



**PROMOTING WOMEN AND YOUTH FINANCIAL INCLUSION FOR
ENTREPRENEURSHIP AND JOB CREATION:
COMPARATIVE STUDY OF SELECTED SUB-SAHARA AFRICAN COUNTRIES**

COUNTRY REPORT

Guinea

August 2019

Table of Contents

T

Executive Summary.....	4
List of Abbreviated Terms.....	8
List of figures and tables	10
Chapter 1: Introduction and background	11
1.1 Introduction	11
1.2 Objectives and scope of the study	12
1.3 Methodology and Analytical Framework.....	12
1.3.1 Conceptual Framework.....	12
1.3.2 Methodology	13
1.3.3 Analytical Framework	15
1.4 Structure of the Report	16
Chapter 2: Situational analysis of the country.....	17
2.1 Overview of the state of financial inclusion and the financial system	17
2.1.1 Legal and policy framework.....	19
2.1.2 Institutional framework (regulatory).....	20
2.1.3 Providers of Financial Services	22
2.1.4. Inventory of current process and product innovations and the role of technology.	25
2.2 Women financial inclusion.....	29
2.3 Youth financial inclusion	30
Chapter 3: Assessment of women and youth financial inclusion	32
3.1 Assessment of financial inclusion among women and youth.....	32
3.1.1. Demographic profile of respondents	32
3.1.2 Access.....	34
3.1.3 Usage.....	41
3.1.3 Quality	44
3.1.3 Welfare.....	46
3.2 Gaps.....	48
3.2.1 Access.....	48
3.2.2 Usage.....	49
3.2.3 Quality.....	50

3.2.4	Welfare.....	51
3.3	Opportunities	52
Chapter 4:	Summary of findings and recommendations.....	53
4.1	Access and Usage.....	53
4.2	Quality.....	55
4.3	Welfare and Job Creation.....	56
References	58
Annex I:	Literature Review.....	60
Annex II:	Field research.....	63
Annex II:	Interview Guides.....	66

Executive Summary

Despite being hit by the Ebola-Virus Disease (EVD), Guinea, a country of roughly 12.4 million people with a bank account penetration rate of 15% as at 2017 has made modest gains in reducing financial exclusion levels since 2011. Still, a disproportionate number of the unbanked are women, youth and rural dwellers and an 8% account ownership gap between men and women remains. The Global Findex also indicates that only 13.0% of the youth have an account at a formal financial institution – compared to 14.6% for the entire population. Emerging research reveals that failure to close the gender and youth gap in access to finance represents a massive loss of output and potential – especially for the youth: it undermines their lifetime productivity and earnings potential, making it difficult for them to escape poverty.

Under a grant from the International Development Research Center (IDRC) Canada, in 2018, the African Center for Economic Transformation (ACET) – an economic policy institute headquartered in Accra, Ghana – partnered with Ayani B.V. in Guinea to undertake a study to assess the effectiveness of existing financial sector initiatives in advancing women’s and/or youth’s financial inclusion in the country. The study’s emphasis was to diagnose the state of financial inclusion of adult women and youth in Guinea, identify and evaluate the effectiveness of existing financial inclusion initiatives and their relative success or failure in achieving desired goals, compare approaches, gauge impact of success and failures of different approaches, and draw lessons for policymakers, regulators, and service providers to ultimately enhance entrepreneurship and job opportunities for women and youth.

Approach

Following the African Union definition, this study defined youth as individuals between the ages of 15 and 35 years. An analytical framework (based on Alliance for Financial Inclusion’s definitive framework) that helped gauge the extent of financial inclusion among women and youth with four indicators (Access, Usage, Quality, and Welfare improvements) was developed to guide the focus of the study. The data collection phase involved a survey and Focus Group Discussions (FGDs) among Guinean women, female youth and male youth in both rural and urban settings. Key experts from the regulatory bodies and Government ministries as well as the private sector including commercial banks, microfinance institutions, mobile money operators (MNOs) and other non-bank financial institutions were also engaged and their experiences, perspectives and findings documented in the study.

The research phase culminated in the production of an extensive report that describes the study and its methodology, presents a detailed analysis of the findings and identifies the gaps within the system in dire need of attention by the regulatory agencies and the private sector.

Key Findings

ACCESS:

- **Stringent identity proof requirements for financial account opening remains a barrier to inclusion for women and youth.** A significant number of Guinean youth under 18 do not have admissible IDs, while many women, especially those in rural areas, typically find it hard to obtain the right documents, because of their illiteracy, the informal nature of their occupations and other cultural issues.
- **Culture and local traditions also hinder the development of women.** As with other countries in Sub Saharan Africa, Guinea society is a highly patriarchal one with institutionalized

gender biases and inequalities shrouded in local and sometimes even national laws e.g. discriminatory customary practices require husbands to approve personal and business transactions. Generally, women have limited access to assets which could be used as collateral for accessing credit.

