

# Promoting Women and Youth Financial Inclusion for Entrepreneurship and Job Creation: Comparative Study of Selected Sub-Saharan African Countries

**SYNTHESIS REPORT: DECEMBER 2019**



## SYNTHESIS REPORT: DECEMBER 2019

### Table of Contents

<b>Executive Summary</b> .....	iii
Acknowledgements .....	xii
List of Abbreviations and Acronyms.....	xiii
<b>Chapter 1: Introduction</b> .....	1
1.1 Context.....	1
1.2 Objectives and scope of the study.....	2
1.3 Methodology and Analytical Framework.....	2
1.3.1 Methodology.....	2
1.3.2 Analytical Framework.....	3
1.3.3 Country selection.....	4
1.4 Structure of the remainder of the report .....	5
<b>Chapter 2: Access to Financial Services</b> .....	6
2.1 Policy and Regulatory Framework.....	6
2.2 Institutional Arrangements – public sector.....	9
2.3 Institutional arrangements – private sector.....	12
2.4 Supply-side constraints – financial service providers .....	17
2.5 Demand-side constraints to access to financial services .....	19
<b>Chapter 3: Use and Quality of Financial Services.</b> .....	21
3.1.1 Policy and regulatory initiatives and barriers .....	21
3.1.2 Supply-side measures and initiatives.....	23
3.1.3 Demand-side issues – stakeholders’ views. ....	25
<b>Chapter 4: Welfare impact of financial services.</b> .....	27
4.1 Policy and regulatory initiatives .....	27
4.2 Supply-side initiatives .....	29
4.3 Demand-side issues .....	30
<b>Chapter 5: Summary and Recommendations</b> .....	33
Annex 1: Socio-economic and demographic characteristics of study countries.....	40
Annex 2: Profile of the sampled population .....	42
References.....	45
Endnotes .....	48



# Promoting Women and Youth Financial Inclusion for Entrepreneurship and Job Creation

## EXECUTIVE SUMMARY

African governments are at the forefront of leveraging policy and supply-side market dynamics to build more inclusive economies that empower financially-excluded groups. The past decade has seen growth in access to financial services for the economically marginalized through a combination of novel policy reforms, innovative public-private sector partnerships and business models, as well as double-digit growth in mobile phone ownership. The 2017 Global Findex, the world's most comprehensive database on financial behavior (which now contains three rounds of data from 2011, 2014 and 2017) reports that 1.2 billion adults have opened an account at a bank or mobile money provider since 2011, representing an 18 percent increase.<sup>1</sup> While account ownership has risen in some economies, progress has been slower elsewhere, often held back by demographic disparities, in particular gender and age. For instance, despite this increase in financial inclusion, the Global Findex reveals that in developing countries, the gender gap among people with an account remains unchanged since 2011 at 9 percentage points higher. The disparity according to age is worse, with the Findex recording a gap of 16 percentage points higher in account holding for adults (aged 25 years and above) than for youth (aged 15-24<sup>2</sup> years).

Research conducted by the African Development Bank (AfDB), Alliance for Financial Inclusion (AFI), Women's World Banking and the World Bank is throwing more light on the extent of women and youth exclusion and on the efforts to empower them and close the gaps. Exclusion is typically high among women, youth and the very poorest segments of society,<sup>3</sup> and much higher in post-conflict economies. Researchers, policy makers and development experts are unanimous on one thing: failing to develop the human capital of women and youth represents lost output and potential and especially undermines young people's lifetime productivity and earnings, making it difficult for them to escape poverty. In the case of the 370 million youth in sub-Saharan Africa – who remain the subcontinent's greatest asset – governments have largely failed to craft reforms to bolster their financial capabilities, help them launch income-generating activities and gain access to the capital needed to build businesses.

The African Center for Economic Transformation (ACET), an Accra-based economic policy institute, undertook a study in 2018-2019 to assess the effectiveness of financial sector initiatives in advancing women and youth financial inclusion in Guinea, Sierra Leone and Zambia. Supported by a grant from the Canadian International Development Research Centre (IDRC), the study evaluated the state of financial inclusion in these three countries in order to draw lessons for policy makers, regulators and service providers with a view to increasing entrepreneurship and job opportunities for women and youth.

In line with the Alliance for Financial Inclusion's policy paper on defining and measuring financial inclusion, the study assessed the extent of financial inclusion in terms of **access, usage, quality and welfare** improvements. These categories formed the basis of the analytical framework that underpinned all aspects of the study, from the design of data collection to the presentation of findings. Specifically, the study, through the lens of **access, usage, quality and welfare**, sought:

- a. **On the regulatory side**, to take stock of the scope of public policy initiatives and regulatory environment to accelerate progress towards greater inclusion of women and youth in financial services;
- b. **On the supply side**, to take stock of the process and product innovations intended to deepen and to broaden financial inclusion beyond the traditionally male clients;
- c. **On the demand side**, to document the experiences of women and youth and how entrepreneurship opportunities, especially micro-enterprise start-ups, are being supported through financial inclusion; and
- d. **To identify and evaluate the effectiveness of the financial inclusion initiatives** and their relative success or failure in achieving desired goals.

ACET's methodology for multi-country studies was applied in conducting this study. This methodology relied on a mixed approach of desk-based research,

field work and a multi-stakeholder validation event in all three countries to validate outcomes.<sup>4</sup> This report provides a comparative perspective of the results derived from the three selected countries: Guinea, Sierra Leone and Zambia. It synthesizes the overarching issues common to all three countries, identifies notable and useful policy and regulatory lessons and solutions. To ensure uptake of evidence derived from these country studies, a policy learning event bringing together all three study countries as well as other selected countries was organized to share knowledge and experience to generate an understanding of policy, regulatory initiatives, and product and process innovations that address the unmet needs of women and youth. The overall objective is to provide evidence for informed policy interventions aimed at increasing the financial inclusion and wellbeing of women and youth.

## Summary of Key Findings

### Access to Financial Services

Access is considered a binding constraint to inclusion of women and youth in financial services. With expanded access, the three other factors: usage, quality and welfare become more tractable. Three key issues relating to access to financial services were reviewed in this study: policy and regulatory initiatives – implications and impact; supply-side issues, such as proximity, channels and barriers to services (cultural and economic); and demand-side issues – stakeholder views and responses derived from one-on-one interviews and focus group discussions (see Chapter 1).

#### A.1 Policy and regulatory framework

**While financial inclusion related laws and policies have not been explicit in their focus on issues of women and youth across the three countries, some progress has been made in laying the conditions for an inclusive financial system driven by advances in digital technology.** These include formulation of laws to support the establishment of alternative delivery channels such as branchless banking and mobile money, which are helping to lower the cost of service delivery to underserved populations. In addition, foundational laws on banking, microfinance and telecommunications have evolved to embrace inclusiveness, but a greater focus on women and youth is still required. While Guinea and Sierra Leone have initiated policies and regulations targeting women and youth, Zambia initiated reforms much earlier and is strong on inclusive financial services for women and youth, which are grounded in disaggregated financial data.

**Efforts to define appropriate regulatory responses and provide financial service providers (FSPs) with appropriate management tools to target women and youth are hampered by the absence of gender- and age-disaggregated data.** With the exception of those in Zambia, which started in 2018, few FSPs and MNOs in the other study countries collect or track disaggregated transaction data by gender, age and location, and no commercial bank was able to provide statistics by gender or age. Missing disaggregated data include national mobile phone penetration rates, business activities of the target groups, and usage of providers' product offerings. As a necessary first step, both governments and the FSPs need to understand the unique circumstances and behavior of this important cohort in order to undertake evidence-based policy analysis for regulatory reforms to improve the access, usage, and quality of financial services, and their welfare impact.

**The regulatory framework and digital infrastructure for connectivity and interoperability required for ensuring the growth and sustenance of an inclusive financial environment are either absent or nascent in the focus countries.** These two foundational components (connectivity and interoperability) are important for the inclusion of women and youth for several reasons. First, they are critical to lowering or eliminating barriers to their entry into the financial system, either through policy (such as agency banking guidelines) or practice (such as implementation of a national identity card scheme). Second, they help stimulate the usage and adoption of critical financial services by all segments, helping to transition them from mere access to repeated use, which benefits their economic ventures and welfare.

**Interoperability is lacking on two fronts:** first, among the banks in terms of mutual traffic and, second, among the mobile money providers mutually and in connection with the banks. In Guinea, interoperability exists at the agent level among the banks and the mobile network operators (MNOs), but digital platform interoperability is largely lacking. While the Real Time Gross Settlement (RTGS) system and card payment networks are currently linked with each other, the mobile money infrastructure is not. With mobile money transactions, the fintechs are trying to create a connection to the banks but this is still at a very early stage. A national switch, which is currently being contemplated, can easily address this and provide the necessary interconnection. At the time of publishing this report, both Sierra Leone and Zambia had begun work on interoperability that is expected to be concluded in 2020.

**All three study countries lack many of the rules and infrastructure critical to lowering or eliminating**

**barriers to the entry of marginalized groups into the financial system.** Also lacking are public infrastructure assets such as credit reference bureaux that index data from multiple sources – banks, microfinance institutions (MFIs), credit cooperatives, MNOs – or national financial switches that enable interoperability of payments and help expand the system and give users a reason to actively use financial services. Fortunately, the situation promises to get better, as detailed in Chapter 3. Sierra Leone for example, is testing new financial products in a controlled environment called a “sandbox”.

## **A.2 Supply-side issues – financial services providers (FSPs)**

**The rapid growth of digital technology in the past decade has rendered the analogue financial system largely obsolete.** Mobile financial services, particularly mobile money, are a major disruptor of traditional financial services typified by bank branches, checkbooks and money orders. The smart phone is the most common mobile device in urban areas, particularly among young males. This confirms the evidence of gender disparity in the use of mobile products and services. There is also evidence that low-cost phones are bridging the urban/rural technological divide and the mobile device is a promising enabler of increasing access to financial services for women and young adults. In Zambia, of the 75 percent of respondents that reported having access to a phone, percent reported owning a smart phone. Almost 50 percent of youth respondents have smart phones, while 57 percent of female respondents have basic phones. Female youths in Sierra Leone reported almost equal usage of the smart phone and the basic phone (42% and 44% of respondents respectively). Nearly half (49%) of respondents in Guinea owned or had access to smart phones, with urban youth being the most avid users. The study also noted that more women than men tend to find cost the most important barrier, overall, to ownership and use of a mobile phone. This was most prominent in rural Zambia and areas where price sensitivity is high due to low incomes. In Sierra Leone and Guinea, for all categories of respondents, transaction costs and waiting time or queueing are the most important barriers to usage.

**With regard to proximity, poor rural infrastructure and underdeveloped provider systems hamper the profitability of financial services offered to women and youth.** From the FSP perspective, the relatively high costs of service provision are the primary reason for exclusion of the majority of the population from financial services. The high costs are due to geographical inaccessibility, poor infrastructure and generally low population densities, making it hard to set up “brick-and-mortar” branches or even agency outlets to offer banking services at reasonable cost.

In Sierra Leone, commercial banks and MFIs cited the limited rural road network and the acutely low national electrification rate of 5 percent (estimated at 11% in urban areas and less than 1% in rural areas in 2017 by Power Africa<sup>5</sup>) as disincentives for expansion. They said these factors increase overall costs of delivery and affect the business case for supplying these services. Similarly, in Zambia, low population densities in peri-urban and rural areas makes unattractive any venture to crowd-in financially-excluded women and youth (most of whom live in rural communities)<sup>6</sup>.

**Entry/registration requirements for private companies to start a financial service business are very high.** In Guinea, MFIs are required to provide US\$500,000 minimum capital. The result is that there are few MFIs that enter the market to offer financial services to women and youth for job creation and entrepreneurship. In addition, factors endemic among the FSPs also contribute to this problem: several have weak operating models and rely on traditional banking models of branch networks and expensive technology. In Guinea, the failure to keep up with technology and emerging branchless banking models (such as agency banking) leaves FSPs with traditional brick-and-mortar models and manual systems, which are an obstacle to providing financial services to remote clients, women and youth in particular. In addition, FSPs must bear the compliance costs related to numerous regulations, including implementing anti-money laundering regulations and reporting requirements; these can be both tedious and expensive. To remain profitable, prudent banks or insurance companies build these costs into their pricing strategy, thereby making their products prohibitively expensive for women and young people.

## **A.3 Demand-side issues – views of stakeholders**

**Culture and social norms shape women’s access to and control over resources, and consequently their ability to access financial products and services.** In all three countries, social norms preclude women from owning property and independently accessing financial services. Some women in Zambia are not allowed to own land, which prevents them from using land as collateral for obtaining loans. In Sierra Leone, a key study looking at gender-related economic issues in detail identified an inherent cultural gender bias<sup>7</sup>. Sierra Leone has a highly patriarchal society with institutionalized gender biases and inequalities. For example, husbands must approve women’s personal and business transactions, and women have limited access to assets, which could be used as collateral for credit. Guinean society, being largely Islamic and patriarchal, also features numerous gender biases embedded in customs and sometimes in national laws.

**Cumbersome requirements and processes for opening an account are major barriers to financial inclusion for women and youth.** FSPs such as banks and MFIs are required by law to capture detailed biographical and situational data on prospective customers before account opening, a process referred to as Know-Your-Customer or KYC. In all three study countries, peri-urban and rural women have difficulty in obtaining the right documents, largely because of high illiteracy rates, the informal nature of their occupations and cultural issues. In Sierra Leone and Zambia where some women are not allowed to own land and can access land only through their husbands, direct access to capital is a dream for women. A few FSPs in Guinea demonstrated interest in considering residence permits as admissible identification, but there are challenges with officially verifying addresses and new identity cards (IDs) can be issued without cancelling the older, obsolete ID, making reliance on this form of ID futile.

**Youth grapple with identity card issues and age restrictions.** A significant number of Guinean youths under 18 do not have admissible IDs, and some FSPs request proof of a regular salary. This excludes most of the youth who tend to be without any stable income. In the case of Sierra Leone, identity cards have not been issued by the government in the last two or three years due to reorganisation of some government departments. As a result, voter cards have been widely used instead, but this excludes youth who have not yet registered to vote.

## B. Use and Quality of Financial Services

The study focused on three key elements of **use** and **quality** critical to the inclusion of women and youth in financial services: policies and regulatory initiatives or barriers; supply-side issues such as type of financial products in use—e.g., bill payments, savings, security, product fit and consumer protection—and demand-side issues such as frequency, duration and behavior of clients.

### B.1 Policy and regulatory initiatives and barriers

**Governments in the study countries are actively promoting credit registries, improving consumer protection laws and encouraging private sector-led innovation.** Guinea's most authoritative piece of inclusive financial legislation came in July 2017. This legislation directly regulated the affairs of a set of institutions created to expand access to affordable and responsible banking products and services for populations excluded from the traditional

banking system. The Bank of Sierra Leone (BSL) has made strides in creating a deeper, broader and more inclusive financial services environment that attends to the needs of women and youth following enactment of the Credit Reference Act in 2011. This single piece of legislation provided the framework for BSL to operate an interim Credit Reference Bureau Unit (CRB). Zambia has few legislative instruments focused on nurturing a supportive and enabling environment for underserved communities other than the Competition and Consumer Protection Act (CCPA) passed by the Parliament in 2010. This established the Competition and Consumer Protection Commission (CCPC), a statutory body with "a unique dual mandate to protect the competition process and also protect consumers."

**Cooperation on consumer protection issues is not clearly defined in the study countries.** Particularly in Zambia, it was observed that cooperation of agencies on consumer protection issues is underdeveloped. In contrast, BSL in Sierra Leone has established a dedicated consumer protection unit in the Banking Supervision Department responsible for policy development and oversight of consumer interests. In Guinea, there are no agencies within the government that could be clearly identified to be responsible for consumer protection affairs.

### B.2 Supply-side issues, measures and initiatives

**Customer service and engagement in the three study countries are weak, particularly in banks.** Complaints include: tellers attending to their phones more than to clients; very long queues especially at the end of the month; low interest rates on savings; lack of ATMs and cards such as VISA. The situation appears to be slowly changing, with some banks now in the process of acquiring ATMs in order to provide better service. The study also noted that not much research is done by the banks on the quality of their service as perceived by their clients. But one bank in Guinea explained that it is performing regular surveys and using the findings to make changes to aspects of its service, such as reducing queues at bank premises.

**Low product uptake by clients is linked to poor communications and weak publicity of products by FSPs.** Demand-side interactions suggested that this may be partly due to how the message is communicated and inadequate financial education. Few FSPs communicate in local languages or use community opinion leaders as product ambassadors. Others use general "push" communication strategies

and not word-of-mouth or door-to-door methods, which resonate more with women who may have mobility restrictions in rural communities.

Similarly, the failure to communicate in a timely manner about changes in tariffs, commissions or fees to agents or end users has brought unpleasant surprises that affected trust in the providers and continuing use of their products. These negative experiences are shared on consumers' social networks, with knock-on effects on prospective users, particularly in rural areas where income and education levels are generally lower. Nevertheless, a few FSPs are finding innovative ways to improve customer engagement.

**However, all three focus countries exhibit varying levels of product and process innovations in their respective financial markets.** In Guinea, the Yete Mali and Caidel microfinance institutions (MFI) introduced and popularised a prepaid debit card for their clients. Other MFIs also equip their officers with tablets to visit and work with women and other clients in markets, saving them from having to come to an office. Another fintech (BaySim) developed a point-of-sale (POS) device to be used in rural areas, which can be connected to solar panels and given to young street sellers/agents to become mobile money/POS suppliers.

In Sierra Leone, the banks are beginning to innovate: seven commercial banks issue smartcards and operate ATMs while four have operational POS machines, with Interswitch Nigeria providing switching services for six of the 14 commercial banks in the country. This is impressive for a country with fewer than 50 POS terminals, 30 of them deployed by one commercial bank (Ecobank). The fintech scene is more vibrant, with outfits like iCommit offering products that help farmers save between harvests, and Mosabi, a social enterprise that offers financial literacy services by providing a platform for training low-income operators using a mobile app on topics such as entrepreneurship, business skills and financial literacy. Zambia has not been left behind in this wave of innovation: Zoono, a popular fintech, markets a no-frills e-wallet called Zoono Sunga2 for the low-income consumer to keep money safe at no charge: it requires no paperwork, no minimum balance, no monthly fees, and only about 10 kwachas (less than \$1) to set up. Finally, in partnership with Financial Sector Deepening Zambia (FSDZ) and after a four-month pilot study, the payments technology company Zazu introduced a nationwide programme to offer 100 unique courses to the mass market on financial literacy, focusing on topics such as insurance.

**MFIs and lower tier banks demonstrate the most commitment to serving the low-income, women and**

**youth market.** Some MFIs have special loan products designed for women, such as group loans, which also address their collateral requirement shortcomings. They have also introduced other products to broaden the range available, such as salary loans, fixed asset lending, leasing, microinsurance and transfers.

**Consumer protection issues are being addressed through a variety of methods, with mixed outcomes.** MFIs take issues relating to the security and welfare of their clients seriously, with some having their account executives visit women in the markets to introduce products. But to be fully effective, lack of knowledge of the customers (particularly women) of the technology is an issue that will need to be addressed if innovative technologies are to be embraced, particularly as many perceive technology to be highly susceptible to fraud. This concern was strongly expressed by rural women in Guinea, who cited account security as important to them and were likely to resist technology-driven data collection methods out of suspicion. However, the study details a number of innovative regulatory and digital approaches to address these issues.

### **B.3 Demand-side issues**

**Trust and security are key decision-making factors for using formal financial services.** Making errors while operating account and fraud are the two top security concerns expressed by respondents in Guinea. In all three countries, there was unanimity that using SMS notification alerts would offer limited benefits because of high levels of illiteracy, particularly among adult rural women. Biometric options for protecting accounts were the most preferred. Most respondents, especially the youth, are comfortable using a PIN to protect their accounts; urban male youth had no security concerns. Better sensitization and education on account security issues, introduction of biometric and SMS alerts were some suggestions provided by respondents in Sierra Leone.

**The cost of financial transactions (whether over-the-counter transactions, interest rates on loans, or mobile money withdrawals) was cited as a barrier to widespread adoption of financial services.** While basic phones are important for enabling access to rudimentary services such as mobile money, they are limited in terms of more sophisticated transactions. Smart phones represent the future for mobile financial services, enabling a range of transactions for a wide variety of uses. As demonstrated in mature sub-Saharan markets like Kenya and South Africa, a high and rising smart phone penetration rate is an indicator of progress towards inclusive digital financial services.

## Welfare

The study reviews the **welfare** dimension from the perspective of how the policy, regulatory and institutional framework of financial-services-related laws have impacted the livelihoods of customers in the areas of entrepreneurship, job creation and business productivity. The focus is on individual consumption levels or productivity and business productivity. The review also explores how the mix of financial and non-financial institutions, and private sector partnerships have directly impacted the livelihoods of women and youth in the country, and highlights the gaps in regulatory and financial services provision (supply-side considerations) in spurring job creation and entrepreneurship for women and youth.

### C.1 Policy and regulation initiatives

**In all three countries, while general reforms and initiatives do not explicitly target women and youth financial inclusion, dispersed references in laws and regulations aim to promote their welfare and livelihood (see Chapter 4).** In Guinea for instance, the National Plan for Economic and Social Development (PNDES) considers “assistance to women in business creation (registration and opening bank accounts) as a feasible priority action” as well as “facilitation of women’s access to substantial financing beyond the scope of microfinance programs”. The government has created several initiatives including Youth Listening, Counselling and Guidance centers. However, besides these general reforms and initiatives, not much was identified during the stakeholder interviews in terms of financial sector policies and laws directly targeting the welfare and livelihood of women and youth. In Sierra Leone, to improve the welfare impact of various development initiatives, the government has enacted laws to promote women’s rights, including the Gender Act. But implementation of some of these Acts has met many challenges even as they help the push towards constitutional reform.

**There is a growing emphasis on financial literacy and education initiatives as overall awareness deepens.** Broadly, this study revealed the pervasive nature of poor financial literacy and education among women and youth respondents, with the young rural woman seemingly the least served. The lack of knowledge of basic financial management is exacerbated by complete or partial absence of the knowledge of applicable consumer protection laws or rules and recourse mechanisms for any specific product. Additionally, although there are some financial literacy initiatives for the general population, there are few that focus solely on women and youth. Financial education campaigns promoted by the private sector, both in terms of frequency and reach are limited to urban areas.

Of the three countries, Zambia has shown most progress, with clear financial literacy strategy that covers a wide range of initiatives targeted at women and youth. But, even with such good progress reported in Zambia, low financial literacy persists among the women and youth, and more is being demanded of the regulators. Sierra Leone is making progress, albeit starting only recently. At the time of drafting this report, the BSL was finalizing the Financial Literacy Strategy Framework. In Guinea, there are no clear initiatives (public or private) aimed at promoting financial literacy in the country and there is limited evidence of activities in financial literacy capacity building programs despite it being mentioned in the PNDES. Some development partners have also started programs that are aimed at boosting the welfare impact of financial inclusion, especially among women and youth.

### C.2 Supply-side initiatives

**For all three countries, there was no clear set of indicators that FSPs monitor welfare/job-creation impact of their financial services.** Most institutions said they did not collect data or monitor the impact of their services on their clients, although they could observe the changes in their businesses over time. Some institutions had clients who had been with them for over 10 years, which would have allowed them to see changes in their personal and business accounts. For MFIs, women constitute a significant market but there is still virtually no analysis of the impact of the finance provided.

**Limited access to financial resources (loans, credits, etc.) constitutes the main constraint to the growth and development of SMEs, largely dominated by women and youth in all three countries.** There is limited access to micro-loans for women and youth, particularly those in informal employment and small business owners. In Guinea, a recent World Bank study indicated that only 2.5 percent and 8 percent of small enterprises and medium enterprises respectively have a loan or a line of credit from formal financial institutions. For most of these firms, only 2.8 percent of their investments are financed by bank; The largest portion of the investments (92%) is own account or other sources.<sup>8</sup> Similarly, in Zambia, it is very difficult for women to access credit to expand their businesses. The financial needs of their microenterprises are too small on average for banks to meet their demands – often, the transaction costs to the banks outweigh the loan amount for the SMEs. In addition, the collateral remains high, above 150 percent of the loan amount. In most cases, many of the SMEs are unable to provide the right documentation to meet the rigid collateral requirements. Thus, MFIs play a significant role as credit providers to this segment of the market.<sup>9</sup>



**However, new and emerging inclusive digital finance models and technologies like agent banking and mobile money offer outstanding opportunities to engage both women and the youth in income-generating activities.** A keen observation of the study was that a majority of the handlers—individuals who interact with customers and conduct transactions on their behalf in any agency outlet—were youths, and often women. The fintech revolution across sub-Saharan Africa is expected to offer young people job opportunities as remote sales and marketing agents of fintech products. Already, local fintechs in the study countries are employing tech-savvy people who are mostly below the age of 35. There is empirical evidence from the Helix Institute of Digital Finance that while women are underrepresented in the ownership of mobile money agent businesses in Africa and South Asia, they excel in customer interactions – particularly with late adopters and female customers – compared with their male counterparts, and manage their liquidity needs (float/e-cash) just as well as men, if not better<sup>10</sup>. If more women can be encouraged to participate in the mobile money or agency banking business as well as own their own businesses in this space, this can easily translate into viable financial opportunities and lead to their economic and social empowerment.

**In this regard, financial literacy programs for underserved groups have been shown to have high welfare benefits.** Noteworthy is the increasing number of NGO-led initiatives focused on deepening financial literacy for underserved groups. Mosabi (formerly InvestED), a Ghana-based social enterprise operating in Sierra Leone, together with Salone Microfinance Trust (SMT), are engaged in improving financial inclusion and financial literacy by providing a mobile app platform for training low-income entrepreneurs on topics such as entrepreneurship, business skills and financial literacy. Users can qualify for credit products offered by SMT and other lending partners, with the loan repayment managed via mobile money. Zambia's financial education framework has spurred a healthy mix of public and private-sector initiatives, notably the one offered by Zazu, a payment technology company, and FSD Zambia (FSDZ). This resulted in over 6,000 people completing over 15,000 courses ranging from credit and insurance to investments and budgeting. The plan is to launch a national campaign using this platform to help address the financial literacy challenge in a cost-effective way.

### C.3 Demand-side issues

**Loan and credit financing of entrepreneurial activity is low,** as a majority of respondent business owners in all three countries indicated personal funds or savings as the main source of funding for their

businesses, followed by loans from family and friends. Only about 10% of funding was provided by loans from commercial banks. Rates of loan refusal are high, and the reasons range from lack of guarantors, failure to qualify, and insufficient/infrequent income. However, business ownership and steady monthly income improved the use of financial services and products. While actual numbers for productivity are not available from the survey, focus group (FGD) participants explained how their lives improved after accessing and using appropriate financial products, supporting the hypothesis that the lives of those who consistently use inclusive financial products can change positively.

**Youth struggle to get capital because of inherent social biases against them.** This came to the fore when key stakeholders admitted that the main impediment to young people accessing funding was the issue of their stability. A married person with children and a home is far more likely to obtain funding from a financial institution or even an informal lender than a young person without attachment who can move at any time, depending on the opportunities that arise. In addition to this constraint, in all three countries, it was noted that young people often have difficulties in providing guarantees in cash or in kind.

**In all three countries, informal financial markets are very popular, and remain a good source of funds to kick-start business for a significant number of women.** This was observed particularly in rural areas, but also in urban areas despite the access to more formal services. In Sierra Leone, the most popular is the *Osusu* savings groups, mostly among women. In Zambia, village savings groups called *Chilimba*, and a short-term loan service known as *Kolaba* enable women to pool their money and lend to each other, charging interest and receiving a return at the end of the year. The aspect of a trusted social network and meeting with each other socially makes this method unique by combining pleasure and informal access to credit and savings.

**Financial illiteracy emerged as a major barrier to entrepreneurship among women and youth.** In Zambia, loans and financial literacy training were cited by business-owning respondents as the two most important products or services that would help improve their businesses. Similar findings were reported in the Sierra Leone survey, corroborating other studies by the UN Capital Development Fund (UNCDF) and Finscope. While some of the respondents have had training in financial literacy, these have been one-offs, with no follow up and thus less beneficial to the clients. In Guinea, most women and youth indicated a preference for hands-on financial literacy training (as opposed to general education) and periodic retraining.

## Recommendations

Based on the findings, the study makes a series of recommendations to improve the ability of women and youth to access financial services.

### Access and Usage

**There is the need to rationalize requirements and procedures for account opening.** To improve access and usage of financial services, registration authorities must balance legislation on customer and institutional protections with accessibility. This is to ensure that youth and women, who tend to be the most financially disenfranchised due to their inability to present formal identity documentation, can register and access financial services with semi-formal IDs. In Sierra Leone, the three-tier identification system to replace the current “one-size-fits-all” regime for accessing formal financial services is a step in the right direction. This tiered-KYC approach (limited identification for limited-use accounts with limited value thresholds), already implemented in a number of markets including Nigeria and Mexico, is necessary for women and youth to open very basic accounts more easily without *stringent* proof of identity. These low-value accounts can be classified as low risk, with the reporting and due diligence burden reduced accordingly.

