is expected that ideal housing finance will resonate with them irrespective of the language they speak and their literacy level. In addition, they expect the process to be smooth and less cumbersome. We believe that creating awareness and assuring the public of the viability of housing finance would be the first step in convincing them of accessibility.

Requirements: The participants are all aware and comfortable with the knowledge that the financier would demand some requirements. If required, they are willing to share personal information with the lender. According to them, sharing their personal information proves that they are:

- in contract with the lender
- bound by the agreement
- have the opportunity for the lender to track them
- have an assurance that they are willing to repay the loan if given.

These requirements are classified as difficult and easy; some easy conditions are personal information like name, employer or place of work, family members, payslips for employees,

BVN, bank statements, and NIN. The difficult requirements identified are collateral, guarantor, and school certificates. Requesting school certificates is actually a worst-case scenario, but they have yet to request this from them.

“Yes because I think that is where they will get back to me because some people run away with their money, but that is how they can access me. And so that they can be comfortable¹⁰ giving me the money. I am not comfortable with bringing collateral (landed property), and school certificates.” IDI 5, Male, 38, Married, Christian

Easy requirements:

Personal information includes name, employer/work type, office, home address, and next of kin.

Bank Verification Number(BVN) details: BVN is a unique identification number that can be verified across all financial institutions in Nigeria. A customer’s BVN is mapped to the individual’s biological traits: Finger Print, Signature, and Facial photograph captured at the point of enrollment. If mandated, most of the banked population can readily provide this. However, in Nigeria, the banked population stands at about 55 million, according to a report by NIBSS.

The data from the Nigeria Inter-Bank Settlement System (NIBSS) shows that the number of bank account owners was 55 million as of May 29, 2022. Findings also show that 37 million adults, representing 36.8 percent of the adult population, are financially excluded.

It is expected that not all the banked population use their bank account regularly. As for the unbanked, some challenges impacting bank usage are access to identity, a lack of proximity to financial access points, and a lack of trust in the system due to incessant bank charges.

As easy as it is, the unbanked population cannot provide this requirement. Apart from the unbanked, a few banked populations are reluctant to share their BVN details due to safety advice provided by their bankers. In this study, all the participants were banked. Therefore, we were unable to ascertain the perception of the unbanked population.

“My bank told me that I should not release my BVN to anyone.” IDI 10, Male, 32, Married, Muslim, Married

Bank statements: This is an easy requirement for the banked, as bank statements are readily available to all account owners at an affordable cost. Again, this will impede the unbanked population from accessing housing finance unless they quickly open an account.

National Identification Number (NIN): NIN, issued by the National Identity Management Commission [NIMC], consists of 11 non-intelligible numbers randomly chosen and assigned to an individual after enrolment into the National Identity Database (NIDB). Once a NIN is assigned to an individual, it can never be reassigned, given, or used by another person - making it unique. The NIN is used to tie all records

¹⁰ The comfort level pertains to the financier. It gives them assurance that they can trust the end-users to repay or track them in the case of default.

about an individual in the database and to establish or verify their identity. Citizens and legal residents must enroll for the National Identification Number (NIN).

All the study participants were willing to submit their NIN if required to access housing finance.

“Yes but I cannot give my BVN, and that is why I don't ask for money online. I can give out my NIN, and voter's card but I can't give my BVN out because they can post it and use it for other things.” IDI 8, Female, 30, Married, Christian

Difficult requirements

Collateral: The majority of the study participants understood that collateral is an item of value pledged to secure a loan as it reduces the risk for lenders. If they default on the loan, the lender can seize and sell the collateral to recoup its losses. However, due to their socioeconomic class, they do not have access to such an item of value. According to the participants, examples of collateral are land, property, gold, buildings, exotic cars, etc.

“Yes, I have to share my information because without that they can't have access to me. I can share my name, bank account, BVN but submitting collateral will be difficult because I don't have. There is no company willing to borrow you money that won't take your NIN” IDI 6, Female, 38, Widow, Christian

Guarantor: The majority of the participants do not have access to people of influence in their family and network. As such, hardly anyone can act as a guarantor for people in the socioeconomic class. Therefore, should this be a stringent requirement, most of the people in this socioeconomic class targeted for this initiative will fail to meet it.