- **Many Guinean FSPs and providers are unable to satisfy regulatory requirements to acquire operating licenses.** From the point of view of MFIs (who tend to have the most targeted offerings for women in the country), the minimum capital requirements for obtaining licenses to operate in the country are too high. There are also broader industry constraints from a supplier's perspective, such as entry/registration fees for private companies to start mobile money or money transfer businesses. This effectively places a cap on the number of pro-women and pro-youth financial institutions and suppliers in the country.
- **The quality and coverage of the mobile network across the country is weak, particularly in the rural areas.** Signal presence and quality is sparse in the key regions where the population of underserved communities is highest. This phenomenon is made graver when one considers that the presence of commercial banks and MFIs is even weaker in these areas making mobile money the most obvious financial services option. Apart from limiting access to financial services, the poor network signal quality also interferes with the user experience for financial products that rely on the internet to function resulting in a weaker case for digital financial services within the region.

USAGE:

- **The availability of reliable gender and age disaggregated data is lacking for both regulators and providers in the country.** There is a weak culture and practice of segmenting existing data by gender, age or location for decision making purposes, whether in industry or for policy making purposes among key stakeholders in the country. Other missing data relates to national mobile phone penetration rates and the business activities of the target groups. From a competitive point of view, there is also a lack of information about the participation of the target groups in provider's product offerings. All these point to one thing: this weak data culture severely derails the ability of the private sector or government to develop nuanced solutions or craft policies that speak to the need of this demographic.
- **End-to-end interoperability is lacking among the provider community leading to high transaction costs for this price sensitive cohort.** This exists on two levels: firstly, interoperability between banks and secondly between third parties such as fintechs and MNOs. The absence of local switching among the banks and other mobile money providers usually means that the transfer of funds between providers (banks, MNOs, fintechs) is not as cost-effective as it should be due to unnecessary fees and transaction costs which obviates uptake. It is also usually indicative of restricted competition among providers which in turn affects the variety of products available to the user.
- **Although MNOs indicate that more women use mobile money (64%) as opposed to men (36%) there are very few products on the market that address the popular use cases for women.** The vast majority of financial products on the market are generic in nature and do not resonate with the typical Guinean woman. Very little research has been done to identify the core use cases that women patronize on a regular basis and consequently, important women-centric products such as group savings – which is very popular with rural women – are absent from the market.

QUALITY:

- **The quality of financial services is affected by limited IT infrastructure and a general lack of automation in provider systems and business processes.** Financial institutions are unable to effectively leverage their undeveloped technical infrastructure to enable them to serve the target group cost effectively. This is especially the case for MFIs but also holds true in the case of the commercial banks who struggle to access needed funds for major technical upgrades or investments from their overseas parent company.
- **Members of the target groups expressed their need for training in the use of financial services.** With regard to the usage of financial services, most women and youth indicated a preference for hands-on financial literacy training (as opposed to general education) and periodic retraining. Security issues were also identified to be particularly important for rural women, whose limited technology knowledge usually accentuates their vulnerability; the young males stressed the need for more open communication on pricing and dispute resolution procedures from the providers.

WELFARE:

- **Deploying talent and stimulating entrepreneurship is generating great interest currently in Guinea, and are generally seen as a steppingstone to improved welfare.** In the last 5 years, the Guinean government has focused on entrepreneurship as a way to fight poverty, which affects almost 55.2% of the population, mainly for people who are hardest hit by the phenomenon of poverty, namely young people and women. The government has created several initiatives including Youth Listening, Counselling and Guidance Centers.
- **Rapid development of the technology sector can give rise to increased employment opportunities for the young and women.** Specifically, we see jobs being created in the mobile money industry as well as in the fintech and banking industries. The mobile money agents (estimated to be over 10,000 nationwide) are typically young. Fintechs are also employing tech savvy young people.
- **The use of finance to fund productive and entrepreneurial activity is low.** For all business owners surveyed, 50% or more had to rely on personal funds or loans from family and friends (with an average across the six categories of 89.6%). Only among the relatively small number of adult urban woman with a business was bank-sourced finance above 25%.

Recommendations

The report concludes with a number of policy and strategic recommendations for the regulatory and supply side of the market.

ACCESS AND USAGE:

- **It may be necessary to impose a greater obligation to produce segmented data on matters relating to financial inclusion, such as gender and age disaggregated data.** Whether this is done through government regulation or imposed via industry associations who seek the benefits of an inclusive financial environment, it is a necessary first step for both Government and the private sector to begin to understand the unique circumstances and behavior of this important cohort.

- **The government should increase the level of interaction between the financial regulator and other global comparable institutions on related matters so that cross-country learnings can be shared.** It would also be prudent to restructure the BCRG by establishing departments that focus solely on financial inclusion of underserved groups (women and youth among others) in close coordination with an ARPT counterpart.
- **The Government should expedite the issuance of individual ID cards to the population, especially the youth, to ensure their ability to present formal identity documentation** so they can better access financial services.