**Financial service providers<sup>11</sup> should explore ways of testing out ID innovations with regulatory agencies.** This can be done within their current legal and operating environment, such as using “regulatory sandboxes” or offering “no-objections” to interested players. FSPs can use informal agreements among themselves to refer risky and “unsuitable” clients to lower-tier FSPs or other providers if account-opening requirements cannot be fulfilled, as is popularly practised in Guinea between commercial banks and MFIs.

**Addressing gaps in digital infrastructure is crucial for improved access for the vulnerable groups, including women and youth.** Telecommunications regulatory bodies<sup>12</sup> in Guinea, Sierra Leone and Zambia should review the pricing of key delivery channels to strengthen the business case for serving special interest groups such as women and youth who tend to be excluded because of high channel costs. Specifically, a tiered pricing scheme for ubiquitous channels like USSD (Unstructured Supplementary Service Data) can make a big difference for low-capital companies like young fintechs that wish to use this channel.

**Governments can also directly influence the uptake of low-cost handhelds and energy devices such as solar panels by reducing taxes imposed on these critical items.** Mobile phones and solar devices are innovative tools that help citizens of developing economies leapfrog underdeveloped infrastructure, particularly in areas where the government has failed to provide key amenities. Imposing taxes ends up overburdening the provider with costs, which are passed on to the consumer, affecting uptake. Regulators can also encourage MNOs to expand infrastructure into rural areas by offering tax incentives such as two-year tax holidays for importing equipment for building digital financial services, with the qualification criterion that at least 30-40 percent of equipment be deployed to rural areas.

**In partnership with NGOs and development partners that seek to develop inclusive financial systems, and in order to share the costly initial investment, the private sector should invest in cutting-edge technologies like Long-Term Evolution (LTE), temporary tower infrastructure and subsidized mobile phones.** For instance, UNCDF actively participates in the Sierra Leonean and Zambian digital financial services space through the launch of Challenge Funds and Design Sprints, designed to promote customer inquiry and incentivize the private sector. These activities help to reduce private sector risk aversion by removing the risk element of big investments and shifting commercial goals closer to social objectives while retaining commercial viability. Supply-side players should leverage such opportunities to improve their rural penetration and upgrade internal systems to be able to better deliver services to underserved groups.

**Break down legal and economic barriers to women’s and youth’s access and usage of financial services.** Central banks can make a massive contribution towards breaking down economic barriers for supply-side players by lowering entry fees, costs and other requirements for licensing formal FSPs. These costs were found to be very high across the whole spectrum of services, from MFIs to money transfer entities, particularly in Guinea. If governments can explore ways of granting registration fee and licensing concessions to financial entities that demonstrate willingness to serve marginalized groups such as women and youth, it will most likely increase interest in serving these groups and stimulate competition within the space, allowing for greater focus on these marginalized groups.

In most sub-Saharan economies, most traditional lending relies on pledging immovable assets as

collateral, which tends to exclude women because of the many cultural biases against them enshrined in customary, common and statutory laws. One way governments can break down some of these barriers is by establishing moveable collateral registries, similar to what was promulgated in Zambia and Uganda with the Moveable Property (Security Interest) Act, 2016, and the Security Interest in Movable Property Act, 2019, respectively, so that excluded groups can leverage their moveable assets to access credit. Another way is to promote the use of reputation collateral, such as a record of successful repayments to microfinance institutions or retailers, which may help women build their credit histories and ultimately access finance.

## Quality and Welfare

The following recommendations are offered regarding enhancing the quality and overall impact of financial services on the wellbeing of women and youth:

**In all three countries, there is the need to fast-track development of laws and rules for inclusive finance.** Important regulations and policies – such as agency banking, e-money guidelines and national financial inclusion strategies – are critical to deepening the financial sector and enhancing inclusiveness. Guinea's National Financial Inclusion Strategy is purportedly undergoing development and awaiting final release in late 2019. The government should ensure that the Strategy is completed and operationalized to provide an overarching context for the efforts to improve financial inclusion. Regulators and stakeholders should fast-track ongoing work on tiered KYC, inclusive collateral registries and interoperability in order to lay the foundation for an inclusive and frictionless financial system. Once such strategies are formally adopted and operationalized, there is impetus for action. For example, Indonesia took over two years to implement its strategy, after which its financial inclusion efforts increased significantly. Similarly, Sierra Leone and Zambia each has a working strategy in place, which has formed the basis for stakeholder interactions and allowed for tracking overall progress in key inclusive finance areas.

**Collect gender- and age-disaggregated data to help accelerate and better target financial services to women and youth.** A greater obligation to produce disaggregated data on matters relating to financial inclusion – such as gender and age reporting – should be placed on regulated financial and non-financial entities (such as MNOs, fintechs, credit cooperatives, women's and youth umbrella associations) through

government or industry-led regulation. Understanding customer profiles and behavior helps in product positioning, efficient allocation of resources and provision of useful data to regulators and policy makers for tracking and evaluating progress on policy and national financial inclusion strategies.

**Bolstering efforts on financial literacy initiatives is highly recommended and urgently required.** Policy makers can increase financial literacy by adapting school curricula to include the basics of financial discipline, financial planning and, in later stages, the rudiments of entrepreneurship. This approach should blend both theory and practice. In that regard, the investment competitions promoted by Zambia's Securities and Exchange Commission (SEC) are an excellent way to provide curious minds with the requisite experience in planning, investing and trading. The recommendation would be for the SEC to enhance existing investment simulation programs by leveraging technology (i.e. transferring and updating data to the platform) and rolling out the model nationally to as many schools as possible, beginning with those schools with the requisite infrastructure (internet, etc.). Both Sierra Leone and Guinea will benefit from periodically conducting national surveys on topics such as financial diaries and a baseline financial capability survey, customer satisfaction, and consumer protection practices.

**Financial services providers should pay particular attention to women and youth during their regular and targeted campaigns aimed at improving financial awareness and knowledge among their customers.** It is imperative that such campaigns consider education levels, income streams and languages of the target groups. They should cover not only the theoretical aspects but also how to apply them practically (through role-play exercises, for example). In addition, it is important to deploy a variety of teaching approaches such as using village chiefs as financial literacy ambassadors and leveraging localized SMS or radio announcements in the vernacular with daily/weekly financial tips. Greater demand for products, especially those of MNOs, could be achieved through nuanced programs (TV, radio, flyers) – potentially in the vernacular – to teach people how to use mobile money applications. These avenues could also be used to warn customers of scams taking place and to educate them on agent fraud and malpractice.

**Lowering the cost of phones or promotion of instalment payment plans** – which are likely to be the core drivers at work in these markets – can greatly benefit women, who tend to have less financial independence than men, and get them to increase their use of financial solutions such as mobile money.

## Concluding Remarks

The financial exclusion of women and youth is a weighty topic and demands a collective response from governments (policy makers and regulators), financial service providers and development agencies. While several actionable recommendations have been proposed to address challenges faced by both cohorts, their success is hinged on disciplined implementation and continuous review of the actions, challenges, and outcomes.

The issues confronting the financially-excluded women are largely related to access and usage of financial services and require sustainable solutions

to ID challenges, encouraging agent and branchless banking models and advocating for and implementing interoperability of payments. The solutions to the issues that constrain the youth from realizing their economic potential should focus primarily on increasing their awareness of financial products, tools and employment opportunities as well as equipping them with tailored financial knowledge, skills and discipline early on in life in order to instill in them a healthy financial mindset for the new economy. A strong commitment to the execution of these recommendations will help women and youth on the continent build pathways to entrepreneurship, job creation and prosperity for their households and nations.

## Acknowledgements

This report was funded by the International Development Research Center (IDRC), Canada, and prepared by an African Center for Economic Transformation (ACET) team led by Edward K. Brown (Senior Director, Research and Policy Advisory Services) and including Richmond Comodore (Project Engagement Manager) and David Darkwa (ACET Consultant).

Our thanks go to Dave Sessions (External reviewer) and Adadzewa Otoo (gender specialist)

for their inputs and valuable comments on earlier drafts of the report. We appreciate the efforts of our associates, Ayani BV and AfriqInsights, who conducted the country fieldwork and authored the initial drafts of the country reports on Guinea, Sierra Leone and Zambia.

We are also grateful to all stakeholders for their time, knowledge and insights, particularly all the people that we met during our fieldwork, country validation workshops and the high-level policy learning event in Accra, Ghana. We also gratefully acknowledge the International Development Research Center (IDRC) for the funding and support throughout the project.

## List of Abbreviations and Acronyms

2G	Second-generation cellular technology
3G	Third-generation cellular technology
419-scam	Advance-Fee-Fraud
A2F	Access to Finance
ACET	African Center for Economic Transformation
AfDB	African Development Bank
AFFORD-SL	African Foundation for Development – Sierra Leone
AFI	Alliance for Financial Inclusion
AfP	Agenda for Prosperity
ANAMIF	National Agency for Micro finance
APIM-G	Association professionnelle des institutions de microfinance
ARPT	Autorité de Régulation des Postes et Télécommunications (Guinea Regulator of Telecommunications)
ASCA	Accumulating Savings and Credit Association
ATM	Automated Teller Machine
BCRG	Banque Centrale de Guinée
BoZ	Bank of Zambia
BSL	Bank of Sierra Leone
BTCA	Better than Cash Alliance
CBs	Community Banks
CCPC	Competition and Consumer Protection Commission
CGAP	Consultative Group for Assistance to the Poor
CMMR	Credit Market Monitoring Reports
CRA	Credit Reference Agency
CRG	Crédit Rural de Guinée
CSO	Central Statistics Office
DFS	Digital Financial Services
EMI	Electronic Money Institution
EMV	Europay, MasterCard, VISA: a smartcard payment standard
ERP	Enterprise Resource Planning
FAO	Food and Agriculture Organization
FESABAG	Autonomous Syndicated Federation of Banks, Insurance companies and Microfinance companies of Guinea
FGD	Focus Group Discussion
FI	Financial Institution
FinTech	Financial Technology
FISF	Financial Inclusion Support Framework
FSA	Financial Services Association
FSDA	Financial Sector Deepening Africa
FSDZ	Financial Sector Deepening Zambia
FSP	Financial Service Provider
GoSL	Government of Sierra Leone
GRZ	Government of the Republic of Zambia
GSM	Global System for Mobile communications (Mobile Telephony)
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation

IMF	International Monetary Fund
KII	Key Informant Interview
KYC	Know Your Customer (Identification needed to open an account)
LIDC	Low Income Developing Country
MC <sup>2</sup>	Mutuelle Communautaire de Croissance (Mutuality, Community and Growth)
MFI	Microfinance Institution
MM	Mobile Money
MM4P	Mobile Money for the Poor
MNOs	Mobile Network Operators
MOF	Ministry of Finance
MoFED	Ministry of Finance and Economic Development
MSME	Micro Small or Medium Enterprise
MUFFA	Mutuelle Financiere des Femmes Africaines
NATCOM	National Telecommunications Commission
NBFI	Non-Bank Financial Institutions
NFIS	National Financial Inclusion Strategy
NFS	National Financial Switch
NGO	Non-Governmental Organization
NPS	National Payments System
NSFI	National Strategy for Financial Inclusion 2017-2020
OIM	International Migration Office
OM	Orange Money
OTA	United States Treasury Office of Technical Assistance
OTC	Over the Counter (agent handling the financial telephone transaction for the client)
OWNERS	Organization of Women's Networks for Entrepreneurs
PIA	Pensions and Insurance Authority
PNDES	National Economic and Social Development Plan
PNUD	United Nations Development Programme (UNDP)
POS	Point-of-Sale terminals
PPP	Public-Private Partnership
ROSCA	Rotating Credit and Savings Association
RUFEP	Rural Finance Expansion Programme
SLAMFI	Sierra Leone Association of MFIs
SLCB	Sierra Leone Commercial Bank
SSA	Sub-Saharan Africa
TonTine	Saving group where each month one of the members receives all money saved by the members
UNCDF	United Nations Capital Development Fund
USAID	United States Agency for International Development
USD	United States Dollar
USSD	Unstructured Supplementary Service Data (GSM signalling channel: characterized by typing * xxx # )
VSLA	Village Savings and Loan Association
YMF	Youth Microfinance Project
ZECHL	Zambia Electronic Clearing House
ZICB	Zambia Industrial Commercial Bank Limited
ZICTA	Zambia Information and Communications Technology Authority



# Chapter 1: Introduction

## 1.1 Context

The past few years have seen concerted efforts among key actors: regulators, development banks, multinational financial service providers, think-tanks and other non-governmental organizations, to improve financial inclusion. These efforts have resulted in one promising outcome: globally, the number of people with access to financial services such as savings accounts, credit and investment products has increased. This has been largely due to the emergence and increased adoption of digital technologies in financial services, primarily deployed via mobile phones and reaching the hitherto unbanked.

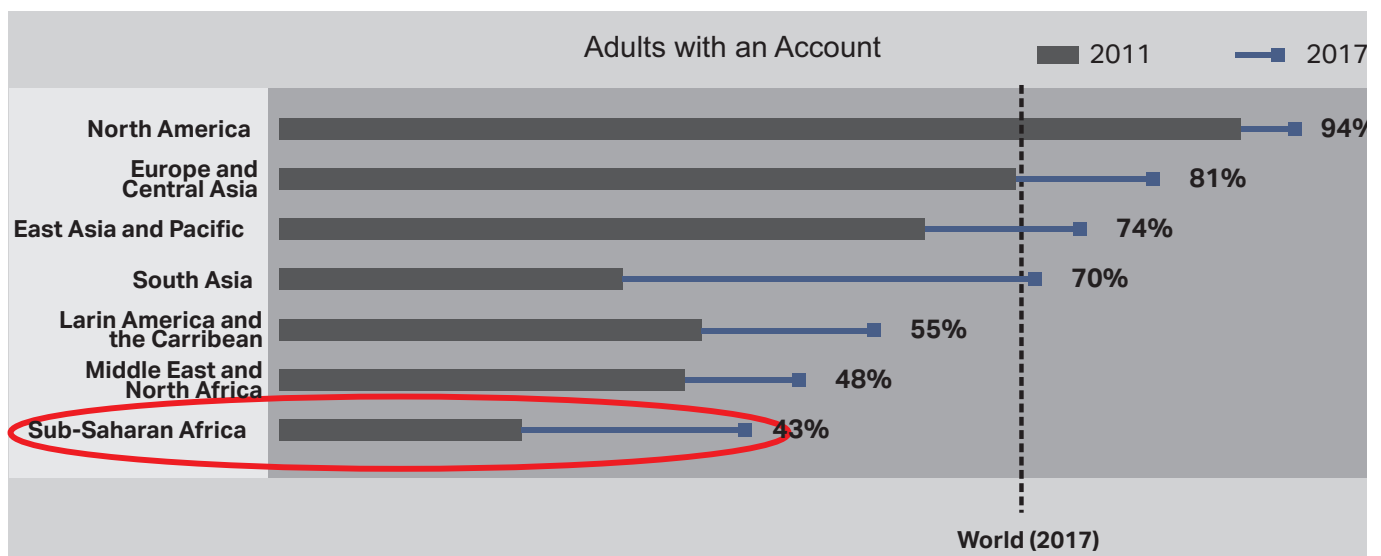
The Global Findex, the world's most comprehensive database of financial behavior with three rounds of data from 2011, 2014 and 2017, records that 1.2 billion adults have obtained an account since 2011, representing an 18 percent increase<sup>13</sup>. Between 2011 and 2017, except for South Asia, sub-Saharan Africa (SSA) has registered the greatest progress in closing the financial exclusion gap. Nonetheless it continues to lag behind the rest of the world in terms of overall access to financial accounts (Fig 1.0). While in some countries account ownership has generally risen, progress has been slower in addressing *gender* and

*age* disparities. For instance, despite this overall increase in financial inclusion, the Global Findex reveals that the gender gap in developing countries remains unchanged since 2011, at 9 percentage points (favoring men). The age gap is worse, with the Findex recording a 16-percentage point gap between adults 25 years and above and the youth aged 15 to 24 years<sup>14</sup>.

Similarly, studies conducted by the African Development Bank, Alliance for Financial Inclusion, Women's World Banking and the World Bank are throwing more light on the extent of women and youth financial exclusion and on the efforts to empower them and close the exclusion gaps. Exclusion is typically high among women, youth, and the very poorest segments of society<sup>15</sup> and highest in post-conflict economies. Researchers, policy makers and development experts are unanimous on one thing: failing to develop the valuable human capital of both women and youth represents lost output and lost potential and, especially undermines young people's lifetime productivity and earnings, making it difficult for them to escape poverty.

According to the African Development Bank's inaugural "African Gender Equity Index Report," women "are more active as economic agents in Africa than anywhere else in the world", perform

Figure 1.0



Source: Global Findex Database 2017. Note: Adult refers to people ages 15+.



most agricultural activities, own a third of all firms, and comprise 70 percent of employees in some countries<sup>16</sup>. In the case of the 370 million youth in sub-Saharan Africa – who remain the subcontinent's greatest asset – the failure of governments to craft reforms to bolster their financial capabilities, help them launch income-generating activities and access needed capital to scale businesses may mean a youth that languishes, trapped, in poverty.

From the service provider's standpoint, inclusion of women in financial services deepens the client base and increases savings and lending opportunities. The most compelling arguments for women's financial inclusion are economic: access to financial services increases access to productive assets and increases productivity, all linked to stronger economic growth. At the micro level, research shows a strong correlation between a woman's access to financial services and the economic empowerment of the woman, her family, community and even society. As Mary Iskenderian, President and CEO of Women's World Banking succinctly puts it, *"Women are far more likely than men to spend money they have under their discretion on the education of their children, the health care for their family and improving the housing ... the kinds of developmental changes that can really have long-term intergenerational impact"*<sup>17</sup>. Women invest their financial resources in their homes, the nutrition and health of their families, the education of their children, and their communities, thereby contributing to generational change, long-term prosperity and security.

Similarly, financial inclusion of the youth represents a future broader client base for financial service providers but comes with risk. However, what is riskier is the failure of policy makers and the private sector to create the enablers for youth enterprise development in a systematic fashion, hampering their ability to develop a credible track record to access financial services. The youth population in sub-Saharan Africa is increasing rapidly; by 2030, it is projected that the number of youths<sup>18</sup> in Africa will have increased by 42 percent. Africa's youth population is expected to continue to grow throughout the remainder of the 21st century, more than doubling from current levels by 2055<sup>19</sup>. Undoubtedly, a significant proportion of these will in a few years' time need to borrow to meet daily and expected needs, launch income-generating activities and save for the future. Access to financial and social assets is key to helping the youth make their own economic decisions and improve their wellbeing. Providing young people with financial services—whether a safe place to save or an appropriately structured loan for investment in an enterprise or education—can promote entrepreneurship and asset building<sup>20</sup>.

## 1.2 Objectives and scope of the study

The study makes a comparative assessment of selected African countries – Guinea, Sierra Leone and Zambia – by tracking progress in the inclusion of women and youth in financial services and the extent to which such services are addressing their unmet financial needs through policy and regulatory innovations, while boosting entrepreneurship and job creation. It aims to compare approaches, gauge the impact of the different approaches, delineate the differences and similarities in policy and regulatory experiences across the three countries, and draw lessons for policy makers, regulators, and service providers.

Through the four lenses of **Access, Usage, Quality and Welfare**<sup>21</sup>, the study specifically seeks:

On the **regulatory side**, to take stock of the scope of public policy initiatives and regulatory environment in selected countries to accelerate progress towards advancing adult women's and youth access to financial services;

On the **supply side**, to take stock of the process and product innovations that are taking place in each country intended to deepen and to broaden financial inclusion beyond the traditional male clients;

On the **demand side**, to document the experiences of adult women, young men and young women and to understand how entrepreneurship opportunities, especially micro-enterprise start-ups, are being supported through financial inclusion for the youth; and

To identify and evaluate the effectiveness of the existing financial inclusion initiatives in the three countries and their relative success or failure in achieving desired goals.

## 1.3 Methodology and Analytical Framework

### 1.3.1 Methodology

ACET's methodology for multi-country studies, the ACET Policy Engagement Model (APEM), is one that engages multiple stakeholders in addressing key policy issues with the goal of ensuring that conclusions and recommendations emerge from healthy debate and rigorous analysis of different perspectives. This study relied on a mixed approach to validate outcomes by factoring in desk-based research, fieldwork and a multi-stakeholder validation event in all three countries. Draft in-country inception reports were produced at

the start of the study and were continuously refined with field data and stakeholder views and expert opinions, culminating in the production of three fully-researched country reports.

The study process is depicted in Figure 2 below. First, secondary data were drawn from sources such as country micro and household data often compiled by country statistical services, the Global Findex database, Finscope studies, World Bank Enterprise Surveys, and the World Bank Global Financial Inclusion Database. Secondly, demand- and supply-side data were collated from the field through surveys and interviews of different stakeholder groups – policy makers and regulators, the whole spectrum of formal and informal financial service providers, industry associations and institutions working with the youth in skills training, and those who demand financial services. Findings were presented and validated at a stakeholder workshop in each country, leading to the development of a draft report for each study country. The stakeholders mentioned above remained in the process and offered critical feedback to these findings, which were incorporated into the final reports.

This report provides a comparative perspective of the results derived from the three selected countries. It synthesizes the overarching issues common to all

three countries, identifies notable and useful policy and regulatory lessons and solutions. To ensure uptake of evidence derived from these country studies, a policy learning event bringing together all three study countries as well as other selected countries was organized to share knowledge and experience to generate an understanding of policy, regulatory initiatives, and product and process innovations that address the unmet needs of women and youth. The overall objective is to provide evidence that can inform policy interventions aimed at increasing overall financial inclusion and wellbeing of women and youth.

### 1.3.2 Analytical Framework

The analytical framework for this study is derived from the Alliance for Financial Inclusion’s policy paper<sup>22</sup> on defining and measuring financial inclusion. The paper assesses the extent of financial inclusion through four lenses: access, usage, quality and welfare improvements. This formulation has been adopted for this study, depicted in Figure 3 and defined below:

**Access** measures the ability of women and the youth to reach financial services touch points or access products from financial institutions. It gives insight into potential barriers to opening and using financial accounts for any purpose. Key factors that affect this

Figure 2: Research Conceptual Framework

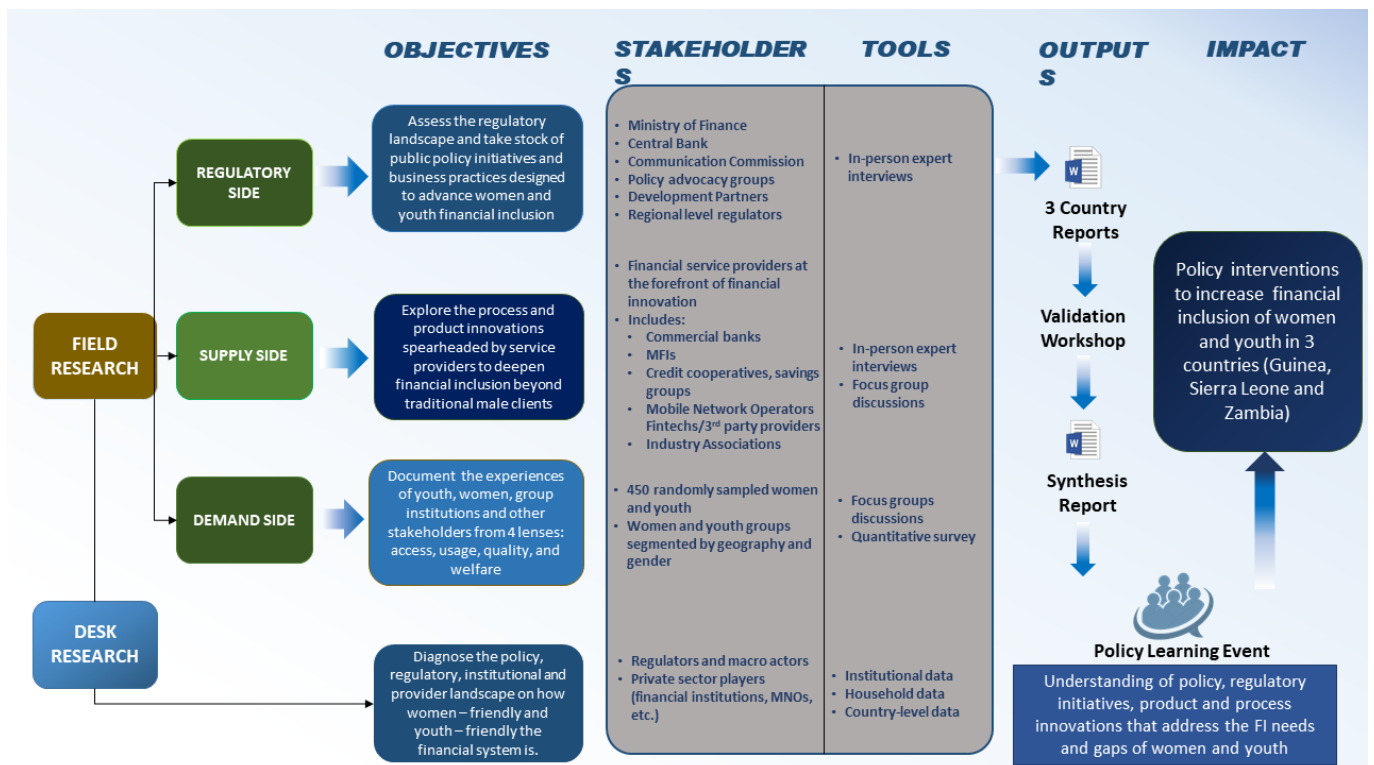


Figure3: Analytical Framework

	DESCRIPTION	INDICATOR CATEGORY	REGULATORY	SUPPLY SIDE	DEMAND SIDE
ACCESS	Ability to access tailored financial services	Proximity	●	●	●
		Channels	●	●	●
		Barriers (legal, cultural, economic)	●	●	●
USAGE	Actual use of financial services	Products (combination of products/services in use)	●	●	●
		Patterns (frequency, duration)	●	●	●
		Behavior	●	●	●
QUALITY	Appropriateness of financial services for peculiar circumstances of women and the youth	Security	●	●	●
		Products (attributes, fit with customers' needs)	●	●	●
		Consumer Protection	●	●	●
WELFARE	How access, usage and quality have impacted the livelihoods of customers in areas such as entrepreneurship and personal / business productivity	Individual consumption levels/productivity	●	●	●
		Business productivity	●	●	●

● = Primary Data Source    ● = Contributory Data Source

indicator include proximity of financial access points to the target group; the type, nature, and number of delivery channels available to serve this target group with product offerings; and other significant barriers present in their environment that limit access to financial services such as legal and cultural restrictions.

**Usage** measures the actual use of financial products among women and youth. It includes the combination of products and services, the behavioural and usage patterns that are unique to this cohort, paying attention to the frequency and duration of specific usage. It asks questions such as: can the people use the products, and do they? And if not, why? What are the popular use cases and usage patterns?

**Quality** is the measure of relevance of financial services or products to the needs of clients. One aspect is evaluated from the perspective of the clients judging from their experience the extent to which available services meet their needs. The other is determining the fit of financial products by assessing the provisions that exist to address their unique circumstances – provisions such as dispute resolution, recourse mechanisms to address grievances and consumer protection.

**Welfare** gauges how access, quality and usage have helped clients start up, scale businesses and create jobs, and contributed to general household wellbeing. For the youth, what is important may be more their

enhanced capability to get started than just having a deposit account. It matters what credit instruments are available to them, the accessibility of these instruments and how these facilities have helped to stimulate their entrepreneurship.

As depicted in the analytical framework (Figure 2 below), the country field studies focused on the three dimensions of the study: the regulatory, supply and demand sides of the financial services market through the four lenses. All field research tools and interview guides were developed first in English, then adapted to country situations and informed by findings and questions emerging from the desk review. All data collected from the research were subsequently collated, cleaned, analysed and summarized.

### 1.3.3 Country selection

The countries were selected for a number of reasons. First, limitation to three countries was dictated by available funding. Second, while recent studies on Zambia have established a progressive increase in the rate of overall financial inclusion in the country (59% according to the World Bank<sup>23</sup>), in Guinea and Sierra Leone (both post-Ebola economies) little literature exists especially on women and youth or progress on these issues. The World Bank's Global Findex 2017 estimates that the proportion of adults who are unbanked was about 87 percent for Guinea and 80 percent for Sierra Leone (in excess of the SSA average of 79%). In countries where women and

young adults are a vital part of post-war and post-Ebola recovery, this is significant. This study therefore intends to update existing literature on the subject in three economies that collectively represent an accelerator and nascent markets where financial inclusion is concerned.