“If they require collateral, I won't be able to meet with it. That is why they should ask for a guarantor.” IDI 7, Female, 27, Single, Christian

Processing time: The participants had varied expectations in terms of the processing time for the housing finance ranging from a few weeks (1 - 4 weeks), a few months (1 - 3 months), and less than a year (6 - 12 months). The majority expect the processing time to be at most 12 weeks.

Loan value: Considering the type of house they intend to build and live in, the majority want a loan of 1 Million - 6 million (1,776 - 10,657 GBP); a few want N8m - 15m (14,209 - 26,642 GBP).

**Exchange rate: 1N = 563*

Interest rate: The majority of the participants expect the loan to attract certain interest as it's a way for the lender to make some money since they are not a charity organization. Only 2 participants expected the housing finance to lack interest, especially from the Nigerian government. Most expect a 1% - 5% interest rate on loans; others expect 6% - 10%. Only 2 participants expect between 11% - 20%.

"2% because it is not a business loan that you are using to make money. So there should be a little interest " - Pilot 1, Female, 37, Widow, Christian

"Interest of 5% all through 15 years of service." IDI 2, Female, 43, Single, Christian

"They cannot collect interest like God, 5 percent is okay"- IDI 4, Female, 32, Christian

"... commercial banks will charge interest, but Islamic finance will not go for interest - I will be willing to pay 1.5% interest for 10 years." IDI 9, Male, 40, Married, Muslim

Repayment Period: The findings from this study revealed that more than half of the participants want the repayment period to span 1 - 5 years. A few want a 6 - 10 years repayment period, and only one person wants more than 11 years. At the end of the day, they want ample time to repay the loan and still run their businesses or continue their savings/monthly contribution

2.7 Understanding the relationship between religion and housing finance

The majority of the participants - regardless of gender, age, religion, and marital status- have no inhibition toward accessing housing finance or any loan from a different religion than theirs.

"The Islamic bank doesn't charge much interest, I think it is against their religious beliefs, and I will even prefer them" IDI 6, Female, 27, Single, Christian

Despite their willingness to access loans from other faith-based organizations, especially Islamic finance, there is a very present and subtle concern around the requirements - they need to be converted to Islam to access the loan. All will not convert from their faith to access housing loans. However, its not a criteria but a perception from a few christians.

"No, since it's not going to affect me. My only concern is as long as they won't ask me to convert to Islam"- IDI 6, Female, 38, Christian, Widow

"Yes, I can collect from anywhere, apart from herbalists/traditionalists." - IDI 3, Male, 30, Muslim, Single

A few females, Christians, a mix of single and married, are very uncomfortable and unwilling to access Islamic finance to meet their housing needs. They claimed it was against their Christian faith and belief system.

"I will not even apply for any Muslim organisation; it is not made for people like me; the name written on it shows it is not for everyone"- IDI 8, Female, 30, Christian, Married

2.8 Women and Housing Finance

Owning a property is a cherished desire among all the study participants. They all desire to become homeowners. However, women are more disadvantaged, and this dream seems more arduous for them, especially unmarried women and single mothers than males. Certain societal misconceptions plague unmarried females on this journey:

- Men are more knowledgeable about housing issues - they pay attention to every detail like security, agreement, and other binding documents on the property or rent. Therefore, a male is supposed to agree with the house owner.
- Most women are unemployed and cannot pay their rent or buy properties.
- Single ladies or single mothers are promiscuous - different men will parade the apartment in the guise of dating and searching for “the one.”
- Sexual harassment from landlords: some male landlords try to have an affair with single ladies or single mothers; as such, wives of the landlord sometimes object to single ladies becoming tenants

“The first question they ask you is, are you married? My father will always want women to introduce her man to him before he rents out the house”- Pilot 1, Female, 37, Widow, Christian

“Men find it very easy than women because most men are workers, but married women depend on their husbands. For single women or mothers, most landlords will think they won't be able to pay the rent so it is difficult for them.” IDI 10, Male, 32, Married, Muslim

However, there is a bit of disparity between a woman seeking to rent an apartment and a woman who desires to buy a property. The societal misconceptions highlighted above firmly apply to the former (rental group), while the latter are unbridled by such assertions. Property purchase bestows certain respect and authority on the buyer regardless of gender, age, marital status, or religion. Interestingly, there are less barriers for women aspiring to buy properties. They are celebrated and respected for being wealthy or financially independent. However, a few people still criticize them if they're unmarried, but it doesn't prevent them from becoming homeowners if they can afford it.

