

Renaissance  
Capital

Charles Robertson  
+44 (207) 367-8235  
CRobertson@rencap.com

Nothando Ndebele  
+27 (11) 750-1472  
NNdebele@rencap.com

Yvonne Mhango  
+27 (11) 750-1488  
YMhango@rencap.com

## A survey of the Nigerian middle class



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# Executive summary

Nigeria's GDP rose fivefold from \$46bn in 2000 to \$247bn in 2011, according to IMF estimates, while the population has increased by over a third over the same period, from 119mn to 160mn. The magnitude of the increase in Nigeria's population between now and 2016 is the equivalent of adding another Romania; while, based on cautious IMF forecasts, the increase in Nigeria's GDP in five years will be equivalent to the addition of another Vietnam or Bangladesh. Nigeria's per capita GDP at market exchange rates has already increased from \$390 in 2001 to \$1,541 in 2011 based on IMF figures, and will reach nearly \$2,000 in 2016 if the pessimistic IMF forecasts are accurate, or \$2,500 in our more benign scenario. This tremendous growth story has encouraged us to conduct a survey of the booming Nigerian middle class, and we hope you find the results as interesting as we do.

This study was conducted with 1,004 middle-class Nigerians, of which 70% were aged 40 or younger. The participants resided in the cities of Lagos, Abuja and Port Harcourt. Our findings about the Nigerian middle class are summarised below:

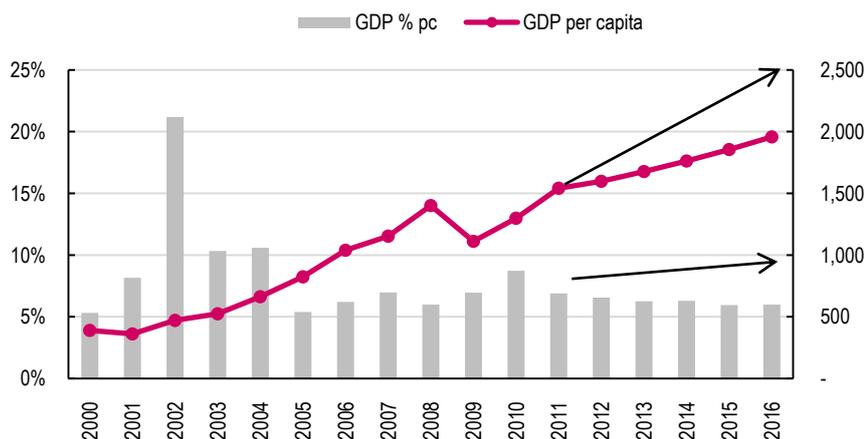
- Their average monthly income is in the range NGN75,000-100,000 (\$480-645, or roughly \$6,000-7,000 pa).
- The middle class make up about 23% of the Nigerian population, according to African Development Bank (AfDB) data.
- They are well educated – 92% have obtained post-secondary education or have studied at an institution of higher learning. Educating their children well is a top priority, and over half send their children abroad to complete their education.
- A sizeable 76% of our sample work in the public sector; of those working in the private sector, 38% run their own businesses.
- Most live in leased/rented accommodation (68%) with an average household size of 3.7 people. The average number of children in each household is 1.6 (excluding those away at school) vs a national average that is closer to 3; larger families are more common in rural areas.
- Nearly half have no immediate plan to move house, 18% are planning to move to a newly completed self-owned apartment and 8% are planning to move to another rented apartment.
- The average number of cars per middle-class household is 0.8 (around one third of middle-class Nigerians have a car that is less than five years old); 5% of homes have two cars. Car ownership remains well below levels seen in Zimbabwe, among others.
- The Nigerian middle class have a culture of saving, they care little about the deposit rate and don't expect to borrow from a bank. If they had the funds, they would rather invest in land/property than shares or bonds. Most do not have mortgages (which represent approximately 1% of GDP) or credit cards, though many expect to apply for the latter. As in many emerging markets, the consumer lending sector is woefully underdeveloped.

- Their principal sources of information are TV and radio. Forty-eight percent have internet access, but only 2% shop online at least once a month. There is huge scope for internet shopping, if logistics allow.
- The majority shop at open-air markets (73%), as well as use convenience stores (62%). Twenty percent dine out at least once a week.
- Only 15% have travelled abroad; 35% of households have at least one person with an international passport. The UK is the most favoured travel destination.
- Their key areas of concern over the next 12 months are the supply of electricity and unemployment, with between 19-23% citing these as concerns; while crime (5%) and corruption (3.5%) are seen as far less concerning.
- Three-quarters are optimistic about the future of Nigeria.
- A startling 96% of respondents are religious, and the third most cited reason for optimism about Nigeria's future is that God will make it better.

**The Macro backdrop**

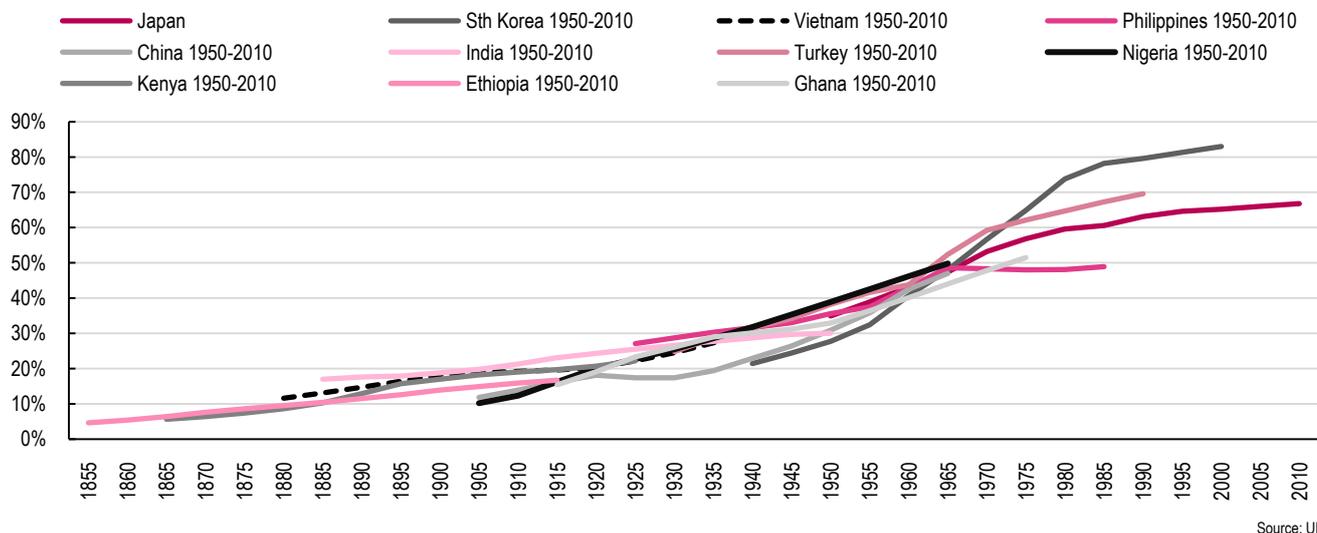
The Nigerian boom has seen the economy quadruple in size since 2000. Growth has averaged 8.6% over 2000-2011. In line with typical economist forecasts, the IMF assumes a modest slowdown towards 6.0% growth by 2015-2016, and they expect nominal naira GDP growth to half from 23% over 2000-2011 to just 12% over 2012-2016. These (somewhat pessimistic, in our view) forecasts suggest GDP will have nearly doubled from \$203bn in 2010 to \$359bn by 2016.

Figure 1: GDP % change and GDP per capita (\$) in current prices; arrows represent our more benign scenario



Source: IMF, Renaissance Capital estimates

Figure 2: Using Japan urbanisation data for 1950-2010, we can see how others countries compare

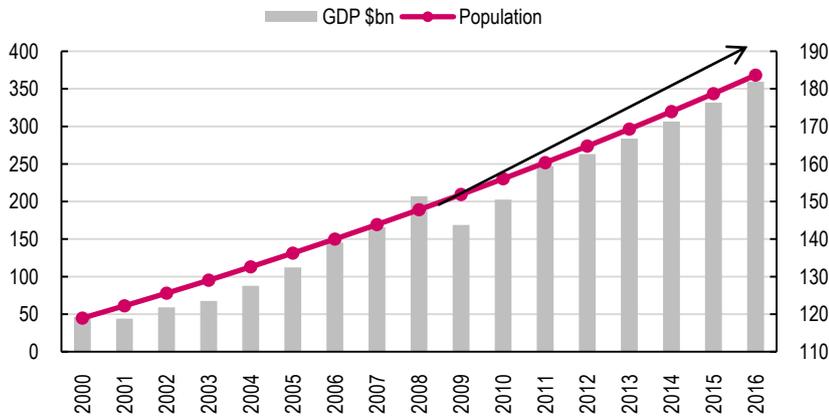


Source: UN

We disagree with the IMF forecast. Nigeria's urbanisation rate is now at around 50%, which is halfway through the period when GDP growth tends to be at its most rapid (from 40-60%). We think the plans to improve electricity generation and transmission could help GDP growth accelerate in the coming years. We would not be surprised if Nigeria is achieving double-digit real GDP growth on a sustained basis, and nominal GDP growth of 15-25%, by 2015-2016. A \$247bn economy in 2011 could be a \$460bn economy by 2016, assuming nominal GDP growth of 20% and a naira/dollar exchange rate of NGN155/\$1. The opportunities this provides to investors are dramatic.

Per capita GDP at market exchange rates has already soared from just \$361 in 2001 to \$1,541 by 2011, based on IMF data. The population has boomed too, from 119mn in 2000 to 160mn in 2011, and the IMF expects this to rise to 184mn by 2016. Based on the IMF's pessimistic numbers, per capita GDP will rise by another third to \$1,957 over the next five years, but we forecast a rise to \$2,500 in 2016 under our more positive scenario.