QUALITY:

- **Big picture issues, like improved interoperability among the provider community, should be high on the regulators' agenda.** The Central Bank should apply the learnings from other markets where interoperability is concerned and create a National Payment Council to oversee and manage all relationships between relevant stakeholders.
- **Providers should strive for higher quality product offerings by taking customer product quality and security concerns into account, particularly those expressed by the target groups.** There should be a deliberate and renewed focus from the providers' side on educating and sensitizing this cohort on key consumer protection topics as well as leveraging feedback from these oft-marginalized groups in the product development and refinement process to ensure that usage is maximized. The study revealed that this cohort is particularly vulnerable to ongoing scams, fraud by mobile money agents and misinformation.

WELFARE AND JOB CREATION:

- **There are many donor organizations and NGOs willing to conduct the kind of financial service-oriented trainings needed by women and youth.** At the same time, the study showed that fintechs and other companies (eg. VISA) demonstrated interest in designing targeted courses and conducting education sessions for the target population. Inviting such groups and communities to the table to supplement government efforts in developing the financial literacy and capabilities of the target groups would allow the costs of such activities to be borne by others beyond the government and donors.
- **The use of technology can extend access to finance, as mentioned. It can also create job opportunities,** particularly if governments and the private sector incentivize more youth – and young women tend to be underrepresented in such fields – to take up majors in technology or IT. More generally, technical assistance and financial literacy training should be given to women in business creation, as well as mentorship to promote the development of women-led businesses in the productive and profitable sectors of the economy.

List of Abbreviated Terms

ACET	African Centre for Economic Transformation
AfDB	African Development Bank
ANAMIF	National Agency for Micro finance
AFI	Alliance for Financial Inclusion
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
BTCA	Better than Cash Alliance
CGAP	Consultative Group for Assistance to the Poor
CRG	Crédit Rural de Guinée
DFS	Digital Financial Services
EMI	Electronic Money Institution
EMV	Europay, MasterCard, VISA: a smartcard payment standard
ERP	Enterprise Resource Planning
FESABAG	Autonomous Syndicated Federation of Banks, Insurance companies and Microfinance companies of Guinea
FGD	Focus Group Discussion
FI	Financial Institution
FinTech	Financial Technology Company
419-scam	Advance-Fee-Fraud
FSA	Financial Services Association
FSDA	Financial Sector Deepening Africa
FSP	Financial Service Provider
GSM	Global System for Mobile communications (Mobile Telephony)
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 ²	Mutuelle Communautaire de Croissance (Mutuality, Community and Growth)
MFI	Micro Finance Institution
MM4P	Mobile Money for the Poor
MNOs	Mobile Network Operators
MMOs	Mobile Money Operators
MSME	Micro Small or Medium Enterprise
MUFFA	Mutuelle Financiere des Femmes Africaines

NBFI	Non-Bank Financial Institutions
NFIS	National Financial Inclusion Strategy
NGO	Non-Governmental Organisation
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)
PNDES	National Economic and Social Development Plan
POS	Point-of-Sale terminals
PNUD	United Nations Development Programme (UNDP)
SME	Small or Medium Enterprise
SSA	Sub-Saharan Africa
TCO	Total Cost of Ownership
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 * 123 #)
VSLA	Village Savings and Loan Association
WB	World Bank

List of figures and tables

List of Tables

Table	Title	Page
1	Key socio-economic indicators	21
2	Bank and Insurance Statistics	26
3	Financial Services Providers	27
4	Mobile Money Statistics	29
5	Mobile Money Providers	31
6	Age and Geographic Distribution of Respondents	40
7	Education by Category of Respondent	43
8	Monthly Income Distribution	41
9	Breadwinner in Respondent Household	42
10	Control of Household Income	43
11	Mobile Phone Usage	43
12	Account Ownership	49
13	Barriers to Financial Services	49
14	Types of Accounts Held	50
15	Orange Money Tiered Transfer Fees	54
16	Types of Finance for those Owning a Business	60

List of Figures

Figure	Title	Page
1	Research Conceptual Framework	13
2	Analytical Framework	14
3	Regulatory Framework	
4	Financial Services Ecosystem	26
5	Penetration rate and number of Mobile and Internet subscribers	29
6	Number of active users of Mobile Money per Operator	30
7	Interoperability in Africa	34
8	Income Distribution	42

Chapter 1: Introduction and background

1.1 Introduction

Emerging work from researchers is refining our understanding of the barriers and opportunities facing women and the youth in their demand for and access to financial services. At the same time, research coming out of the African Development Bank, Alliance for Financial Inclusion, Women's World Banking and the World Bank, is shedding more light on the extent of women's and youth's exclusion and on efforts to empowering them by closing the exclusion gaps. Researchers, policymakers and development experts are unanimous on one thing: failing to develop the valuable human resources of both women and youth represents lost output and potential, and especially for the youth undermines their lifetime productivity and earnings potential, making it difficult for them to escape poverty.

From the supply side, adult women's financial inclusion deepens the current client base with potential increase in savings and lending opportunities. Youth financial inclusion on the other hand represents a future broader client base though perceived as risky. But from the broader economic perspective, like women, youth financial inclusion can contribute to employment, business creation and add to the overwhelming potential for economic growth and development. While adult women may resort to informal mechanisms to address their unmet savings and credit needs, the youth who tend to save less may not have such access and could remain outside the formal and informal financial system with detrimental social and economic consequences. Although countries have made great strides over the past decade in adult women's financial inclusion, there remains a great opportunity of helping to facilitate financial access of the youth.