“If it is before people look at a female owning property somehow and they feel she will not be submissive. Exposure has caused the change, so the majority don't think that way anymore, but some men still think that way.” IDI 5, Male, 38, Married, Christian

Largely, owning a property is a good thing and women get more respect for it. If a low-income earner builds or buys properties, she is accorded more respect and seen as hardworking. In the entertainment industry, however, when women buy properties, it is often believed that there is a man bankrolling the investment. To a few people in Nigeria, owning a house is a privilege reserved for males. Currently, it is believed that the housing finance available to women are:

- Savings
- Monthly contributions
- Money from their business
- Loans from microfinance banks, workplace, and occasionally from family and friends

These financing options are predominantly used because they are easily accessible and available, no third-party permission is required, and women are good at saving money.

“Women save more than men because men have more responsibilities.” IDI 9, Male, 40, Married, Muslim

“They don't need anybody to decide for them but for the other ones you need the signature from your husband to sign documents. Some women even lie and claim their husband is late just to access some of these loans.” Pilot 1, Female, 37, Widow, Christian

A widow shared a story of the abuse she was dealt by her landlord, who removed her window and her home extension.



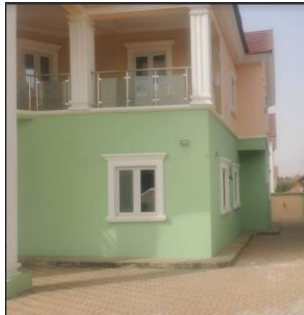
Widow's apartment was partly destroyed because she delayed paying her rent.

Watch: https://drive.google.com/file/d/103lPnUTji8aC9oGbSyQ_zWk8otkST3S_/view

Current home: https://drive.google.com/file/d/1ir1BmQf-4g1fBslwgyQt_Qgqx0kgJQL3/view

2.9 Future housing models and motivation for adoption

Participants shared a series of their ideal homes in the pre-task - pictures and sketches. Ultimately, we analyzed and shared three types of home designs in the co-creation exercise.



OPTION A - Block of flat



OPTION B - Bungalow



Option C - Duplex

Even though a few people selected OPTION A during the pre-task, more than half of the participants chose OPTION B, and a few selected OPTION C during the co-creation exercise. We also discovered that women's choice of house is majorly influenced by the aesthetics of the building e.g color and other decorative features. For men, they are more particular about the physical structure of the building.

OPTION B was preferred for the following reasons:

- Easily affordable - seems simple and less expensive
- Appears spacious
- A few mentioned it has a beautiful garden
- The tiles protect the building from water

OPTION C was preferred based on the height.

VARIANTS OF OPTION B



Option B



OPTION B1



OPTION B2



Option B3

The study revealed that Option B was the most preferred due to its aesthetics and layout, but B2 was more attainable due to budgetary constraints.

“If you want to start your life, a bungalow is good”- IDI 9, Male, 40, Muslim.

“I don't really like the B2, but it meets up with my budget”- IDI 6, Female, 38, Christian.

VARIANTS OF OPTION C



OPTION C



OPTION C1



OPTION C2

Option C1 has a double balcony, lovely colors, and a modern roof.



2.10 Green and sustainable housing

Green and sustainable housing is uncommon knowledge among all the participants. It doesn't resonate with them. They are more concerned with having shelter over their head than a sustainable building.

When they think of sustainable technologies, nothing comes to mind, but at the mention of Solar power, many mention that:

- It reduces generator noise (yet only about 1.25% of Nigeria's population currently uses it)
- It saves money as they will spend less on fuel for generators
- Saves on electricity bill and prepaid meter
- Constant power supply and for security purposes

The adoption of affordable green homes is low in Nigeria for the following reasons:

- Lacking knowledge of technical know-how
- Low awareness of the technology
- Perceived to be expensive

A shelter is a must-have; an affordable green home is nice to have. Therefore, people can own such homes if a rent-to-own affordable green home is designed and built for masses.