Figure 3: GDP (\$bn; lhs) and population (mn; rhs); arrow represents our forecast scenario

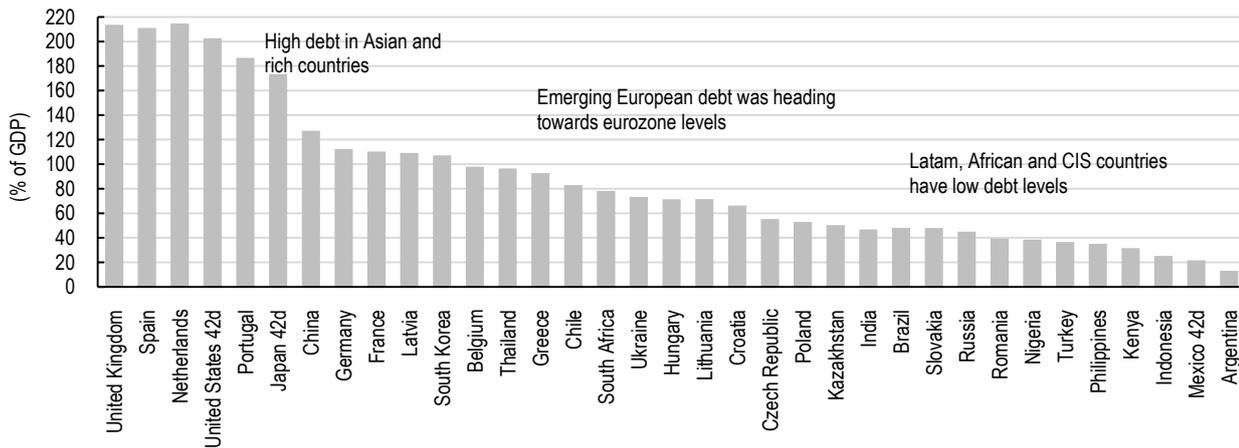


Source: IMF, Renaissance Capital estimates

A collapse in global commodity prices would invalidate both our and the IMF forecasts, but with oil at \$110/bbl over the course of 2011, even with US and EU growth that is as anaemic as it is today, and EM demand now responsible for nearly 60% of global oil demand, we cannot make this our base case.

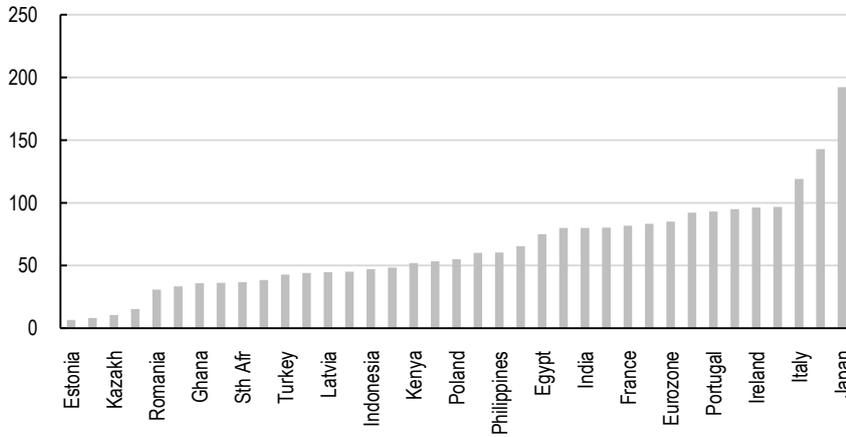
There are also upside risks. Nigeria today is one of the least indebted nations on the planet. With its virtually zero external or public sector debt and very low levels of private sector debt, any change in consumer and corporate demand for loans would allow for a dramatic borrowing increase, which may fuel consumption and investment growth that is faster than we forecast.

Figure 4: Private sector (household and corporate) debt as % of GDP, 2009



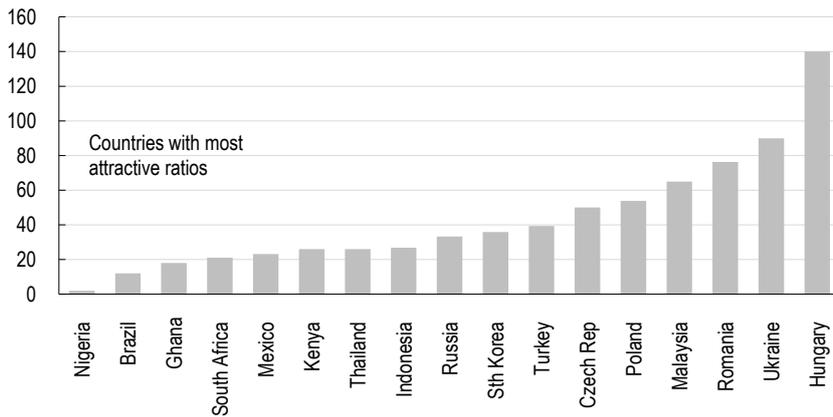
Source: IMF( 42d refers to a broader measure of banks due to specific country exceptions)

Figure 5: Total public debt as % of GDP, 2010



Source: Renaissance Capital, Eurostat, IMF, Bloomberg

Figure 6: External debt as % of GDP, 2010



Source: Renaissance Capital, Bloomberg, national sources

How should investors attempt to tap this growth boom? One route is via the products and services that the growing Nigerian middle class will be purchasing.

# Investment implications

The data suggest a number of investment implications:

## Consumer sector

- Consumer lending retail formats – We see great scope here, as white-goods ownership is still low: only 42% of the middle class own a fridge freezer, and only 8% a washing machine. This may be influenced by availability and affordability. If retail chains can offer 12-36-month credit for white-goods purchases, we would expect an increase in white-goods ownership. There is potential for consumer finance businesses to thrive.
- White-goods retailers – Between 20-25% of our respondents plan to buy microwave ovens, washing machines and dishwashers in the coming 12 months, and another 20-25% plan to do so within five years. Nigerians have a tremendous capacity to consume imported goods, given the low level of manufacturing in the country. We think there are good opportunities for retail, particularly in consumer goods. This is likely to benefit companies such as Walmart (through its Game stores).
- Lifestyle/leisure – Participation in leisure/lifestyle activities is low. Only a third of the middle class go to movies, and even less participate in physical activity, few travel abroad.
- Formalised retailing – The majority still shop in open-air markets. Formalised retailing is still in its infancy in Nigeria, which we see as positive for Shoprite, Walmart and others. As noted above, 48% of the population has internet access, so internet shopping also has potential.

## Home ownership/home improvement

- Housing developments – Many of the Nigerian middle class aspire to own their homes. The growing population and rising levels of wealth both have positive implications for housing developments and the supply of building materials and equipment; unsurprisingly, we see Dangote Cement as having good prospects.
- Home improvement – Those companies that sell home improvement products, to cater for the many Nigerians who eat and entertain at home, should prosper, in our view.
- Home ownership – Very good potential for investment, in our view; however, mortgage levels are very low. We think there is pent-up demand for affordable loans, both secured and unsecured, to fund future housing needs.

## Telecoms

- Mobile phone penetration is still just 53% according to MTN, vs 74% in Ghana, for example. Admittedly this figure is nearing saturation point for adults, but we see a threefold rise in revenues per adult. A fast-expanding middle class implies higher spending in the medium term. Mobile telecommunications dominate the sector, but internet penetration is increasing quickly – opening up Nigeria's online leisure and information market to the rest of the world.

## Higher education

- Given a lump sum to spend immediately, 67% of Nigeria's middle class would purchase land/property, but 36% also said they would spend it on education (double the 18% that would purchase a car or electronics, or the 15% that would purchase a vacation). The high level of interest in overseas education among the Nigerian middle class presents opportunities for those planning to establish local campuses, as well as for strategic partnerships with home-grown institutions.

## Banks and financial markets

- The banks with the best reputation are First Bank (76% have a favourable impression), Zenith Bank (72%) and GTB (60%).
- In contrast with the pretty low opinion of their banks many in the West now have, 78% of Nigerians trust their banks and 80% see them as their ideal financial services provider. But we think there is still scope for competition and innovation, as 28% say it is hard to withdraw money, 60% say it is not possible to borrow small amounts and 70% say it requires a lot of documentation to open an account. Naturally, 78% say the interest charged on loans is very high, which is probably true in any country, but just 31% say this about micro-finance institutions.
- Mortgages – Home ownership is low, hence we think this should be an interesting space for banks. The current drawbacks include: 1) concerns over property rights; and 2) the duration of banks' funding. Most banks are funded by cheap deposits with durations of less than one year. It's difficult to grant a 20-year mortgage given this asset-liability mismatch; a challenge that many others from Turkey to Russia and Brazil have had to confront, and when solved allows for a private sector debt boom.
- Banking penetration is very high among the Nigerian middle class (93% have a bank account), but far more Nigerians see banks as a place to store money, rather than as a source of loans. Eighty-one percent say that saving money is the reason to hold a bank account, while only 17% highlight the benefit of earning interest. It is little wonder then that banks can pay such low interest rates on deposit accounts.
- 84% of Nigerians have never applied for a loan, and at present 75-80% of our sample had no intention of applying for a loan on either a one- or five-year horizon. Just 20% see banks as being there to provide loans. This

may reflect the perception of high interest rates, but we think it also represents an opportunity for banks to transform the marketplace.

- Nigerian banks argue retail lending is difficult due to identification issues, and 74% of our respondents agreed that it's necessary to have a permanent address in order to get a bank account. Curiously, only 48% say this is necessary for insurance companies, and 43% for micro-finance banks. It implies to us that the model could be altered to make banking easier for the population.
- Banks' microfinance divisions – basically, we believe any unsecured retail lending products, be it credit cards or personal loans, should do well. Ninety-one percent of our sample has never used a credit card, but 42% intend to apply for one in the future. Most investors will be aware of the eventual dangers of rapid and excessive credit card growth, as in South Korea 10 years ago, but today we think it is a clear opportunity in Nigeria.
- Financial markets have room to grow. Given a large sum of money, 89% would deposit it in a bank, 32% would invest in land or property, only 19% would invest in stocks and shares, 5% would invest in government bonds and 4.5% would invest in FX. Turkish banks have ATM facilities that allow consumers to buy bonds directly, and we think this could be a growth sector in Nigeria; but one that banks may be reluctant to push, as it might force up deposit rates.
- Strong economic growth is fostering an entrepreneurial culture. When our sample was asked what investments they have planned in the next 12 months, more cited "starting a business" (19%) than any other answer; though investing in land came a close second at 17%, with purchasing a property following at 15%. When asked what they currently invest in, the greatest response was in their "own business" (48%).

