

# EDUFINANCE MARKET KNOWLEDGE: Financing the Affordable Private School Sector in Nigeria



## Research Methodology

**211**  
Schools interviewed

**132**  
Parents interviewed

**>3**  
Years in operation

**50\***  
(Min. students per school)

**₦10k–₦80k\*\***  
(USD \$28–\$220)  
Termly school fees

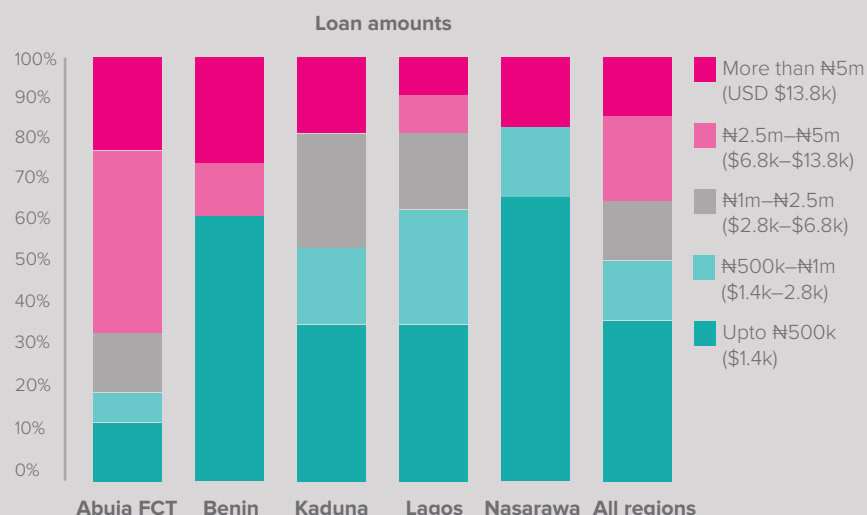
\*The research engaged with 27 schools with under 50 students in Lagos to better reflect the market. The schools with under 50 students had an average of 34 students, ranging from 18-47.  
\*\* 23 responses were under from N3k-N9k. 18 came in over N80k, 10 of these responses, with an average of N109k, were counted. 8 responses over N300k were omitted for the purpose of this report.

## School Improvement Loans (SIL)

### Profile of Schools Interviewed

- Nearly all schools provide pre-primary and primary. **46%** of schools provide lower secondary and **35%** upper secondary.
- The **average school fees** charges were **₦96k** (USD \$264) per year and schools had an **average of 234 students**.
- Average **annual income** estimated at **₦21m** (USD \$58k) and **average expenditure** estimated at **₦17.3m** (USD \$48k). The largest expenditures were related to salary and maintenance.

### Previous Borrowing Behaviour



**35%**

**35%** had an outstanding loan or had borrowed in the past



**₦4m\*** (USD \$11k)  
Average loan size

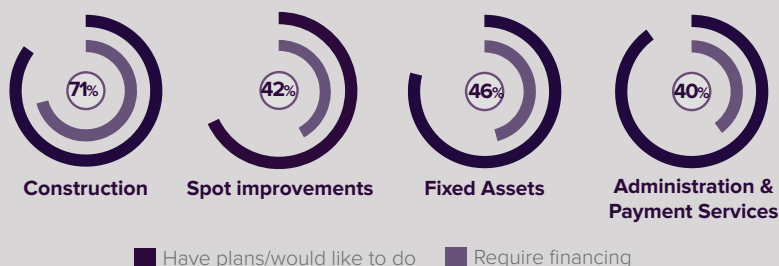


**2 years** – most common loan duration

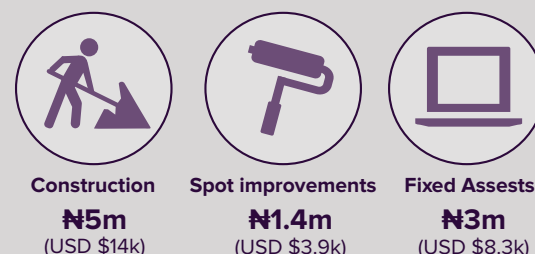


**46%** of loans were used to build extra classrooms

### Demand for School Improvement Loans (SIL)



### Average Loan Size Requested



### Estimated market size in study

**Construction**  
**₦17.9bn**  
(USD \$49.3m)

**Fixed Assets**  
**₦6.9bn**  
(USD \$19.2m)

**Spot Improvements**  
**₦3.0bn**  
(USD \$8.2m)

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## School Fee Loans (SFL)