In Sub-Saharan Africa (SSA), technological innovations are making it possible to provide low-cost and convenient financial services to the financially marginalized, securing the means of settling transactions, and boosting confidence in the payment system. Since payment services are at the heart of day-to-day operations of a modern economy, widening and deepening the financial system in Guinea to include the myriad of informal payment activities of women and youth – whether cash based or digital - can only make an important contribution to overall performance of the economy, creating jobs, and adding value to national output.

ACET has recently conducted studies focusing on conditions in Guinea, Sierra Leone and Zambia. While prior studies on Zambia have established the scope of financial inclusion in the country, little literature existed prior to this study on Guinea and Sierra Leone (both post-Ebola economies) especially as it relates to the financial inclusion of women and the youth. The study is intended to identify and evaluate the effectiveness of existing financial inclusion initiatives in Guinea and their relative success or failure in achieving desired goals; track progress, compare approaches and gauge the impact of successes and failures of different approaches in Guinea; and draw lessons for policymakers, regulators, and service providers. For women and youth who tend to be the most disenfranchised, the study is particularly useful as it will attempt to glean insights on the impact that increased access has had on their livelihoods.

1.2 Objectives and scope of the study

This study will diagnosed the state of financial inclusion of women and the youth in Guinea, with objective of identifying policy and regulatory reforms as well as institutional support required to enhance entrepreneurship and job opportunities for the target group.

Specifically, the study:

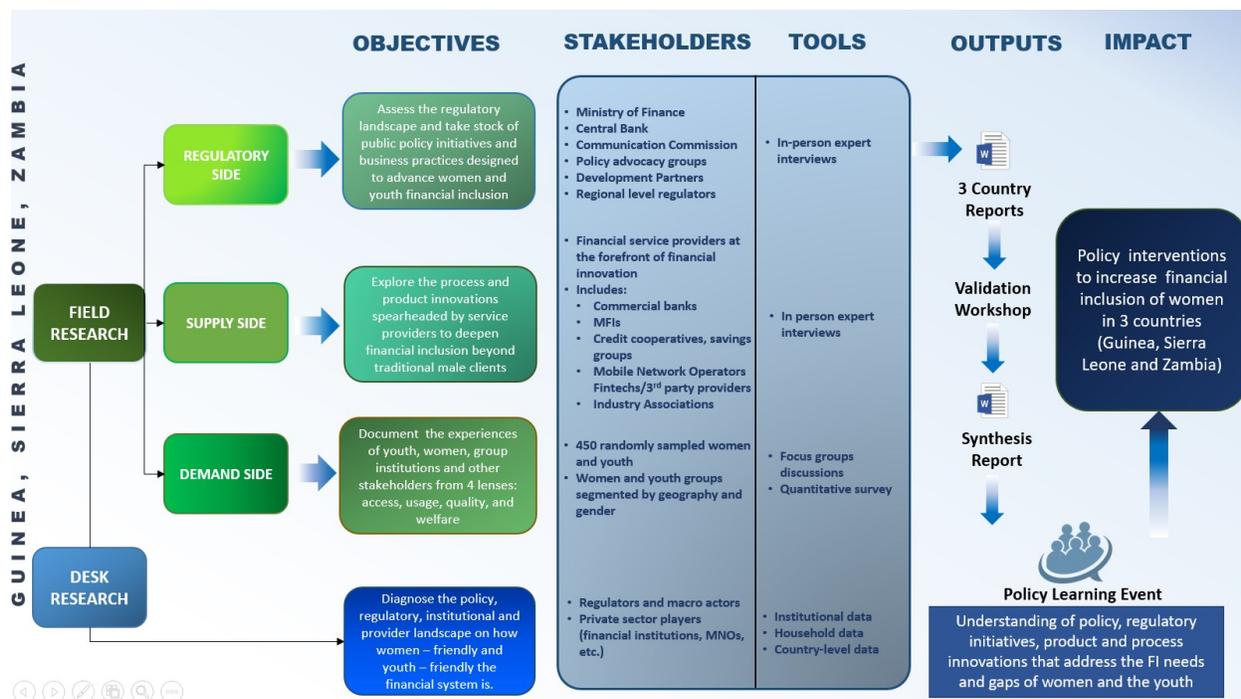
1. On the regulatory side, takes stock of the scope of public policy initiatives and the regulatory environment in Guinea to accelerate progress towards advancing adult women's and youth's access to financial services;
2. On the supply side, takes stock of the process and product innovations that are taking place in Guinea intended to deepen and to broaden financial inclusion beyond the traditional male clients;
3. On the demand side, documents the experiences of adult women, young men's and young women's financial inclusion from four different lenses: access, quality, usage, and welfare; and how entrepreneurship opportunities, especially micro-enterprise start-ups, are being made more accessible through financial inclusion for the youth; and
4. Finally, the study identifies and evaluates the effectiveness of the existing financial inclusion initiatives and their relative success or failure in achieving desired goals.