# Nigeria: Basic facts

- Population in 2011: 160.3mn (IMF)
- Projected population by 2025: 237mn<sup>1</sup>
- Projected population by 2050: 433mn (third after India and China)<sup>1</sup>
- GDP in 2011: \$247bn (IMF)
- GNI per capita in 2010 (PPP dollars): \$2,160 (world average \$11,058)<sup>2</sup>
- Urban population: 51%<sup>1</sup>
- Natural population increase: 2.5%<sup>1</sup>
- Population aged <15: 43%<sup>1</sup>
- Population aged 65+: 3%<sup>1</sup>
- Mobile telephones in use in 2011: 53% penetration (source MTN)
- Internet users in June 2010: 44mn (28.3% penetration)<sup>3</sup>
- There were fewer than 50 passenger cars per 1,000 people in 2007, compared with nearly 200 in South Africa and 130 in Zimbabwe<sup>4</sup>
- The middle class: 34.5mn in 2008, or 23% of the population based on AfDB's classification (per capita daily consumption levels of \$2 or more). 5.7mn or 3.8% in the upper-middle class, with per capita consumption levels of \$10-20 per day<sup>4</sup>

<sup>1</sup> Population Reference Bureau, <http://www.prb.org>

<sup>2</sup> World Bank, <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GNIPC.pdf>

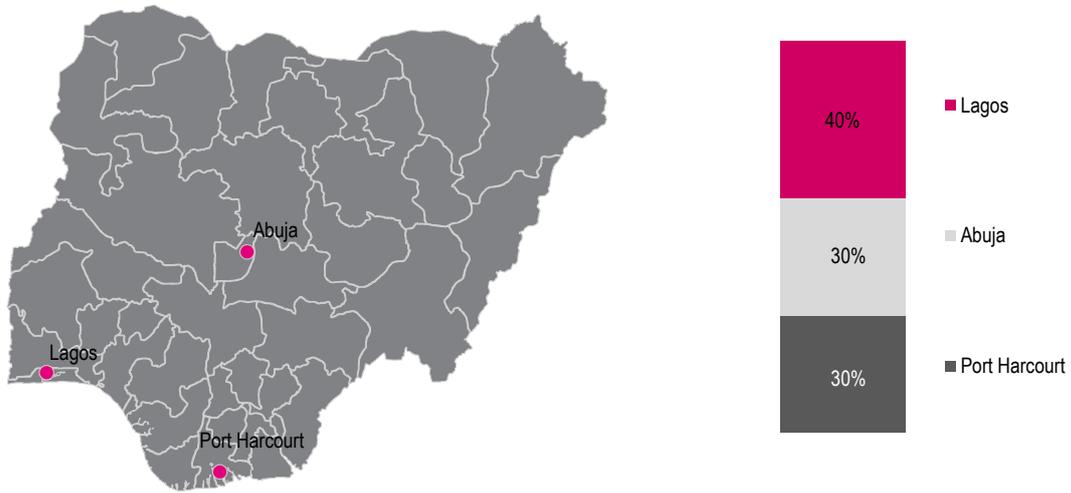
<sup>3</sup> Internet World Stats, <http://www.internetworldstats.com>

<sup>4</sup> African Development Bank,

[http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/The%20Middle%20of%20the%20Pyramid\\_The%20Middle%20of%20the%20Pyramid.pdf](http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/The%20Middle%20of%20the%20Pyramid_The%20Middle%20of%20the%20Pyramid.pdf)

# Sample distribution

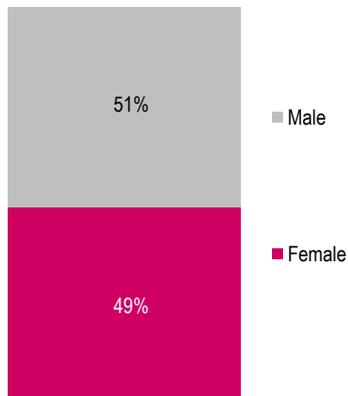
Figure 7: The three major cities (6.4% of Nigeria’s population live in Lagos, 1.0% in Abuja FCT, 2.6% in Harcourt) and percentage breakdown of 1,004 interviewees (urban only)



Note: Sample is representative of the three key cities in Nigeria

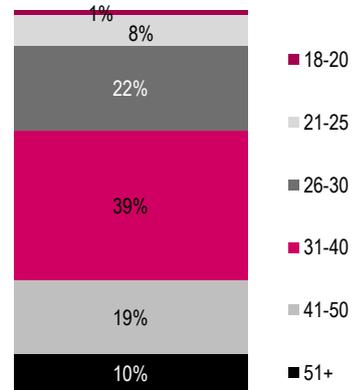
Source: TNS RMS

Figure 8: Gender breakdown of interviewees



Source: TNS RMS

Figure 9: Age breakdown of interviewees



Source: TNS RMS

# Households

Figure 10: Household composition

	Average of total sample	Average of Lagos responses	Average of Port Harcourt responses	Average of Abuja responses
No. of people per household	3.7	3.9	3.2	4.1
No. of children (% of household members)	35	35	35	29

Source: TNS RMS

Figure 11: Type of household, %

	Average of total sample	Average of responses from Lagos	Average of responses from Port Harcourt	Average of responses from Abuja
No. of rooms in house/apartment	7.2	6.3	7.2	8.3
<b>Type of property</b>				
Flat/apartment/blockhouse without condominium facilities	57	69	46	52
Single/double-room tenement with shared facilities	15	23	8	12
House/apartment within a gated complex/gated community	11	0	25	11
Detached house/bungalow	5	2	8	6
Communal flat/house	5	3	7	5
Semi-detached house/bungalow	4	1	4	7
Flat/apartment/blockhouse with condominium facilities – e.g. pool, gym etc.	3	2	1	5
Terraced house/row house	2	1	2	2
<b>Type of property title</b>				
Rented/leased	68	66	69	70
Owned by occupant	27	27	29	26
Subsidised house/flat – e.g. accommodation provided at reduced rent or rent free by local government, employer, charity, etc.	3	6	0	3
Accommodation owned by family/relatives/friends provided at reduced rent or rent free	1	1	3	2

Source: TNS RMS

Figure 12: Household energy supply and usage, %

	Average of total sample	Average of responses from Lagos	Average of responses from Port Harcourt	Average of responses from Abuja
Average number of hours of electricity* (hours)	9.5	7.5	10.0	11.8
Electricity	100	100	100	99
Gas supplied by bottled gas, gas cylinders or gas from other sources	43	29	60	45
Gas piped directly into the home	2	0	4	3
Central heating	1	0	1	2
Air conditioning	47	26	59	63
Electronic home security system – e.g. burglar alarm	4	2	4	7

Note: \* Base = 1,000 interviews

Source: TNS RMS

Figure 13: Household bathroom facilities, %

	Average of total sample	Average of responses from Lagos	Average of responses from Port Harcourt	Average of responses from Abuja
Seated flushing toilet; without heating/washing system	56	51	76	43
Seated flushing toilet; with heating/washing system	30	32	19	37
Seated/non-seated manually flushed toilet – e.g. water bucket	9	10	6	11
Non-seated flushing toilet – e.g. squat toilet	4	3	2	8
Pit toilet	4	5	0	6
Blair toilet (a specialised pit toilet)	1	1	0	3

Source: TNS RMS

Figure 14: Where can you access household water from, % (multiple answers possible)

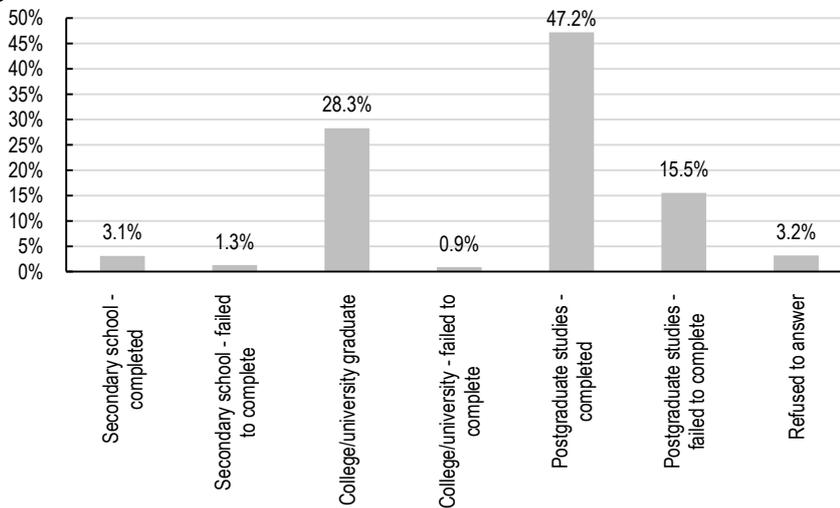
	Average of total sample	Average of responses from Lagos	Average of responses from Port Harcourt	Average of responses from Abuja
Municipal utility supplies water to taps inside home	68	66	69	70
Bore well inside home/courtyard with electric pump	27	27	29	26
Communal tap/hand pump	3	6	0	3
Open well inside home/courtyard	1	1	3	2
Natural sources – e.g. stream/river/lake	10	8	10	12
Bore well inside home/courtyard with hand pump	100	100	100	99
Communal rain storage tanks/communal well	47	26	59	63
Bottled water/jerry cans	43	29	60	45
Tanker or other water delivery to your home	4	2	4	7
Other	2	0	4	3

Source: TNS RMS

# Profile: The Nigerian middle class

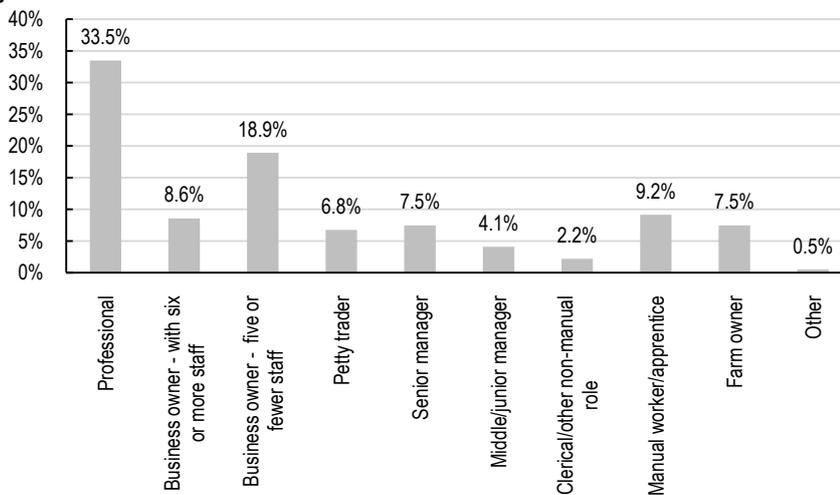
## Education and work

Figure 15: Education



Source: TNS RMS

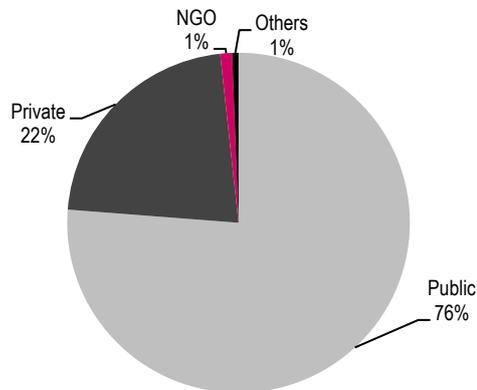
Figure 16: Profession



Note: Base = 994 interviewees

Source: TNS RMS

Figure 17: Occupation – sector breakdown\*



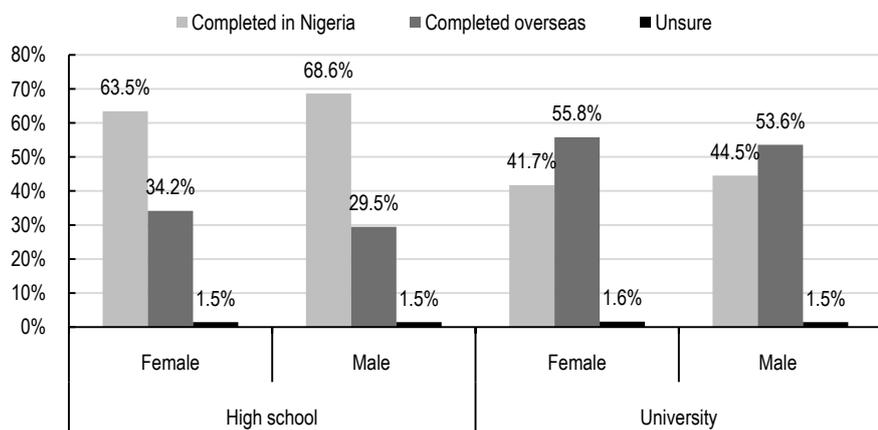
Note: \*Base = 994 interviewees

Source: TNS RMS

- Ninety-two percent of middle-class Nigerians have a post-secondary education or have studied at higher institutions of learning. Ninety-nine percent of our sample has one or more members of their household in full- or part-time work.
- The majority (76%) work in the public sector, while 22% work in the private sector. Only 2% of the middle-class population is employed in other forms of work or is part of a non-governmental organisation.
- About half of the middle-class population are skilled professionals in paid employment, while 38% own their own businesses.