3.0 CONCLUSION

Low-income earners, like top earners, aspire to become homeowners. They desire to live in a community or gated estate and be secure in terms of living without fearing property demolition. Beautiful environment, with basic social amenities, a place they can call home.

The challenges they face in becoming homeowners are predominantly a lack of finance, fear of purchasing unauthentic lands, agents selling the same land to multiple people, difficulty accessing government-approved lands, and property demolition by FCDA.

In terms of awareness, there is low awareness of how to source housing finance. There is also a perception that most external sources of housing finance are not attainable to their socio-economic class due to their income bracket. It was also discovered that their means of livelihood, where they work, and the nature of their job, impact the housing finance information accessible to them. Therefore, they currently look inward to source housing finance.

The most used and accessible sources of housing finance to them are personal savings and monthly contributions. With these sources, they have no need for collateral or guarantor, or interest. However, it is extremely limiting, and they cannot achieve their housing goals. They consider the interest rate, repayment tenure, and schedule when compelled to source housing finance from external sources. They also expect the lenders to request some information, whether personal or impersonal, easy or difficult. The majority of the participants were comfortable sharing personal information because they expect the lenders to be able to track them with such details. Some personal information they are willing to share with the lenders are their names, employer/work type, office, home address, next of kin, BVN, bank statements, and NIN. Collateral and guarantor are requirements that are difficult to provide because they need access to such valuable items or people.

This study revealed that low-income earners have no inhibition in accessing housing finance from any source, including Islamic finance. The majority of the participants - regardless of gender, age, religion, and marital status - will access housing finance from any source. Only two Christian females insisted they would not access housing finance from a different religion than theirs.

We discovered a gender-based prejudice toward women, especially single women and single mothers, regarding renting properties. Certain societal misconceptions that plague unmarried females on the journey are:

- The perception that men are more knowledgeable in this area
- Most women are unemployed and cannot pay their rent or buy properties.
- Single ladies or single mothers are promiscuous - different men will parade the apartment in the guise of dating and searching for “the one.”
- Sexual harassment from landlords: some male landlords try to have an affair with single ladies or single mothers; as such, wives of the landlord sometimes object to single ladies becoming tenants

Green affordable housing is not a common phenomenon in Nigeria because there is low awareness of the technology, most homeowners cannot afford the cost of hiring a professional/consultant with such technical know-how, and it is perceived that sustainable technologies are typically expensive.

4.0 RECOMMENDATIONS

Based on the findings identified in this study, there is a need for a holistic review of the housing financing process to critically tackle the ingrained perception and create a behavioral change that will facilitate the awareness and increased adoption of external sources of these financing options among low-income earners.

Therefore, we recommend two-pronged solutions targeted at the government, financial institutions, and end-users.

1. Creation of a strong partnership between the public and private sectors:
 - a. **Public financing and accessibility:** Since lack of access to finance is the overarching challenge in becoming a homeowner among the target audience, we recommend that the government source funds internally and externally to support and bridge the gap in the housing deficit. We recommend that Rent-To-Own is adopted, so funds are not diverted to other purposes and the problem of bulk funds is eliminated. The fund for the building could be channelled through a steering committee consisting of representatives from the public and private sectors to mitigate mismanagement and misappropriation of funds. Specifically, the ministry of housing and works, the ministry of finance, federal mortgage banks, private mortgage banks, commercial banks, microfinance banks, private sector property developers and community representatives.

We recommend rent-to-own because it will mitigate 5 challenges:

- sourcing bulk equity contribution is completely eliminated
 - issue of money being diverted for other purposes avoided
 - assurance that the property is secured and the realtor has a C of O. So, no property demolition in future
 - not concerned with getting government approval on the land
 - misappropriation of funds by project team is largely reduced
- b. **Policymaking:** There is a need to create policies that strictly define low-income earners, how funds or properties will be disbursed and the requirements for eligibility.
 - c. **Periodic monitoring and evaluation:** Setting up a monitoring and evaluation team to ensure funds or properties are disbursed to the correct profile and repayment is made as scheduled is imperative. It will help to safeguard the resources and disbursement and keep the project team accountable. Periodic monitoring and evaluation will also provide fidelity of implementation.
 - If rent-to-own is the preferred option, consider building properties strategically where it is central enough for residents to live and commute to their means of livelihood easily and relatively cheaply.
 - For those who prefer to build, the process of land verification should be automated and updated regularly so that without a physical visit to a government office, applicants can see if the location of the land is earmarked for other purposes or suitable for their intended purposes.