The average monthly income reported is **₦108k** (USD \$298)

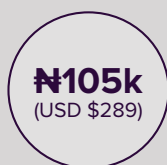
### Profile of parents that send their children to low- and medium-cost private schools

- The majority of parents described their **income as stable** with 55% in formal employment and 23% as business owners.
- 65% reported income variations month to month** and most experienced **low-income during January, August and December**.
- Families typically had around **3 children in education** and spent an **average of ₦303k** (USD \$834) on their children's education per year.
- 83% of parents paid their school fees termly** from their salary (52%).

### Previous borrowing behaviour

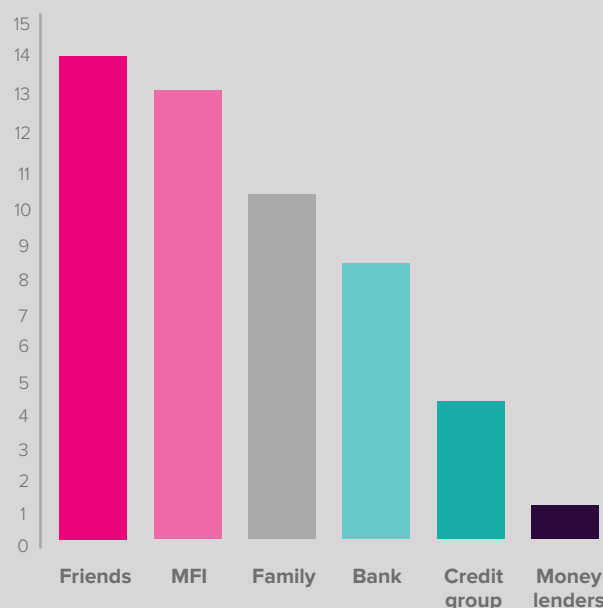


of parents have borrowed in the past

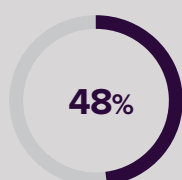


Average loan size borrowed

### Where do parents borrow to pay for their school fees?



## Demand for School Fee Loans



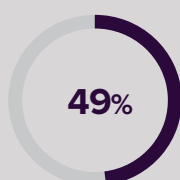
of parents expressed an interest in SFL



Average loan size requested



**73%** requested a tenor of 6 months with a 30 day grace period



of parents wanted monthly repayments

## Demand for savings products for school fees



**73%** of parents would like to save for school fees at a microfinance bank



There was interest in a joint savings and overdraft facility to pay fees directly to the school

## Estimated market size in study



The estimated market size for School Fee Loans is

**₦19.7bn**

(USD \$54.2m)

## Recommendations

- Financial institutions should build good relationships with the National Association of Proprietors of Private Schools (NAPPS) and the Association of Private School Owners (APSON).
- Provide loan tenor in line with ticket size and intended use of loan: 51% of schools wanted a loan tenor of 1–3 years, with 22% wanting longer than 3 years.
- Maintain good customer service: 26% of proprietors cited good customer service and relevant services as their main incentive for choosing a particular institution.
- Fee Collection Management System: Administration and payment services were deemed “Very Useful” or “Quite Useful” by 90% of schools.
- 86% of school proprietors interviewed expressed interest in attending training programs for school borrowers.
- Ensure loan repayment cycle in line with the school and families' income cycles (termly for schools and monthly for parents).
- Overdraft facilities for both schools and parents may be useful to solve short-term cash flow problems.