Third, while both Guinea and Sierra Leone have adopted National Strategies for Financial Inclusion, the status of implementation has been slow. The studies will contribute significantly to the narratives on financial inclusion by examining the current state of financial inclusion in each country (including reviewing the role that digital financial services (DFS) can play in expanding access), identifying specific challenges and roadblocks to implementation of the strategy and providing recommendations for improvement. These recommendations will aim to leverage the roles and capacities of the relevant providers, regulators and other stakeholders.

By contrast, Zambia has higher levels of inclusion (about 54% unbanked) and high-level central bank officials, such as the Governor and Deputy Governor of the Bank of Zambia, have taken on women's access to finance as a policy concern. This has resulted in a push for better, gender-disaggregated data collection and Bank of Zambia engagement with financial institutions to encourage their own audits of gender differentiation in their financial products and services. Taking data collection a step further to increase knowledge of risk profiles and performance of women as clients, the Bank of Zambia has introduced new reporting guidelines with the aim of enabling financial and other institutions and agencies to have a fresh

look – and a systematic assessment – of the extent to which they target and serve women entrepreneurs, meet their needs and encourage their potential.

Particularly for women and youth who tend to be the most disenfranchised, the analysis will evaluate the impact that increased access has had on their livelihoods. There is, of course, a recognition that this exercise may be difficult to undertake in depth, given the limited data on the demographics, and even less data on the secondary impact of inclusion. The Zambia study will not only serve as a useful benchmark for Guinea and Sierra Leone, it will also enable the investigation of the extent to which financial inclusion contributes to boosting youth and female entrepreneurship, and what role a targeted approach in this from the central bank can and has played in driving progress. The country situational analysis is provided in Annex 1.

## 1.4 Structure of the remainder of the report

The report is organized as follows: Chapters 2 and 3 draw on the extensive literature review and stakeholder responses derived from one-on-one interviews and focus group discussions (FGD). They make a comparative assessment of the findings and highlight the implications for women and youth financial inclusion in all three countries. Chapter 4 provides a summary of findings and policy recommendations for governments, in particular ministries of finance, central bank regulators as well as financial service providers

**Table 1: Financial Inclusion Data Indicators**

	Guinea	Sierra Leone	Zambia	Sub-Saharan Africa	Lower Middle-Income
GNI per capita (\$)	460	660	1,810	3,827 <sup>24</sup>	7,585 <sup>25</sup>
Account (% age 15+)					
All adults	7.0	15.6	35.0	34.2	42.7
Women	4.1	12.5	33.2	29.9	36.3
Young adults (% aged 15-24)	4.3	6.4	28.8	25.9	34.7
Adults living in rural areas	4.7	11.7	34.8	29.2	40.0

Source: <http://datatopics.worldbank.org/financialinclusion/country/>



# Chapter 2: Access to Financial Services

Access is considered a binding constraint to inclusion of women and youth in financial services. With expanded access, the three other factors: usage, quality and welfare become more tractable. Public policy and regulations should consider all four together. Thus, this chapter is devoted to providing a comparative analysis of issues relating to **Access** to financial services in the three study countries. Chapter Three focuses on the three other factors. The review is based on the analytical framework defined in Chapter One and examines three key issues relating to access: (a) policy and regulatory initiatives – implications and impact; (b) supply-side issues, such as proximity, channels and barriers to services (cultural and economic); and (c) demand-side issues—stakeholder views and responses derived from one-on-one interviews and focus group discussions, profiled in Chapter One.

## 2.1 Policy and Regulatory Framework

The past decade has seen gradual improvement in the regulation of the financial sector in the three focus countries, particularly in the areas of strengthening banking supervision, the payments system and overall inclusiveness. While Acts and regulations have not been explicit in their focus on women and youth issues across the board, some progress has been made with laying the conditions for an inclusive financial system driven by advances in digital technology. These include formulation of laws to support the establishment of alternative delivery channels such as branchless banking and mobile money, which are helping to lower the cost of service delivery to underserved populations.

**Foundational laws across banking, microfinance and telecoms have evolved to embrace inclusiveness but greater focus on women and youth is still required.**

In **Guinea**, with the aim of improving the governance of banking establishments and customer protection, the Central Bank of the Republic of Guinea (BCRG) implemented the first banking law in 2005, which was revised and improved in 2013. In 2014, the BCRG set up a steering committee for the development of

regulations regarding digital financial services (DFS) or electronic banking. The committee was responsible for drafting the legislative and regulatory provisions relating to DFS and ensuring monitoring of electronic banking infrastructure, products and services.

In March 2015, it became permissible for electronic money to be issued by credit institutions – commercial banks, microfinance institutions (MFIs) and electronic money institutions (EMI) – approved by the Central Bank. Thus, any establishment, such as a telecom operator or third-party, could issue e-money in coordination with a bank or EMI, with the bank or the EMI vouching for all the operations carried out by the entity. BCRG was additionally responsible for regulating the activities of the EMIs and ensuring compliance with qualitative and quantitative prudential standards.

In **Sierra Leone**, the Bank of Sierra Leone (BSL) took a similar approach by focusing first on establishing sound financial governance through a set of financial sector laws and then gradually introducing other Acts to improve financial services delivery to the base of the population pyramid. The Banking Act introduced in 2011 applies to institutions that accept deposits from the public, repayable on demand or otherwise, and withdrawable by check, draft, order, or by any other means. Currently, no separate classification of special groups like women and youth exists under the Banking Act. However, the 2011 guidelines for “Other Deposit-taking Institutions”, includes deposit-taking microfinance institutions, community banks, savings and loans schemes, institutions that typically have women featuring prominently in their client base. Additionally, MFIs in Sierra Leone are required to submit monthly reports specifying the number of borrowers, percentage of borrowers who are women as well as average loan size, a requirement that directly targets financial inclusion of women and could be expanded to potentially include other sub-groups. Youth, however, are not specifically mentioned in these guidelines. Also left unaddressed are other important institutions like small, informal community-based organizations (CBOs) such as rotating savings and credit associations (ROSCAs), which dominate the peri-urban and rural areas and remain the modality of choice for savings, particularly among women.

**Zambia** is strong on inclusive financial services for women and youth. It began its reforms much earlier,

probably indicative of the wave of inclusive finance interventions that spread across the eastern and southern part of the continent around 2006, and later spread towards West Africa. Between 2004 and 2015, the government, in coordination with the Bank of Zambia (BoZ) and the Ministry of Finance (MoF), implemented program reforms and laws that contributed to broadening financial inclusion. A number of foundational Acts (such as the National Payments System Act) were promulgated to empower the Bank of Zambia to provide regulatory functions that ensure safe, secure and reliable financial transactions. While no specific law or act exists to promote the provision of financial services to women and youth directly, this is addressed indirectly through laws governing new and emerging channels like electronic money (which are known to help financial institutions serve the last mile) or laws that influence social and cultural norms regarding property rights and behavior, such as the Movable Property (Security Interest) Act of 2016.

The BoZ National Payments Systems Directive on Electronic Money Issuance in 2015 (as part of the National Payments System Act) offers a good case in point. This directive ensures regulation of electronic money, with participation from the Zambia Information and Communications Technology Authority (ZICTA), and dictates the rules of engagement for all mobile-money-related activity in the country, many of which target underserved populations. The Movable Property (Security Interest) Act (2016) is another good example of how regulation influences the participation of women and youth in the formal economy. The Act has given financial institutions the confidence to increase credit to SMEs, to underserved segments such as women and youth and to “enhance the availability of low-cost secured credit to allow debtors the use of the full value inherent in their assets to support credit<sup>24</sup>”. Historically, many of the assets that were used as collateral to secure loans were immovable, such as land or buildings. With the Movable Property Act now in place, more women and young adults have the hope of leveraging their assets – most of which are moveable – to access credit for consumption or livelihood-generating activities.

**Guinea and Sierra Leone both demonstrate progress in establishing inclusive structures, but Zambia exhibits the most progress.**

In **Guinea**, there remains a lot to be done in crafting new policies and initiatives to provide financial services to underserved groups. Nevertheless, a few initiatives stand out: the World Bank is supporting the establishment of a credit reporting system to improve credit risk management and enhance access to credit, with implementation of a comprehensive credit registry system at the BCRG, though progress has

been slow due to administrative challenges<sup>25</sup>. The credit reporting initiative extends to MFIs, which should allow small borrowers to access credit on more equitable terms (e.g. average interest rates on short-term micro-loans are between 36% to 48%), and MFIs to extend micro-credit to new clients and sectors. MFIs currently concentrate on the trade, catering and agriculture sectors, and it would be beneficial to provide loans for other social needs such as housing, water and electricity connections. As indicated earlier, the Guinea government has a comprehensive strategy for achieving financial inclusion for the country. The first draft of this national strategy was released in December 2018. It is currently undergoing a review process with the World Bank and was expected to be formally launched in June 2019.

**Sierra Leone** is quite different; the inclusive stance the government has towards the financial market is evident in the various activities and policies promulgated over the past decade. In 2009 Sierra Leone joined the Alliance for Financial Inclusion (AFI) and in 2012 signed the Maya Declaration, joining approximately 50 countries committed to furthering financial inclusion. The government also made commitments to the Better than Cash Alliance (BTCA) in 2015 to broaden access to finance through digital means and connect people to the formal financial sector.

In collaboration with relevant stakeholders, BSL developed a new National Strategy for Financial Inclusion 2017-2020 (NSFI) to prioritize the removal of impediments to greater financial inclusion and make financial services available, accessible and affordable to all Sierra Leoneans. The strategy also included provisions for micro-, small- and medium-sized enterprises (MSMEs) to ultimately support inclusive and resilient private sector-led growth. The NSFI is aligned with other government policies, such as the President’s Recovery Priorities 2015-2017 and the National Agenda for Prosperity 2013-2018. The NSFI’s 5th intervention relating to Financial Literacy, Financial Education and Consumer Protection will develop innovative and sustainable training programs with consistent messaging targeting women, youth, rural-based population and MSMEs.

BSL, in collaboration with other stakeholders, is also finalizing the Financial Literacy Strategy Framework, which will serve as a road map for achieving financial literacy to ensure a well-informed and adequately protected public. A Financial Literacy Working Group, comprising all major stakeholders, has been created, and is charged with the responsibility of coordinating all financial literacy issues in the country. Since 2017, the first week in November has been dedicated as the country’s annual Financial Literacy Week.

With regard to the Ministry of Finance, while there is currently no unit, department or division in the ministry dedicated to policy formulation or research into issues of financial inclusion, the work of the ministry with respect of financial inclusion issues is executed by the focal person in charge of the Better than Cash Alliance.

**Zambia** leads impressively with specific youth and gender-centric initiatives grounded in financial data and research. Much of the financial data analyzed are based on data reported in the FinScope Report 2009 and the 2017 IMF Report. These data were used to inform further research and work associated with improving the financial conditions of women and youth, including the 2015 FinScope Report. The Bank of Zambia ran the Financial Sector Development Programme (FSDP) I & II<sup>26 27</sup> as two consecutive five-year programs between 2004 and 2015. The overall strategy was to enhance the contribution of the financial sector to economic growth with a specific focus on financial inclusion and financial literacy and education. In 2009, the Ministry of Education, Science and Vocational Training was involved in revising the national school curriculum following inputs from the FSDP I and the Bank of Zambia's National Strategy for Financial Education to incorporate financial education.

Zambia's National Financial Inclusion Strategy (NFIS)<sup>28</sup> was created to expand and accelerate access and usage of a broad range of quality and affordable financial services. This is important in promoting the participation of marginalized populations in rural and peri-urban areas in business and economic activities. The NFIS is spearheaded by a team within the MoF with close support from the BoZ and the Securities and Exchange Commission (SEC). Their aim is to have 80 percent of the Zambian population (formally and/or informally) financially included and 70 percent of adults formally included by 2022, through a variety of applications such as rural finance<sup>29</sup> and micro-small enterprises.<sup>30</sup> The key areas of NFIS focus include delivery channels, appropriateness of products, SMEs, agriculture and consumer protection.

**In all three countries, there are few specific policies targeting women and youth.**

In **Guinea**, notably absent from its National Economic and Social Development Plan is any explicit reference to access to finance – either for women or for youth. The plan has an explicit focus on the youth, who are regarded as the drivers of social change. The priority actions of the plan focus on: (i) strengthening the capacities of youth services and organizations; (ii) rehabilitating and developing social, educational, and cultural infrastructure for youths in all regions of the country; (iii) promoting sports, cultural, and artistic activities for young persons in all regions; and (iv) promoting youth involvement in local political and civic associations.

**Sierra Leone** developed an Agenda for Prosperity (AfP) as a "road to middle-income status" (2013-2018), one of the pillars is to empower women and girls through education, increasing their participation in decision making and access to justice and economic opportunities. Furthermore, the AfP sought to prevent violence against women and youth, and improve the business environment for women, with a special focus on bolstering their access to finance and capacity development, particularly since domestic violence issues against women are often mitigated through female economic empowerment efforts. These issues were also incorporated in the Ministry of Social Welfare, Gender and Children's Affairs' strategic plan for 2014 to 2018. In the area of youth, the Ministry of Youth Affairs and the National Youth Commission jointly developed the National Youth Programme Blueprint for Youth Development in 2014 covering the period from 2014 to 2018 to address key barriers for the youth such as low access to capital, illiteracy (including financial illiteracy), limited opportunities for skills training and poor access to markets

In **Zambia**, the Ministry of Gender and Development Policy issued the National Gender Policy in 2014 to repeal and amend legislation that discriminates against women and to enhance and increase access and control to resources like land and credit facilities, amongst other objectives, which will impact women's economic status and financial participation. In the medium-to-long term, as more women begin to own land, for example, they will be able to use the land as collateral to obtain credit. In 2017, the gender gap was briefly mentioned in Parliament among issues relating to the National Land Policy. The responsibility lies with the Ministry of Lands and Natural Resources to ensure, in executing the National Land Policy, that women with property are able to use land as collateral, in line with the National Gender Policy (Ministry of Gender and Child Development, 2014).

**In the three study countries, governments perceive technology and innovation as a critical pathway to achieving women and youth financial inclusion.**

In **Guinea**, not many targeted interventions exist in the area of technology and innovation, but interviews with the BCRG confirmed that it does embrace a test-and-learn approach towards innovations in the financial sector. It does this by issuing "no-objections" for the release of potentially disruptive products and services into the market and is willing to invite novel approaches from providers within a controlled environment.

It occasionally makes concessions on a case-by-

case basis to allow alternative delivery channels to be tested in the market for the benefit of these vulnerable populations. As an example, it allowed Ecobank to deploy independent agents throughout Conakry to offer basic banking services to a select group of customers although agency banking guidelines were not yet in place. Furthermore, the International Telecommunications Union (ITU) frequently provides special training to women in the country on the use of technology such as mobile phones.

In **Sierra Leone**, the government has spearheaded a number of key initiatives aimed at developing the nascent digital and financial infrastructure. Prior to the Ebola crisis, there was no legal framework for mobile money (MM). In November 2015, BSL issued mobile money guidelines which formally introduced Digital Financial Services (DFS) into Sierra Leone and unlocked a wealth of opportunities for the financially excluded. DFS is now one of six key areas identified in the National Strategy for Financial Inclusion (NSFI) and one of the six working groups under this strategy.

### 2.1.1 Impact of technology

In **Zambia**, spearheaded by BoZ, the government implemented the first phase of the National Financial Switch (NFS) project in early 2018. This was in collaboration with the Zambia Electronic Clearing House (ZECHL) to interconnect payment systems between mobile payments, ATMs and POS machines, and to lower transactions costs. Prior to this, all domestic card transactions were switched outside the country and priced as international transactions. This has been a major cost and foreign exchange saving for Zambia<sup>31</sup>. The NFS is being implemented in two phases, first switching ATM and POS transactions from the VISA platform to the local switch and then switching mobile payments transactions.

Earlier in 2016, BoZ and UNCDF initiated discussions on how to develop a DFS Data Automation System that would allow for the collection, aggregation and analysis of DFS data from DFS providers for use by departments in BoZ: the Payments Division, Banking Supervision, and Non-Bank Supervision among others<sup>32</sup>. This regulatory technology is currently under development and is supposed to analyze data according to various measurements – such as transaction levels, access and usage, mobile networks, poverty levels, gender of customers and population demographics – to support evidence-based policy making. It is currently undergoing user acceptance testing and is expected to go live in the last quarter of 2019.

## 2.2 Institutional Arrangements—public sector

**All three countries have key government institutions mandated to oversee both the financial and technology sectors, acting as the implementing arm of governments to create an inclusive financial community.** The Ministries of Finance are usually responsible for influencing the strategic direction of the economic and financial policies of the governments as well as management of state assets. The central banks have the core responsibility of regulating the financial sector and its actors, including commercial banks and other non-bank financial institutions such as insurance companies. The telecoms regulator is responsible for regulating all activities in the telecoms sector. While there is occasionally a separate apex body that regulates all microfinance activities, the central banks also lead on issues relating to consumer protection and anti-money laundering except for a few cases – like in Zambia – where a dedicated agency, the Financial Intelligence Center (FIC), has been set up.

New and emerging financial services such as mobile money often fall under the purview of the central bank, with the telecoms regulator usually presiding over matters related to the core telephony infrastructure and to the expansion of investment in the telecommunications sector and technology. As in some other countries, Zambia has the Securities and Exchange Commission (SEC) playing a key role not just in the capital markets but also in the development of the national financial inclusion strategy and in raising investment awareness in general among underserved groups. The Ministry of Social Welfare, Gender and Children's Affairs is responsible for women's affairs and addresses their issues, as does the Ministry of Youth Affairs for young people.

**Inclusive financial services reforms vary significantly among the three countries: Guinea showing the least progress and Zambia the most.**

In **Guinea**, the Ministry of Economy and Finance (MEF) has been a passive partner in the ongoing debate on financial inclusion. It was only in January 2019 that the MEF initiated discussion with the Orabank group (a major bank network present in Guinea and 12 other West African countries) to support their Financial Inclusion program, which has languished for several months. Beyond this, not much active work has been done to crowd-in excluded groups such as women, youth and smallholder farmers.

In **Sierra Leone**, the Ministry of Finance and Economic Development (MoFED) has been much more active in the financial inclusion context than its



counterpart in Guinea. In addition to its primary role of formulating and implementing sound economic policies and public financial management,<sup>33</sup> MoFED is playing a key role in access to financial services. MoFED leads the BTCA<sup>34</sup> work on financial inclusion and sits on relevant industry committees set up by the BSL. It was through MoFED that Sierra Leone joined BTCA in 2015 and has a seat on the Digital Financial Services (DFS) Working Group, a steering committee expected to execute the digital delivery of financial services as stipulated in the National Strategy for Financial Inclusion 2017-2020.

**Zambia's** Ministry of Finance (MoF) has a unit in the Economic Management Department called the Financial Sector Policies and Management Unit, which has taken the lead in the recent development of the National Financial Sector Development Policy (NFSDP) and is part of the Implementation Committee for the National Financial Inclusion Strategy (NFIS) along with the NFIS Secretariat. Government ministries are showing active support for the drafting or review of the NFIS or prioritization of youth and gender issues within the financial sector agenda and strong commitment from the government can stir interest among market actors and development partners to identify opportunities and help create inclusive markets. Also important is the Finance Ministry's regular and active participation in technical working groups and steering committees on inclusive finance issues as these often bring to the fore key policy hurdles and gaps the private sector has to grapple with, and which the ministry is expected to help rectify. In the absence of such participation, most policy makers will remain blind to the core issues that obviate women and youth financial inclusion.

**The central banks in all three countries are the vanguards of inclusive finance and have demonstrated commitment to eliminating the obstacles that hinder women and youth from using financial services.** All three central banks – the Banque Centrale de la République de Guinée (BCRG), the Bank of Sierra Leone (BSL) and the Bank of Zambia (BoZ) – are active in promoting financial inclusion and are members of the Alliance for Financial Inclusion (AFI)<sup>35</sup>, with their governments having made specific national commitments to financial inclusion under the Maya Declaration. In terms of oversight, the key institutions under the central banks in the three countries are the commercial banks, the insurance companies, the microfinance institutions (MFIs) and electronic and mobile money providers (MNOs, etc.). However, there are slight variations across the three countries, presented below:

In **Guinea**, the financial sector is regulated by the BCRG and its oversight includes all the commercial banks and other non-bank financial institutions as well

as the mobile money providers and fintechs. However, for the MFIs, a different body – the National Agency for Microfinance (ANAMIF) – is the primary body responsible for the promotion of microfinance. The commercial banks are members of the Association of Bank Professionals (APB) and all three types of FSPs (banks, insurance companies and MFIs) are represented by the Autonomous Federation of Banks, Insurance and Microfinance of Guinea (FESABAG).

The BCRG showed early interest in inclusive electronic payments systems, together with donors and other stakeholders in 2009 and commenced a number of financial sector projects including the development of the National System of Payments, with the support of African Development Bank (AfDB) and West African Monetary Institute (WAMI). Other interesting innovations included the Anti-Money Laundering and Terrorist Financing Act as well as the law on Inclusive Financial Institutions, which integrated developments in the sector through the inclusion of new products such as mobile payments offered by EMIs, telecom providers and MFIs. In 2014, the governance of BCRG was improved with the entry of independent experts onto its Board of Directors, the Monetary Policy Committee and the Audit Committee.

In **Sierra Leone**, in terms of coordinating regulation across the community banking system, which includes the Community Banks (CBs) and Financial Service Associations (FSAs), BSL licenses, regulates and supervises the Apex Bank, under the Other Financial Services (OFS) Act. According to Sierra Leone's National Strategy for Financial Inclusion 2017-2020 (NSFI), the BSL's Financial Sector Development Unit (under the Deputy-Governor's Office) serves as the secretariat for the NSFI and takes the lead in coordinating and monitoring implementation of the Strategy through six working groups: (a) Responsive Regulations and Policy Frameworks; (b) Digital Financial Services; (c) Financial Education and Literacy; (d) MSME Finance; (e) Pro-Poor Products and Services; and (f) Data and Measurement. Membership of each Working Group will include representatives of key stakeholder groups, with Chairperson and Vice-Chairperson for each Working Group selected by majority vote in each group<sup>36</sup>. The Apex Bank's mandate is to serve as a "central bank" for community banks, offering a "central clearing service and performing first-level regulatory and supervisory duties." In 2016, Sierra Leone's Minister of Finance acknowledged that the Apex Bank was undercapitalized and unable to support the CBs properly<sup>37</sup>.

**Zambia's** central bank – BoZ – also has a strategic focus on financial inclusion, gender mainstreaming and human capital along with monetary policy, financial system stability, and information and

communications technology (ICT) internal processes efficiency<sup>38</sup>. It also has regulatory oversight of all mobile money products of MNOs in the space and exercises this through the commercial banks to which the MNOs are affiliated. Like in many growing DFS economies and as part of a cross-sector public agreement, BoZ and the ICT regulator, (ZICTA), have joined regulatory forces to encourage the exchange of information to facilitate a steadily growing mobile market. Reports show that Zambia's uptake of mobile e-payments has been lower than neighboring countries and as a result, the World Bank has been a key player in encouraging cooperation between ZICTA, BoZ and mobile service providers to establish and grow a sustainable e-money ecosystem<sup>39</sup>.

**In all three countries, there is considerable ambiguity in the role and functions of the central banks and the telecom authorities in the provision of financial services.**

In **Guinea**, the Autorité de Régulation des Postes et Télécommunications (ARPT) is the key body regulating telecom providers and internet providers. Regulation of mobile money falls under the BCRG, but the vehicle for financial services is the mobile telephony network. The level of bank penetration in Guinea is still under 10 percent while telephone network penetration is almost 100 percent offering good opportunities for expansion of digital financial services<sup>40</sup>. A second regulatory body, the Monetary Society of Guinea, was created by the Central Bank in 2011 and was put in charge of setting up and operating an interbank electronic payment platform called "Switch National". The objective was to increase the rate of access to banking services. Despite these advances, a clear pathway for collaboration between BCRG and ARPT remains to be articulated. It is therefore important to establish clarity regarding the roles and responsibilities of these two key institutions in light of the rapidly-evolving nature of technology and banking.

With regard to MFIs in Guinea, there is a separate body solely responsible for their supervision, known as the National Agency for Microfinance (ANAMIF), established in 2011, with a fund of US\$14.5 million for the private initiatives of women and young Guineans. The objectives of ANAMIF are to make microfinance a real instrument for fighting poverty in Guinea by promoting self-employment and jobs for women and young people through access to affordable credit and effective financial services; supporting the development of a national strategy for microfinance and an action plan that responds to national concerns about job creation; and coordinating all the interventions of the government and development partners in the field of microfinance.

**Sierra Leone's** National Telecommunications Commission (NATCOM) is one of the three key players in the framing of digital financial services (DFS) policy and regulation in the country. The Commission was established by an Act of Parliament (the Telecommunications Act 2006) to "license and regulate the activities of telecommunications operators and other related communications service providers in the country". Its regulatory function is to "... promote efficiency and fair competition, to protect the consumers of telecommunications services, ensure the expansion of investment in the telecommunication sector and the progressive development of the telecommunication industry and technology in Sierra Leone"<sup>41</sup>. In a roadmap<sup>42</sup> developed in 2016, it was proposed that an MOU be developed between the BSL and NATCOM, clearly stating the roles of each regulator in the DFS realm. The aim was that NATCOM would take care of technical problems faced by telecom companies while BSL addresses financial issues, which would "enhance continuous lines of communication ... established between both regulators."<sup>43</sup> Going forward, NATCOM's role is limited to evaluating and approving the technical platforms of MMOs as well as supporting the sharing of network infrastructure in order to reduce the cost of expansion into rural, remote areas. A new telecoms law to accommodate DFS was expected by 2017 but the situation is currently unclear.

The **Zambia** Information Communications Technology Authority (ZICTA) is responsible for regulating the ICT sector, which includes telecoms, which are also providers of mobile money services. ZICTA is overseen by a Board, with expertise in law enforcement, economics, engineering, information technology and finance. ZICTA's responsibilities include promoting competition, regulating tariffs charged by operators, and protecting the rights and interests of consumers, service providers, suppliers and manufacturers. There is ongoing coordination and collaboration between BoZ and ZICTA to improve the mobile money ecosystem.

**Recent regulatory developments in the banking and telecom sectors are opening the way for innovations.**

In **Guinea**, the telecom regulator ARPT is responsible for creating the basic conditions and infrastructure for mobile telephony and related services to function smoothly. It passed a law<sup>44</sup> that spelled out an interconnection obligation and an instruction to the effect that interconnection service tariffs shall be cost-oriented, forcing the MNOs into interoperability between the fixed line services that did not previously exist. ARPT also succeeded in connecting and managing access to the high-capacity submarine cable, which gave the country an enormous increase in data bandwidth, albeit mostly in urban areas.

With regard to fintechs however, there is limited regulatory insight into their form and function; many of them therefore work under the umbrella of banks – particularly those offering money transfer services— as they cannot afford the money transfer license fees<sup>45</sup>. Their point-of-sale devices (POS) are often used for the purchase of products such as airplane tickets, airtime, mobile money (Orange/MTN), with many linked to Ria Transfer (an American internet money transfer company). Most of their clients are illiterate so the agents conduct transactions on their behalf over the counter (OTC).

In **Sierra Leone**, a collaboration between the government, Kiva and several UN agencies is aimed at rolling out a nationwide digital identification system by the end of 2019 to provide citizens with formal identity and control over their own credit information<sup>46</sup>. This new infrastructure, powered by the Kiva Protocol, is designed to address a lack of formal identification and verifiable credit history by issuing digital identification to all citizens and enabling formal and informal financial institutions to contribute to a person's verifiable credit history. Once concluded, a wide range of financial transactions will be captured – from bank loans to credit with a local shopkeeper – to help people access the financial services they need, including loans for business, education or basic medical services.

In the case of **Zambia**, there are a few innovative pipeline projects aimed at laying the infrastructure to support an effective and inclusive financial sector. Discussions are already under way to address the absence of inter-bank payments infrastructure that facilitates transactions across different banks and networks. In early 2018, BoZ, with the support of Zambia Electronic Clearing House (ZECHL) implemented the first phase of the National Switch project to address this issue.

## 2.3 Institutional arrangements – private sector

A key driver of access to financial services for women and youth is the nature, type, scope and proximity of channels available to them. Across all three countries, the financial services landscape is strewn with a blend of commercial banks, MFIs, MNOs, MMOs and fintechs<sup>47</sup>. There are also a large number of informal financial service providers such as credit cooperatives (often called Savings and Credit Cooperative Organizations or SACCOs), village banks, savings groups (typically called *Osusu* in Sierra Leone, *Tontine* in Guinea and *Chilimba* in Zambia), as well as credit unions and savings clubs that offer solutions for the mass market and for women and youth.

This section presents a brief comparative overview of these FSPs and assesses the extent to which they are addressing the challenges of exclusion of women and youth in financial services in the three study countries. It draws on existing literature, complemented by the one-on-one interviews and focus group discussions described in Chapter 2.