## Attitudes

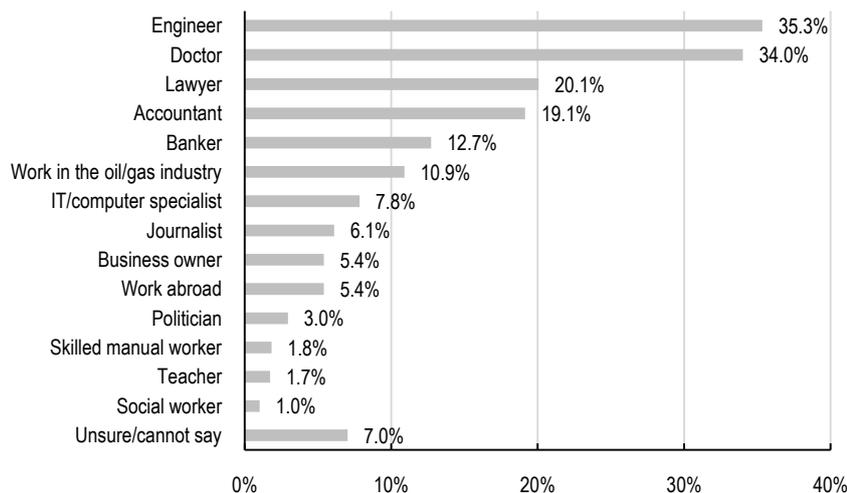
Figure 18: Children's education, %



Source: TNS RMS

- Middle-class Nigerians are concerned about the welfare and upbringing of their children and the values they grow up with, hence the overall sentiment that children must complete high school in a Nigerian institution.
- More than half aspire to send their children overseas to complete their university education.

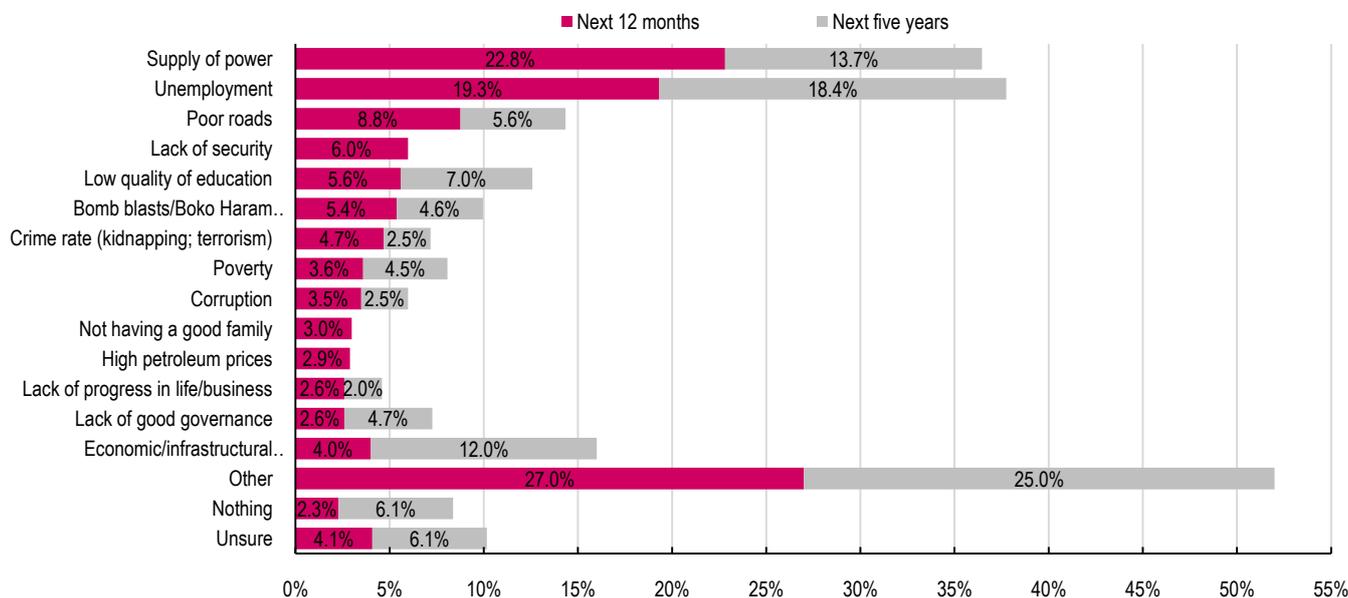
Figure 19: Desired professions for children when they grow up, %



Source: TNS RMS

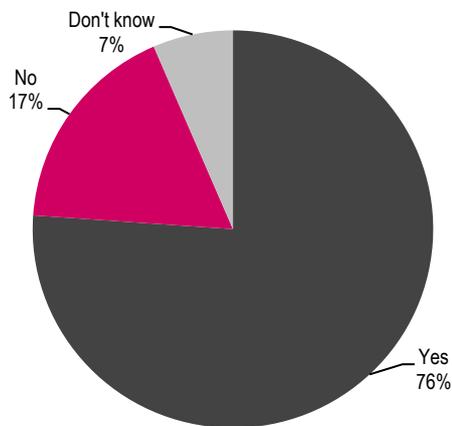
- Thirty-five percent of middle-class Nigerians would like their child to become an engineer and 34% would like them to become a doctor.

Figure 20: Key concerns



Source: TNS RMS

Figure 21: Answers to the question: Are you optimistic about the future of Nigeria?



Source: TNS RMS

Figure 22: Reasons to be optimistic/pessimistic

Reasons	% optimistic
I believe things will be better	19
Things are better under the new government	19
I believe God will make it better	13
If we continue to have free and fair elections like the last one/reform within the Electoral Commission	5
If there is a good administration	2
If economic standards are high/good resources management	3
Because of the plans of the present leader	2
Because of credible transparency	2
If corruption is eradicated	2
The public/masses are becoming more librated/informed	2
If politicians change their attitude/become transparent/embrace change	1
Other	4

Reasons	% pessimistic
Because of bad politicians/corrupt leaders	5
Things will remain the same/will continue to get worse	4
Because everybody is corrupt/greedy	2
Fast growth in the level of corruption/bribery	1
Crime rate is increasing	1
They are not giving the right people the chance to rule	1
The government is now autocratic	1
Lack of economic growth/development	1
Other	2

Source: TNS RMS

## Fixed assets

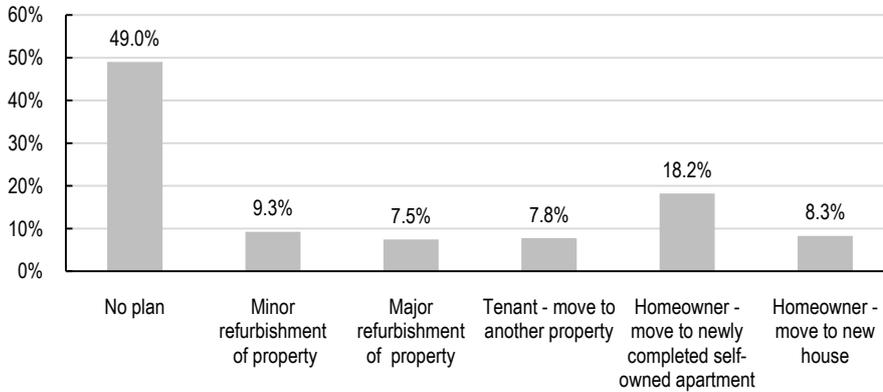
Figure 23: Consumer durable goods

Base	Currently own, %	Intend to buy in the next 12 months, %	Intend to buy in the next five years, %
Refrigerator	87	2	1
Fridge freezer	42	18	9
Separate deep freezer	30	26	14
Cooker	59	14	6
Vacuum cleaner	8	18	16
Floor polisher	8	15	15
Electric kettle	70	16	3
Pressure cooker/rice cooker	13	20	9
Microwave oven	39	26	11
Washing machine	8	23	24
Tumble dryer	2	13	14
Dish washing machine	2	20	21
Electric deep fat fryer	5	21	17
Electric mixer	12	14	10
Electric fan (ceiling/pedestal)	85	2	1
Portable air conditioner/air cooler	38	13	9
Electric iron	94	1	1
Water filtering device	18	16	9
Water purification device	13	18	12
Telephone (landline)	11	17	13
Fax machine	3	8	14
Hi-fi/stereo system	53	8	6
Video player (VCR)	33	5	6
DVD player	94	1	1
DVD recorder	23	12	7
Electronic car navigation system/GPS system	6	14	22
Docking station (for MP3/ipod)	9	13	13
Home cinema/theatre/entertainment centre/HDD multimedia player	26	11	22
None of the above	0	6	8

Source: TNS RMS

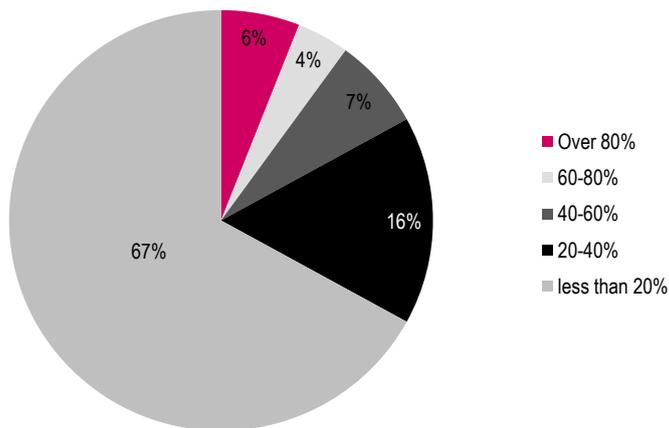
## Planning for the future: Housing

Figure 24: Household plans for the next 12 months



Source: TNS RMS

Figure 25: 12-month household plans: Percentage of potential costs willing to cover with a loan\*



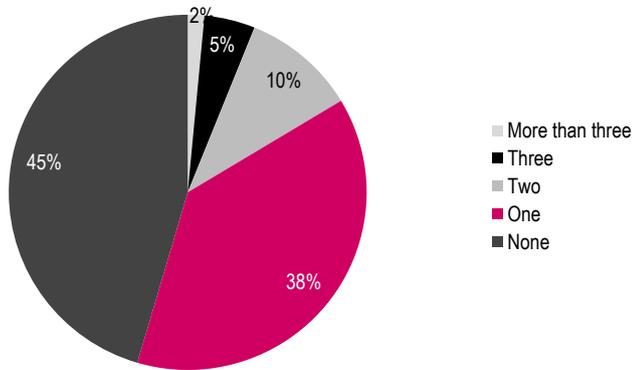
Note:\* Base = 512 interviewees

Source: TNS RMS

- Of those with housing plans over the next 12 months, 18% are homeowners who would move to a newly completed apartment, 8% are tenants who would move to new rented accommodation and 16% intend to refurbish their current property (7% major refurbishment; 9% minor refurbishment).
- Two-thirds of our sample would borrow no more than 20% of the funds needed to refurbish their home or move property.