2. Creating awareness and assuring the public of the viability of housing finance would be the first step in convincing them of accessibility.
 - a. Mass media should be deployed to create awareness in different languages and at different times to sensitize the public to the availability and accessibility of homes or funds.
 - b. Authentic testimonials should be available in the public domain to make them malleable.
 - c. Process of request and disbursement/allocation to be automated and transparent.

APPENDIX 1

Diary study | Pre-task

Project Build

February, 2023

Research objectives recap

- Understand perceptions from end users on the different options for end-user finance in the Nigerian market
- Understand the perceptions of end users towards different housing options and availability
- Conceptualise/co-create the type of housing and housing finance models most suitable, affordable and achievable to the target audience

Diary Session Instructions:

Participants willing to partake in the task must be willing to freely express themselves by recording a 2 - 5 minutes-long video and/or pictures to answer the subsequent questions in the task.

Q1: Think about all the houses you have ever lived in and draw the trajectory of your movement. The sketch should include the number of rooms, the number of years you lived in the apartment for and the distance to the next location you lived at.

- Sketch, snap and send it to us (We will receive the hardcopy of the sketch before the IDI sessions)

Q2. Could you give us a short tour of your home?

Pls do a 2 - 5 minutes-long video showing us

- *the type of house you live in, the number of people living in the house*
- *Whether it's your own or rented and how long you have lived here for*
- *Specific area and state whether the community is densely populated or not*

Q3: What are the things you like about your home and why do you like those things?

Q4: What are the things you dislike about your current house and why?

If it's a rented apartment, ask:

Q5: How do you typically pay your rent? - cash, bank transfer etc

Q6: How much is your rent, how often do you pay - monthly, quarterly or annually?

Ask all:

Q7: What are those things you would love to change about your home or environment? Why do you want to change them?

Q8: If you were to build or buy a property, how would you typically finance that project?

List all the options you can explore - irrespective of whether you have used them or not

Q9: Could you share a sketch of what your desired home should look like and the amenities you expect to have there?

APPENDIX 2

In-depth Discussion Guide - Project Build - February 2023

Notes on this document

This document outlines how we plan to run the in-depth interview sessions. Please note the following:

- This guide provides an outline for the sessions, not a rigid script
- Questions may not necessarily be asked verbatim
- In addition to the questions listed below, the facilitators will ask questions during the sessions to assess the respondents' reactions
- The procedure may vary from participant to participant according to their interests and response
- Timings within the document are approximate.
- The order of questions is just a suggestion

Research Objectives

1. Understand perceptions from end users on the different options for end user finance in the Nigerian market
2. Understand the perceptions of end users towards different housing options and availability
3. Conceptualise/co-create the type of housing and housing finance models most suitable, affordable and achievable to the target audience

Session Overview

- There will be twelve (12) 60-minute one-on-one sessions
- The sessions will be divided into the following parts::
 - Orientation: (5 mins)
 - Section 1: Background questions (7 mins)
 - Section 2: Housing fears & aspirations (8 mins)
 - Section 3: Exploring housing financing options and end-users' perceptions (30mins)
 - Section 4: Women and housing (5 mins)
 - Section 5: Co-creating housing solutions (10mins)
 - Section 6: Wrap-up (5 mins)

Orientation

(2 minutes)

Welcome- Make sure the participant is comfortable and knows they are appreciated.

Thank you for joining and participating with us in our study today - My name is and I work for an independent research company. This is what I do; I talk to people like you to gain a deeper understanding of how they use a variety of products and today we will be chatting about your perceptions on housing and housing finance. I do not work for or in any of the sectors/industries that will be mentioned in the course of the study. So, I would appreciate it if you would be yourself and share your honest opinions as there are no right or wrong answers.

Recording - This session is being recorded and I have some of my colleagues logged in and they will be taking note so that we can capture all your answers as I cannot be talking to you and taking note at the same time. They will not be interacting with you and this chat is just going to be between the two of us.