These objectives are useful for policymakers, regulators and service providers because they highlight gaps, opportunities and at the same time highlight the potential loss of output and employment if women's and/or youth's financial exclusion is not addressed comprehensively.

1.3 Methodology and Analytical Framework

1.3.1 Conceptual Framework

The study is based on the conceptual framework depicted in Figure 1 below. It analyses the regulatory status quo and the supply and demand side of the available financial services for women and youth with four main objectives: (a) analysis the regulatory framework for access to finance for women and youth; (b) explore the relevant product innovations focused on the target groups; (c) document the financial experiences of women and youth; and (d) diagnose how friendly the regulatory, macro and supplier landscape is for women and youth seeking finance.



1.3.2 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 are borne out of a healthy debate and rigorous analysis of different perspectives. This study intentionally relied on a mixed approach to validate outcomes by factoring in desk-based research, field work and a multi-stakeholder validation event in all three countries.

The project kicked off with the preparation of a country inception report. The inception report featured findings from a desk research and data analysis conducted on an existing body of quantitative and qualitative data from secondary sources. It also focused on the macro/regulatory environment, financial services and other related innovations, best practices and key issues relevant to expanding access to finance (A2F) in Guinea. Learnings to date, challenges and suggested solutions, as well as, potential activities to enhance the activities of women and youth were also analysed.

In a project inception meeting, the country inception report was presented to the entire project team including advisors, experts, and researchers conducting similar studies in parallel in Guinea and Zambia. The meeting also agreed upon the basic questions for the field work, from which questionnaires were developed for three category of stakeholders to be consulted under the project. Following the project inception meeting, country researchers went back to their various countries, embarked on data collection across the length and breadth of their countries.

The fieldwork for the study covered the following three broad categories of stakeholders:

- (a) **Regulators and policymakers:** Within this space, the research team engaged key financial and telecommunications regulators as well as relevant government ministries and key development agencies such as the World Bank, with the goal of understanding their perspective on financial and economic opportunities available to women and the youth. Key regulators such as the Central Bank of the Republic of Guinea (BCRG) and the Autorité de Régulation des Postes et Télécommunications (Guinea’s Regulator of Telecommunications or ARPT) were among the principal regulators engaged. Other relevant ministries included the Ministry of Finance, the Ministry of Higher Education and Scientific Research Guinée and the Ministry of Social Action and Promotion of Women and Child. In order to get the views of some umbrella associations, two policy advocacy institutions, namely Afford and Market Women Association, were also interviewed
- (b) **Supply side actors:** Various types of suppliers/providers were interviewed including: Two Non-Bank Associations: La Cupine women savings group (TonTine) and Association de Jeunesse de Kindia; Three Commercial Banks: BCIGUI, Islamic Bank and Afriland; Four Microfinance Institutions (MFIs): Yete Mali, MUFFA, Jatropha and Credit Rural de Guinée; Mobile Network Operators (MNOs) and Fintechs: MTN (Areeba), TransMoney, GETS1 and BaySim; and The National Post Office of Guinea, also a major financial services intermediary, was also engaged.
- (c) **Demand side:** To obtain information from the demand perspective, more than 300 young women, young men and adult women were consulted during the field work. It must be emphasized that for to ensure that findings of this research is policy relevant, the age categories used for youth was consisted with the African Union youth charter –which defines a youth, as any individual between the ages of 15 and 35 years of age. Adult women were thus classified as females of 35 years and above.

Three main tools were deployed for the data collection process: structured one on one interviews, focus group discussions (FGDs) and surveys. Stakeholders from (a) regulatory and (b) supply side actors were interviewed in a face to face interviews. Ahead of the interviews with the providers/suppliers, data was sought from each FSP regarding: deposit-taking and lending instruments; the types of businesses they support; average loan amounts; credit application processes; and other information by preference segmented by gender and age. Unfortunately, some of the data was not easily forthcoming from a number of the players.

To obtain information from the demand perspective, FGDs and survey interviews were used. FGDs permit sufficient time with the respondents and a deeper relationship between the people involved. The interviews with representing associations were also helpful in triangulating stated facts with user experiences on the ground. In all, FGDs was organised for about 70 youth and women in Conakry and Kindia –a rural area 130 kilometres from the capital. Surveys were also conducted with 261 respondent distributed by geography, youth and gender. Using tablets, nine agents approached the interviewees with questionnaires in various areas of the country, as described in Annex XX.

Feedback and information gathered from the interviews and surveyed were collated and analysed, and the issues and findings were synthesized in line with the study objectives to produce the first draft report. The draft report was thoroughly reviewed by ACET and its external reviewers. A

validation workshop was then held in Conakry to present the key findings and recommendations to stakeholders and provide a platform for stakeholders to validate the research findings, give inputs and exchange experiences and knowledge on external development finance. The report was then revised to incorporate the feedback from the validation meeting. This report thus duly reflects the inputs from these engagements.