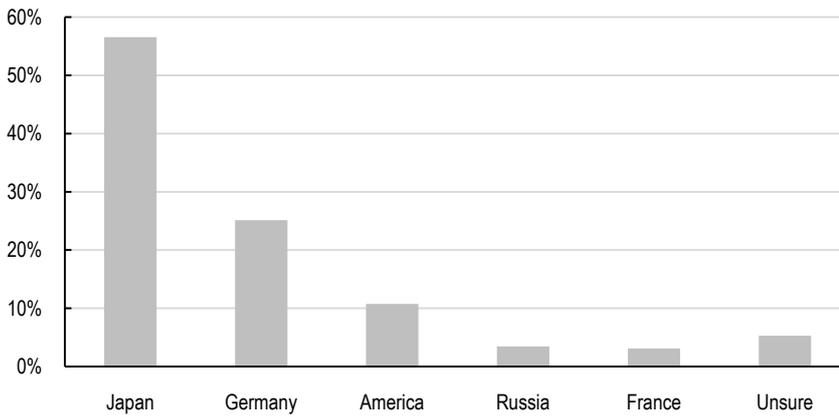
## Car ownership

Figure 26: Breakdown of car ownership per household



Source: TNS RMS

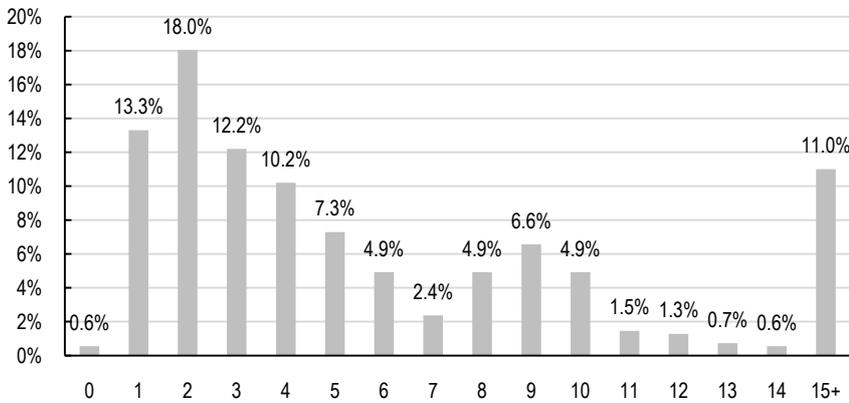
Figure 27: Car brands by country of manufacture\*



Note: \*Base = 512 interviews; respondents were not asked about Korean cars

Source: TNS RMS

Figure 28: Age of cars owned (x-axis = no. of years)



Source: TNS RMS

- The average number of cars per middle-class household is 0.8.
- 45% of middle-class Nigerian households do not own a car.
- Most of the cars owned by the Nigerian middle class are manufactured in Japan (60%). German-manufactured cars are the second most popular among the middle class, accounting for 25%. Note we did not ask about Korean cars which may show up under the Japan answer; KIA and Hyundai have been winning market share recently.
- The average car is eight years old. More than half of the cars owned by the Nigerian middle class are less than five years old.

# Finances

## Opinions about financial institutions

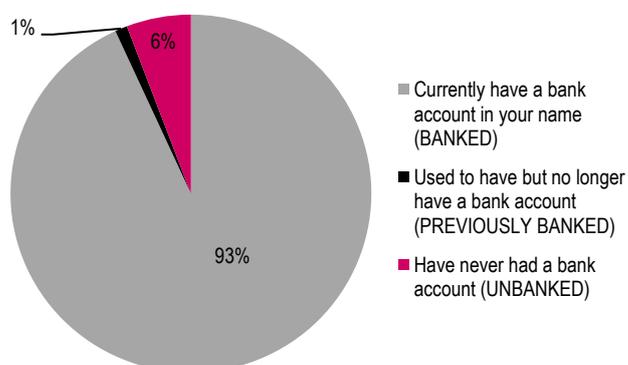
Figure 29: % of respondents that agreed with the following statements for each institution

	Banks	Insurance companies	Microfinance banks	Pools/savings club	Does not apply to any	Don't know
The interest they charge on loans is very high	78	18	31	4	2	4
You need credit references	60	31	31	5	3	8
You need to have a pay-slip to open an account	66	17	29	4	5	8
You must have a permanent address	74	48	43	7	2	4
They have low returns on investments/low interest on savings	59	17	41	7	3	7
It is difficult to withdraw money	28	35	28	7	14	9
They force you to keep a minimum balance	80	16	38	3	2	3
You cannot borrow small amounts	60	24	17	5	7	9
Their service is too slow	24	21	36	11	13	14
Their staff take time to explain their obligations to people	71	27	28	6	3	9
They give you regular updates about key events/new products	76	25	20	4	3	5
They have up-to-date technology	85	22	15	4	2	4
You understand how their products work	81	19	18	4	4	3
You are satisfied with their service	82	14	10	4	7	3
You trust them	78	13	9	4	9	3
Is your ideal financial service provider	80	12	15	2	5	4
You need to have collateral	71	27	28	5	2	3
They have a wide network of branches	87	19	15	4	1	2
Require a lot of documentation for one to open an account	70	34	26	4	4	4
They swindle people out of their hard-earned cash	24	25	25	23	10	14
Do not understand the benefit of having policy with them	23	36	19	14	14	9
They are for rich people, not poor people	31	53	9	6	9	9

Source: TNS RMS

## Bank relations

Figure 30: Bank accounts



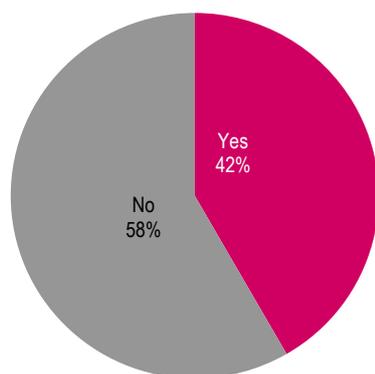
Source: TNS RMS

Figure 31: Experience with banks' products and services, %

	Have never used	Used to use, but not anymore	Have now and still use	Have now, but do not use
ATM/debit card	13	5	80	3
Credit card	91	1	8	0
Savings account	2	3	95	0
Current account	46	3	51	0
Fixed deposit account	76	9	14	2

Source: TNS RMS

Figure 32: Do you intend to apply for a credit card in the future?

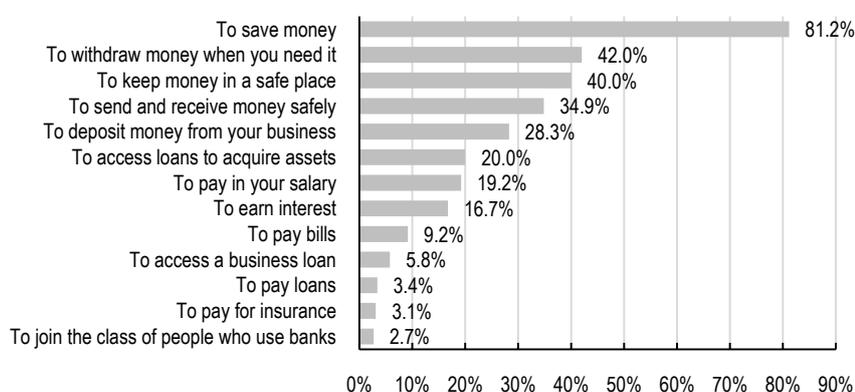


Source: TNS RMS

- Ninety-four percent of middle-class Nigerians currently have or have previously had a bank account.
- The majority of middle-class Nigerians (80%) have and still use an ATM/debit card.
- More middle-class Nigerians have a conventional savings account (95%) than a current account (51%). Just over 9% of middle-class Nigerians have owned a credit card, but we note that 42% intend to apply for one in the future.

## General impressions about banks

Figure 33: % of respondents that agreed with the following reasons for having a bank account\*



Note: \*Base = 935 interviews

Source: TNS RMS

- The key reason to have a bank account among the Nigerian middle class is *to save money* (81%). Other major reasons are *to withdraw money when you need it* (42%) and *to keep money in a safe place* (40%).

Figure 34: Impression of Nigerian banks among the Nigerian middle classes

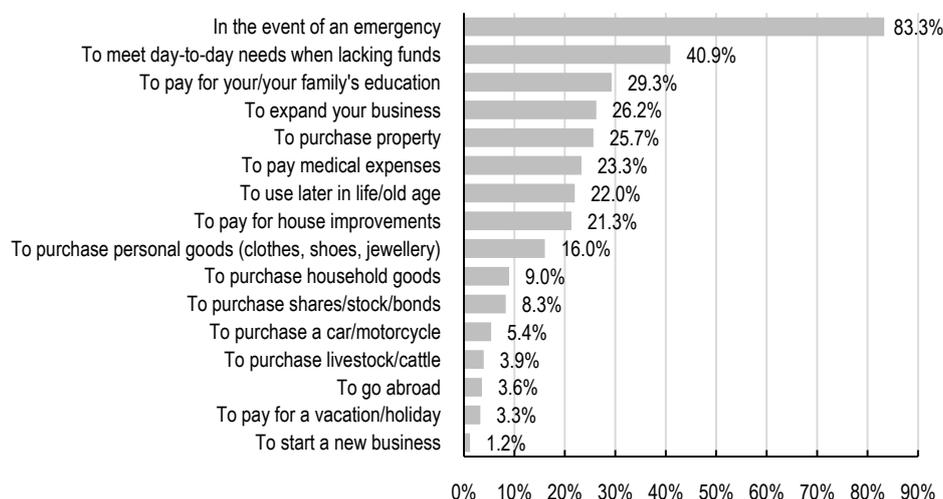
	Have a mostly favourable impression of banks	Neither favourable nor unfavourable	Have a mostly unfavourable impression of banks
Access	41	45	14
AfriBank	28	49	22
Bank PHB	28	49	22
Diamond	42	43	15
Eco bank	31	48	20
ETB	22	50	28
FCMB	32	48	19
Fidelity	27	50	22
FirstInland	24	53	23
First Bank	76	19	4
GTB	60	31	8
IBTC	22	50	28
IMFB	15	50	35
Intercontinental	54	33	13
Oceanic	49	38	13
Skye	44	44	11
Spring	23	51	26
Stanbic Bank	23	49	28
Standard Chartered	19	54	26
Sterling	23	50	27
UBA	59	32	8
Union Bank	33	40	26
Unity Bank	27	47	26
WEMA	25	50	25
Zenith Bank	72	25	3

Source: TNS RMS

- Respondents were most favourably disposed to First Bank (76%), followed by Zenith Bank (72%) and GTB (60%).