Confidentiality - We will produce a report on all of our discussions however, everything will be kept confidential, you will not hear your name or see your face on TV, internet or anywhere else.

Please put your phone on silent so as to ensure the session is not interrupted. Any questions before we begin?

Legend of colours used in guide:

- **Purple text** - Context / Setting the scene for the participant (spoken but to be used as a guide by the facilitator)
- **Orange text** - Timekeeping note

Section 1: Background questions

(7 minutes)

Setting the scene: Let's get started, could you please briefly introduce yourself?

1. Tell me a bit about yourself:

- Your name, age, what do you do for a living, where you live and your marital status
 - **(note to moderator): Ask all:**
 - Do you have children? How many children? How old are they?
 - **(note to moderator): If separated or widowed, please ask:**
 - Do your children live with you? How many of them live with you? How old are they?
2. Where are you originally from? When did you move to Abuja? Why?
 - If you were to summarise your experience living in Abuja, what would it be?
 3. We asked you to draw/sketch the houses you have lived in and moved from the past 10 years to now. Can you please bring the sketch, I would like us to talk a bit more about it today.
 - **[Based on their drawings ask:]** why do you change apartment every **[insert frequency]**?
 - How do you know it's time to move from one apartment to another ?
 - What are the factors that make you move?
 4. **[If not mentioned, ask:]** Is financing ever a factor that propels you to move? Please explain
 - How much do you typically pay as rent?
 - What is the payment schedule?
 - Do you pay monthly, quarterly or yearly?
 - Who makes the payment?
 5. Considering the housing payment and your monthly household income, how easy or difficult would you say it is to keep up with your housing needs?

Section 2: Housing fears & aspirations (8 minutes)

Objective: Get an understanding about participants' aspirations, fears and barriers to owning property in Abuja and its environs.

6. Thinking about all your aspirations around different aspects of your life, what are the specific aspirations you have related to housing and accommodation?
 - Example: move to a spacious rented apartment in an upscale area, buying and building own property, procuring land, procuring building, completing/finishing up their building etc
 - **[Check if it aligns with pre-task entry:]** how do you intend to bring these aspirations to reality?

7. What are your main worries or concerns around these aspirations?
8. What are those things preventing you from achieving these goals?
 - Examples: financing, land grabbers, level of income etc
9. Generally, when it comes to becoming a homeowner, what are the general restrictions and hurdles?
 - Examples: being a woman, being underage, financing, income from work isn't sufficient, no credit system, no functioning mortgage system, not eligible for loan criteria etc
 - If being a woman is mentioned, ask: what are all the challenges you or someone you know have experienced in terms of becoming a homeowner by the virtue of being a woman?
 - If financing is mentioned, ask: what kind of challenges have you experienced in terms of financing/renting a home? Is it in accessing loan etc
 - How does it make you/them feel?
 - How did you/they resolve it?
 - In future, how can this issue be forestall?
10. Personally, what are the problems you might face on your way to becoming a homeowner?
11. At what age do you feel it is ideal to become a homeowner? Why?

Section 3: Exploring housing financing options

(30 minutes)

Objective: Get an understanding of housing financing available to participants and perception to the different financing options

12. Let's assume that you are in the process of **[insert their aspiration / current state]** **[building or buying or completing]** a property of your dream, how would you typically fund that project considering your current state? Please tell me all the sources of financing you will consider or that are available to you? **[Get a list of viable options]**
 - Are there other financing sources you would consider apart from the ones you

have mentioned?

- Are these financing sources restricted to housing alone?
-

13. How did you get to know about these sources of housing financing?

14. When it comes to sourcing information about housing finances, who do you trust to give you accurate and timely information? Why?

- Probe for social media, newspaper, TV, individuals, institutions, government etc

15. Who do you not trust to give you the right financial housing information? Why do you not trust them?

- Probe for social media, newspaper, TV, individuals, institutions, government etc

16. What has been your experience sourcing housing funds through this medium?

17. Are there any factors you consider when sourcing housing funds? If yes, what are they?

18. What are the challenges you encounter accessing funds to meet your housing needs?

- Has this impacted your housing goals? If yes, please share your experience with us in what way has it hindered your housing needs?