### 2.3.1 Formal financial services landscape: institutions and initiatives

#### (a) Commercial banks, Microfinance institutions and insurance companies

These traditional financial service providers offer products and services ranging from savings, short-term and long-term credit, investments, and insurance to the mass market; a few, however, (particularly the MFIs) have customized products that target women and youth specifically.

In **Guinea**, the formal finance sector includes 16 commercial banks, 18 MFIs and 10 insurance companies as well as financial service associations (FSAs) and cooperatives, for which the precise numbers are unknown to the regulators or analysts. Three banks together accounted for 57 percent of loans at the end of 2016, namely Ecobank, Société Générale de Banques en Guinée, and International Bank for Trade and Industry of Guinea (BICIGUI). Ecobank is the leader with a market share of 19.7 percent, 138,000 clients and 21 branches in the country, followed by BICIGUI (96,000 clients, 30 branches) and SGBG with 21 branches (data from 2018)<sup>48</sup>. Around 40 percent of these branches are in Conakry and focused mainly on people with steady incomes and large enterprises. SMEs have difficulties in getting credit, which tends to be short term and with high interest rates.

With regard to MFIs in Guinea, five institutions dominate the sector: Crédit Rural de Guinée (CRG), Réseau d'Assistance Financière aux Organisations Communautaires (RAFOC), Caisses Populaires d'Épargne et de Crédit de Guinée (CPECG-Yete Mali), Centre d'Appui et de Formation au Développement à l'Épargne/Crédit et à l'Éducation Civique (CAFODEC) and FINADEV, which together were responsible for 98 percent of all loans provided by MFIs in 2016<sup>49</sup>. Most of the other MFIs have around 75 to over 120 branches. In general, around 40 percent of these branches are in Conakry. Compared to the banks, MFIs are far more focused on groups and individuals without a fixed income. Yete Mali (YM) and Jatropa (a tech-aware MFI) are highlighted as trailblazers: Yete Mali has women as its principal clients and has a close partnership with the African Women's Entrepreneurship Program (AWEP) started by Hillary Clinton. Jatropa, very popular among

Guinean youth, offers IT-related products to students, and at the time of this study was planning to roll out a POS-based financial product on university campuses.

One of the latest innovations in this space is transferring money within Guinea by using prepaid debit cards. Yete Mali and Caidel introduced and popularized this product for their clients. Some MFIs now go with tablets to women and other clients in markets to conduct transactions and save them travel and waiting time in an office. Technology is being increasingly applied by banks also, with some sending SMSs to indicate changes on their clients' bank accounts. Jatropha invests a lot in innovative technology and expects to soon become a fintech rather than an MFI. Examples of its innovative products include an array of training apps available for smart phones, which is quickly gaining popularity, and their 'Chap' product that allows clients to access their account details through USSD.

### Box 2.1: Islamic Banking in Guinea

With a population that is 85 percent Muslim, Guinea has some Islamic banks. The Islamic Bank of Guinea has operated as a conventional bank with some sharia products. However, it does not offer Sukuk – Islamic microfinance – or other shariah-compliant financial products, and such lending remains a small part of the country's overall financial sector. In May 2018, the Islamic Bank launched an innovative financing product for agricultural inputs, in collaboration with the Office of the Prime Minister's Delivery Unit. Islamic finance generally supports real economic activity, without charging *riba* - which is an increment earned on the sale of money itself. In Guinea, Islamic finance covers project finance, trade finance, and buying and selling goods at a profit. It rules out hedging, derivatives, and lending at interest. Risk-sharing means both the bank and the lender are exposed to risk.

In **Sierra Leone**, the landscape is similar, with 14 commercial banks, 17 community banks (supervised by the BSL-regulated Apex Bank), 13 MFIs (five deposit-taking and eight loans only), and 59 financial services associations (FSAs), which, together serve approximately one million clients across the country (BSL<sup>50</sup>), representing about 25 percent of the economically active population of 3.8 million people.<sup>51</sup>

The commercial banks, with assets representing about 20 percent of GDP, a total of 108 branches countrywide and some 850,000 accounts in total (which represents a banking penetration<sup>52</sup> of merely 11%), dominate the financial services space. The commercial banks between them have a total of 43

ATMs for the entire country. The number of banks, as well as their branches, has been gradually growing over the years, from only four in 2000 to 14 in 2019.

The banks are beginning to push the frontiers of innovation: seven commercial banks issue smartcards and operate ATMs while only four have operational POS machines, with Interswitch Nigeria providing switching services for six of the 14 commercial banks in the country.<sup>53</sup> There are less than 50 point-of-sale (POS) terminals in the country, 30 of which are deployed by one commercial bank, Ecobank, and most of these are "located in hotels and supermarkets (and also limited to Freetown and a few other urban centers) that are not readily accessible by low-income groups."<sup>54</sup> Internet banking is also widely available but for many banks, this is restricted to transactions for their own customers' accounts, according to feedback from stakeholders interviewed; however, it can be expanded to include transactions across banks.

Some commercial banks are trying to introduce digital technology into their traditional offerings either by integrating their platforms with those of MNOs to link their accounts to e-wallets (bank-to-wallet) - such as Zenith Bank and Ecobank - or aiming to develop their own mobile banking solutions at the group level (e.g. Ecobank Microfinance). These products include person-to-person transfers, international remittances, merchant payments and full bank and mobile wallet integrated products.

MFIs, though limited in number (13) disproportionately serve females – of the 115,138 borrowers from MFIs, 87 percent are female<sup>55</sup>. Expanding access, however, has its challenges, ranging from poor infrastructure in the rural areas to restrictive lending policies and failure to access funds for on-lending.<sup>56</sup> There are also 30 Credit Unions currently operating in the country. Their growth has been supported by a three-year project implemented by the Irish League of Credit Unions Foundation Sierra Leone, in partnership with the National Cooperative Credit Union Association of Sierra Leone, which aims to strengthen credit unions in Sierra Leone.

The target market of community banks and financial service associations (FSA) includes a wide range of clients such as the poor, peasant farmers, petty traders, and workers in rural areas. Community banks operate in a similar way to commercial banks, the main difference being that they are in larger rural centers. The products offered include salary loans, mobile money or money transfers to mobile phones, and local money transfer; they are particularly focused on agricultural loans and support to farmers. Previously, checks were not recognized by commercial banks but, now that they are, the community banks are fully absorbed into the wider network of banking.

Products offered by community banks and FSAs include safekeeping of valuable items such as liquid cash, house plans, car logbooks, as well as consumption loans, input loans, equipment loans and various types of industry loans.

**Zambia**, with a much larger population, has 18 registered commercial banks (BoZ, 2018b), and close to 600 commercial bank branches across the country, dominated by foreign banks (mainly South African), focusing mainly on middle-class working segments and the upper class in society. The top banks by market share are Stanbic, Barclays, Standard Chartered and Zanaco (a locally owned bank), each with approximately 14 percent market share (2016). Mobile financial services and agency banking also complement traditional commercial bank offerings, particularly with regard to women and youth. Some of the commercial banks, across the continent, notably Standard Chartered, Ecobank, Barclays (Absa), Investrust and Atlas Mara, are participating in the mobile banking markets, by creating mobile banking applications, which allow users to access their accounts, transfer funds and conduct any other basic financial services the bank offers remotely through mobile devices. Ecobank has an established partnership with Airtel Zambia, allowing customers to make transactions between the Airtel Money account and Ecobank accounts. However, only those who have accounts with the banks can access and use these mobile services.

### Box2.2: Agency Banking - Zambia

Agency banking is an emerging banking model that offers “plain vanilla” banking products and services to a wider customer base via a network of independent agents. It is increasingly popular and growing fast in Zambia. Some commercial banks provide similar services to third-party and telecoms providers, allowing them to create a list of basic products (such as cash withdrawals and transfers) for the lower income class, establish a non-rigorous vetting process, and provide small loans as a banking agent, primarily located in a retail outlet. This model varies from the traditional banking model in that the services are basic (deposits, withdrawals and transfers with certain limits) and more affordable (in terms of cost of accessing them). Agency banking helps to eliminate the barriers to convenient access to financial services by reducing the long distances that customers must cover in order to enjoy a service. And while it is still not synonymous with women- and youth-centric financial products and services and is yet to penetrate the deep rural areas where some of the economically marginalized live, it nevertheless represents a banking model that has managed to overcome the traditional barriers of branch-based banking and brought financial services closer to the last mile of underserved groups, many of which include adult women and young men and women.

With basic financial services such as savings accounts, insurance, credit and micro loans, the 34 MFIs in Zambia offer greater financial services access to low-income individuals and micro entrepreneurs than the commercial banks. The largest ones are FINCA, EFC Pulse, Bayport Financial Services and Vision Fund (the financial subsidiary of World Vision International).

In Zambia, there are draft agency banking regulations that are currently being reviewed and designed using guidelines such as cyber-security guidelines from the African Union that ZICTA follow. The three banks in Zambia that operate an agency banking model are Investrust, FINCA, and Zanaco. Investrust provides basic banking services such as cash deposits and withdrawals, account opening, bill payments and cash transfers on behalf of the bank (Nyati, 2015). It was incorporated through the Companies Act of 1994, and has branches throughout Zambia. FINCA is one of the biggest microfinance deposit-taking institutions in the country, offering loans and savings products. In 2017, it released a case study which highlighted its journey of implementing agency banking in the previous four years. It outlined “ten lessons for deploying a successful agency banking network” (Were and Lin, 2017). Sierra Leone and Guinea are both yet to implement agency banking in their financial sectors.

### *(b) Mobile Network Operators (MNOs) and Mobile Money Operators (MMOs)*

The overwhelming influence of digital financial services (DFS) in promoting inclusiveness makes players such MNOs and MMOs a category of special interest in the discussion of women and youth financial inclusion, as these institutions are able to leverage efficient and viable delivery channels to serve this target group. MNOs are by definition MMOs if they offer mobile money services in addition to their traditional telephony (voice and data) services to the mass market.

In **Guinea**, the rapid advance of mobile telephony is reflected in increased mobile phone penetration and has led to the development of diverse financial applications and channels such as mobile money. Guinea's telecommunications sector was given a tremendous boost following the market entry of MTN Group and Orange Group in 2012. The ensuing six years saw the number of mobile subscribers grow strongly amidst a steady revenue increase. Currently, there are three main players: Orange with about 95 percent of the market, by customers; MTN (the second most dominant player) and CellCom. There is also a very small fourth player called Intercel Plus.<sup>57</sup>

The coverage of the mobile telephone network is around 99 percent, but mobile data coverage is much weaker, and the quality and stability in general is poor; in the rural areas, the MNOs operate voice connection only. In Conakry, smart phones are very common as they are relatively cheap. Internet penetration has also continued to grow, from 9.8 percent in 2017 to a more recent estimate of 12.3 percent<sup>58</sup>. This is still low in comparison to the internet penetration rate for other countries in West Africa, for example 23 percent in Cameroon and Côte d'Ivoire and in some countries above 55 percent (Senegal and Mali).

In **Sierra Leone**, Digital Financial Services (DFS)—specifically mobile money—are still relatively new but already make up at least three-quarters of the access points and are the second largest provider of financial services. Since the war, the telecom infrastructure has been rebuilt and the mobile telephony sector has experienced stable growth. There are now an estimated 2.9 million people with mobile phones (approximately 43% of the population<sup>59</sup>), 17,000 fixed lines (0.2% of population) and over 700,000 internet users (12% of the population).<sup>60</sup> Mobile network coverage is reported to be 95 percent of the national territory, but remains skewed towards urban and peri-urban locations.

A 2018 report<sup>61</sup> indicated that there were 10 DFS providers in Sierra Leone, made up of the two MNOs (Africell and Orange) and eight banks: Access Bank, Ecobank, GT Bank, Keystone Bank, SLCB, Standard Chartered Bank, United Bank of Africa, and Zenith. Despite an impressive registered customer account base of 4.2 million, one of the key challenges the market faces is low product usage. The report suggests that only 385,000 customers were active (usage within 90 days), equivalent to just 9 percent of the total. However, there had been growth over the previous 12 months in usage and average transaction amounts.

Basic services such as person-to-person transfers, cash-in/cash-out and airtime purchases are prevalent, while other more sophisticated products are under development. As of 31 December 2017, there were three active Global System for Mobile communication (GSM) operators in Sierra Leone, namely Africell (SL) Limited, Orange (SL) Limited, and one CDMA Operator namely, SierraTel, which is in the process of migrating and rolling out the 4G network.<sup>62</sup> Africell has approximately 69 percent of the market for mobile and Orange 31 percent. Mobile voice penetration is about 72 percent in the country.

**Zambia's** mobile money market is relatively more mature in both number and diversity of payment products and services. As of December 2018, 89

### Box 2.3: Mobile money's full potential shines brightest in times of conflict and crisis

During the Ebola crisis, aided by 95 percent mobile network coverage across the country, 5,000 mobile money agents plus the staff of the Bank of Sierra Leone's 13 community banks were able to compensate for the limited traditional financial infrastructure through their geographic coverage and adequate liquidity to support Response Workers cashing-out their payments. More than 14,000 people in Sierra Leone were infected with the Ebola virus, and nearly 4,000 people died as a result.

According to a report published by the Better Than Cash Alliance (BTCA), digital payments shortened payment time for Ebola response workers from over one month to one week. However, amidst the large-scale loss of life, human suffering and economic devastation, the response to the Ebola crisis demonstrates the vast potential of digital payments to improve humanitarian response capabilities and to save human lives in large numbers.

percent of active customer accounts came from MNOs compared with third-party and commercial bank accounts (UNCDF Zambia, 2018). The three MNOs are MTN, Airtel and Zamtel (in descending order of market share). MTN, has a 49 percent market share and over 6 million users on the GSM platform with almost one million on mobile money (2017 estimates). It provides various money transfer, bill payment, and transaction management services through three main services: MTN Tamanga, which allows entrepreneurs to sell airtime; MTN Mabsela, which provides all customers with 100 percent talk time bonus for every recharge via mobile money; and MTN Kongola, which offers a convenient way to access a cash loan, any time, day or night, for whatever purpose, from a mobile phone.

Airtel is the second largest telecom player in Zambia with about 36 percent market share and almost five million users (2017 estimates). It is the largest in the mobile money space with almost 1.3 million users. Its flagship mobile money product allows its customers to use Airtel Money across 16 African country markets as though the clients were in their home country and is the only network that allows cross-border transfers between Zambia, Rwanda and the Democratic Republic of Congo (DRC). Some of the more relevant services they provide are quick and easy post-paid bill payments, smart-savings accounts, and instant account opening.

Zamtel is the sole national telecoms provider in Zambia with an electronic mobile money service that

allows for wallet transactions and cash transactions such as sending money, buying airtime, and making bill payments. Zamtel's customers can send money to subscribers on other networks, though only via a cash token. Zamtel has about 15 percent market share with about 2 million users (2017 estimates).

### (c) Fintechs

The fintech community across all three countries have emerged as both promising and influential because they have been able to respond to market demand by crafting relevant solutions, developing "attacker" business models that leverage digital technology to severely reduce cost and optimize efficiencies, and respond swiftly to changing needs of their customer base.

In **Guinea**, Fintechs and third-party providers are emerging, but the actual numbers are unknown to regulators or analysts. Currently, these companies mainly interface with banks and other financial service providers and are therefore not focused directly on women and youth. But fintechs are likely to quickly become relevant to underserved groups because they can and do achieve a greater reach with their products and very often leverage technology, which is of keen interest for the burgeoning youth.

One of the emerging innovations in the fintech space in Guinea, is the cooperation between GETS (a Guinean Fintech) and a South African fintech, where Electronic Data and Payment Technologies (E-DAPT) smart cards and biometrics are used for identification of customers. GETS offers its services to banks, acting as a form of 'switch' providing interconnectivity and plans to roll out 2,900 POS, some of which will be placed at the campuses of universities and will be operated by young women. Another fintech (BaySim) develops applications for MFIs and banks on operating systems such as Android and Windows. It developed a POS-based solution for android smart phones that operates in rural contexts, can be connected to solar panels, and given to young street sellers/agents to become mobile money/ POS suppliers. Developments in DFS as described above are very promising not only from a service perspective but also from a job-creation perspective, as the youth are engaged to operate these products and services. Private investments and initiatives are key to the growth of this area. However, experience shows that funding is not always forthcoming in Guinea, and initiatives usually stop at launch or just before, often due to non-approvals or unavailability of funds.

In **Sierra Leone**, there has been an increase in the number of local fintech organizations<sup>63</sup> that are building mobile-based products to bridge the digital

and financial divide. Currently, only four are licensed to operate under Sierra Leone's Regulatory Sandbox. The Sierra Leone Fintech Association (SLFinTech), was formed in 2017 and its main purpose is to advocate and champion the industry's needs and requirements to the regulatory authorities, and to attract foreign investors<sup>64</sup>. To encourage fintech innovation, the Sierra Leone Fintech Challenge 2017, an initiative of the UNCDF Mobile Money for the Poor (MM4P) program, in partnership with BSL and Financial Sector Deepening Africa (FSDA), was launched for start-ups to test new ideas for greater financial inclusion. Three start-ups were selected from 20 applicants to receive investment capital and were granted licenses to operate through the region's first Sandbox Framework for Financial Inclusion.

**Zambia's** fintech landscape comprises third-party operators and fintechs directly involved in the contracting, processing and fulfilment of money transfer and bill payment services (usually via kiosks). Zoono is the most ubiquitous third-party money transfer company and can be easily identified by its signature green kiosks. Zoono and UNCDF Zambia have done a lot of work around kiosks, agents and their handlers. For example, in 2017, Zoono was awarded Most Creative DFS Provider for its e-wallet product *Sunga*, launched with the help the UNCDF's MM4P program.

Zambia has a few innovations that target women: in 2016, Zoono launched the "#HelpingCommunitiesThrive" campaign, with the initial focus to discover and reward female entrepreneurs, change agents, and those who manage self-made orphanages or organizations in Lusaka and who are also helping their communities thrive. They sought out women below 35 years old. This earned them the Woman of the Year Community Service Award, together with Woman of the Year Mwansa Bwale (Lusakatimes.com, 2016). Zoono also markets a no-frills e-wallet called Zoono Sunga<sup>65, 66</sup> for the low-income consumer to keep money safe at no charge: it requires no paperwork, no minimum balance, no monthly fees, and only about 10 kwachas (less than \$1) to set up.

### 2.3.2 Informal financial services

As with the rest of Africa, **informal saving groups** (Village Savings and Loans Associations (VSLAs) or Accumulating Savings and Credit Associations (ASCAs)) are quite popular in all three countries. In Guinea, these are typically called *Tontines* and are widespread and mostly used by women. In Sierra Leone and Zambia, they are called *Osusu* and *Chilimba* respectively and are highly patronized by women.

These entities operate as a form of rotating capital

accumulation scheme where, for example, 10 people put a small amount in a pot and then one of the 10 takes the resulting amount for his or her own use, promising to put in the same amount at the next group meeting to continue the process. These schemes can operate on a daily, weekly or monthly basis and serve various purposes. These informal financial markets are very popular, particularly in the rural areas, but are also widely used in urban areas despite the access to more formal services.

In **Sierra Leone**, the *Osusu* is often “for profit” and the money is not taken out until the end of the year.

In **Zambia**, short-term loan services – known as *Kolaba* and often described as loan sharks – is decreasing in popularity over recent years and entails a very small short-term loan with extremely high interest rates, ranging from 25 percent upwards. In all three countries, the overall effect of conducting financial transactions within a trusted social network makes informal savings groups very popular within both urban and rural contexts.

In **Guinea**, there is a very active informal money transfer market for a number of reasons: first, 80 percent of all business in Guinea takes place in Conakry. All the young people, if they do not move abroad, move to the capital. As such there is a ‘financial corridor’ in the sense that the elderly in the interior areas of the country receive money from their family members in the capital. Second, people prefer to transfer money, rather than travel with it, for security reasons; and third, many MFIs and even commercial banks do not have an integrated network – one can only do transactions with local agents, which expands the transfer business enormously. Thus, in Guinea, several informal money transfer companies have entered this niche, using apps and a network of friends. BCRG recently put an end to that, forcing these companies to become formal and work under the umbrella of a bank. The leaders are now TransMoney, currently working under the umbrella of the Islamic Bank; CreditKash, a Senegalese/Guinean money transfer company; and FlashCash.

## 2.4 Supply-side constraints – financial service providers

***Opening an account in all three countries poses significant challenges, particularly for women and youth.*** By law, FSPs are required to capture detailed biodata and situational data on a prospective customer before account opening, a process referred to as Know Your Customer (KYC). Credit requirements can be even more onerous for the client and can

quickly disqualify the rural adult woman or youth from obtaining their first loan from a bank. Women and youth are less likely to have official identification documents required to open a bank or mobile money account. In all three countries, findings revealed that rural women typically find it hard to obtain the right documents, because of illiteracy, the informal nature of their occupations and cultural impediments.

In some parts of **Sierra Leone** and **Zambia** where women are not allowed to own land or can only access land through their husbands, the situation is more challenging, with direct access to capital a dream for most rural women. A few FSPs in **Guinea** have demonstrated interest in considering residential permits as admissible identification, but there are challenges with officially verifying addresses. Further, new IDs are issued to frequent movers without nullifying the older, obsolete IDs, making the reliance on this form of ID futile.

The youth also grapple with identification issues and age restrictions. As with most youth in Africa, in all three study countries, given a significant proportion of out-of-school youth, a large number of the under-18 population does not have admissible IDs. In the case of **Sierra Leone**, individual identity cards have not been issued by the government in the last two years, due to ongoing reorganization of the relevant government departments. Voter cards have, therefore, been widely used instead, but this excludes youth who have not registered to vote. Even more constraining is the proof of regular salary required by some FSPs in all three countries. Agriculture being the dominant occupation among rural women and youth in **Guinea** and **Sierra Leone**<sup>67</sup>, proof of income, particularly for rural dwellers, is an onerous requirement; they find it difficult to show a steady income, and therefore cannot open a bank account.

Some central banks – like Bank of Sierra Leone – are taking innovative approaches to address this barrier by adopting a three-tier KYC scheme:

**1st tier:** Applicable mostly to those in villages, a letter from a herdsman or chief to suffice.

**2nd tier:** Those in the “middle-income” category demonstrating basic literacy will need to use a voter’s card or other more formal identification.

**3rd tier:** All other requirements, such as passport, driver’s license, and utility bills will be applicable.

If these proposed amendments are adopted, it will mean that the 1st tier banking regulations will be the same as those for mobile money, which are relatively more relaxed.

In **Zambia**, however, proof of identity was not



identified to be a major issue compared to the other two countries. This is perhaps due to the proliferation and maturity of mobile money and agent banking in the country, which tend to use more flexible requirements than the traditional banking channels. However, despite promising regulations such as the National Payments Systems Directive on Electronic Money Issuance (2015), which has largely lowered earlier requirements for account opening of electronic money products, Zambian FSPs still require prospective customers to provide details such as proof of a recognizable physical address, which for many rural dwellers remains a challenge.

**Limited rural infrastructure coupled with rural population dynamics hinder effective targeting strategies from the provider community.** The primary reason why the majority of the underserved population remains financially excluded is largely economic: they are costly to serve from the FSP point of view. The high costs are due to geographical inaccessibility, poor infrastructure, and generally sparse population densities, which make the establishment of “brick-and-mortar” branches to offer banking services at reasonable cost a nearly impossible objective. Even mobile financial services (mobile money) and agency banking, which have shown the greatest promise for financial inclusion in the past decade, have their spread in these areas hampered by ecosystem factors such as mobile phone penetration, mobile network signal coverage, limited infrastructure and low technical literacy, usually a leading indicator of low transaction volumes.

In **Sierra Leone**, commercial banks and MFIs all cited the limited rural road network and the acutely low electrification access rate of 16 percent<sup>68</sup> as disincentives for expansion in that they increase overall cost of delivery and, as a result, affect the business case for supplying these services. In Zambia, the case is worsened by the low population densities characteristic of the peri-urban and rural areas—in 2017, Zambia had a population density of 23 people per square km<sup>69</sup>—making any venture to rope in financially excluded women and youth (most of whom live in these areas) a sheer leap of faith. In the 1980s, the BoZ imposed regulations that required commercial banks to open every fourth branch in a rural area. This was met with strong resistance as the banks claimed that expansion into rural areas would bring low profits to their investors/shareholders.

There are attempts to do something similar on the digital front, but the preference is to motivate DFS providers, rather than compel them. The Zambian government has recently made a number of significant efforts (championed by ZICTA and Zamtel) to install towers over the next two years with the intention of 100 percent coverage in the country, as part of the Universal Access Fund project. The

physical infrastructure challenges raised by Zambia’s provider community have made it abundantly clear that unless radical initiatives are spearheaded, novel financial services such as agency banking and mobile money will be of little value to women and youth.

**Outmoded provider systems and failure to keep up with digital technology make offering financial services costly.** Internal factors endemic to the provider’s setup also contribute to this problem. The study found that several FSPs had outdated operating models and relied on traditional banking models of branch networks and expensive technology. In Sierra Leone for example, the outreach of financial services in the rural areas remains especially limited despite the growth in the number of community banks, financial services associations and commercial bank branches. The bulk of financial institutions and services are concentrated in Freetown and main district towns, thereby restricting financial services to the urban population. In a focus group discussion held in rural Sierra Leone, one issue that came up was that for those with an account at a community bank, arrangements had to be made to enable them to access their funds from another outlet or branch. No services or facilities could otherwise be made available. If the community banks operated as branches of a single entity, their IT systems could better handle such issues.

Most FSPs find it difficult to divorce their operating model from their product scope and client focus, as the former dictates the latter. In Guinea, the failure to keep up with technology and other emerging branchless banking models (such as agency banking) – which lowers the cost of serving this difficult-to-reach segment (particularly in rural areas) – also leaves FSPs with the option of using traditional brick-and-mortar models and manual systems, which are a financial obstacle in serving smaller and remote clients, in particular women and youth.

**The cost of regulatory compliance is a significant challenge to expansion of FSPs to underserved populations, particularly women and youth.** KYC issues do not just affect the customer, they also burden FSPs with the compliance costs related to this regulation. KYC and anti-money laundering regulations can be potentially burdensome for FSPs and reporting requirements can be both tedious and expensive. To remain profitable, prudent banks or insurance companies will build this into their pricing strategy, thereby making their products prohibitively expensive for women and young people. A potential solution is for regulators to implement tiered-KYC (similar to Sierra Leone’s planned model) so that these low-value accounts can be classified as low risk and the reporting and due diligence burden reduced accordingly.

However, account-opening conditions at MFIs are more lenient than those of commercial banks, particularly in Guinea. MFIs rely more on trust-based lending in groups than checking of individual IDs and collateral documents. It is also noted that MFI products are based more on what the market wants and are better tailored to fit the needs of the target groups, such as developing facilities relating to payments for water, electricity, pharmaceuticals, etc. Some Guinean banks also refer the 'unsuitable' clients to MFIs if account-opening requirements for commercial banks cannot be fulfilled and often have a fixed commercial relationship with them. While this may result in the person obtaining an account with an MFI, the banks themselves do not take any risk nor see newcomers as an investment.

**Very high minimum capital requirements are a significant barrier to market entry for FSPs.** There are broader industry constraints from the service providers' perspective, such as entry/registration fees for private companies to start mobile money or money transfer businesses. In Guinea, MFIs are required to provide USD500,000 minimum capital. The result is that there are few MFIs and MNOs entering the market and targeting women and youth. This effectively places a cap on the number of pro-women and pro-youth financial institutions and suppliers in the financial services sector.

## 2.5 Demand-side constraints to access to financial services

**Culture and local perceptions of women are major barriers to access to finance.** With one in every three women still financially excluded, there is increased recognition of the role that culture and traditions – many of which are written into law and policy – play in limiting economic opportunities for women. Culture and social norms shape women's access to and control over resources and consequently their ability to access financial products and services. In all three countries, social norms around the role of women and their inability to own property precluded them from independently accessing critical financial services. For instance, women in some parts of Zambia are not allowed to own land<sup>70</sup>.

In **Sierra Leone**, a key report looking in detail at gender-related issues identified an inherent cultural gender bias<sup>71</sup>. Sierra Leone is a highly patriarchal society with institutionalized gender biases and inequalities; for example, discriminatory customary practices require husbands to approve women's personal and business transactions. Again, women have limited access to assets, which could be used as collateral for accessing credit. Interestingly, the

field survey identified older Sierra Leonean women (35 years plus) as those with the highest business ownership rates: 81.6 percent in urban areas and 64.4 percent in rural areas. In Guinea, the society is largely Islamic and patriarchal, and also features numerous gender biases reflected in local and sometimes even national laws.

This gendered social norms issue permeates most sub-Saharan economies and has been noted to stifle access to finance for women and ultimately hamper their financial empowerment. In a 2015 World Bank study, only 72 economies legally prohibit gender-based discrimination in access to financial services, and 79 have a score for the indicator measuring access to credit. Low-income economies are particularly weak in this area, with an average score of 8; Guinea however has no recorded score. The study concluded that there is room for significant improvement in access to credit for women<sup>72</sup>.