1.3.3 Analytical Framework

The analytical framework for this study is derived from the Alliance for Financial Inclusion's policy paper on defining and measuring financial inclusion. The paper assesses the extent of financial inclusion through the four lenses: access, usage, quality and welfare improvements. This formulation has been adopted for this study and depicted in Figure 1.2, 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 insights into potential barriers to opening and using financial accounts for any purpose. Key factors that affect this indicator include proximity of financial access points to the target groups' locale, the type, number and quality 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 or cultural restrictions.
- **Usage** measures the actual use of financial products among women and the youth. It includes the combination of products and services, the behaviours and usage patterns that are unique to this cohort, paying particular attention to the frequency and duration of use of specific use case. 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 the services that are available meet their needs. The other determining the fit of financial products by assessing the provisions that exist to address their unique circumstance – provisions such as dispute resolution, recourse mechanisms to address grievances and consumer protection.
- **Welfare** gauges how access, quality and usage have helped clients in starting up and scaling businesses, created jobs, and contributed to general household wellness. For the youth, what is important may be more of their enhanced capability and getting 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.

The above indicators for each of the four perspectives, and how policies, regulation, supply side and demand side issues affect them, are depicted in Figure 2 below.

Figure 2: Analytical Framework

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



1.4 Structure of the Report

This country report is structured as follows. Chapter 2 contains a literature based situational analysis of the country, including: a review of Sierra Leone’s regulatory and policy landscape of the financial system; the key institutions, regulators and service providers, processes, and the nature and scope of the financial system; and the current key processes and product innovations aimed at improving women’s and youth’s access to, and use of, financial services. Chapter 3 comprises the results of the literature review and field study. It specifically reports on responses obtained from the quantitative survey, the expert interviews and the focus group discussions, as described above. Also included in this section is a broad assessment of financial inclusion among women and youth beginning with a summary of the results of the survey, an analysis of the access, usage, quality and welfare implications of the financial services made available to women and youth; and a summary of gaps in, and opportunities for, the financial system to advance women’s and youth’s financial inclusion, through policy, regulation and product innovations. Chapter 4 comprises a summary of findings and recommendations for stakeholders.

Chapter 2: Situational analysis of the country

Guinea gained independence from colonial French rule in September 1958 and afterwards drifted into the ‘Five Decades of Bad Habits’ as Guineans say¹, which was a period marked by dictatorship and repression. After Guinea elected its president in 2010, the economy was slowly improving when the country was hit by the Ebola crisis in 2014, causing a general economic setback. In recent years, the Guinean economy is making gains towards development, albeit quite slowly. Since 2016², Guinea has experienced significant economic growth, with the economy growing at 10.5% in 2016 and 8.2% in 2017, while inflation stayed under 10% in these 2 years³. Despite the impressive growth rates, the country is typically described as a “fragile state” where poverty is said to be on average 20% higher than countries with comparable levels of economic development; such fragility also affects these countries’ 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 2016⁴.

Population (2017)	12.4 million
Human development rank (IDH, 2015)	183 out of 188
% working in agriculture (2014)	76 %
% under poverty level (2014)	47 %
GNI/Capita (2017)	\$670
Degree of literacy (2015)	30.5 %
% access to formal financial services (2017)	14.6 %
Mobile telephone subscription (2017)	87.1 %
% borrowed from financial institution or used a credit card (2017)	5.8 %
% in possession of a Mobile Money account (2019)	17.9%
% using the Internet (2019)	57 %

Source: World Bank 2017, National Statistics site of Guinea ⁵, Global Findex 2017⁶

2.1 Overview of the state of financial inclusion and the financial system

The Global Findex study (2017)⁷ indicates that only 14.6% of the adult Guinea population report having an account at a formal financial institution, whether a bank, credit union, cooperative, post

¹ Posthumus, Bram. 2016. Guinea: Masks, Music and Minerals

² www.mef.gov.gn (26 June 2018)

³ *Ibid.*

⁵ <http://www.stat-guinee.org>

⁶ BCRG 2018 Bulletin des statistiques monetaires, financieres et de balance des paiements de la guinee – 2017

⁷ Demirguc-Kunt, Asli, Leora Klapper, Dorothe Singer, Saniya Ansar and Jake Hess. 2018. The Global Findex Database 2017: Measuring Financial Inclusion and the FINTECH Revolution, World Bank, Washington, DC.

office or micro finance institutions (MFI), compared to 32.8% for the entire continent. Only 5.8% of all people in Guinea above 15 years old borrowed from a financial institution or used a credit card (against 39.6% who borrowed money in general). The Global Findex also finds that women and youth are worse off in terms of financial inclusion than other groups within the economy: there is an 8% gap with women trailing men in terms of account ownership. Another report states⁸ that the finance sector in Guinea is poorly developed and that access to finance is weak because of the political and macro-economic instability, the regulatory framework and the limited efficiency of the government.