## Savings

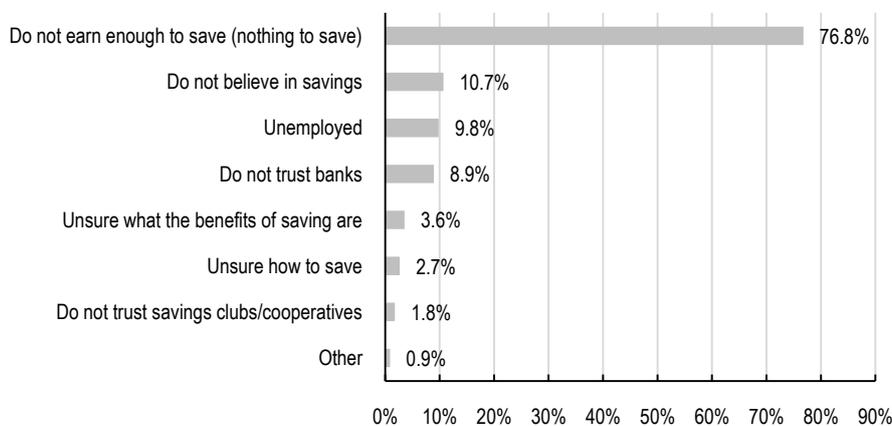
Figure 35: % of respondents that agreed with the following reasons to have savings\*



Note: \*Base = 892 interviewees

Source: TNS RMS

Figure 36: % of respondents that agreed with the following reasons to not have savings\*



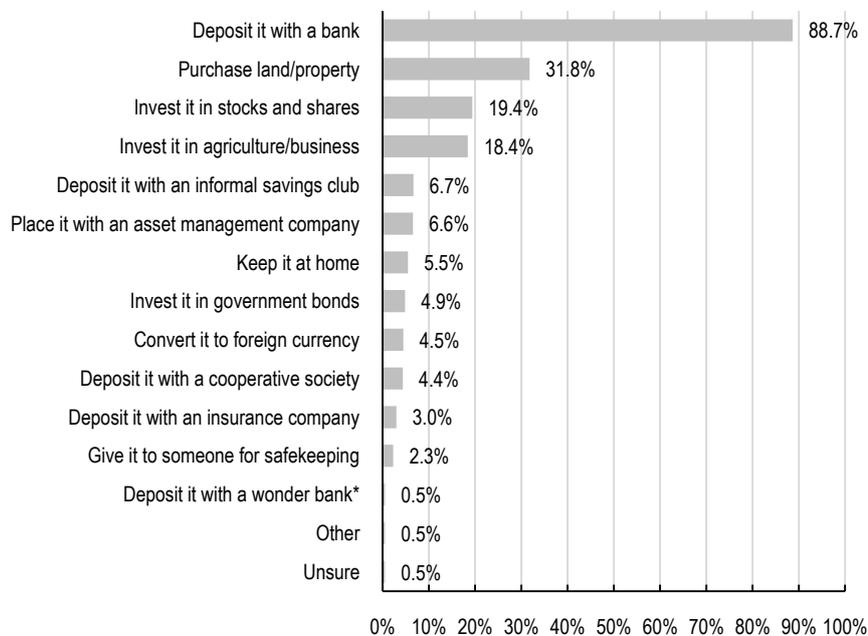
Note: \*Base = 112 interviewees

Source: TNS RMS

- Eighty-nine percent of middle-class Nigerians have savings.
- The main reason for saving is to manage unexpected events (83%). The second most agreed upon reason was to occasionally cover living costs (but not for emergencies; 41%).
- Savings for future investment, in education or businesses, is seen as more important than saving for future consumption. Those without savings mentioned insufficient income as the most popular reason (77%) for not saving.

## Spending habits

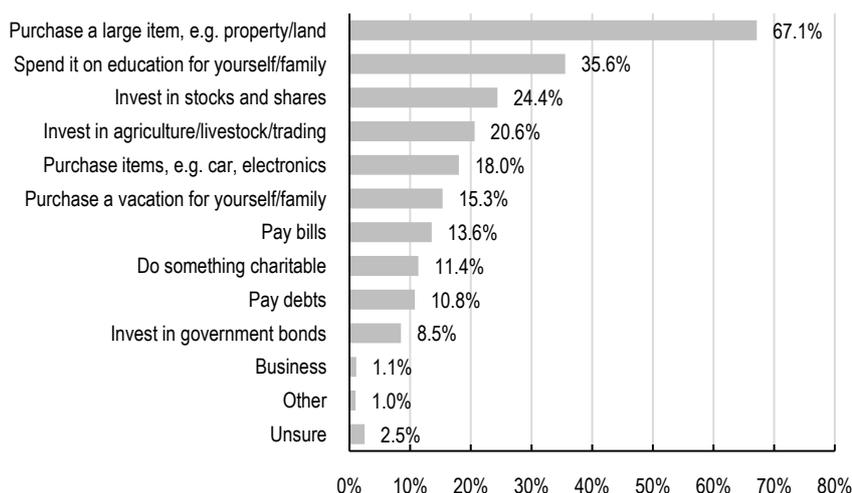
Figure 37: Answers to the question: What would do with a large sum of money that you do not intend to spend immediately?



Note:\*A 'wonder' bank is a fraudulent organisation offering very high short-term returns

Source: TNS RMS

Figure 38: Answers to the question: What would do with a large sum of money that you intend to spend immediately?



Source: TNS RMS

- Conservatively, 89% of the Nigerian middle classes would deposit a large sum of money that they do not intend to spend immediately in a bank.
- On the contrary, when the large sum of money is to be spent immediately, 67% would purchase land/build a house, suggesting a great deal of potential demand for real estate.

## Investments

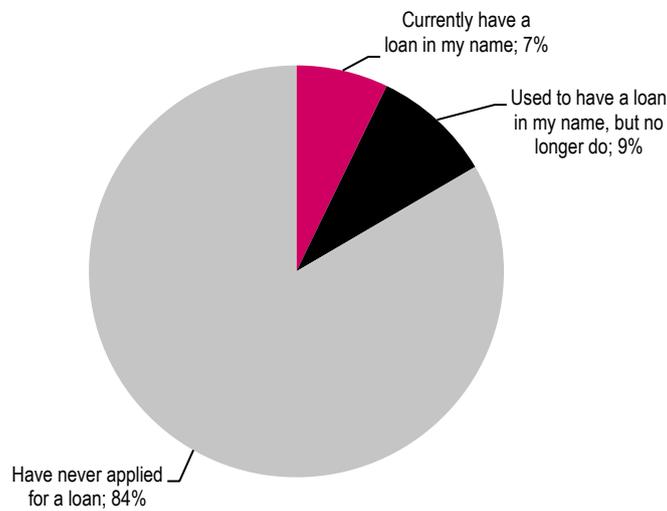
Figure 39: % of respondents that agreed with the following statements for each type of investment [

	Have never invested in	Used to have an investment in	Currently invest in	Intend to invest in over the next 12 months	Expect to have invested in over the next five years
Another house/property to rent out	53	5	16	15	10
Land	35	7	31	17	11
Farm land	67	5	15	10	4
Cattle or livestock	78	2	8	8	4
Mutual funds	75	4	8	10	4
Shares on the stock exchange	54	8	23	10	5
Own business	30	8	48	10	4
Another business	69	4	16	7	5
Collectables, such as jewellery	64	3	20	9	3
Offshore investments	77	3	8	7	6
Savings club/pools/informal societies	74	4	12	6	4
Buying or making goods to sell	46	7	32	11	4
Starting a business	37	8	30	19	7
Lending money to other people with interest/a return	72	4	7	9	8
Savings policies, endowments or life insurance	72	2	9	9	9
Improving your home	45	2	34	13	6
Voluntary contributions to a pension scheme	73	2	9	8	9

Source: TNS RMS

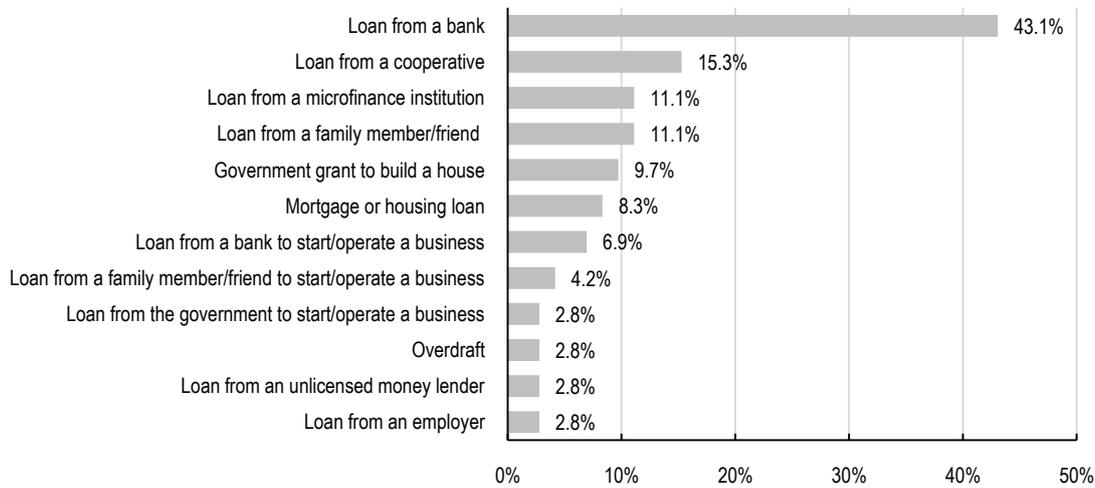
## Loans

Figure 40: Bank loans



Source: TNS RMS

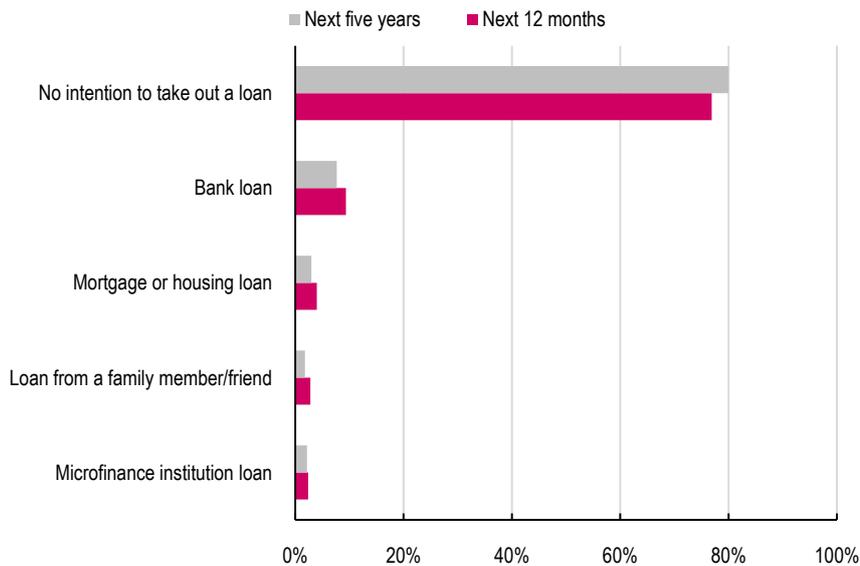
Figure 41: Type of loan currently held\*