Some banks offer group loans to mostly women as a way of addressing security or collateral issues. However, some women complain that they do not want their husbands to know about their borrowing, simply because if they do, the husbands can take the money from them, thereby harming their businesses. Therefore, women tend to favor the more informal lenders such as MFIs. Youth also struggle to get capital because of inherent biases held by society about their behavior. In regard to youth in particular, the General Director of a key credit institution in rural Guinea pointed out that a main impediment to young people accessing funding was the issue of their stability.<sup>73</sup> A married person with family is far more likely to obtain funding from a financial institution or even an informal lender than a unmarried young person.

**Identity documents and location/proximity of financial access touchpoints are major barriers to financial access.** Results from the fieldwork in Guinea indicated that 37 percent of all respondents consider identity documents and administrative issues as a major barrier to opening bank accounts and 32 percent of respondents indicated that distance to access points was a challenge. The challenge regarding identity documents is most important for both urban and rural youth. A significant number of Guinean youths under 18 do not have admissible IDs, while many women, especially those in rural areas, typically find it hard to obtain the right documents, due to illiteracy, the informal nature of their occupations and other cultural barriers. Opening mobile money accounts, women and youth confront similar registration requirements, albeit to a lesser extent, but indicating clearly that this is a major obstacle for many of the target groups. In Sierra Leone, voter cards are widely used in lieu of a national ID card but

this excludes youth who have not registered to vote. Additionally, there are strict KYC conditions in place that some urban and many rural dwellers are unable to meet, resulting in their inability to open financial accounts.

Focus group discussions with participants in rural areas suggested that access points like bank branches, ATMs and bank agents are on average a bit further away from respondents than mobile money agents in all three countries. In Guinea, this was significant: 7.22 km for banks compared 0.37 km for mobile agents even in the urban areas. In Sierra Leone, rural women over the age of 35 found the location/proximity of financial access points to be the most important barrier (29.5% of respondents).

Similarly, 85 percent of Zambian respondents confirmed ease of location and convenience of mobile money agent touchpoints as key access factors. Sierra Leonean respondents went further to state that the issue of proximity was worsened by agent liquidity shortfalls and limits placed on withdrawal amounts. Agents are required by law to serve multiple clients on different networks and they are required to keep a minimum balance on each network (which affects their paid-in capital); as a result of this and low incomes in general, float limits for each network are low. In one case, some participants stated that their local agent imposed a cap of just Leones 500,000 (\$58.82). If the amount was higher than that, clients were referred to the nearest business center, which involved incurring transportation costs as well as time.



# Chapter 3: Usage and Quality of Financial Services

This chapter reviews policies and regulations, as well as the products offered by financial service providers (FSPs) to enhance the **use** and **quality** of services delivered to clients, particularly women and youth. On **usage**, the focus is on three areas: (a) policy and regulatory initiatives and barriers; (b) supply-side issues such as the type of financial products in use—e.g., bill payments, remittances, savings, etc.; and (c) demand-side challenges – the frequency, duration and behavior of clients (women and youth). On **quality**, the chapter focuses on the appropriateness of the financial products and services—security, product fit and consumer protection.

The review draws on secondary data from the regulatory and financial institutions as well as responses from the three groups of stakeholders interviewed for this study: policy makers and regulatory institutions, FSPs, and clients/beneficiaries (women and youth).

## 3.1.1 Policy and regulatory initiatives and barriers

**The absence of relevant gender- and age-disaggregated data is a major impediment to defining appropriate regulatory responses and providing FSPs with appropriate management tools to target women and youth.**

The central banks of both Guinea (BCRG) and Sierra Leone (BSL) do not collect gender- and age-disaggregated data from commercial banks, although in Sierra Leone this is done from MFIs. Few FSPs and MNOs in the study countries indicated they collect or track disaggregated transaction data by gender, age and location, and no commercial bank was able to provide statistics by gender or age. However, some of these institutions were able to give an idea of how many women were being served.

The missing disaggregated data include national mobile phone penetration rates, business activities of the target groups, and usage of providers' product offerings. As a necessary first step, both governments and FSPs need to understand the unique circumstances and behavior of this important cohort so as to undertake evidence-based policy analysis for regulatory reforms to improve the access, usage, and quality of financial services, and their welfare impact.

In contrast, the central bank of Zambia (BoZ) began collecting gender-disaggregated data in 2018<sup>74</sup>. Data collection covered 64 regulated institutions and helped the central bank comprehend the magnitude of the financial inclusion gender and age gap. Among the main findings was that most FSPs, especially non-banks, had either limited or no differentiation in gender-focused products. In addition, despite having worse repayment records than women, borrowers were predominantly men. The number of men with loan accounts in every 1,000 adults was 27 at the end of 2014 compared to 12 for women<sup>75</sup>. Additionally, women-owned small business accounts exhibited the lowest percentage of loan default, which ranged between 1 percent and 3 percent during the period (2018). This is, on average, 17 percentage points lower than that of men, showing that women and women-owned businesses are more prudent borrowers than men and men-owned businesses. Given the value of gender-disaggregated data, the BoZ is also contemplating devising age-specific products and services within gender-disaggregated products and services.

**Laws, policies and digital infrastructure required for inclusive finance remain largely underdeveloped**

The regulatory and governance framework and digital infrastructure for connectivity and interoperability required for ensuring the growth and sustenance of an inclusive finance environment are either absent or nascent in the study countries. These two foundational pieces are important to the inclusion of women and youth for several reasons:

First, they are critical to lowering or eliminating barriers to the entry of marginalized groups into the financial system either through policy (such as agent banking guidelines) or practice (such as implementation of a national identity scheme). This helps create a frictionless experience for all, particularly excluded groups like women and youth.

Second, they help stimulate the adoption of critical financial services for all, helping to transition them from mere access to financial services to repeated use where their welfare and ventures can benefit. Public infrastructure assets such as credit reference bureaux that index data from multiple sources (banks, MFIs, credit cooperatives, MNOs) or national financial

switches that enable interoperability of payments help expand the system and give users a reason to actively use financial services. In the case of the credit reference bureaux, this may mean MSMEs, women and youth entrepreneurs get greater access to capital to launch and finance ventures and in the case of interoperability, ensure that multiple payments can be made to individuals and vendors regardless of their network or bank at zero to modest cost with very little friction.

### **All three study countries lack many of these rules and infrastructure**

There are no approved national agency banking guidelines, no interoperability at the national level (only a semblance of it pioneered by third-party offerings)<sup>76</sup>, no national identity schema that all citizens can use to access public services, and the credit reference bureaux or registries in place currently exclude key institutions such as low-tier financial institutions and MNOs that are critical for the cohort of interest.

Fortunately, the situation promises to get better. In the industrial sector in Guinea, there have been a number of recent initiatives among fintechs, MNOs and banks aimed at closing this gap. As early as 2016, Ecobank and Orange Guinea launched a service called "Access my bank", which enables their customers to send money from their mobile money account to their Ecobank account and vice versa. Orange Money also recently implemented a person-to-government (P2G) payments system for motor vehicle tax<sup>77</sup>. Zambia makes up for its lack of agency banking guidelines (purported to be in draft form at the time of compiling this report) by occasionally granting "no-objections" to institutions that request it and demonstrate the ability to deliver on expectations. Currently, Investrust, Zanaco and FINCA are the only three financial institutions permitted to offer agency banking services in the country.

Sierra Leone is also making positive strides in this regard. Despite the havoc wreaked on telecommunications infrastructure during the war years, NATCOM has managed to improve the telecommunications switch to allow for integration with a limited number of applications. BSL affirms that work on interoperability infrastructure is ongoing and should be completed by 2019, and agency banking guidelines are under development in partnership with the World Bank.<sup>78</sup>

### **Sierra Leone tests new financial products in a controlled environment**

Through the introduction of a unique regulatory regime in 2017, the Bank of Sierra Leone (BSL) now permits financial institutions to introduce

innovative products on a trial basis, while it develops its regulatory framework to mitigate potential risks emerging from the use of these products (Box 4.1). BSL has also established a "dedicated consumer protection unit in the Banking Supervision Department that is charged with the responsibility of policy development and oversight of consumer interests"<sup>79</sup>. Other functions of the unit include conducting research to better understand challenges affecting consumers and conducting outreach programs to enhance partnerships.

### **Box 3.1: Regulatory Sandbox in Sierra Leone**

The Regulatory "Sandbox" approach has been used in other countries for DFS and fintech innovations since 2015. It is a regulatory approach that allows time-bound testing of innovations under a regulator's oversight. After Kenya, Sierra Leone is the second African country to launch a Sandbox framework for regulating financial innovations. The first fintechs to participate were: (i) Noory; (ii) iCommit; (iii) InvestED & Salone Microfinance Trust (SMT); and (iv) MyPay. A limit of six participants was placed on the initial allocation and, after generally positive feedback, the BSL has stated that this initiative will continue with more players being identified.

### **Governments in the study countries are actively promoting credit registries, improving consumer protection laws and encouraging private sector-led innovation.**

Guinea's most authoritative piece of inclusive financial legislation came in July 2017. This legislation directly regulated the affairs of a set of institutions created to expand access to affordable and responsible banking products and services for populations excluded from the traditional banking system. These are mainly in the microfinance sector. The new law seeks to improve consumer protection by providing guidelines for transparency and managing competition between operators and by defining the basic requirements for a start-up and its operations. It also provides the legal basis for EMIs and more broadly for all financial payment institutions and integrates the nascent postal financial services into a legal and regulatory framework, allowing the BCRG to assume the responsibilities entrusted to it. The law is accompanied by an operational guide for the day-to-day operations of the BCRG, as recommended by PHB Development in its study on Guinea's inclusive finance legal framework in 2016.

The aim of the BCRG is to use these laws as a basis to finalize the National Financial Inclusion Strategy (NFIS) and create a secretariat to coordinate key

stakeholders, as well as to develop and implement a monitoring and evaluation (M&E) framework. In an interview with the BCRG, it became clear that the NFIS is yet to be finalized; but even in its current draft, key aspects of important pro-poor innovations such as mobile money and innovations from Fintechs are largely absent.

In **Sierra Leone**, through the enactment of the Credit Reference Act in 2011, BSL has made strides in creating a deeper, broader and more inclusive financial services environment that attends to the needs of women and youth. This single piece of legislation provided the framework for BSL to operate an interim Credit Reference Bureau Unit (CRB). The CRB collects credit information on individuals and business entities to help creditors make informed decisions based on the credit history of their clients. The establishment of the CRB helps to “minimize risk associated with information asymmetry that often characterizes the credit market”<sup>80</sup>. It currently houses and indexes information from commercial banks but there are plans to extend its scope. In 2018, the CRB concluded training on preparing financial institutions to contribute data to the CRB for 19 MFIs in Freetown and the BSL.

The relevant BSL team is also providing similar training to staff of community banks and FSAs. It is anticipated that actual utilization of the CRB will begin for MFIs, community banks and FSAs by 2019. Finally, in June 2017, with support from the International Finance Corporation (IFC) and other stakeholders, BSL launched the collateral registry to enhance credit underwriting and expand lending to the private sector, especially MSMEs.

**Zambia** has few legislative instruments targeted at developing an inclusive financial system. Like Guinea, it also focused on nurturing a supportive, enabling environment for underserved communities through the Competition and Consumer Protection Act (CCPA) passed by the Parliament in 2010. This Act establishes the Competition and Consumer Protection Commission (CCPC), a statutory body with “a unique dual mandate to protect the competition process and also protect consumers.”

#### **However, cooperation among agencies on consumer protection issues is underdeveloped**

In **Zambia**, for example, the Bank of Zambia (BoZ), Zambia Information and Communications Technology Authority (ZICTA), Competition and Consumer Protection Commission (CCPC), and Financial Intelligence Centre (FIC) should work together to enforce regulations regarding the fair treatment of customers, the quality of service offered by mobile money providers, the guidance on unclaimed money,

Anti-Money Laundering and Know Your Customer. However, the nature of cooperation between these partners is not clearly defined and this could lead to duplicity and confusion.

The study noted the overlapping mandates between financial regulators (BoZ, Securities and Exchange Commission, Pensions and Insurance Authority and the CCPC), which complicate the implementation of consumer protection measures. Additionally, the meteoric rise of mobile and digital financial services requires that financial sector regulators collaborate with ZICTA on consumer protection, particularly when it comes to IT-related matters, but such collaboration is slow in coming and the definitions for such engagements are unclear.

In contrast, in **Sierra Leone**, the BSL has established a dedicated consumer protection unit in the Banking Supervision Department, which is responsible for policy development and oversight of consumer interests<sup>81</sup>. Collaboration with other government agencies is a cornerstone of the department’s function and it is expected to conduct outreach programs to enhance partnerships with other government agencies and units, set up mechanisms for dispute resolution and conduct research to better understand challenges affecting consumers. Additionally, in the area of Anti-Money Laundering (AML) and Combatting the Financing of Terrorism (CFT), capacity building is being provided to the Financial Intelligence Unit (FIU) to improve its operations in managing financial crime case development. The operations include analysis, investigation and prosecution of underlying predicate crimes, associated money laundering and recovery of illicit proceeds and instrumentalities.<sup>82</sup> This assistance started in 2017 with the aim of having one institution responsible and accountable for such matters and also to collaborate with partners as needed to carry out its functions.

In **Guinea** there are no agencies within the government that could be clearly identified as responsible for consumer protection affairs and thus no such issues were observed.

### **3.1.2 Supply-side measures and initiatives**

**MFIs and lower tier banks demonstrate the most commitment to serving low-income people, and the specific women and youth market.** It was observed that generally, there was a deliberate attempt by the lower-tier FSPs to develop and market products that fit the needs and lifestyles of women, compared to the traditional commercial banks. Some MFIs have special loan products designed for women, such

as group loans, which also address their collateral requirements shortcomings. They have also introduced other products to broaden the range available, such as salary loans, fixed asset lending, leasing, microinsurance and transfers.

In **Sierra Leone**, Salone Microfinance Trust (SMT) has been involved in the development of a mobile app to provide financial literacy lessons to its clients, including women and youth. Community banks (CBs) and Financial Service Associations (FSAs) in Sierra Leone target a wide range of clients such as the poor, peasant farmers, petty traders, and workers in rural areas and operate in a way similar to commercial banks, the main difference being that they are located in larger rural centers. The products offered include salary loans, mobile money or money transfers to mobile phones, safekeeping of valuable items such as liquid cash, house plans, car log book, as well as, consumption loans, input loans, and equipment loans.

In **Guinea**, information provided by BCRG indicated that as of December 2017, out of the 577,000 clients of the MFIs, about 252,000 are women. Like Sierra Leonean MFIs, they have a wide range of products that fit their needs, from small loans for students to group accounts for women who have joint agricultural projects to buy a generator. The Mutuelle Financière des Femmes Africaines (MUFFA) and Yete Mali are two key MFIs that focus on women, while Jatropha maintains a strong youth focus. This provision for women and youth was less evident in Zambia although there were a few exceptions like FINCA, an MFI and deposit-taking institution, which stands out for its female-targeted offerings. It is worth mentioning that while the rural women's groups interviewed indicated that the MFIs in general are prepared to listen to their customers, they desire to see more specific changes.

**Interoperability is largely lacking but under discussion.** Interoperability is important because it allows users of the financial system – including women and youth – to conduct transactions with anyone regardless of the bank, MNO or other FSP the corresponding party has an account with, at moderate or zero cost. Interoperability enables service providers to increase transaction volumes and lower their costs; it greatly contributes to financial inclusion as it is usually implemented with reduced fees and charges to users.

In **Guinea**, interoperability is lacking on two fronts: first, among the banks in mutual traffic and, second, among the mobile money providers mutually and in connection with the banks. Interoperability of the Real Time Gross Settlement (RTGS) system, card payment network (Europay MasterCard Visa – EMV) and the mobile money network is a work in

progress. Interoperability exists at the agent level among the banks and the MNOs, but digital platform interoperability is largely lacking: while the RTGS and card payment networks are currently linked with each other, the mobile money infrastructure is not. For mobile money transactions, the fintechs are trying to create a connection to the banks but that is still at a

### Box 3.2: Guinea —Afriland First Bank's Shining Example

Afriland First Bank (started in 1987 in Cameroon) operates at the junction between commercial banking and microfinance; they aim to guide the entrepreneurs of the informal sector (which represents 75% of the economies in West Africa and 90% in Guinea according to an interview with the World Bank) into the formal sector. The bank makes use of the MC<sup>2</sup> (MC square) model and tries to find original solutions to support the emergence of young Guinean entrepreneurs.

Community Mutuality of Growth (MC2) is largely successful among women and youth: The MC<sup>2</sup> (Mutuelle Communautaire de Croissance (Community Mutuality of Growth) is a concept successfully applied in Cameroon. An MC<sup>2</sup> is created and managed by the members of a community, in respect of their socio-cultural, religious and ancestral values. The success of this initiative is due to the combination of African tradition and modern banking management. To set up agencies, the local people are asked to raise money. After enough money is raised and a critical mass of people organized, Afriland comes to build the premises of the agency, and recruits its staff from the people who were responsible for raising the money. They are then trained by Afriland. Credits and loans will be possible from those branches (at a 5% interest rate).

very early stage. A national switch, which is currently being contemplated, can easily address this and provide the necessary interconnection.

At the time of publishing this report, both **Sierra Leone** and **Zambia** had begun work on interoperability that is expected to be concluded by 2020.

Group Orange and Group MTN announced in December 2018 the creation of a new company, Mowali (Mobile Wallet Interoperability), with the aim of establishing interoperability between the two mobile money branches of the providers in all 22 sub-Saharan African countries where they are present, including Guinea.<sup>83</sup> This is expected to contribute immensely to increased mobile money transaction volumes across Africa and make it easy for digital financial services to thrive for all, including the economically marginalized. While interoperability is

largely an industry affair, governments still play a key role as market facilitators and the Tanzania example is a classic case in point. Whether by convening market actors to discuss and prioritize the needs of consumers or establishing a national switch and mandating interconnection, government policy can help shape the long-term financial wellbeing of excluded groups such as women and youth through the enforcement of this technical innovation.

**A lot remains to be done to improve FSP customer service and engagement.** In almost all the focus group discussions (FGD) conducted in the urban areas, participants complained about the poor customer service at banks, such as tellers attending to their phones more than to clients and the very long queues, especially at the end of the month.

In **Sierra Leone**, respondents also complained about low interest rates on savings, with some stating that it was better to put money in their business than to keep it in the bank. Another aspect of poor services is the fact that some banks did not have ATMs and cards such as Visa. The situation appears to be slowly changing, with some banks now in the process of acquiring ATMs.

The study also noted that not much research is done by the banks in **Guinea** on customer perception of the quality of their services. However, one bank said that it conducts regular surveys and makes changes to aspects of its service based on these surveys, such as reducing queues at bank premises. Internet banking and improvement in internet coverage and reliability also have direct effects on the quality of the products and services being offered.

With respect to communications, several **Zambian** financial service providers (FSPs) indicated that they publicize their products through various media but still experience low product uptake. Demand-side interactions suggested that this may be partly due to how the message is communicated and inadequate financial education. Few FSPs communicate in the local language or use community opinion leaders as product ambassadors. Others use general “push” communication strategies and not word-of-mouth or door-to-door methods which resonate more with women who may have mobility restrictions in rural communities.

Similarly, the failure to communicate in time or at all changes in tariffs for commissions or fees to agents or end users has brought unpleasant surprises that affected trust in the provider and further use of their products. These negative experiences are shared in consumers’ social networks, with knock-on effects on prospective users, particularly in rural areas where

income and education levels are generally lower. A few banks are finding innovative ways to improve customer engagement. One Sierra Leonean bank said that once a month, clients can phone in and chat with the Managing Director. This “Call the MD” facility is open during a two-hour window.

**FSPs address consumer protection issues through a variety of methods.** The study revealed that MFIs take issues relating to the security and welfare of their clients seriously, with some having their account executives visit women in the markets to introduce products like prepaid debit cards to diminish the risk of loss of cash through robbery. There are some challenges in this area of field data collection in that some of the field collections are not technologically assisted and rely on the old method of writing receipts, a process that is fraught with risks and challenges. For this to be fully effective, lack of technological knowledge among customers (particularly women) needs to be addressed, particularly as many perceive technology to be highly susceptible to fraud. This concern was strongly expressed by rural women in Guinea, who cited account security as important to them; they were likely to resist technology-driven data collection methods out of suspicion.

MNOs and third-party operators also typically provide customers with a PIN to safeguard their digital products and require them to confirm their ID using valid documentation or respond to basic security questions (e.g. address). Other third-party operators have fraud units or internal security departments to investigate security concerns (i.e. money sent to a wrong number). Commercial banks require PINs at ATMs and online passwords (both of which banks force customers to change periodically). Others also use electronic receipts, alerts, and regularly train and sensitize their staff on consumer protection issues to ensure protection and safety of clients. Zambian providers are additionally required by law (the Competition and Consumer Protection Act 2010, which the CCPC regulates), to enforce internal measures to ensure data are protected.

### 3.1.3 Demand-side issues – stakeholders’ views

**Mobile money usage is high but focused on a few transactional use cases.** The digital revolution within the financial sector is evident in all three countries. Awareness of digital financial services, specifically mobile money and its benefits, has translated into regular usage around a few core use-cases.

In **Guinea**, over 75 percent of all respondents with accounts used mobile money more than once a



month. The opening of mobile money accounts was mostly done for safekeeping (71.7%), to save money (41.3%), manage personal expenses and track income (35.9%) and send and receive remittances (10.9%).

In **Sierra Leone**, while airtime recharge was the most popular transaction done with mobile money accounts, a significant number of respondents also used the platform to pay utility bills, receive and send money. Of male youths, 34.4% buy airtime more than three times a month compared with 30.5 percent of female youths and 27.7 percent of females over 35. Both rural male and female youth indicated that they used mobile money mostly to receive money – after airtime purchase.

In the case of **Zambia**, mobile money deposits, withdrawals and airtime purchase are the most prevalent weekly financial activities among respondents with the exception of rural female adults and youth, who rarely make such transactions. Paying bills (utilities and school) and making purchases via mobile money were transactions that the cohorts used the least. About 24.2 percent of respondents used their accounts once a month for savings, with the urban female adult using this facility the most (43%).

**High transaction cost is a major deterrent to regular usage of financial services.** Across all three study countries, the cost of financial transactions (whether over-the-counter transactions, interest payments on loans, or mobile money withdrawals) was cited as a barrier to widespread adoption of financial services, and this was most prominent in rural Zambia and areas where price sensitivity is high due to low incomes.

In **Zambia**, almost a third of respondents (primarily youth) reported transaction fees as a major restriction. Specifically, recurring charges on bank accounts and the regressive nature of the mobile money tariff structure were highlighted as two major complaints of most respondents.

In **Sierra Leone**, about a quarter of male urban youths (24.6% of respondents) mentioned transaction costs as the most important barrier to usage, with another 21.5 percent mentioning waiting time or queueing as the next major bottleneck. Transaction costs were also important to women in both rural and urban areas; it was the most important (32.7%) for female youths in urban areas and the second most important for adult women (23.1% of respondents).

### **Trust and security are key decision-making factors for using formal financial services.**

While 24 percent of **Guinean** survey respondents had no concerns related to the security of their financial account (bank, non-bank or mobile money), making errors while operating their account and fraud are the two top security concerns for the remaining 76 percent of respondents. There was unanimity that using SMS notification alerts would offer limited benefits because of high levels of illiteracy, particularly among adult rural women. Biometric options for protecting accounts were the most preferred.

In **Zambia**, women and youth are comfortable using a PIN to protect their accounts. PIN-enabled access to accounts was very common (70.2%) especially among the youth (91.2%) although 9.2 percent expressed concern about having their PINs compromised by a third party or being victims of fraud.

In **Sierra Leone**, about 54 percent of respondents used PINs or passwords to protect their accounts while about 17 percent used their fingerprints. Up to 20 percent of respondents did not use any form of protection and while 24 percent of rural male youth had no security concerns, the proportion was 59 percent for urban male youth. Suggestions provided by Sierra Leonean survey respondents on how security should be improved included better sensitization and education on account security issues, and introduction of biometric and SMS alerts.

**Security issues were also identified as particularly important for rural Guinean women, whose limited digital literacy and distrust of technology accentuates their vulnerability.** As the business leader of one tech-enabled MFI indicated: *“A good example of that ‘technophobia’ is that many people here in Guinea do not trust technology and recalculate teller slips”*. Young males, however, stressed the need for more open communication on pricing and dispute resolution procedures from the providers. This concern clearly indicates the need for more financial literacy education for both women and youth, particularly regarding product security, disclosure and dispute resolution. Additionally, respondents would like to see focused sensitization and education efforts on device handling, reading and interpreting SMS alerts, which could easily translate into viable financial opportunities and ultimately improve their economic and social empowerment.



## Chapter 4: Welfare impact of financial services

This chapter reviews the **welfare** dimension from the perspective of how the legal, policy and institutional framework of financial sector-related laws have impacted the livelihoods of customers in the areas of entrepreneurship, job creation and business productivity. It also explores how the mix of financial and non-financial institutions and private sector partnerships have directly impacted the livelihoods and entrepreneurship of women and youth in the countries. The focus is on individual consumption levels or productivity as well as business productivity.

### 4.1 Policy and regulatory initiatives

**In all three countries, while general reforms and initiatives do not explicitly target women and youth financial inclusion, dispersed references in laws and regulations aim to promote their welfare and livelihood.**

**Guinea**, for instance, has been introducing reforms to improve the climate for doing business and entrepreneurship. A good example is a new reconciliation procedure that was introduced in 2017 to resolve insolvency for companies in financial difficulties and a simplified settlement procedure for small companies. Also, stimulating talent and entrepreneurship is currently generating greater official interest in Guinea as a stepping stone to improved welfare. The PNDES considers “assistance to women in business creation (registration and opening bank accounts) as a feasible priority action” as well as “facilitation of women’s access to substantial financing beyond the scope of microfinance programs”<sup>84</sup>. The government has launched several initiatives including Youth Listening, Counselling and Guidance Centres. However, besides these general reforms and initiatives, not much was identified during the stakeholder interviews in terms of policies and laws directly targeting the welfare and livelihoods of women and youth.

To improve the welfare impact of development initiatives in **Sierra Leone**, the government has enacted laws to promote women’s rights. These laws include the Anti-Human Trafficking Act (2005); the

Sierra Leone Citizenship Amendment Act (2006); the Prevention and Control of HIV/AIDS Act (2007); and the three Gender Acts (2007) on domestic violence, customary marriages and divorces and the devolution of estates. However, implementation of these Acts has met many challenges, even though the Gender Acts have helped the push towards constitutional reform. Also, the *de facto* situation of women’s land rights falls short of the protective legislation. The Women’s Partnership for Justice and Peace says most women live in rural areas and deliver 60 to 70 percent of agricultural output but “have never had full access or control of land or property in Sierra Leone” despite the Covenant on Civil and Political Rights: Articles 2, 3, 23(4) and 26. Thus, “in many parts of the country, women can access land only through their husbands or other male family members,” and can lose their access to land in cases of divorce or widowhood.

In **Zambia**, the revised 7th National Development Plan 2017-2021 (aimed at implementing the Vision 2030 programme) seeks to improve livelihoods and create decent employment by prioritizing education and job-related training. The government has a clear financial literacy strategy targeting women, and particularly the youth who tend to have less financial savvy. In 2009, the Ministry of Education, Science and Vocational Training supported the incorporation of financial education in the national school curriculum following inputs from the Financial Sector Development Programme (FSDP) and the Bank of Zambia’s National Strategy for Financial Education. The Strategy’s main objective was to ensure “the people of Zambia will have improved knowledge, understanding, skills, motivation and confidence to secure positive financial outcomes for themselves” (Aprea, 2016), with a focus on children and youth.

**Some development partners have also started programs aimed at boosting the welfare impact of financial inclusion, especially among women and youth.**

In **Sierra Leone**, with funding from UNDP, the government launched a program to provide business development and career guidance for the youth. It also implemented small-scale job-creation projects through youth entrepreneurship.<sup>85</sup>

Further measures included streamlining business registration procedures, eliminating export permits and introducing pre-arrival processing.<sup>86</sup> Another effort is the Youth Microfinance (YMF) project,<sup>87</sup> which has components such as youth savings and lending associations (YSLAs); linkages with MFIs; and training on life skills and financial education with a focus on gender equality. The project helped youths to manage personal, business and household expenditures through the YSLAs, but the pilot linkage with an MFI failed to draw youth into the formal financial sector: less than 1 percent of youth respondents reported borrowing from banks or MFIs.<sup>88</sup>

In **Guinea**, realizing the impact of MFIs on providing facilities for women and youth, the International Finance Corporation (IFC) and UNDP started an entrepreneurship project focused on making existing companies solvent. The project included a microfinance fund of USD18.6 million established in 2011 under the National Agency for Microfinance (ANAMIF) for lending to youth and women's groups. The fund initially made available USD3.4 million to the three largest MFIs but cancelled this facility due to poor performance after 60% was disbursed. ANAMIF subsequently lent USD1.3 million to 36 women's groups/cooperatives at zero interest, but repayments were not taking place regularly. With nearly USD13 million still available in the fund, ANAMIF has suspended activities until a new strategy is developed. In May 2018, IFC also began a large program focused on small enterprises, mainly in the agricultural sector with the majority involving women. Only 2.5 percent of small enterprises and 8 percent of medium enterprises have a loan or a line of credit.<sup>89</sup> However, support from donors is quite low at the moment; many projects stop in the middle or just before the end, often for a cause that is not clear, and as the funds are typically unused, the donors are unwilling to put new money in similar projects.