Although Guinea has a broad array of financial institutions, ranging from banks to micro finance institutions to financial service associations, access is limited and mainly concentrated in the big towns and cities. The latest statistics from the Central Bank⁹ show a total of only 165 ATMs (109 of which are in the cities), and 170 Bank branches, which implies that there are hardly any ‘stand-alone’ ATMs possibly indicating issues with cash logistics and security. While the number of institutions has grown in recent years (commercial banks increased from 7 in 2005 to 15 in 2018), access to financial services for the poor remains limited, and MFIs offer mostly micro-credit and relatively few non-traditional products or services.¹⁰ Notwithstanding the growing number of credit unions, cooperatives and other depository corporations, financial services remain only marginally accessible for most of the population of 12.4 million. Furthermore, long-term financing is virtually unavailable, and represented less than 5% of total credit in 2015, while short- and medium-term loans represented 58% and 37%, respectively.

Another challenge reported by respondents to the World Bank financial access survey in Guinea relates to the accessibility of financial centres. Guinea is a relatively rural country, with only about 37% of the population living in or near an urban centre¹¹. As bank branches and service points (e.g. ATMs) are concentrated in urban areas, a lack of physical access to banking services may likely represent a significant barrier to financial inclusion. Furthermore, Guinea’s transport infrastructure exacerbates the problem of rural access to cities and banking outlets. An estimated 80% of all business in Guinea takes place in Conakry.

Development Institutions have started various programs that are not exactly aimed at, but are related to, financial inclusion: for example, IFC/UNDP started an entrepreneurship project, focused on making existing companies solvent. A micro finance fund of USD18.6 million was 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 after 60% was disbursed due to performance concerns. ANAMIF subsequently lent USD1.3 million to 36 women’s groups/cooperatives at a zero-interest, but repayments were not taking place regularly. ANAMIF has now suspended activities with nearly USD13 million still available in the fund until a new strategy is developed.

In general, there is a challenge in getting medium-sized loans for starting small enterprises (between USD 15,000 and USD 50,000). In May 2018 IFC began a large program focused on the people who fall into that category, mainly in the agricultural sector. 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.

⁸ PHB Development. May 2016. Diagnostic des services financiers numériques en Guinée, Brussels, Belgium. UNDP & UNCDF. Page 13

⁹ BCRG 2018 Bulletin des statistiques monétaires, financières et de balance des paiements de la guinée – 2017

¹⁰ IMF. 2016. Country Report No. 16/262. Page 37

2.1.1 Legal and policy framework

There has been gradual improvement in the regulation of the financial sector over time. The Central Bank of the Republic of Guinea (BCRG - Banque Centrale de Guinée) is the main entity regulating the financial sector. In 2013, a new Banking Law¹² replaced the 2005 version, with the aim of improving the governance of banking establishments and customer protection. The statutes of the BCRG were also amended to give it more independence, moving it out from under the direct authority of the President of the Republic.¹³ The new provisions also capped the BCRG's advances to the Government at 5% of the annual average of ordinary public revenues over the three previous financial years.

With regard to the regulation of DFS, the BCRG set up a steering committee in 2014 for the development of electronic banking, responsible inter alia for drafting the legislative and regulatory provisions relating to DFS and ensuring monitoring of electronic banking infrastructure, products and services. In March 2015¹⁴ it became permissible for electronic money to be issued by credit institutions (Banks and MFIs) and Electronic Money Institutions (EMI) approved by the Central Bank. Additionally, any establishment, such as a telecom operator, could issue e-money in coordination with a bank or EMI. In this case, the bank or the EMI vouches for all the operations carried out by the telecom operator. The Central Bank also regulates the activities of the EMIs and ensures compliance with prudential standards (qualitative and quantitative).

The changes regarding EMIs are a positive first step for the regulation of DFS and mobile payments, in particular, but do not directly address certain critical issues, such as the list of authorized financial services (partnerships with other financial institutions), transaction charges and limits (per day and per month), opening conditions for e-money accounts (IDs accepted for KYC), and authorization of electronic money distributors. Although the operators interviewed for the study¹⁵ confirmed the existence of additional provisions on at least some of these issues, it is not clear if these additional instructions were adopted and officially published.

The final piece of legislation came in July 2017¹⁶ with a law on “inclusive financial institutions”¹⁷ and referred to 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 micro finance sector. A role in the realization of this law was played by the ‘Agreement Commission’. That commission was chaired by the governor of the central bank and among the members were representatives of the Ministry of Economy and Finance; Ministry of Justice; Ministry of Telecommunications; and the Microfinance sector among others as members.

The new law seeks to improve consumer protection by stating guidelines for transparency and managing competition between operators and by defining the basic requirements for a start-up and its operations. It also provides legal bases for electronic money institutions and more broadly for all financial payment institutions. Finally, this new law integrates the nascent postal financial

¹² Loi organique relative aux lois de finances et règlement général sur la gestion budgétaire et la comptabilité publique (Organic law relating to finance laws and general rules on budgetary management and public accounting)

¹³ WTO April 2018. Trade Policy Review Report. Secretariat of Guinea

¹⁴ <https://www.theigc.org/wp-content/uploads/2016/03/Guinea.pdf>

¹⁶ <https://guinee7.com/la-guinee-se-dote-dune-loi-sur-les-institutions-financieres-inclusives/>

¹⁷ Loi ordinaire relative aux Institutions Financières Inclusives en République de Guinée (Ordinary Law on Inclusive Financial Institutions in the Republic of Guinea)

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, the lack of which was one of the conclusions drawn by PHB in their study of 2016¹⁸.