Note: \*Base = 72 interviewees

Source: TNS RMS

Figure 42: Loan intentions in the next 12 months and in the next five years



Source: TNS RMS

# Lifestyle

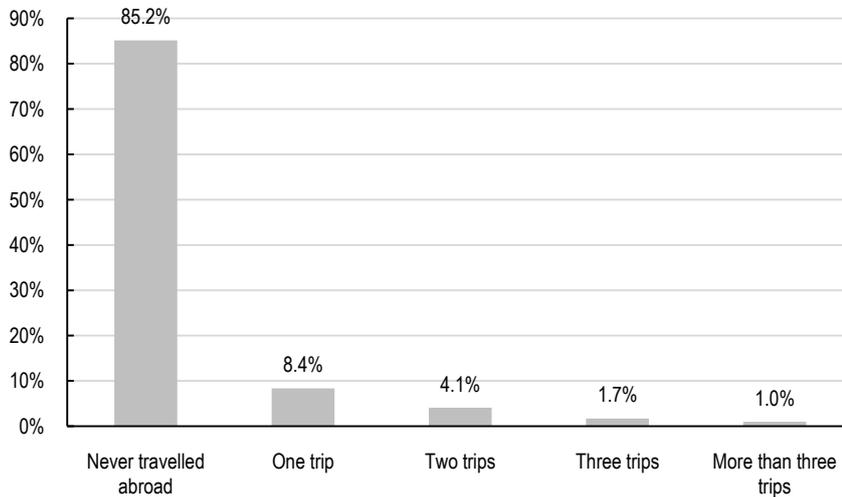
Figure 43: % of respondents that participate in the following activities, and frequency of participation

	No. of respondents that participate	% of respondents that participate	Frequency of participation				
			Every day/ most days	Once a week	Once a month	Less than once a month	Never
Eat meals at home with other members of the household	984	98	83	6	4	6	1
Eat a sit-down meal in a restaurant	783	78	17	20	19	42	2
Eat out in a restaurant that serves foreign food	435	43	7	15	26	46	6
Eat a takeaway meal from a takeout outlet/roadside stall/street vendor	740	74	6	22	29	41	3
Consume a drink/snack in cafe/pub	776	77	11	29	22	36	2
Shop for groceries	913	91	7	36	37	19	1
Shop for clothes/fashion accessories	887	88	1	9	43	45	1
Shop for pleasure/browsing/window shopping	498	50	6	13	30	48	4
Attend a club/association/society meeting	683	68	1	22	41	34	2
Attend a place of worship/take part in religious activities/regularly pray at home	963	96	37	53	5	5	0
Help others/volunteer for social work	614	61	9	14	28	46	3
Recycle household rubbish/waste (separate out any of your household rubbish/waste for recycling)	469	47	16	31	17	27	8
Take photos – digital or otherwise	773	77	4	10	22	63	1
Read books	804	80	37	24	16	22	1
Listen to music	972	97	67	19	6	8	1
Cook	890	89	62	11	6	18	3
Play electronic games, including video games	333	33	12	22	17	35	14
Watch live sports or sports programmes on TV	639	64	17	33	20	24	6
Exercise to keep fit	376	37	14	24	19	37	6
Attend a gym/health club	295	29	7	22	25	34	12
Participate in sports that require significant expenditure on equipment or to participate (e.g. golf, horse riding)	205	20	10	21	24	27	18
Play organised team sports	213	21	5	25	21	28	21
Play informal team sports (e.g. football in the park)	196	20	4	24	23	30	20
Participate in outdoor activities or nature-oriented sports (e.g. hiking)	204	20	7	27	23	27	16
Participate in some other kind of exercise (e.g. walking)	659	66	41	21	15	20	3
Attend classes for leisure to gain skills or knowledge (e.g. dance, arts and crafts, flower arranging, languages etc.)	320	32	5	20	26	40	9
Visit a public library	409	41	6	24	24	38	8
Have a day out (e.g. go sightseeing)	443	44	6	21	26	41	6
Go to the cinema	311	31	3	16	25	44	11
Attend sporting events	298	30	2	18	26	44	9
Attend concerts/stage performances	289	29	2	12	25	52	9
Visit a disco/nightclub/karaoke bar	279	28	1	16	25	42	15
Attend celebrations/parties	833	83	1	15	32	49	2
Visit a beauty parlour/hair salon	816	81	3	51	35	10	1
Diet to lose weight	291	29	15	14	21	35	15
Entertain friends at home	930	93	14	31	27	27	1
Entertain friends away from home	789	79	10	22	28	38	2
Chat on the phone or over the internet with friends	488	49	39	23	15	16	6
Spend time with children or grandchildren at home or elsewhere	699	70	46	22	14	14	3
Clean or perform other household chores	813	81	47	23	11	16	3
Visit a health spa	448	45	7	12	25	54	2

Source: TNS RMS

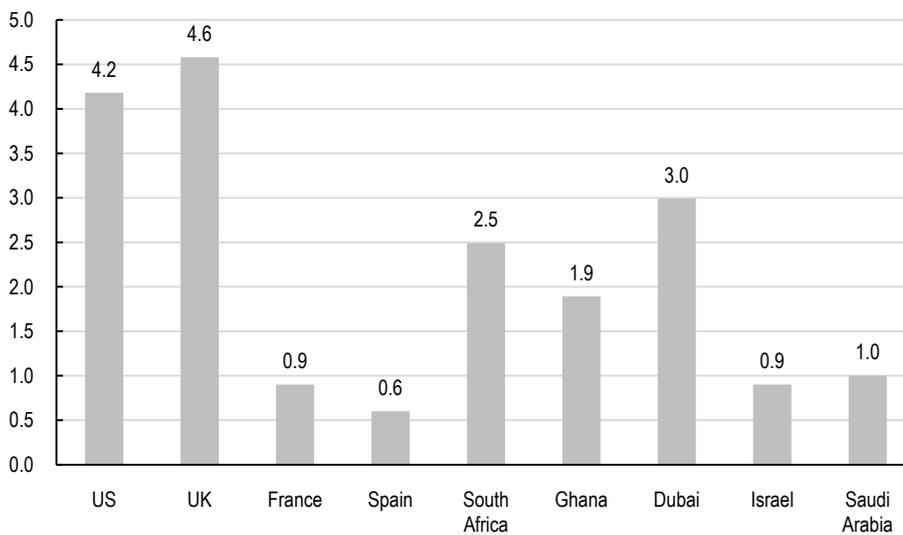
## Travel

Figure 44: No. of trips abroad, %



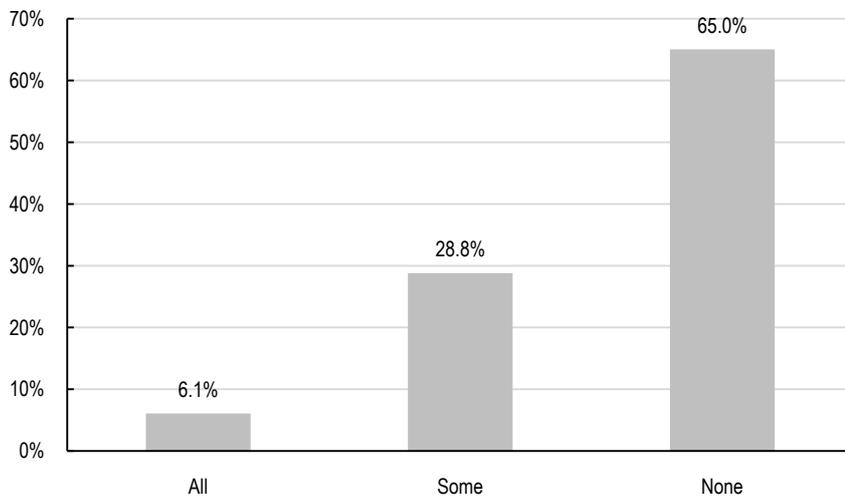
Source: TNS RMS

Figure 45: Number of visits abroad to certain countries, based on those who have travelled abroad



Note: \* Base = 112 interviewees

Source: TNS RMS

**Figure 46: Passport ownership among household members**

Source: TNS RMS

- Only 15% of the Nigerian middle class have travelled abroad. Favoured travel destinations are the UK, the US and Dubai.
- The majority of middle-class Nigerians has never travelled abroad (85%); however, 35% of households have at least one household member who has an international passport.