In **Zambia**, UNDP, through the Sustainable Development Goals (SDG, Goal 8) is working on specific programmes that sustain economic growth and productivity and encourage job creation through entrepreneurship and technological innovation. The UNCDF is working on programs such as Mobile Money for the Poor (MM4P), which supports digital finance programs and solutions with a focus on low-income populations and refugees. YouthStart is a global initiative run by the UNCDF that aims to increase usage of financial services by low-income youth, with an emphasis on savings and financial education. The Technical Education, Vocational and Entrepreneurship Training (TEVET) Authority focuses on training unskilled youths and enhancing SME/informal workers' productivity and efficiency. The Securities and Exchange Commission has introduced

an SME alternative market to help small businesses to be innovative by aggregating them as a block market. The IFAD "Rural Finance Policy", spearheaded by the Rural Finance Expansion Programme (RUFEP), also aims to address these challenges by shifting focus to the development of diverse, viable financial services, which hopes to increase the long-term access of rural poor people to a wide range of financial services. Their intervention seeks to support access to demand-driven approaches, promote a range of financial institutions, models and delivery channels, and encourage collaboration between partners, all of which will contribute to long-term strategies improving the financial livelihood and wellbeing of women, youth and the Zambian population as a whole.

### **There is a growing emphasis on financial literacy<sup>90</sup> and education initiatives as overall awareness deepens.**

Broadly, this study revealed the pervasive nature of poor financial literacy and education among the women and youth respondents, with the young rural woman seemingly the least served. The lack of knowledge of basic financial management is exacerbated by complete or partial ignorance of applicable consumer protection laws or rules and recourse mechanisms for any specific product. Additionally, although there are some financial literacy initiatives for the general population, there are few that focus solely on women and youth. Financial education campaigns promoted by the private sector, both in terms of frequency and reach, are limited to urban areas.

Of the three countries, **Zambia** has shown most progress, with a clear financial literacy strategy that covers a wide range of initiatives targeting women and youth. In 2009, with inputs from the Financial Sector Development Programme (FSDP) and the Bank of Zambia's National Strategy for Financial Education, the Ministry of Education, Science and Vocational Training supported the revision of the national school curriculum to incorporate financial education. The Strategy's main objective was to ensure "the people of Zambia will have improved knowledge, understanding, skills, motivation and confidence to secure positive financial outcomes for themselves" (Aprea, 2016) with a focus on children and youth. The Financial Education Coordination Unit (launched in 2012 and housed within the BoZ) also seeks to improve Zambian youths' financial literacy through school and media initiatives.

However, even with such good progress reported in Zambia, there is continued public outcry due to the pervasive nature of low financial literacy among the women and youth, and more is being demanded of the regulators. The regulators, however, are of the view that their input and support is limited only to guidance, identification of gaps and general oversight of initiatives but not implementation; the expectation

was for the private sector to drive this change. Fortunately, a few companies such as FINCA have created specific financial programs to help customers understand the products they are using as well as the basics of regular usage.

**Sierra Leone** is making progress, albeit starting only recently. The BSL is finalizing the Financial Literacy Strategy Framework at the time of drafting this report. This framework will serve as a road map for achieving financial literacy for Sierra Leone's citizenry "...to ensure a well-informed and adequately protected public". More specifically, it aims to promote partnership and collaboration among key stakeholders to initiate and sustain efforts, maximize resources, and broaden the reach of financial literacy, education and consumer protection activities. A monitoring and evaluation framework is under development to determine the effectiveness and impact of the program. Additionally, a Financial Literacy Working Group, comprising all major stakeholders has been created, and is charged with the responsibility of coordinating all financial literacy issues in the country. To further heighten awareness, BSL launched a Financial Literacy Week in November 2017, which has now been declared an annual event.

**Guinea** is yet to grapple with this issue; there are no clear initiatives (public or private) aimed at promoting financial literacy in the country and there is limited evidence of financial literacy capacity-building programs despite being mentioned in the PNDES.

## 4.2 Supply-side initiatives

**For all three countries, there was no clear indication that FSPs monitor the welfare/job creation-impact of their financial services.** Most service providers said they did not collect data or monitor the impact of their services on their clients, although they could observe the changes in their businesses over time. Some institutions had clients who had been with them for over 10 years, which would have allowed them to see changes in their personal and business accounts. For MFIs, women constitute a significant market but there is still virtually no analysis of the impact of the finance provided.

**For SMEs largely dominated by women and youth in all three countries, limited access to financial resources constitutes the main constraint to their growth and development.** There is limited access to micro-loans for women and youth, particularly those in informal employment or small business owners. In Guinea, a recent World Bank study indicated that only 2.5 percent and 8 percent of small enterprises and medium enterprises respectively have a loan or a line

of credit from formal financial institutions. For most of these firms, only 2.8 percent of their investments are financed by banks, whereas the largest portion of the investments (92%) is own account or other sources.<sup>91</sup> Similarly, in Zambia, it is very difficult for women to access credit to expand their business. The financial needs of these microenterprises are too small on average for banks to meet their demands as often the transaction costs to the banks outweigh the loan amount for the SMEs. In addition, the collateral remains high – above 150 percent of the loan amount – and most of the SMEs are unable to provide the right documentation to meet the rigid collateral requirements. Thus, MFIs play a significant role as credit providers to this segment of the market.<sup>92</sup>

**New and emerging inclusive digital finance models and technologies like agent banking and mobile money offer outstanding opportunities to engage both women and youth in income-generating activities.** The fintech revolution across sub-Saharan Africa is expected to play a big role in promoting financial services by offering youth opportunities as remote sales and marketing agents of their products. There is empirical evidence from the Helix Institute of Digital Finance that while women are underrepresented in the ownership of mobile money agent businesses in Africa and South Asia, they excel in customer interactions – particularly with late adopters and female customers – compared to their male counterparts, and manage their liquidity needs (float/e-cash) just as well as men if not better<sup>93</sup>.

In **Zambia**, the study noted that the most successful agents tend to be young women who are family oriented (have obligations and responsibilities) and hardworking, with an entrepreneurial mindset. Active mobile money agents number about 35,880 in Zambia<sup>94</sup> and 29,308 in **Guinea**. However, no reliable data exist on the number of women and youth currently working in the finance sector. The burgeoning local fintechs are also employing tech-savvy people who are mostly below the ages of 35.

**Financial literacy for underserved groups through public-private partnerships has been shown to have high welfare benefits.** Zambia's financial education framework has spurred a healthy mix of public and private sector initiatives, a notable one being promulgated by a payment technology company called Zazu and FSD Zambia (FSDZ). The two companies partnered in 2018 to unveil a suite of courses designed to increase the average Zambian's knowledge about finance and boost their confidence in accessing financial services. Digital courses providing knowledge about income, loans, and savings, insurance and mobile money were available over USSD, SMS and voice channels. This resulted in over 6,000 people completing over 15,000 courses

ranging from credit and insurance to investments and budgeting. The plan is to launch a national campaign using this platform to help address the financial literacy challenge in a cost-effective way.

### Other Innovative Practical Examples:

Zambia's Securities and Exchange Commission (SEC) has also made some notable practical contributions to boosting financial literacy in schools and universities by giving students an opportunity to participate in an investment competition that simulates listed companies on the Lusaka Stock Exchange (LuSE). Students actively participate in and learn about capital markets and finance, from concepts such as profiting from a stock trade to learning about events that can cause stock prices to fluctuate.

The Central Bank of Sierra Leone (BSL) followed a similar approach in educating the youth by partnering with the Africa Youth Coalition against Hunger-Sierra Leone (AYCAH-SL) in 2017 to set up school savings clubs, currently 28, as part of their financial literacy program, to teach young girls and boys the value of financial literacy and investment. This grassroots approach is instructive as evidence shows that financial behavior is formed around the age of 7, making it even more necessary to begin financial education early. Similar societies and savings clubs have long been a feature in South Africa and a few commercial banks such as Nedbank are targeting such clubs for their savings and promoting a club account as safe and secure.

## 4.3 Demand-side issues

**The male remains a major provider of the household, but power dynamics between urban women and men are evolving.**

**Guinean** male urban youth have the highest income levels compared to their female rural and adult women counterparts, which comes as no surprise considering their migration to the city to find work and the gender bias in job opportunities. The bulk of respondents (86%) have monthly household income of more than USD55. Approximately half of the respondents are currently below the minimum wage.

In **Sierra Leone**, the bulk of the respondents (76%), have monthly household income of less than Le800,000 (USD90). Rural youth, both female and male, as well as rural women are worse off than their urban counterparts, with 83 percent or more having less than that threshold. The survey shows that 34 percent of respondents are currently below the minimum wage even at the June 2018 exchange rate of US\$1=Le7,759.

Income from personal-owned SMEs is often the main source of **Zambian** household income, especially amongst rural adult females (90%). Although less than half (39%) of rural adult female respondents are the breadwinners of their household, many (68%) stated that they have some control or a say in how money is spent in their household. However, 37 percent of young female respondents reported having no control on how funds are spent in their households. Apart from those relying on another's income, the three most common sources of income in Guinea were (in order of importance): business/trade, casual work, and rental income, compared to casual work, business trade, and family and friends for Sierra Leone and business/trade and casual work for Zambia.

**The level of entrepreneurship vary considerably among the study countries and the cohorts.**

In **Guinea**, business ownership was reported among 10 percent of male urban youth and 11 percent of urban adult women. In comparison, none of the young urban women reported having their own business.

In **Zambia**, a little over a third (38%) of respondents reported owning a business, and close to a fifth (18%) obtain their income through some form of "informal work". Male youths were found to be more likely to be self-employed or engaged in informal work (83%) than their female counterparts who are either unemployed or self-employed (24%).

**Sierra Leone** shows a higher level of entrepreneurship with over 80 percent of urban adult women and 55 percent of young urban women owning a business. This is in contrast to only 29 percent of male youths in urban areas owning a business. The preference for youth respondents in the survey is to seek formal sector jobs after graduation – 54 percent of male youths and 53 percent of female youth. Just about a fifth of youth respondents (21% of male youth and 21.3% of female youth) want to go into business. This is a challenge for the country given the high unemployment levels. Adult women are the most entrepreneurial, but access to credit has been a major challenge. The latest Findex data<sup>95</sup> (based on a survey of 1,000 people in Sierra Leone) suggest that women are worse off than the rest of the population on most indicators.

**Personal funds or savings are the predominant source of financing for entrepreneurial activities; loan and credit financing is low.**

In **Guinea**, Over 50 percent of all business owners surveyed relied on personal funds or loans from family and friends. Only among the relatively small number of adult urban women with a business was bank-sourced finance above 25 percent. Of the 74 people that applied for a loan from a formal institution

for all purposes (not just to finance a business), only nine ended up getting a loan. Some were refused for lack of collateral and insufficient income. Of the respondents that had considered a loan but had not accessed one, the main complaints about the loan product itself included perceived high interest rates and late disbursement times (35%) and unfavorable repayment terms (18%)

Similarly, in **Sierra Leone**, the majority of business owner respondents (51%) indicated personal funds or savings as the main source of funding for their businesses, followed by loans from family and friends (20%). Only 10 percent of funding was provided by loans from commercial banks. For female youth respondents, almost a third (29%) obtained loans from family and friends to start their businesses, while only 14 percent took loans from either a commercial bank or MFI; no male considered MFI as a source of funding. Almost half (48%) of all respondents used their loans to start, operate, or grow a business or farm, 20% for family emergencies, 14% for school fees, and 11 percent for daily household consumption. Of those who took loans to finance their businesses, 40 percent were female youth, 37 percent were adult women and 22 percent were male youth, generally reflecting the distribution of business ownership. Reasons for loan refusal range from lack of guarantor, failure to qualify, and insufficient/infrequent income. For respondents who had never applied for loans, high interest and unfavorable payment terms were the main concerns, with over a third of female and male respondents citing these two reasons.

In **Zambia**, amongst the respondents, half (51%) reported owning their own business and a more than two-thirds (70%) used some form of personal equity (i.e. own funds/savings) or borrowed from a family/friend to set up their own business. Of those who used loans to fund their businesses, 52 percent were in urban centers, 38 percent were male youth, and 33 percent were female youth while 29 percent were adult women. For critical payments, two-thirds of respondents (67%) tended to borrow directly from a family/friend; 80 percent of urban male youth used this form of credit. The second most used source of credit was a bank loan, for only 10 percent of respondents.

### **Business ownership and steady monthly income increased the use of financial services and products.**

While actual numbers for productivity are not available from the survey, focus group discussion (FGD) participants in **Guinea** explained how their lives improved after accessing and using appropriate financial products. Generally, the FGDs supported the hypothesis that the lives of those who consistently

use inclusive financial products can change positively. For example, many stated that their entrepreneurship plans were boosted with loans for project startups. In addition, their personal security increased; instead of walking around with money, they keep it on their Orange Money (OM) account, their prepaid debit card or transfer it. It is difficult to determine which sectors benefitted, although the above sections indicate the activities of those interviewed. Apart from those relying on other income, the three most common sources of income were (in order of importance): business/trade; casual work; and rental income.

In **Zambia**, about a third (34%) of small business owners reported that a loan product would be more useful in improving their business, and about a quarter (24%) cited more financial training/literacy, while remittances were mentioned by about a fifth (18%) of them. Yet, lack of collateral, ability to demonstrate loan repayment (i.e. stable income), and existing debt/no guarantor were all equally given as reasons for being declined a loan. A few also reported that they were aware of loan programs (i.e. microfinance/microcredit loans) but unaware of the name of the program that targeted women.

It was noted that a steady monthly income is key for financial inclusion. Nearly half (45%) of the respondents had a steady monthly flow of income, with young, urban females (65%) showing the greatest evidence of relative prosperity, compared with the other segments in the sample. Amongst those who reported having informal employment, 66 percent were paid in cash, and 30 percent were paid either through mobile money or through a bank account. Of those in formal employment, a fifth (20%) reported receiving overdraft facilities from their employers, 18 percent received loans and 8% were provided financial literacy training.

In **Sierra Leone**, to judge the inclination to engage in entrepreneurial activities, respondents were asked what they would do if they were given \$200. More than half of respondents (53%) stated that they would invest in their business, with male and female urban youths being the highest at 80 and 56 percent respectively. Saving in a bank was rated as the second option (21%), with only 1 percent opting to invest in the capital market.

### **Informal financial institutions remain a good source of funds to kick-start business for a significant number of women.**

In **Sierra Leone**, most FGD female respondents (adults and youth) in rural areas were involved in *Osusu*, which they said raised money for their businesses as well as for emergencies. Most

respondents are acutely aware of the risk of defrauding by the thrift collector, and there is considerable interest in embracing the new technologies, particularly mobile money, instead of the thrift collector for their contributions. Electronic collection and payments, as and when money was due, could help address some of these concerns. Also noted is the significant role women's groups play in ensuring funds are channeled to improve the welfare of women and their families. Moawoma Rural Women's Development Association is one of such groups found in Sierra Leone during the study.

In **Zambia**, informal financial services are very popular in the rural areas, and are also widely used in urban areas despite access to more formal services. The most popular informal methods are a village savings group called Chilimba, and a short-term loan service, known as Kolaba. The Chilimba groups are a savings and loan method and provide the opportunity for women to pool their money, providing each other loans, charging interest, and receiving a return at the end of the year. The aspect of a trusted social network and meeting with each other socially makes this method unique by combining pleasure and informal access to credit and savings. However, Kolaba (known as loan sharks) is decreasing in popularity due to extremely high interest rates, ranging from 25 percent upwards, for very small short-term loans.

**In all three study countries, financial illiteracy emerged as a major barrier to entrepreneurship among women and youth.**

In **Zambia**, loans and financial literacy training were cited by business-owning respondents as the two products or services that would help most to improve their businesses. This was particularly high among adult urban women.

Similar findings were reported in the **Sierra Leone** survey, corroborating other studies by UNCDF and Finscope. While some of the respondents have had training in financial literacy, these have been one-offs;

there has been no follow up to assess how beneficial these have been to the clients.

In **Guinea**, most women and youth indicated a preference for hands-on financial literacy training (as opposed to general education) and periodic retraining. Their responses revealed that a lot of training is done by the social action programs focused on women with the involvement of an MFI as a last step.

**Despite various innovative options now available, cash payments are still the dominant form of commercial and economic transactions.**

In **Zambia**, despite more than 64 percent of respondents having a mobile money account, cash remains the major payment method. It was the most preferred method for payment for food (96%); school fees (62%); transportation (30%); medicine (89%), purchase of agricultural equipment (21%), life events (i.e. marriage, funerals, etc.) (69%); remittances (28%) and solar energy (77%). Nonetheless, most (non-cash) financial activity (i.e. account access and usage) is through a mobile money provider.

In **Sierra Leone**, over 95 percent of foodstuffs are purchased in cash (99% for male youths, 96% for female youths and 98% for women). A similar pattern is observed for transportation (over 96%) and school fees (76%). Instances where the use of cash payment was lower than 80 percent was due to the fact that the respondent did not pay for that expenditure i.e. rent (60% minimum across the three groups), life events (79% minimum across the three groups), remittances (at least 40% across the three groups) and utilities (59% minimum across the groups). Major challenges respondents encounter in the use of cash ranged from counterfeit notes, problems with smaller denominations to payment delays.

In **Guinea**, 84 percent of all transactions are done in cash, with little variance by gender, age and location. With respect to remittances, mobile money is preferred by 35% of all respondents and comes second to cash (45%).



# Chapter 5: Summary and Recommendations

Women and youth are marginalized segments of the population on many levels, and the financial sector is no exception. Statistics from seminal studies such as the Global Findex and Finscope are unanimous on the exclusion levels for both segments compared to adult male counterparts. The knock-on effect of inadequate financial means and leverage limits this cohort's ability to grow economically and socially in areas such as entrepreneurship and job opportunities, both of which are critical to transforming African economies.

Complementing the detailed desk review with findings from the primary data collected (through one-on-one interviews, focus group discussions and validation events), this study has deepened our understanding of the current challenges confronting efforts to bolster the access, use, quality and welfare impact of financial inclusion of women and youth in the three study countries. The summary and recommendations are as follows:

## 5.1 Access to financial services

### Policy and regulatory framework

- Foundational laws across banking, microfinance and telecoms have evolved to embrace inclusiveness but greater focus on women and youth is still required.
- Guinea and Sierra Leone both demonstrate progress in establishing inclusive structures, but Zambia exhibits the most progress.
- In all three countries, however, there are few specific policies targeting women and youth.
- In the three countries, governments perceive technology and innovation as a critical pathway to achieving women and youth financial inclusion

### Institutional arrangements—public sector

- All three countries have key government institutions mandated to oversee both the financial and technology sectors, acting as the implementing arm of governments to promote financial inclusion.
- Inclusive financial services reforms vary significantly among the three countries: Guinea showing the least progress and Zambia the most progress.
- The central banks in all three countries are the vanguards of inclusive finance and have demonstrated commitment to eliminating the obstacles that hinder marginalized groups like women and youth from accessing and using financial services.
- In all three countries, there is considerable ambiguity in the relative role and functions of the central banks and the telecom authorities in the provision of financial services.
- Recent regulatory innovations within the banking and telecom sectors are facilitating innovations in the sector.

### Supply-side constraints—financial service providers

- Opening an account in all three countries poses significant challenges, particularly for women and youth.
- Limited rural infrastructure coupled with rural population dynamics hinder effective targeting strategies from the provider community.
- Outmoded provider systems and failure to keep up with digital technology make offering financial services costly
- The cost of regulatory compliance poses a significant challenge to expansion of financial services to underserved populations, particularly women and youth.
- Very high minimum capital requirements are a significant barrier to market entry for FSPs.



## Demand-side constraints to access to financial services

- Cultural perceptions of women are major barriers to access to finance.
- Identity documents and location/proximity of financial access touchpoints are major barriers to financial access.

## 5.2 Use and quality of financial services

### Policy and regulatory initiatives and barriers

- The absence of relevant gender- and age-disaggregated data is a major impediment to crafting appropriate regulatory response and providing FSPs with appropriate management tools to target women and youth.
- Laws, policies and digital infrastructure required for inclusive finance remain largely underdeveloped in all three study countries.
- Governments in the study countries are actively promoting credit registries, improving consumer protection laws and encouraging private-sector-led innovation.
- However, cooperation among agencies on consumer protection issues is underdeveloped.

### Supply-side measures and initiatives

- MFIs and lower tier banks demonstrate the most commitment to serving the low-income, women and youth market.
- Interoperability is largely lacking but is under discussion.
- A lot remains to be done to improve FSP customer service and engagement.
- FSPs address consumer protection issues through a variety of methods.

### Demand-side issues—stakeholders' views

- High transaction cost is a major deterrent to regular usage of financial services.
- Mobile money usage is high but focused on a few transactional use cases.
- Trust and security are key decision-making factors for using formal financial services.

## 5.3 Welfare impact of financial services

### Policy and regulatory initiatives

- In all three countries, while general reforms and initiatives do not explicitly target women and youth financial inclusion, dispersed references in laws and regulations aim to promote their welfare and livelihood.
- Some development partners have started programs that are aimed at boosting the welfare impact of financial inclusion among women and youth especially.
- There is a growing emphasis on financial literacy<sup>96</sup> and education initiatives as overall awareness deepens.

### Supply-side initiatives

- For all three countries, there was no clear set of indicators that FSPs monitor the welfare or job-creation impact of their financial services.
- Limited access to financial resources constitutes the main constraint to the growth and development of SMEs, largely dominated by women and youth in all three countries.
- New and emerging inclusive digital finance models and technologies like agent banking and mobile money offer outstanding opportunities to engage both women and youth in income-generating activities.
- Financial literacy for underserved groups through public-private partnerships has been shown to have high welfare benefits.

### Demand-side issues

- Only a few respondents, especially male youth and adult women, were entrepreneurially active.
- Personal funds or savings are the predominant source of financing for entrepreneurial activities; loan and credit financing is low.
- Business ownership and steady monthly income increased the use of financial services and products.
- Informal financial institutions remain a good source of funds to kick-start business for a significant number of women.
- In all three study countries, financial illiteracy

emerged as a major barrier to entrepreneurship among women and youth.

- Security issues were identified as being particularly important for rural Guinean women, whose limited digital literacy and distrust of technology accentuates their vulnerability.
- Despite various innovative options now available, cash payments are still the dominant form of commercial and economic transactions.

## Recommendations

Based on the findings, the study makes the following recommendations to improve the access to and use of financial services by women and youth.

### Access and Usage

**There is the need to rationalize requirements and procedures for account opening.** To improve access and usage of financial services, registration authorities must balance legislation on customer and institutional protections with accessibility. This is to ensure that youth and women, who tend to be the most financially disenfranchised due to their inability to present formal identity documentation, can register and access financial services with semi-formal IDs. In Sierra Leone, the three-tier identification system to replace the current "one-size-fits-all" regime for accessing formal financial services is a step in the right direction. This tiered KYC approach (limited identification for limited-use accounts with limited transactional/value thresholds), already implemented in a number of markets including Nigeria and Mexico, is necessary for women and youth to open very basic accounts more easily without stringent proof of identity. These low-value accounts can be classified as low risk, with the reporting and due diligence burden reduced accordingly.

Additionally, to develop standardized identification for their citizenry, the study countries can fall back on the World Bank's Identification for Development (ID4D) approach for guidance in designing and implementing inclusive ID systems. The ID4D initiative focuses on creating a platform that is interoperable and responsive to the needs of various clients using open standards while safeguarding user privacy and control as well as ensuring vendor and technology neutrality. It features a toolbox that offers a plethora of resources such as technical standards, legal assessments and cost models for any government about to embark on the identification journey. All three governments will benefit from a deeper engagement with this project beyond just a diagnostic exercise<sup>97</sup>.

**Financial service providers<sup>98</sup> should explore ways of testing out ID innovations with regulatory agencies.**

Central banks can usually be more flexible with their ID requirements for marginalized groups than imagined, and this can be done within their current legal and operating environment, such as by using 'regulatory sandboxes' or offering 'no-objections' to interested players. FSPs can use informal agreements among themselves to refer risky and 'unsuitable' clients to lower-tier FSPs or other providers if account-opening requirements cannot be fulfilled, as is popularly practised in Guinea between commercial banks and MFIs. This informal arrangement could be further developed and explored at the level of industry associations to ensure institutionalization of the practice, to leave no marginalized group behind, and reduce unreasonable risks to FSPs.

**In response to the ID challenge for youth, HFC Bank in Ghana is an example of an FSP that sought permission from the government to allow youth to open bank accounts if the parent is the co-owner or with the supervision of a caretaker or a teacher.**

Similarly, Uganda Finance Trust allows in-school youth to open bank accounts using their school identification with out-of-school youth enjoying the option of obtaining a letter from a village or church leader. Other countries use creative solutions that rely on biometrics or use group gatherings, where the identified identify the unidentified.

**Umbrella bodies for women and youth as well as Ministries for Women and Youth should collectively and more persuasively articulate the unique needs of their cohorts** not only to governments but also directly to supply-side actors or industry associations, which by and large represent the interests of the private sector. The barriers and poor experiences this cohort regularly faces must be highlighted and documented through studies, pilots and validation workshops such as those held in this study, and these associations and ministries must collaborate more concertedly with development partners such as the UNCDF, World Bank and FSD network, which regularly fund access-to-finance initiatives and prioritize marginalized groups such as women and youth, to elevate, track and measure progress on issues facing this cohort.

**Addressing gaps in digital infrastructure is crucial for improved access to financial services for the vulnerable groups, including women and youth.** Telecommunications regulatory bodies<sup>99</sup> in Guinea, Sierra Leone and Zambia should review the pricing of key delivery channels to strengthen the business case for serving special interest groups such as women and youth who tend to be excluded

because of high channel costs. Specifically, a tiered pricing scheme for ubiquitous channels like USSD (Unstructured Supplementary Service Data) can make a big difference for low-capital companies like young fintechs that wish to use this channel. USSD is the most ubiquitous technology channel in all three countries and the channel that most likely powers all DFS-related solutions used by both women and youth. However, its adoption is usually hampered by the high licensing costs that limit its use to only large and established businesses like banks.

**Governments can also directly influence the uptake of low-cost handhelds and energy devices such as solar panels by reducing taxes imposed on these critical items.** Mobile phones and solar devices are innovative tools that help citizens of developing economies leapfrog underdeveloped infrastructure, particularly in areas where the government has failed to provide key amenities. Imposing taxes ends up overburdening the provider with costs, which are passed on to the consumer, affecting uptake. Regulators can encourage MNOs to expand infrastructure into rural areas by offering tax incentives such as two-year tax holidays for importing equipment for building digital financial services, with the qualification criterion that at least 30 to 40 percent of equipment be deployed to rural areas.

**Lowering the cost of phones or promotion of instalment payment plans** – which are likely to be the core drivers at work in these markets – can greatly benefit women, who tend to have less financial independence than men, and get them to increase their use of financial solutions such as mobile money.

**Agency banking regulation in its full form is currently lacking in all three countries although a few players have moved ahead to test and launch with special approval from the central bank.** While commendable, this action is insufficient to unlock the barriers to access for this cohort. In all three economies, the central banking authorities need to open the agency banking floodgates by fully developing and operationalizing guidelines for this important service, and support as many FSPs as possible to launch through technical assistance from key players such as the World Bank, UNCDF and Financial Sector Deepening Africa (FSDA). This service, if diligently regulated and administered, can be a powerful way for banks to extend their reach into far-flung areas in a way that does not “break the bank”. Sierra Leone, especially, should leverage its Regulatory Sandbox to develop evidence-based DFS regulation for critical financial access issues such as agency banking.

**MNOs should be encouraged to collaborate on sharing towers in order to reduce the initial capital outlay and improve the business case for establishing infrastructure in deep rural communities in order to improve network coverage.**

This is already ongoing in Zambia and a number of East and West African countries. To a large extent, the success of alternative financial channels such as agency banking and mobile money is predicated on the quality of cellular infrastructure in rural areas largely because it determines the quality of the user experience. Additionally, donors and governments can share pilot and intervention plans (particularly pilot locations) with MNOs to guide their tower expansion plans as is currently the practice within the National DFS Working Group in Sierra Leone.