Sorting exercise 1

19. Let's do a quick exercise of the different housing financing sources you and others like you have mentioned. In the first task, i will show you the different housing sources and you will tell me the ones you are aware of, how you became aware of them, and what you know about them. - **Present showcard with the following names and any new ones mentioned in Q13**

- | | | |
|------------------------|---------------------------------|---------------------------|
| 1. My personal savings | 2. Loan from family and friends | 3. Loan from my workplace |
| 4. Loan from banks | 5. Loan from government | 6. Savings groups |
| 7. Cooperative groups | 8. Islamic finance | 9. |
| National Housing Funds | 10. Real estate companies | |

Sorting exercise 2

20. In our second task, I want you to show me the housing sources you have ever used or accessed for housing needs?

Sorting exercise 3

21. First, I want you to ***rank the different housing finances on your most preferred to least preferred option*** and why you rank them in this way.
22. Now, I want you to ***rank the different housing finances on how easy it is to access them*** and why you rank them in this way.
23. Lastly, on a scale of 1 - 5, with 1 being very difficult and 5 very easy, how easy or difficult will it be to access the different housing finances? **[Print out the scale and show them]**
 - 1 - Very difficult
 - 2 - Difficult
 - 3 - Not difficult or easy
 - 4- Easy
 - 5 - Very easy
24. Why did you give such a rating? - **[Specifically probe for formal loan system like banks and government etc]**
25. If you could access housing finance from any of the sources we have listed above, what would you expect the process to be like?
 - What do you expect them to request from you?
 - How much do you expect them to loan you?
 - What is the average processing time? How short and how long?
 - Do you expect them to charge interest? How much?
 - How about the repayment period?
 - Do you feel comfortable sharing your personal information with these different financing sources? How about during credit assessment process? Why/why not?
26. As a **[insert religion]**, how will you feel about getting housing loan from **[another faith-based lending organisation]**?
 - Do you have any concerns or worries about this? Why/why not?
 - Will you be willing to get housing loans from another faith-based organisation?

Section 4: Women and housing

(5 minutes)

Objective: Get an understanding of gender-based prejudice in relation to owning or renting properties in Abuja and its environ

I know we have discussed this before, we will spend a bit of time talking about this issue quickly

27. As a Nigerian, do you think renting a property comes easy to both genders?
28. As a Nigerian, do you think owning a property comes easy to both genders?
29. Which gender experience the most difficulty in renting a property?
30. Which gender experience the most difficulty in becoming a homeowner?
31. What do you believe is responsible for this behaviour in the country?

[If women not mentioned particularly, ask:]

32. Let's talk about women generally, do you think women experience any gender-based restrictions when it comes to renting accommodation or becoming a homeowner?
33. Specifically, do you think women experience any kind of challenges/restrictions when it comes to owning or renting properties?
 - What are they?
34. How do they manage to overcome this challenge?
35. What kind of housing finance is particularly easy for women to access? Why?
36. Are there some housing finance that are particularly difficult for them to access by the virtue of their gender? Why?
37. Which housing finance do you think women adopt more than the other? Why?

Section 5: Co-creating housing solutions

(10 minutes)

Objective: To delve deeper into what the participants have already shared regarding housing solutions to met their needs

We are getting to the end of our discussion! I know you already shared your ideal home within us **[Refer to PAX response from the pre-task]** let's chat a bit about it. **[Show different concepts developed by the participants]**

38. Which of these designs is suitable for your budget and still meet your housing needs?
39. What part of the designs do you like the most? Why?
40. What part of the designs would you like to improve on? Why?

41. Which of the housing financing options would you want to explore to meet your housing needs?
42. What influenced your choice of the financing option?
43. What factors affect your choice of housing model?
44. How many years do you think will be ideal to achieve your kind of housing model?
45. When thinking about owning a home, how important is it that your home is built in a green and sustainable way?
 - Green building, or sustainable design, is the practice of increasing the efficiency with which buildings and their sites use energy, water, and materials, and of reducing impacts on human health and the environment for the entire lifecycle of a building.
46. How important are sustainable technologies such as solar power to you when you think about owning your own home?

Section 6: Wrap-up

(5 minutes)

Objective: Final insights and feedback

41. What are some of the things that you think housing financing options can do to make housing finance more accessible to people like you?
42. Any other feedback you might like to share with us

- End -