# Consumer patterns

## Shopping for household products

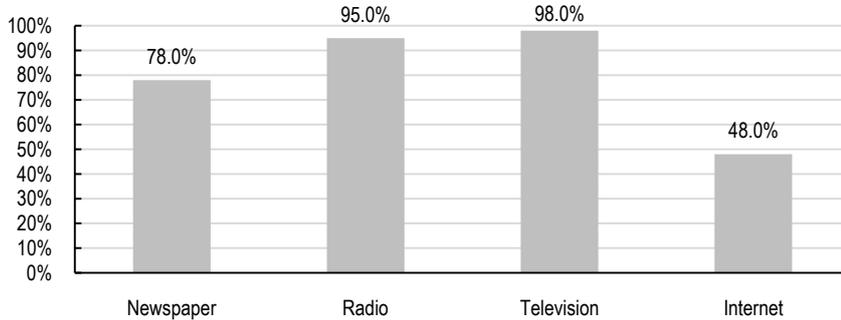
Figure 47: % of respondents that purchase household goods from the following locations

Location	Average of total sample		Average of responses from Lagos		Average of responses from Port Harcourt		Average of responses from Abuja	
	Utilise, %	Primarily use, %	Utilise, %	Primarily use, %	Utilise, %	Primarily use, %	Utilise, %	Primarily use, %
Open-air markets in towns or cities	73	42	66	43	84	42	72	39
Convenience stores/small supermarkets	62	18	65	18	74	26	46	10
Kiosks (in neighbourhoods)	60	7	68	13	64	6	47	2
Hypermarkets	41	11	30	7	40	6	56	20
Tabletops (in neighbourhoods)	39	0	41	0	52	1	23	0
Drugstore/pharmacy/chemist	36	2	34	1	41	3	34	4
Medium-sized supermarket	35	8	29	5	34	7	44	12
Hawkers in towns or cities	20	1	22	0	29	1	9	1
Rural open-air markets	19	7	18	7	19	6	20	9
Wholesalers/warehouses	15	3	24	6	11	1	7	2
Discounters	14	1	6	1	26	1	12	1
Hawkers in rural areas	5	0	6	0	7	0	2	0
Direct selling	2	0	1	0	2	0	5	0
Online supermarkets /hypermarkets/stores	2	0	1	0	4	0	2	0
Telephone ordering	1	0	0	0	2	0	1	0

Source: TNS RMS

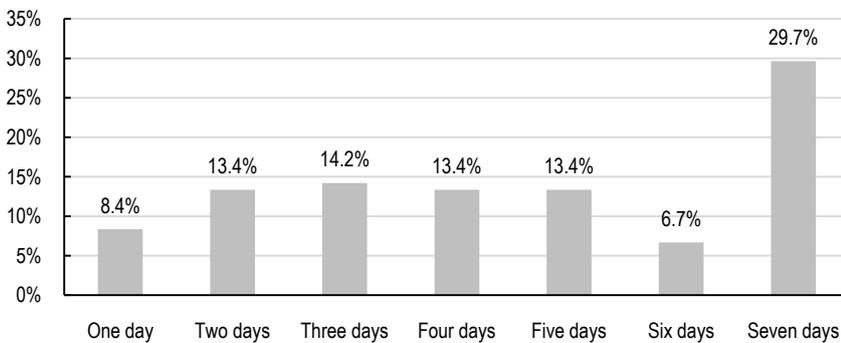
# Media

Figure 48: % of respondents who use the following sources of information



Source: TNS RMS

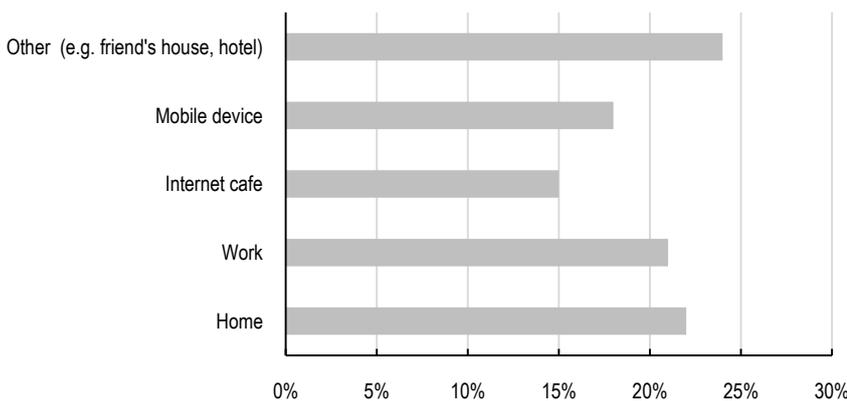
Figure 49: Frequency of internet access per week\*



Note: \*Base = 492 interviewees

Source: TNS RMS

Figure 50: Locations where internet is accessed, %



Source: TNS RMS

- Television and radio are the most popular sources of information for middle-class Nigerians.
- People watch TV and listen to the radio every day of the week.
- Almost half of the respondents access the internet at least twice a week.

# Disclosures appendix

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## Renaissance Capital research team

<b>Head of Equity Research</b>	David Nangle	+7 (495)	258-7748	DNangle@rencap.com
<b>Deputy Head of Equity Research</b>	Milena Ivanova-Venturini	+7 (727)	244-1584	MlvanovaVenturini@rencap.com
<b>Research COO</b>	Ben Carey	+44 (207)	367-8224	BCarey@rencap.com
<b>Head of South African Research</b>	Gerhard Engelbrecht	+27 (11)	750-1454	GEngelbrecht@rencap.com
<b>Head of Turkish Equity Research</b>	Yavuz Uzay	+44 (207)	367-7982	YUzay@rencap.com
<b>Head of Sub-Saharan African Research</b>	Nothando Ndebele	+27 (11)	750-1472	NNdebele@rencap.com

Name	Telephone number	Coverage
<b>Equity Strategy</b>		
Charles Robertson	+44 (207) 367-8235	Global
Ovanes Oganisian	+7 (495) 258-7906	Russia
Herman van Papendorp	+27 (11) 750-1465	South Africa
Nothando Ndebele	+27 (11) 750-1472	Sub-Saharan Africa

### Macro and Fixed income research

Charles Robertson	+44 (207) 367-8235	Global
Ivan Tchakarov	+7 (495) 258-7770 x7400	Russia/CIS
Mert Yildiz	+44 (207) 367-7735	CE3/Turkey
Vladlen Andryushchenko	+7 (495) 258-7770 x4908	Russia/CIS
Ilya Zhila	+7 (495) 258-7770 x4582	Russia/CIS
Anastasiya Golovach	+38 (044) 492-7382	Ukraine
Mikhail Nikitin	+7 (495) 258-7789	Russia/CIS
Rita Tsovyan	+7 (495) 258-7770 x4516	Russia/CIS
James Lewis	+7 (495) 258-7770 x4427	Russia/CIS
Natalia Suseeva	+7 (495) 258-7770 x4082	Russia/CIS
Elna Moolman	+27 (11) 750-1462	South Africa
Busi Radebe	+27 (11) 750-1473	South Africa
Mamokete Lijane	+27 (11) 750-1471	South Africa
Yvonne Mhango	+27 (11) 750-1488	Sub-Saharan Africa
Ernest van der Merwe	+27 (11) 750-1462	South Africa

### Banking

David Nangle	+7 (495) 258-7748	EMEA
Milena Ivanova-Venturini	+7 (727) 244-1584	Central Asia
Svetlana Kovalskaya	+7 (495) 258-7752	Russia
Armen Gasparyan	+7 (495) 258-7770 x4964	Russia
Kirill Rogachev	+7 (495) 258-7770 x4015	Russia
Ilan Stermer	+27 (11) 750-1482	South Africa
Naeem Badat	+27 (11) 750-1431	South Africa
Nothando Ndebele	+27 (11) 750-1472	Sub-Saharan Africa
Adesoji Solanke	+234 (1) 448-5300 x5384	Sub-Saharan Africa

### Chemicals/Engineering/Building materials

Mikhail Safin	+7 (495) 258-7770 x7550	Russia/CIS
---------------	-------------------------	------------

### Consumer/Retail/Agriculture

Natasha Zagvozdina	+7 (495) 258-7753	Eastern Europe, Russia/CIS
Ulyana Lenvalskaya	+7 (495) 258-7770 x7265	Eastern Europe, Russia/CIS
Konstantin Fastovets	+38 (044) 492-7385 x7125	Ukraine
Robyn Collins	+27 (11) 750-1480	South Africa
Richard Ferguson	+44 (207) 367-7991	Global
Umulinga Karangwa	+27 (11) 750-1489	Sub-Saharan Africa
Roman Ivashko	+7 (495) 258-7770 x4994	Russia/CIS
Jeanine Womersley	+27 (11) 750-1458	South Africa

### Oil and gas

Daniel Barcelo	+7 (495) 258-7770 x4824	Global
Ilya Balabanovsky	+44 (207) 367-7905	Russia/CIS
Ildar Davletshin	+7 (495) 258-7770 x4971	Russia/CIS
Dragan Trajkov	+44 (207) 367-7941	Africa, MENA
Gerhard Engelbrecht	+27 (11) 750-1454	South Africa
Farid Abasov	+44 (207) 367-7983	Central Asia
Jenny Wong	+852 3972-3800 x3836	Asia-Pacific

Name	Telephone number	Coverage
<b>Metals and mining</b>		
Rob Edwards	+44 (207) 367-7781	Global
Boris Krasnojenov	+7 (495) 258-7770 x4219	Russia/CIS
Andrew Jones	+44 (207) 367-7734	Russia/CIS
Ekaterina Gazadze	+7 (727) 244-1581	Central Asia
Jim Taylor	+44 (207) 367-7736	South Africa
Vasily Kuligin	+7 (495) 258-7770 x4065	Russia/CIS
Christina Claassens	+27 (11) 750-1460	South Africa
Emma Townshend	+27 (21) 794-8345	South Africa
Leavitt Pope	+852 3972-3832	Asia-Pacific
Matthew Whittall	+852 3972-3835	Asia-Pacific

### Media/Technology/Real estate

David Ferguson	+7 (495) 641-4189	Russia/CIS, Africa
Anastasia Demidova	+7 (495) 258-7770 x4040	Russia/CIS, Africa
Johan Snyman	+27 (11) 750-1432	South Africa
Adriana Benedetti	+27 (11) 750-1452	South Africa

### Telecoms/Transportation

Alexander Kazbegi	+7 (495) 258-7902	Global
Ivan Kim	+7 (495) 258-7770 x5620	Russia/CIS, Africa
Alexandra Serova	+7 (495) 258-7770 x4073	Russia/CIS
Johan Snyman	+27 (11) 750-1432	South Africa
Dmitry Kontorshchikov	+7 (495) 258-7770 x4438	Russia/CIS

### Utilities

Derek Weaving	+44 (207) 367-7793	Russia/CIS
Vladimir Sklyar	+7 (495) 258-7770 x4624	Russia/CIS

### Luxury goods and tobacco

Rey Wium	+27 (11) 750-1478	Global/South Africa
Ryno Truter	+27 (11) 750-1497	South Africa

### Quantitative analysis

Renda Rundle	+44 (207) 367-8240	South Africa
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### Paper

Adriana Benedetti	+27 (11) 750-1452	South Africa
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### Medium cap/Transport/Construction/Building materials

John Arron	+27 (11) 750-1466	Africa
Umulinga Karangwa	+27 (11) 750-1489	Sub-Saharan Africa

### Regional research

Mbithe Muema	+254 (20) 368-2316	East Africa
Anthea Alexander	+263 (772) 421-845	Southern Africa
Ruvimbo Kuzviwanza	+263 (7) 88-317 x8795	Southern Africa
Yavuz Uzay	+44 (207) 367-7982	Turkey

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