**Private sector investments in cutting-edge technologies like Long-Term Evolution (LTE), temporary tower infrastructure and subsidized mobile phones should be made in partnership with NGOs and development partners, who seek to develop inclusive financial systems in order to share the costly initial investment.** For instance, UNCDF actively participates in the Sierra Leonean and Zambian digital financial services space through the launch of Challenge Funds and Design Sprints, designed to promote customer inquiry and incentivize the private sector. These activities help to reduce private sector risk aversion by removing the risk element of big investments and shifting commercial goals closer to social objectives while retaining commercial viability. Supply-side players should leverage such opportunities to improve their rural penetration and upgrade internal systems to be able to better deliver services to underserved groups.

**Phone ownership—a key ecosystem determinant of digital financial access for both women and youth—can be boosted by incentivizing private sector players to offer low-cost handsets with flexible repayment models to customers.** When initiatives like these are combined with solid partnerships, the overall impact can be amplified and can greatly benefit women, who tend to have less financial independence than men, and get them to increase their overall usage of and confidence in the phone. Similarly, the youth, who are ostensibly more technologically curious and active but are often financially constrained, will also benefit from such schemes.

**Break down legal and economic barriers to women's and youth's access and usage of financial services.** Central banks can make a massive contribution towards breaking down economic barriers for supply-side players by lowering entry fees, costs and other requirements for licensing formal FSPs. These costs were found to be very high across

the whole spectrum of services, from MFIs to money transfer entities, particularly in Guinea. If governments can explore ways of granting registration fee and licensing concessions to financial entities that demonstrate willingness to serve marginalized groups such as women and youth, it will most likely increase interest in serving these groups and stimulate competition within the space, allowing for greater focus on these marginalized groups.

Also, in most sub-Saharan economies, traditional lending relies on pledging immovable assets as collateral, which tends to exclude women because of the many cultural biases against them enshrined in customary, common and statutory laws. Governments can break down some of these barriers by establishing moveable collateral registries, similar to what was promulgated in Zambia and Uganda with the Moveable Property (Security Interest) Act 2016 and Security Interest in Movable Property Act 2019 respectively, so that excluded groups can leverage their moveable assets to access credit. Another way is to promote the use of reputation collateral, such as a record of successful repayments to microfinance institutions or retailers, which may help women build their credit histories and ultimately access finance.

Yet another way to eliminate gender biases in law is to carefully examine national laws and policies to identify clauses that limit the social, professional and financial freedoms of women such as those that allow men to prohibit their wives from working. In 2000, Ethiopia revised its Family Code, which led to the cessation of a husband's ability to stop his wife from working, among other things. Researchers estimated that shortly after this reform, women's labor force participation and work outside the home increased<sup>100</sup>. Guinea and Sierra Leone in particular may have to undertake similar reforms as their societies exhibit very patriarchal customs and traditions.

## Quality and Welfare

The following recommendations are offered regarding enhancing the quality and overall impact of financial services on the wellbeing of women and youth:

**In all three countries, there is a need to fast-track development of laws and rules for inclusive finance.** Important regulations and policies – such as agency banking, e-money guidelines and national financial inclusion strategies – are critical to deepening the financial sector and enhancing inclusiveness. Guinea's National Financial Inclusion Strategy is purportedly undergoing development for final release in late 2019. The government should ensure that the Strategy is completed and operationalized to provide an overarching context for the effort to improve financial

inclusion. Regulators and stakeholders should fast-track ongoing work on tiered KYC, inclusive collateral registries and interoperability in order to lay the foundation for an inclusive and frictionless financial system. Once such strategies are formally adopted and operationalized, there is impetus for action. For example, Indonesia took over two years to implement its strategy, after which its financial inclusion efforts increased significantly. Similarly, Sierra Leone and Zambia each has a working strategy in place, which has formed the basis for stakeholder interactions and allowed for tracking overall progress in key inclusive finance areas.

In Ghana and Tanzania, for example, DFS growth was strongly aided by policy makers who kept an "open mind when approaching regulation, allowing new players to participate in the provision of financial services and providing space for experimentation."<sup>101</sup> To bridge the additional gaps, the Sierra Leonean government should work with other stakeholders, such as the US Treasury currently supporting the development of e-money guidelines and agency network guidelines, to fast-track these and other regulations. Arrangements can also be made with development and technical agencies (such as the Helix Institute of Digital Finance) to provide technical assistance to financial institutions that have decided to operationalize the agency banking guidelines so that implementation is frictionless.

In the case of Zambia, BoZ should collect more frequent data points on financial inclusion statistics and conduct a follow-up interim study every two years, to assess the progress on financial inclusion in particular as the NFIS undergoes implementation and monitoring. It is imperative that close monitoring and evaluation of the NFIS and similar policies and strategies be sanctioned throughout their implementation period to ensure that stated goals are attained or corrective action is taken if needed at any point. Shorter periods between sanctioned studies provide a more transparent and accurate picture of implementation methods that are working and what needs improvement, allowing resources to be used more efficiently.

**Regulators should fast-track ongoing work on tiered KYC to set up the necessary infrastructure to build an inclusive finance environment, collateral registries and interoperability.** All three countries have identified these issues to be instrumental to the development of an inclusive financial system but with limited traction in implementation. Payments interoperability and national payments switch management are macro-level issues that are intricate in nature and resource-intensive. BCRG, BSL and BoZ, along with their related partners, will benefit from peer learning exchanges and workshops with governments

of mature DFS countries such as Tanzania, Kenya and Mexico. While Sierra Leone and Zambia have made decent reforms within their national financial authorities, Guinea in particular, will benefit from setting up a National Payment Council to coordinate stakeholders who can take up the responsibility of establishing key financial infrastructure. Improved interoperability between Guinean banks mutually and between all MMOs and the banks should also be high on BCRG's agenda.

**To accelerate and better target financial services to women and youth, collecting gender- and age-disaggregated data is highly recommended.** A greater obligation to produce disaggregated data on matters relating to financial inclusion – such as gender and age reporting – should be required of regulated financial and non-financial entities (such as MNOs, fintechs, credit cooperatives, women's and youth umbrella associations) through government or industry-led regulation. Understanding customer profiles and behavior helps in product positioning, efficient allocation of resources and provision of useful data to regulators and policy makers for tracking and evaluating progress on policy and national financial inclusion strategies. Regulation and policies that are born out of empirical evidence are much more likely to address gaps and produce the desired effects than those based on intuition. Examples of additional countries that followed data-driven approaches to inform policy include Ethiopia and Cambodia, through their microfinance associations. Zambia has also embarked on this path.

For some firms, this may require some level of demand-side research, which will provide a starting point from which to analyze and mine the data in order to gather meaningful insights about their customers' behavior and usage patterns. Others may need to digitally enable their products (for example, use digital delivery channels) and rely on data analytics to make sense of the highly varied real-time data on their customers that becomes voluminous over time.

**Bolstering efforts on financial literacy and consumer protection initiatives is highly recommended and urgently required.** Policy makers can increase financial literacy by adapting school curricula to include the basics of financial discipline, financial planning and, in latter stages, the rudiments of entrepreneurship. This approach should blend both theory and practice. In that regard, the investment competitions promoted by Zambia's Securities and Exchange Commission (SEC) are an excellent way to provide curious minds with the requisite experience in planning, investing and trading. The recommendation would be for the SEC to enhance existing investment simulation programs by leveraging technology (i.e.

transferring and updating data to the platform) and rolling out the model nationally to as many schools as possible, beginning with those schools with the requisite infrastructure (internet, etc.). Both Sierra Leone and Guinea will benefit from periodically conducting national surveys on topics such as financial diaries and a baseline financial capability survey, customer satisfaction, and consumer protection practices. Establishing communications, monitoring and reporting mechanisms to track and communicate progress on not just financial literacy but the overall national financial inclusion strategy is also important.

**It is also important for governments to establish a proper monitoring and evaluation framework for measuring the impact of financial education.** Sierra Leone has made impressive strides with the development of a National Financial Literacy Strategy along with the formation of a Financial Literacy Working Group with the mandate to push the financial literacy agenda further forward; however, a clear plan for measuring impact remains outstanding. This is important to be able to track progress, correct course, and assess overall benefit to and impact of financial services on the consumer's wellbeing. This should also include a framework to be able to measure the effectiveness of financial consumer protection initiatives. To that end, it will be prudent for the three countries to build and develop the capacity of complaint-handling mechanisms within both financial regulators and service providers.

**Supply-side players such as FSPs, MNOs and fintechs should improve the security and quality of their products by taking customer needs into account.** There were some specific suggestions provided by the respondents on how security should be improved, such as better sensitization and education on account security issues, and the introduction of biometric and SMS alerts. Greater demand for products, especially those of MNOs, could be achieved through nuanced programs (TV, radio, flyers) – potentially in the vernacular - to teach the customer how to use mobile money applications. These avenues could also be used for security purposes, to warn customers of scams taking place and to educate them on agent fraud and malpractice.

**The community of financial services providers should pay particular attention to women and youth during their regular and targeted campaigns aimed at improving financial knowledge among their customers.** It is imperative that such campaigns consider education levels, income streams and languages of the target groups. They should cover not only the theoretical aspects but also how to apply them practically (through role-play exercises,

for example). In addition, it is important to deploy a variety of teaching approaches such as using village chiefs as financial literacy ambassadors and leveraging localized SMS or radio announcements in the vernacular with daily/weekly financial tips.

**FSPs should promote customer-centric product development.** A key finding of the study was the disconnect between the services that people need and the products provided by commercial banks. The women and youth surveyed expressed concern that most FSP products are lost on them and are not tailored to their needs. As underscored earlier, most MNOs and fintechs usually offer mass-market products because data are either not segmented to enable identification of nuances or used to inform general product development. The recommendation to supply-side actors therefore would be to take a more customer-centric approach to market research in order to unearth latent financial needs and perceptions of existing financial products and develop products and offer services that resonate with focus groups like women and the youth.

A good way to start would be to use data on their customer base to build customer profiles (personas) and identify each persona's financial habits, attitudes and challenges faced in the customer journey. Key data points include basic demographics of the persona (age, sex, geography, income levels and employment status), pain points, challenges and frustrations when accessing and using current services, goals and objectives including what informs their decision-making process and their buying characteristics. It is an imperative to consider using these data to make the difference between a product that meets specific women or youth needs and one that is generic in nature.

A classic case in point is the solution Diamond Bank in Nigeria and Women's World Banking produced

from careful research and observation of women's mobility constraints. Both parties co-created a no-frills savings product called BETA account that literally brought savings to the doorsteps of women. Account opening was simple and could be done over the phone with no minimum balance and no fees. The product was designed to be affordable and convenient for individuals engaging in frequent but low-value deposits, which is characteristic of most low-income women. The product factored in emerging research showing that women tend to be less mobile than men and as a result have less access to mobile agents on a regular basis. BETA agents would typically visit women's business premises and homes to facilitate transactions. Additional features are being built into this product to provide more opportunities for individuals to use the financial services most useful to them.

**Strengthening government-donor partnership for financial inclusion.** Governments and development partners can contribute to improving overall usage of financial services among women and youth and other vulnerable and marginalized groups by promoting and offering innovative products such as use of digital financial services for remittances, savings and government payments. International remittances represent a good channel to promote – globally, about half of all remittances are sent by women and they tend to send a higher proportion of their income regularly even though they typically earn less than men.<sup>102</sup> Providing a special fund for MSME financing is also likely to appeal to young entrepreneurial women and men and could contribute to overall uptake. India set the pace by mandating all banks to provide a free or low-cost basic banking facility called Jan-Dhan Yojana, translated as People's Wealth Program; the government managed to increase both account access and usage among India's unbanked population.



# Appendix

## Annex 1: Socio-economic and demographic characteristics of study countries

**Guinea:** With a population of 12.4 million (2017) and GDP per capita of \$670, Guinea ranks 183 out of 188 countries on the Human Development Index (2015). Literacy is low at 30 percent (2015), over three-quarters of the workforce is in agriculture and close to half of the population (47%) is below the poverty line. Since 2016<sup>103</sup>, Guinea has experienced significant economic growth (10.5% in 2016 and 8.2% in 2017), while inflation stayed under 10 percent in these two years. Despite the impressive growth rates, the country is typically described as a “fragile state” where poverty is on average 20 percent higher than countries with comparable levels of economic development. Such fragility also affects the country’s capacity to provide basic financial services through different channels including both formal and informal suppliers. Guinea was ranked 12th worst in terms of fragility among 178 countries in 2016<sup>104</sup>. Its fragility was exacerbated by the Ebola epidemic in 2014, causing a significant economic setback from which the country is slowly recovering. According to the Global Findex study (2017) only 14.6 percent of the adult population reports having an account at a formal financial institution, whether a bank, credit union, cooperative, post office or microfinance institution (MFI), compared to 32.8 percent for the entire continent. Only 5.8 percent of Guineans above 15 years old borrowed from a financial institution or used a credit card (against 39.6% who borrowed money from other sources). As a result, bank penetration (bank accounts per total population) is among the lowest in the region.

**Sierra Leone:** With a population of 7.5 million (2017), Sierra Leone is a post-conflict country and is considered a fragile state like Guinea. It ranks 173 out of 188 on the Human Development Index (2016). After the first elections in 1962, Sierra Leone initially made a peaceful transition to independence and was a democracy until 1978, after which it became a one-party state until 1985. The country and its economy are still recovering from the Ebola crisis which hit in 2014. After growing at an average annual rate of 7.8 percent

over the period 2003 to 2014, there was a plunge from a projected growth rate of 11.5 percent in 2014 to actual growth of 4 percent, with a contraction of 21 percent in 2015 during the worst of the Ebola crisis. Sierra Leone’s economy began to grow in 2016, after the resumption of operations by one of the two iron ore companies, but growth slowed again to 4.3 percent in 2017 due largely to a weak recovery in mineral production. In terms of financial services, 75 percent of the finance access points (1,356) are mobile money operators, while MFIs comprise 7 percent (125) and commercial banks a mere 6 percent (110).<sup>105</sup> Although Sierra Leone has a total of 1,811 financial access points, access is concentrated in the big towns and cities<sup>106</sup>. A total of 86 out of 191 Chiefdoms have no form of financial service access points. The North and North-West Provinces rank bottom with a total of 51 Chiefdoms without any form of formal financial services operators. According to a paper by Mahdi (2015) it was found that “80% of microenterprises surveyed were reliant on savings or credit as part of their *Osusu* groups” for repayments on their MFI loans.<sup>107</sup> Women and youth are worse off in terms of financial inclusion than other groups within the economy. Poor or limited access to finance for starting or supporting a business is the most common reason given by 56 percent of the population for not working<sup>108</sup>. While for youth it is slightly lower (52%), for women it is much higher (66%). Only 1 percent of SME sources of financing for purchases of fixed assets such as buildings, land, machinery and equipment in Sierra Leone come from banks, compared to 10 percent for sub-Saharan Africa (SSA) as a whole<sup>109</sup>. Moreover, poor access to finance is by far the largest constraint for enterprises in Sierra Leone: at 40 percent compared to 22 percent for SSA, with small businesses (5-19 employees) even higher at 44 percent.

**Zambia:** With a population of over 16.5 million, Zambia is one of the most highly urbanised countries in sub-Saharan Africa. Close to 44 percent of the population is concentrated in a few urban settlements along the major transport corridors, and most of the rural areas are sparsely populated. According to the 2016 IMF Financial Access Survey, Zambia has a lower overall

**Table 2: Financial Inclusion Data Indicators**

Entity	Guinea	Sierra Leone	Zambia
Central Bank	Central Bank of the Republic of Guinea (BCRG)	Bank of Sierra Leone (BSL)	Bank of Zambia (BoZ)
Government Ministries	Ministry of Economy, Finance and Planning	Ministry of Finance and Economic Development	Ministry of Finance Commission for Inclusion
	Ministry of Higher Education and Scientific Research	Ministry of Social Welfare	Securities and Exchange Commission (SEC)
	Ministry of Social Action and Promotion of Women and Child		
Telecom Regulator	Autorité de Régulation des Postes et Télécommunications (ARPT)	National Telecommunications Commission (NATCOM)	Zambia Information and Communication Technology Authority (ZICTA)
Development Partners/ Donors	NA		UN Capital Development Fund (UNCDF)
Policy Advocacy	African Foundation for Development (AFFORD)	African Foundation for Development (AFFORD)	Mercy Corps AgriFln
	Market Women's Association	Market Women's Association	Graça Machel Trust
Other		National Youth Commission	Financial Sector Deepening Zambia (FSDZ)

Source: ACET Fieldwork (2018)

density of financial access points than other Southern/Eastern African countries such as South Africa, Botswana, Kenya and Zimbabwe. About 60.5 percent of Zambians live below the national poverty line.<sup>110</sup> Most rural Zambians are subsistence farmers. The 1990s saw a change in the political and economic landscape, with the new government shifting the economy from state control to one led by the private sector. Various banks, unprofitable branches and government financial institutions (in particular, those set up

for the lower income segments) were shut down whereas several bank charges were introduced and branches in highly urban areas were set up, consequently excluding a large proportion of the population. With the implementation of the 2004 Financial Sector Development Programme (FSDP), the financial services industry experienced a revival, leading to a creation of policies and strategies targeting the marginalised segments of the population. The FSDP helped to eliminate major obstacles in the financial sector, and identified



key bottlenecks and issues, such as the need to improve governance in the banking sector, and the risk that dominance of foreign banks could create unfavourable arrangements (e.g. collusion).<sup>111</sup>

## Annex 2: Profile of the sampled population

This Annex profiles the women and youth cohorts engaged during the primary data collection exercise across all three countries. It sheds light on their financial state, needs, and behavior as guidance on interventions required to address gaps.

For Guinea and Sierra Leone, about two-thirds of the sampled population (254 and 261 respectively) were female, almost evenly distributed between youth and adult females. Male youths constituted

a third. For Zambia, with a larger sample size (467), youth were dominant in the sample, with male and female youth representing 41 percent and 48 percent respectively, and only about 10 percent adult females sampled. These percentages reflect overall population distribution of the three countries: slightly more women (51%) than men (48%) participated in the research, and in terms of geographic area and gender, urban females had the highest participation rate (31%) in the whole sample.

### On the regulatory side:

Expert interviews were conducted with key ministries (Finance; Youth; and Gender), national financial services and telecoms regulators, and policy makers involved in and responsible for matters related to women and youth economic and social empowerment. Policy advocacy groups and development partners were also engaged in all three countries.

**Table 3: Financial Institutions by Country**

Entity	Guinea	Sierra Leone	Zambia
Commercial Banks	BCIGUI	Union Trust Bank (UTB)	First Commercial Bank
	Islamic Bank	Guaranty Trust Bank (GTB)	
Microfinance Institutions	Afriland	Zenith	
	Yete Mali		
	MUFFA		
	Jatropha		
	Crédit Rural de Guinée		
Informal/ Non-Bank Financial Service Providers	La Cupin Women Savings Group (Tontine)	Yoni Community Bank	
	Association de Jeunesse de Kindia	Support Credit Union Development Sierra Leone	
		St. Joseph Savings Club	
Mobile Network Operators (MNOs)	MTN	Airtel	MTN
		Africell	Zamtel
Fintechs	TransMoney	Investrust (Mosabi)	Kazang Spargris
	GETS1	SLFintech	Cgrate 543
	BaySim		Zoona
Other	National Post Office of Guinea		Fenix International

Source: ACET Fieldwork (2018)

## On the supply side:

A number of supply-side players were interviewed including a mix of financial institutions (commercial banks, microfinance institutions and other non-bank financial institutions such as deposit-taking institutions and credit cooperatives), mobile network operators (MNOs), fintechs, industry associations and NGO associations. Special emphasis was put on informal financial services providers such as savings groups and clubs, rotating savings and credit associations (ROSCAs) often found in rural and peri-urban settings as their offerings tend to focus on women and youth. Ahead of the interviews with the supply-side actors, data were sought from each FSP regarding: deposit-taking and lending instruments, the types of businesses they support, average loan amounts, credit application processes, lending rates, the fraction of adult women and youth (segmented into male and female) clients, credit default rates

and cost recovery, the number of credit applications turned down by gender, and other relevant data required to make reasonable inferences about their outreach and uptake of products by women and youth.

## On the demand side:

To obtain demand-side data, a combination of focus group discussions (FGDs), quantitative surveys and structured interviews with groups was employed. The country researchers together with the ACET team decided on the representative sample size applicable for each country (with the least margin of error) based on the population of youth and women above 35 years as well as the nuances of each country's demographics. The quantitative survey was administered using licensed survey software operating on android tablets and the results were subsequently subjected to quality checks to ensure data were accurate, reliable and within the agreed

**Table 4: Access by Country**

Age Range	Sierra Leone		Guinea		Zambia	
	Male	Female	Male	Female	Male	Female
15-24	556,478	587,454	1,236,092	1,212,936	1,595,628	1,598,065
25-35	569,558	619,670	1,143,149	1,135,583	1,386,577	1,365,611
36-54	379,706	413,113	762,100	757,055	924,384	910,407
55-64	106,706	121,111	266,848	289,697	217,954	289,697
65 and over	96,285	135,509	201,598	254,589	162,605	209,490
Addressable male (Youth 15-34)	1,126,036		2,379,241		2,982,205	
Addressable female (All)	1,876,857		3,649,860		4,373,270	
Total addressable - Universe	3,002,893		6,029,101		7,355,475	
Margin of error (CI 95%) N=300	5.66%		5.66%		-	
Margin of error (CI 95%) N=250	6.20%		6.20%		-	
Margin of error (CI 95%) N=200	6.93%		6.93%		-	
Margin of error (CI 95%) - N=450 ==> ZAMBIA					4.62%	

Source: ACET Fieldwork (2018)

parameters. The results were tabulated, exported into a clean database, and analyzed for meaningful and relevant insights.

The FGDs with different groups of women and youth were used to probe and gather qualitative data from stakeholders; they also permitted sufficient time spent with the respondents to unearth the latent motivations and perceptions that drive behavior. Interviews with women and youth associations were used to gather pertinent issues on an aggregate level and help in triangulating supply-side comments and views with user experiences on the ground to ensure that all insights were reality-tested. The field work phase culminated in the production of a first-draft country report, which updated the original drafts with analyses of the key study findings that were to be further refined by collective stakeholder views from the validation workshops.

## Statistical Considerations and Data Analysis

### Sample size and statistical relevance

Based on the population of youth (between 15 and 35 years) and of women over 34 years a representative sample of 450 was deemed suitable, with a confidence interval of 95 percent and margin of error of +/- 4.6 percent for Zambia. For Guinea and Sierra Leone, the assessment of the different sample sizes (N=200, N=250 and N=300) for both countries indicated that the margin of error did not change despite their differences in population. In view of that and budgetary constraints, the researchers used a sample size of 250 with a margin of error of 6.0 percent for both Sierra Leone and Guinea.

Each survey took an average of 30 minutes. The qualitative research component relied on six FGDs

with almost 60 women and young men, each lasting about two hours in each of the countries, to produce complementary insights to the survey data.

### Statistical methods

The statistical methods used for the study objectives/hypotheses were purely descriptive in nature. The analysis therefore made use of basic frequency tables, graphs and figures. The analysis also leveraged cross-tabulations in order to understand the differences in opinion across gender, location, age, level of education, income, among other factors.

### Limitations of the methodology

The main limitation of the methodology lies in the confidence level of the quantitative study conducted for Sierra Leone and Guinea countries. Our assessment of the different sample sizes (N=200, N=250) for both countries indicated that the margin of error was unchanged despite their differences in population. In view of that and budgetary constraints, the researchers used a sample size of 250 with a margin of error of 6.0 percent and confidence level of 95 percent for both Sierra Leone and Guinea. This margin of error is deemed high for this study and could potentially attenuate the confidence policy makers and other supply-side actors may place in the survey's findings. This notwithstanding, the survey's findings are effectively balanced out with complementary insights at group level using focus group discussions and structured interviews with women and youth groups that help to either confirm or reject findings at the individual level. Overall, the surveys provide broad sources of data, from the perspective of the urban and rural woman and young individual, on the experiences of this target group, which should be taken seriously by policy makers, the private sector and development agencies alike.

## References

- Alliance for Financial Inclusion, 2010. Financial Inclusion Measurement for Regulators: Survey Design and Implementation.
- Aprea, E. Wuttke, K. Breuer, N.K. Koh, P. Davies, B. Greimel-Fuhrmann, J. S. L. (Ed.). (2016). *Financial Literacy in the Twenty-First Century: An Introduction to the International Handbook of Financial Literacy*. Springer International Publishing. [https://doi.org/10.1007/978-981-10-0360-8\\_1](https://doi.org/10.1007/978-981-10-0360-8_1)
- Aslı Demirgüç-Kunt; Thorsten Beck; Patrick Honohan. (2008). *Policies and Pitfalls in Expanding Access*. Finance. <https://doi.org/10.1596/978-0-8213-7291-3>.
- Awoko Newspaper. 2017. Sierra Leone Business: 7 banks operate ATM /Mastercard: <https://awoko.org/2017/01/24/sierra-leone-business-7-banks-operate-atmmaster-card/>
- Bangura, Joe Abbas. 2016. *Saving Money, Saving Lives: A Case Study on the Benefits of Digitizing Payments to Ebola Response Workers in Sierra Leone*. Better Than Case Alliance series. New York, NY: UNCDF
- Bank of Sierra Leone, 2018 National Strategy for Financial Inclusion 2017- 2020. Freetown: BSL
- Bank of Sierra Leone, 2018. State of the Digital Financial Services Market in Sierra Leone, presentation by UNCDF MM4P project, June 2018
- Banque Centrale de la République de Guinée. August 2017. *Loi Ordinaire Relative aux Institutions Financières Inclusives en République de Guinée*
- BCRG 2018. *Bulletin des statistiques monétaires, financières et de balance des paiements de la Guinée – 2017*
- Biallas, M., Fook, A. and Oulai, R. A. (2016). *IFC Mobile Money Scoping, Country Report: Zambia*.
- Bin-Humam, Y. (2017). *5 Challenges for Women's Financial Inclusion*. Consultative Group to Assist the Poor (CGAP). Retrieved February 19, 2018, from <http://www.cgap.org/blog/5-challenges-women's-financial-inclusion>.
- BoZ. (2016a). *BoZ Strategic Plan 2016-2019*. Retrieved from [www.boz.zm](http://www.boz.zm)
- BoZ. (2016b). *Financial Sector Development Unit*. Retrieved February 13, 2018, from <http://www.boz.zm/financial-sector-development-unit.htm>
- BoZ. (2017). *Bank of Zambia: Annual Report 2017*, 63(1), 146. <https://doi.org/10.1037/e543872012-001>
- BoZ. (2018a). *Average Annual lending interest rates in Zambia as at 31st March 2018, (March)*. Retrieved from <http://www.boz.zm/ConsolidatedBankChargesQ12018.pdf>
- BoZ. (2018b). *Zambian Registered Banks*.
- Bureau of Economic and Business Affairs. 2013. *Investment Climate Statement*. USA
- CBM. (2016). *Saving Group Concept: CBM Livelihood Community of Practise*, Position Paper.
- Central Statistical Office. (2015). *2015 Living Conditions Monitoring Survey (LCMS) Report*. Lusaka. Retrieved from [https://www.zamstats.gov.zm/phocadownload/Living\\_Conditions/2015\\_Living\\_Conditions\\_Monitoring\\_Survey\\_Report.pdf](https://www.zamstats.gov.zm/phocadownload/Living_Conditions/2015_Living_Conditions_Monitoring_Survey_Report.pdf).
- Central Statistical Office. (2016). *"Zambia in Figures: 2018"*. Lusaka. Retrieved from [https://www.zamstats.gov.zm/phocadownload/Dissemination/Zambia\\_in\\_Figure\\_2018.pdf](https://www.zamstats.gov.zm/phocadownload/Dissemination/Zambia_in_Figure_2018.pdf)
- CGAP and The World Bank Group. (n.d.). *Financial Access: Measuring Access to Financial Services around the World*.
- Chitedze, S., Bist, R., Statham, C., Dawson, J., Hart, M., & Hamilton, E. (2016). *Delivering formal financial services to savings groups: A handbook for financial service providers*. Retrieved from [http://www.mangotree.org/files/galleries/1752\\_SEEP\\_Delivering-Formal-Financial-Services-to-SGs\\_A-Handbook-for-FSPs-FINAL-20170407.pdf](http://www.mangotree.org/files/galleries/1752_SEEP_Delivering-Formal-Financial-Services-to-SGs_A-Handbook-for-FSPs-FINAL-20170407.pdf).
- CIA World Factbook: <https://www.cia.gov/library/publications/the-world-factbook/geos/>
- Conteh, Dr. Patrick Saidu. 2018. *Promoting Inclusive Growth Through Financial Inclusion*. Speech at Governor's Annual Dinner, 2 February 2018, Bintumani Conference Centre, Freetown
- Demirguc-Kunt, A., Klapper, L., Singer, D. and Oudheusden, P. Van. (2015). *Measuring Financial Inclusion around the World: The Global Findex Database*. Retrieved from <http://documents.worldbank.org/curated/en/187761468179367706/pdf/WPS7255.pdf#page=3>.
- Demirguc-Kunt, A., Klapper, L., Singer, D., Ansar, S. and Hess, J. (2018). *The Global Findex Database 2017: Financial Inclusion and Financial Revolution*. Washington, DC: World Bank. <https://doi.org/10.1596/978-1-4648-1259-0>. IGO, License: Creative Commons Attribution CC BY 3.0.
- Demirgüç-Kunt, Asli and Leora Klapper. 2012. *Financial Inclusion in Africa: An Overview*. Policy Research Working Paper 6088, World Bank, Washington, DC
- Demirgüç-Kunt, Asli, Leora Klapper, Dorothe Singer, Saniya Ansar and Jake Hess. 2018. *The Global Findex Database 2017: Measuring Financial Inclusion and the FinTech Revolution*. Washington, DC: World Bank
- Elixir, Africa The Unbanked Continent, June 2017. <https://www.elixir.com/2017/06/africa-the-unbanked-continent/>
- Finscope. (2010). *Report prepared by FinMark Trust and African Heights for the Government of the Republic of Zambia Financial Sector Development Plan (FSDP) Secretariat*.
- FIRST. 2012. *Annual report: Strengthening Financial Sectors*

- Fletschner, D. and Kenney, L. (2014). Rural women's access to financial services: Credit, savings, and insurance. *Gender in Agriculture: Closing the Knowledge Gap*, (11), 187–208. [https://doi.org/10.1007/978-94-017-8616-4\\_8](https://doi.org/10.1007/978-94-017-8616-4_8).
- FSD Zambia. (2016a). *Consumer Behaviors in Zambia -- Analysis and Findings* (February).
- FSD Zambia. (2016b). *Zambia Financial Diaries*. Retrieved from [http://www.fsdzambia.org/wp-content/uploads/2017/01/FSDZ-Financial-Diaries-Report\\_Interactive.pdf](http://www.fsdzambia.org/wp-content/uploads/2017/01/FSDZ-Financial-Diaries-Report_Interactive.pdf).
- FSDP. (2015). *Zambia's Financial Sector Development Plan (FSDP) Phase II Reforms (2010-2015) FSDP II Activities and Milestones*, (March).
- FSDZ. (2015). *FinScope Zambia 2015 Survey: Top Line Findings*. Lusaka. Retrieved from <http://www.fsdzambia.org/wp-content/uploads/2016/05/FINSCOPE-REPORT-2015.pdf>.
- FSDZ. (2018). *Age, Gender and Financial Inclusion in Zambia*. Retrieved from <http://www.fsdzambia.org/wp-content/uploads/2018/06/Age-and-Financial-Inclusion-in-Zambia-01-06-2018.pdf>.
- FSDZ. (n.d.). *Financial Sector Deepening Zambia. Women and Finance*. Retrieved February 19, 2018, from <http://www.fsdzambia.org/women-finance/>.
- Geospatial Data Analysis and Mapping for Financial Inclusion Report, 2017. [http://www.bsl.gov.sl/BSL\\_Mapping\\_Report\\_Final\\_Final\\_30Nov2017.pdf](http://www.bsl.gov.sl/BSL_Mapping_Report_Final_Final_30Nov2017.pdf)
- Government of Zambia. (2010). *Competition and Consumer Protection Act No. 24 of 2010*, (24), 315–366.
- IFAD Southern Division. (2018). *Zambia Rural Finance Expansion Programme Supervision Report. Main report and appendices*.
- IFC. 2014. *National Study on Women's Access to Capital in Sierra Leone*. Washington, DC: World Bank
- IMF. (2017). *Financial System Stability Assessment for Zambia*. IMF Country Report, 17(349), 42.
- IMF. 2017. *Access to Macroeconomic and Financial Data (Financial Access Survey)*
- IMF. 2017. *Country Report No. 17/388. Guinea Economic Development Documents*
- IMF. 2017. *National Economic and Social Development Plan (PNDES) for 2016-2020. Guinea Economic Development Documents*
- InfoResources. (2008). *Accessing Financial Services in Rural areas*. InfoResources Focus No. 2/08, (2). <https://doi.org/10.4016/27763.01>.
- InterMedia. (2015). *Value-added Financial Services in Kenya: M-Shwari Findings from the Nationally Representative FII Tracker Survey in Kenya (Wave 1) and a Follow-up Telephone Survey with M-Shwari Users Final Report about the Financial Inclusion Insights Program*.
- Jones, L. (2016) *Women's Empowerment and Market Systems: Concepts, practical guidance and tools (WEAMS Framework)*. The BEAM Exchange, accessed from [www.beamexchange.org](http://www.beamexchange.org). © 2016 The BEAM Exchange.
- Journal de l'Economie Guinéenne. February 2016. Interview with CEO of Afriland First Bank
- Kandeh, J. 2017. *Geospatial Data Analysis and Mapping for Financial Inclusion Report*. Freetown: BSL
- Mahda, I. May 2018: *Informal finance in Sierra Leone: Why and how it fits into the financial system*
- Malakata, M. (2014). *Bank of Zambia, ZICTA sign MoU on mobile money - ITWeb Africa*. Retrieved February 28, 2018, from <http://www.itwebafrica.com/mobilex/322-zambia/233844-bank-of-zambia-zicta-sign-mou-on-mobile-money>.
- Margolis, D., Rosas, N. Turay, A. and Turay, S. 2016. *Findings from the 2014 Labor Force Report*.
- Mckee, K., Kaffenberger, M. and Zimmerman, J. M. (2015). *Doing Digital Finance Right: The Case for Stronger Mitigation of Customer Risks*. Retrieved from <https://www.cgap.org/sites/default/files/Focus-Note-Doing-Digital-Finance-Right-Jun-2015.pdf>.
- Ministry of Commerce, Trade and Industry. (2008). *The Micro, Small and Medium Enterprise Development Policy*. Retrieved from <http://www.boz.zm/Micro-Small-and-Medium-Enterprise-Development-Policy-2008.pdf>.
- Ministry of Gender and Child Development. (2014). *National Gender Policy* Retrieved from <http://extwprlegs1.fao.org/docs/pdf/zam152916.pdf>.
- MoF. (2007). *The National Payment Systems Act, 2007*.
- MoF. (2012). *The Ministry of Finance: The Rural Finance Policy and Strategy*. Retrieved from <http://www.boz.zm/Rural-Finance-Policy-and-Strategy-2012.pdf>.
- MoF. (2017a). *National Financial Inclusion Strategy 2017*.
- MoF. (2017b). *National Financial Sector Development Policy 2017 Republic of Zambia*, 37. Retrieved from [http://www.mof.gov.zm/jdownloads/Policy Documents/zambia\\_nfsdp.pdf](http://www.mof.gov.zm/jdownloads/Policy Documents/zambia_nfsdp.pdf).
- MoF. (2019). *The Movable Property (Security Interest) Act, 2016*, (3), 1–28.
- Nayar, Nina. 2013. *An integrated approach to empower youth in Niger, Senegal and Sierra Leone*. Canada: Plan International
- Nyati, K. (2015). *Investrust Bank to capture unbanked communities – Zambia Daily Mail*. Retrieved February 28, 2018, from <https://www.daily-mail.co.zm/investrust-bank-capture-unbanked-communities/>.
- PHB Development. 2016. *DFS Ecosystem Assessment in Sierra Leone*. UNDP and UNCDF. New York: UNCDF
- PHB Development. May 2016. *Diagnostic des services financiers numériques en Guinée*. Brussels: UNDP and UNCDF

Sachdev, S. (2016). Fintech Meets Rotating Savings and Credit Associations. Retrieved February 7, 2018, from <https://medium.com/@sunilsachdev/fintech-meets-rotating-savings-and-credit-associations-ffe30564f130>.

Simpasa, A. M. (2013). Competition and Market Structure in the Zambian Banking Sector. African Development Bank Group Working Paper, (168).

UK DFID. 2008. Private Sector and Youth Employment Mapping. Sierra Leone: DFID

UN Economic and Social Council. (2018). SDGs progress report 2018 (new) (Vol. 07638). Retrieved from <https://unstats.un.org/sdgs/files/report/2018/secretary-general-sdg-report-2018--EN.pdf>.

UNCDF and MM4P. (n.d.). State of the Digital Financial Services Market in Zambia, 2016.

UNCDF-MM4P; BoZ. (2019). State of the Digital Financial Services Market, Zambia 2018.

UNCDF. (2017). State of the Digital Financial Services Market in Zambia, 2017. Retrieved from <https://uncdf-cdn.azureedge.net/media-manager/81286?sv=2016-05-31&sr=b&sig=z1DTvWWx5MGVJAhm7n4%2FrPwnvrjIMsJj4VufmEJSHvs%3D&se=2018-05-01T23%3A03%3A40Z&sp=r>

UNDP. June 2017. Country programme document for Guinea (2018-2022)

United Nations Population Division. (2015). Population Facts: Youth Factsheets.

USAID. 2014. Guinea Country Development Cooperation Strategy (2015–2020)

Villasenor, J. D., West, D. M. and Lewis, R. J. (2015). The 2015 Brookings Financial and Digital Inclusion Project Report: Measuring Progress on Financial Access and

Usage. Center for Technology Innovation at Brookings, (August), 186. <https://doi.org/http://www.brookings.edu/~media/Research/Files/Reports/2015/08/financial-digital-inclusion-2015-villasenor-west-lewis/fdip2015.pdf>.

Were, B. N. and Lin, H. (2017). The Long Road to Branchless Banking Agency Banking in Africa. MasterCard Foundation and FINCA

Women's World Banking. (2016). Women's World Banking - Annual Report 2016. Retrieved January 29, 2018, from <http://www.womensworldbanking.org/annualreport2016/>.

World Bank Group. (n.d.). Global Financial Inclusion | DataBank. Retrieved January 26, 2018, from <http://databank.worldbank.org/data/reports.aspx?source=1228>.

World Bank. (2014). Global Findex 2014: Expanding Financial Inclusion for Women and the Poor. Retrieved February 19, 2018, from [http://www.worldbank.org/content/dam/Worldbank/Research/GlobalFindex/Findex\\_Infographic\\_Gender\\_Income.jpg](http://www.worldbank.org/content/dam/Worldbank/Research/GlobalFindex/Findex_Infographic_Gender_Income.jpg).

World Bank. 2009. Youth Employment in Sierra Leone. Washington, DC: World Bank

World Bank. 2017. Sierra Leone Country Profile. Enterprise Surveys. Washington, DC: World Bank

World Bank. April 2018. Guinea Integrated Agricultural Development Project (GIADP/PDAIG) (P164326)

World Trade Organization. April 2018. Trade Policy Review Report by the Secretariat. Page 89

Zanaco. (2011). Financial Fitness in Zambia | Restless Development. Retrieved February 28, 2018, from <http://restlessdevelopment.org/news/2011/05/11/finance-training-zambia>.

## ENDNOTES

- 1 <https://www.worldbank.org/en/news/press-release/2018/04/19/financial-inclusion-on-the-rise-but-gaps-remain-global-findex-database-shows>
- 2 This is the United Nations definition of youth for statistical purposes (<https://www.un.org/development/desa/youth/what-we-do/fa-q.html>) The African Union uses 15-35 years of age ([https://au.int/sites/default/files/treaties/7789-treaty-0033\\_-\\_african\\_youth\\_charter\\_e.pdf](https://au.int/sites/default/files/treaties/7789-treaty-0033_-_african_youth_charter_e.pdf))
- 3 [www.cbm.org/article/.../54741/Saving\\_group\\_position\\_paper\\_final\\_May\\_2016.docx](http://www.cbm.org/article/.../54741/Saving_group_position_paper_final_May_2016.docx). Also see <http://datatopics.worldbank.org/financialinclusion/country/>
- 4 The ACET Policy Engagement Model (APEM) is one that engages multiple stakeholders in addressing key policy issues with the goal of ensuring that conclusions and recommendations emerge from healthy debate and rigorous analysis of different perspectives.
- 5 <https://2012-2017.usaid.gov/powerafrica/sierraleone>
- 6 According to the 2016 IMF Financial Access Survey, Zambia has a lower overall density of financial access points than South Africa, Botswana, Kenya and Zimbabwe, among other East and Southern African countries
- 7 IFC. 2014. National Study on Women's Access to Capital in Sierra Leone. Washington, DC: World Bank
- 8 <http://documents.worldbank.org/curated/en/296841560218558485/pdf/Guinea-Support-to-MSME-Growth-Competitiveness-and-Access-to-Finance-Project.pdf>
- 9 <http://documents.worldbank.org/curated/en/296841560218558485/pdf/Guinea-Support-to-MSME-Growth-Competitiveness-and-Access-to-Finance-Project.pdf>
- 10 <http://www.helix-institute.com/blog/building-business-case-women-agents>
- 11 FSPs, MFIs, Savings and Credit Cooperative Organizations (SACCOs), MNOs and fintechs
- 12 Such as Guinea's Autorité de Régulation des Postes et Télécommunications (ARPT), the Sierra Leone National Telecommunications Commission (NATCOM) and the Zambia Information and Communications Technology Authority (ZICTA)
- 13 <https://www.worldbank.org/en/news/press-release/2018/04/19/financial-inclusion-on-the-rise-but-gaps-remain-global-findex-database-shows>
- 14 The UN definition of youth includes teenagers from 13 to 19 years and young adults (20-24 years); however, for the purposes of this study, youth is defined to include those in the working age group of 15-24 years, akin to the African Union definition.
- 15 [www.cbm.org/article/.../54741/Saving\\_group\\_position\\_paper\\_final\\_May\\_2016.docx](http://www.cbm.org/article/.../54741/Saving_group_position_paper_final_May_2016.docx). Also see <http://datatopics.worldbank.org/financialinclusion/country/>
- 16 African Development Bank Group. May 2015. "Empowering African Women: An Agenda for Action. Africa Gender Equality Index 2015." [www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/African\\_Gender\\_Equality\\_Index\\_2015-EN.pdf](http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/African_Gender_Equality_Index_2015-EN.pdf)
- 17 [https://www.afi-global.org/sites/default/files/publications/2016-08/2016-02-womenfi.1\\_0.pdf](https://www.afi-global.org/sites/default/files/publications/2016-08/2016-02-womenfi.1_0.pdf)
- 18 The UN definition of youth is 15-24 years of age.
- 19 <https://www.un.org/esa/socdev/documents/youth/fact-sheets/YouthPOP.pdf>
- 20 <http://www.un.org/esa/socdev/documents/youth/fact-sheets/youth-financial-inclusion.pdf>
- 21 Alliance for Financial Inclusion, 2010. Financial Inclusion Measurement for Regulators: Survey Design and Implementation.
- 22 [https://www.afi-global.org/sites/default/files/afi\\_policypaper\\_datameasurement\\_en.pdf](https://www.afi-global.org/sites/default/files/afi_policypaper_datameasurement_en.pdf)
- 23 <https://www.worldbank.org/en/news/feature/2017/11/08/zambia-makes-steady-progress-in-financial-inclusion-but-many-women-still-excluded>
- 24 The Movable Property (Security Interest) Act, 2016, (3), 1-28.
- 25 IMF Country Report. 2016. No. 16/262 July. Page 47
- 26 Finscope. (2010). Report prepared by FinMark Trust and African Heights for the Government

- of the Republic of Zambia Financial Sector Development Plan (FSDP) Secretariat
- 27 FSDZ. (2015). "FinScope Zambia 2015 Survey: Top Line Findings." Lusaka. Retrieved from <http://www.fsdzambia.org/wp-content/uploads/2016/05/FINSCOPE-REPORT-2015.pdf>
- 28 MoF. (2017b). National Financial Sector Development Policy 2017 Republic of Zambia, 37. Retrieved from [http://www.mof.gov.zm/jdownloads/Policy Documents/zambia\\_nfsdp.pdf](http://www.mof.gov.zm/jdownloads/Policy Documents/zambia_nfsdp.pdf)
- 29 MoF. (2012). The Ministry of Finance: The Rural Finance Policy and Strategy. Retrieved from <http://www.boz.zm/Rural-Finance-Policy-and-Strategy-2012.pdf>
- 30 Ministry of Commerce, T. and I. (2008). The Micro, Small and Medium Enterprise Development Policy. Retrieved from <http://www.boz.zm/Micro-Small-and-Medium-Enterprise-Development-Policy-2008.pdf>
- 31 <https://zambianbusinesstimes.com/zambias-first-ever-national-financial-switch-unveiled/>
- 32 <https://www.uncdf.org/article/4820/introducing-the-dfs-data-automation-system-bank-of-zambia-and-uncdfs-data-automation-solution>
- 33 <http://mofed.gov.sl/index.php/development/monitoring-evaluation#>
- 34 With the split in the ministry, the BTCA representative is now in the planning ministry
- 35 AFI's members are central banks and other financial regulatory institutions from more than 90 developing countries, where the majority of the world's unbanked reside. [http://www.findevgateway.org/sites/default/files/publication\\_files/informal\\_finance\\_in\\_sierra\\_leone-working\\_paper\\_i.m\\_final\\_160718\\_1.pdf](http://www.findevgateway.org/sites/default/files/publication_files/informal_finance_in_sierra_leone-working_paper_i.m_final_160718_1.pdf).
- 36 <http://www.bsl.gov.sl/SL%20FI%20Strategy%202017%20-%202020.pdf>
- 37 <https://awoko.org/2016/05/25/sierra-leone-news-apex-bank-is-undercapitalized-finance-minister/>
- 38 Financial Sector Development Unit. Retrieved February 13, 2018, from <http://www.boz.zm/financial-sector-development-unit.htm>
- 39 <http://www.zambiainvest.com/telecoms/world-bank-encourages-telecom-sector-to-grow-zambia-mobile-money-system>; <http://www.zambiainvest.com/finance/usd-1-million-deal-improves-access-to-zambia-mobile-financial-services>
- 40 Statement by the Governor of the Central Bank- May 2018.
- 41 <https://www.thesierraleone Telegraph.com/sierra-leone-telecommunications-sector-report-an-insight-by-outgoing-chairman-momoh-konte/>
- 42 <https://www.theigc.org/wp-content/uploads/2016/03/Sierra-Leone-Roadmap.pdf>
- 43 <https://www.theigc.org/wp-content/uploads/2016/03/Sierra-Leone-Roadmap.pdf>
- 44 WTO April 2018 Trade Policy Review Report by the Secretariat of Guinea
- 45 ACET Fieldwork (2018)
- 46 <https://www.kiva.org/blog/kiva-sierra-leone-and-un-agencies-partner-to-implement-credit-bureau-of-the-future>
- 47 Fintech is a contracted term for financial technology and generally refers to a business that provides financial services by making use of software and modern technology. In general, fintechs compete directly with banks in most areas of the financial sector to sell services and solutions to customers through "attacker" models that are predicated on cost-reducing innovations and technology. Mostly due to regulatory reasons and their internal structures, banks still struggle to keep up with fintechs in terms of innovation and speed."
- 48 <https://guinee.societegenerale.com>
- 49 PHB Development. May 2016. Diagnostic des services financiers numériques en Guinée, Brussels, Belgium. UNDP & UNCDF. Page 13
- 50 Bank of Sierra Leone. 2017. National Strategy for Financial Inclusion 2017 – 2020. Freetown: BSL. Page 14
- 51 Economically Active Population are those within the age group of 15-64 and represent 54.4% of the population of 6.9 million as per Sierra Leone Census Report 2015
- 52 no. of bank accounts per total population



- 53 [http://www.bsl.gov.sl/National\\_Payments\\_System\\_Landscape.html](http://www.bsl.gov.sl/National_Payments_System_Landscape.html)
- 54 [https://reliefweb.int/sites/reliefweb.int/files/resources/Better\\_Than\\_Cash\\_Alliance\\_Ebola\\_Case\\_Study\\_May\\_2016.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/Better_Than_Cash_Alliance_Ebola_Case_Study_May_2016.pdf)
- 55 According to the required reporting of the MFIs to the Sierra Leone Association of MFIs (SLAMFI).
- 56 [http://www.findevgateway.org/sites/default/files/publication\\_files/informal\\_finance\\_in\\_sierra\\_leone-working\\_paper\\_i.m\\_final\\_160718\\_1.pdf](http://www.findevgateway.org/sites/default/files/publication_files/informal_finance_in_sierra_leone-working_paper_i.m_final_160718_1.pdf)
- 57 [http://www.arpt.gov.gn/sites/default/files/Documentation/rapport\\_dactivites\\_annuel\\_arpt\\_2017.pdf](http://www.arpt.gov.gn/sites/default/files/Documentation/rapport_dactivites_annuel_arpt_2017.pdf)
- 58 <https://www.internetworldstats.com/africa.htm#gn>
- 59 The GSMA 2017 report (using 2016 numbers)
- 60 CIA World Factbook: <https://www.cia.gov/library/publications/the-world-factbook/geos/sl.html>
- 61 Bank of Sierra Leone. 2018. State of the Digital Financial Services Market in Sierra Leone, presentation by UNCDF MM4P project, June 2018
- 62 <https://www.thesierraleonetelegraph.com/sierra-leone-telecommunications-sector-report-an-insight-by-outgoing-chairman-momoh-konte/>
- 63 <https://idtlabs.xyz/FinTech-coffee-morning-discussion-future-FinTech-sierra-leone/>
- 64 Ibid
- 65 [https://medium.com/@Spore\\_Magazine\\_54746/mobile-money-field-report-in-zambia-zoona-innovative-mobile-finance-d5f8c3dad24d](https://medium.com/@Spore_Magazine_54746/mobile-money-field-report-in-zambia-zoona-innovative-mobile-finance-d5f8c3dad24d)
- 66 <https://ilovezoona.com/our-products/sunga-pockets/>
- 67 In Guinea, 80% of respondents indicate agriculture as their dominant economic activity.
- 68 <https://www.worldbank.org/en/news/press-release/2019/05/17/world-bank-helps-sierra-leone-improve-operational-performance-of-the-energy-sector>
- 69 [https://data.worldbank.org/indicator/EN.POP.DNST?year\\_high\\_desc=true](https://data.worldbank.org/indicator/EN.POP.DNST?year_high_desc=true)
- 70 There are laws being drafted to change this thus impacting their availability to use their land as a form of collateral for access loans—Data from stakeholder interviews
- 71 FC. 2014. National Study on Women's Access to Capital in Sierra Leone. Washington, DC: World Bank;
- 72 World Bank Group. 2015. Women, Business and the Law 2016: Getting to Equal. Washington, DC: World Bank.
- 73 [http://www.inter-reseaux.org/IMG/pdf/gds71\\_credit\\_rural\\_de\\_guinee.pdf](http://www.inter-reseaux.org/IMG/pdf/gds71_credit_rural_de_guinee.pdf)
- 74 This was triggered in part by the support of Alliance for Financial Inclusion (AFI) and the 2017 launch of an AFI toolkit that provides guidance to members on how to collect and leverage gender-disaggregated data for women's financial inclusion.
- 75 <https://www.afi-global.org/news/2019/05/bank-zambia-advances-womens-financial-inclusion-milestone-survey-results>
- 76 Zambia recently began work on interoperability: In early 2018, the first phase of National Financial Switch project, spearheaded by the BoZ in collaboration with the Zambia Electronic Clearing House (ZECHL) was implemented to interconnect payment systems between mobile payments, ATMs, and POS machines, and lower transactions costs.
- 77 <https://www.gsma.com/mobilefordevelopment/programme/mobile-money/making-debut-p2g-payments-orange-money-collaborates-government-ease-vehicle-tax-collections-guinea/>
- 78 <http://documents.worldbank.org/curated/en/311571542650741656/pdf/Project-Information-Document-Integrated-Safeguards-Data-Sheet-Sierra-Leone-Financial-Inclusion-Project-P166601.pdf>
- 79 Conteh, Dr. Patrick Saidu. 2018. Promoting Inclusive Growth Through Financial Inclusion. Speech at Governor's Annual Dinner, 2 February 2018, Bintumani Conference Centre, Freetown
- 80 <https://awoko.org/2013/07/23/sierra-leone-news-access-to-credit-the-role-of-the-credit-reference-bureau-in-sierra-leone/>

- 81 Conteh, Dr. Patrick Saidu. 2018. Promoting Inclusive Growth Through Financial Inclusion. Speech at Governor's Annual Dinner, 2 February 2018, Bintumani Conference Centre, Freetown (<http://www.bsl.gov.sl/Gov%20Dr%20Patrick%20S%20Conteh%20-%20Dinner%20Speech%20Final%20-%202018v5.pdf>)
- 82 Ibid
- 83 <http://blog.sonatel.sn/communique-de-presse-paris-le-22-novembre-2018-orange-et-mtn-lancement-linteroperabilite-du-mobile-money-sur-le-continent-africain-afin-daccelerer-le-de/>
- 84 Ibid, Page 24
- 85 <http://www.refworld.org/pdfid/5448a86d0.pdf>
- 86 <http://www.doingbusiness.org/Reforms/Overview/Economy/sierra-leone>
- 87 Nayar, N. 2013. An integrated approach to empower youth in Niger, Senegal and Sierra Leone. Toronto: Plan International
- 88 Nayar, Nina. 2013. An integrated approach to empower youth in Niger, Senegal and Sierra Leone. Toronto: Plan International. Page 40
- 89 <http://documents.worldbank.org/curated/en/296841560218558485/pdf/Guinea-Support-to-MSME-Growth-Competitiveness-and-Access-to-Finance-Project.pdf>
- 90 Defined as a person's ability to make informed and effective decisions with financial resources
- 91 <http://documents.worldbank.org/curated/en/296841560218558485/pdf/Guinea-Support-to-MSME-Growth-Competitiveness-and-Access-to-Finance-Project.pdf>
- 92 <http://documents.worldbank.org/curated/en/296841560218558485/pdf/Guinea-Support-to-MSME-Growth-Competitiveness-and-Access-to-Finance-Project.pdf>
- 93 <http://www.helix-institute.com/blog/building-business-case-women-agents>
- 94 IMF Financial Access Survey (2019)
- 95 Demirgüç-Kunt, Asli, Leora Klapper, Dorothe Singer, Saniya Ansar, and Jake Hess. 2018. The Global Findex Database 2017: Measuring Financial Inclusion and the FinTech Revolution. Washington, DC: World Bank.
- 96 Defined as a person's ability to make informed and effective decisions with financial resources
- 97 All three countries have undergone ID4D diagnostic exercises to ascertain the inclusiveness and robustness of existing identification systems. More information on their diagnostics can be found at <http://id4d.worldbank.org/country-action/id4d-diagnostics>
- 98 FSPs, MFIs, Savings and Credit Cooperative Organizations (SACCOs), MNOs and fintechs
- 99 Such as the Autorité de Régulation des Postes et Télécommunications (ARPT), National Telecommunications Commission (NATCOM) and Zambia Information and Communications Technology Authority (ZICTA)
- 100 Hallward-Driemeier and Gajigo 2010
- 101 <https://www.cgap.org/research/publication/building-inclusive-payment-ecosystems-tanzania-and-ghana>
- 102 <https://www.ifad.org/documents/36783902/4a5640d9-e944-4a8c-8007-a1bc461416e6>
- 103 [www.mef.gov.gn](http://www.mef.gov.gn) (26 June 2018)
- 104 IMF. 2017. Country Report No. 17/388: Guinea Economic Development Documents, Page 24.
- 105 The National Strategy for Financial Inclusion 2017-2020 cites figures of 90%, 4% and 5% respectively.
- 106 Kandeh, Joseph. 2017. Geospatial Data Analysis and Mapping for Financial Inclusion Report. Freetown: BSL.
- 107 Mahda, I. May 2018: Informal finance in Sierra Leone: Why and how it fits into the financial system
- 108 Margolis, David; Nina Rosas, Abubakarr Turay, and Samuel Turay. 2016. Findings from the 2014 Labor Force Survey in Sierra Leone. World Bank Studies. Washington, DC: World Bank. Page 29
- 109 World Bank. 2017. Sierra Leone Country Profile. Enterprise Surveys. Washington, DC: World Bank. Page 7

- 110 Development Indicators Unit, Statistics Division, United Nations. "Population below national poverty line, urban, percentage". Retrieved 6 July 2017.
- 111 Simpasa, A. M. (2013). Competition and Market Structure in the Zambian Banking Sector. African Development Bank Group Working Paper, (168), 34

---

# Promoting Women and Youth Financial Inclusion for Entrepreneurship and Job Creation: Comparative Study of Selected Sub-Saharan African Countries

## Synthesis Report: December 2019



### Contact us

**African Center for Economic  
Transformation (ACET)**

Castle Road, Ridge PMB CT4,  
Cantonments Accra, Ghana

**T** +233 (0) 302 210 240

**E** [info@acetforafrica.org](mailto:info@acetforafrica.org)

### Online



**@acetforafrica**



**@fb.com/acetforafrica**



**acetforafrica**



**[www.acetforafrica.org](http://www.acetforafrica.org)**



**The African Center for  
Economic Transformation  
(ACET)** is a Pan-African  
economic policy institute  
supporting Africa's long-  
term growth through  
transformation.