The aim of the BCRG is to use the current laws as a basis to finalise the National Financial Inclusion Strategy (NFIS) and create a secretariat to coordinate key stakeholders, as well as to develop and implement an M&E framework. In the interview with the BCRG it became clear that there is not a complete NFIS yet: it is partly finished but the policy around mobile money is still lacking, as well as the regulation of the innovations coming from the fintechs. The Central Bank is cooperating with the World Bank to finalize the NFIS. The first draft was released in December 2018. It is currently undergoing a review process and was expected to be formally launched in June 2019.

Despite the absence of important regulatory innovations such as a Regulatory Sandbox (as introduced recently in neighbouring Sierra Leone), the BCRG confirmed that it does embrace a test and learn approach (by issuing no-objections for the release of potentially disruptive products and services into the market) towards innovations in the financial sector and is willing to invite novel approaches within a controlled environment.

2.1.2 Institutional framework (regulatory)

The financial sector is regulated by the BCRG . ANAMIF is the primary regulatory authority for the MFIs and ARPT (Autorité de Régulation des Postes et Télécommunications) regulates all activities in the telecom sector. Some government ministries, such as the Ministry of Economy and Finance, also have a role to play in regulating overall money supply in the economy.

Key Financial Sector Entities

The BCRG is active in promoting financial inclusion policy and is an original member of the Alliance for Financial Inclusion. The key institutions under their regulation are the Banks, the Insurance Companies and the MFIs (see section 2.1.3). The new Electronic and Mobile Money providers also fall under their purview.

Of relevance to women and youth are the MFIs, as the field work confirmed that they are the only FSPs who focus directly on youth and women with a wide range of products that fit their needs, as is the case in many countries. The field work also revealed existing policies that lower the barrier for MFIs to offer loans to women's groups with very low collateral requirements. The body with main regulatory responsibility for MFIs is ANAMIF (the National Agency for Microfinance). It was established by a decree of 19 April 2011, with a fund of GNF 130 billion (USD 14.5 million), for the private initiatives of women and young Guineans. MFIs are licensed in two categories (and moving from one category to the other is only possible with the approval of the BCRG¹⁹): (1) MFIs that collect savings and give credit exclusively to their members; and (2) MFIs that give credit but do not collect savings.

In an interview²⁰ with its director - Mrs. Marlyatou Barry - the objectives of ANAMIF were summed up as to:

¹⁸ PHB. Op Cit. Page 19

¹⁹ B.C.R.G. 2017. Loi Ordinaire Relative aux Institutes Financieres Inclusives en Republique de Guinee

“Make Microfinance a real instrument for fighting poverty in Guinea by promoting self-employment and the employment of women and young people, through their access to affordable and effective financial services of local credit; Develop a national strategy for microfinance and an action plan that responds to national concerns about job creation and self-employment and the fight against poverty; Coordinate and harmonize all the interventions of the technical departments of the State and development partners in the field of microfinance; Mobilize the resources needed to implement Micro-finance action plans.”

The ARPT is the key body regulating telecom providers and internet providers. Regulation of mobile money however, falls under the BCRG, but the vehicle for that financial service is the mobile telephony network. A second regulatory body, the SMG (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 bank access.

The Ministry of Economy and Finance has an overarching role in the financial sector. The main activities of the Ministry as far as financial services are concerned are to design, develop and implement the Government's public finance policy; ensure the collection, analysis and dissemination of economic and financial information; participate in the promotion of private investments; participate in the development of financial system regulations; and draft financial laws and monitor their execution, whilst promoting gender and equity in the sector's activities.

In 2016 the PHB study concluded that a clearer definition and demarcation of the roles and responsibilities of each entity (BCRG, ARPT, ministries) is needed for better financial inclusion. In addition, better integration and harmonization of corresponding policies and regulations were seen to ensure that the regulators have the necessary tools in place to guarantee the protection of the customers as well as protect against the technological risks (interruption of network service, suppression of the messages, loss of data) and the risks related to the agents and distributors of electronic money (number errors, fraud, money laundering).²¹ The interviews conducted under this study suggested that lack of demarcation of roles is not as apparent and there were not many complaints about technological risks and fraud.

The new Banking Law (see section 2.1.1) also requires that a microfinance institution must, within three months after its approval or authorization, join the new Professional Association of Microfinance Institutions of Guinea (APIM-G)²². All microfinance institutions must adhere to the directions of the APIM-G. Similarly, all Electronic Money organisations must similarly comply with the dictates of Association of Electronic Money of Guinea (APEME-G). Both are responsible for defending the interests of their members and their clients.

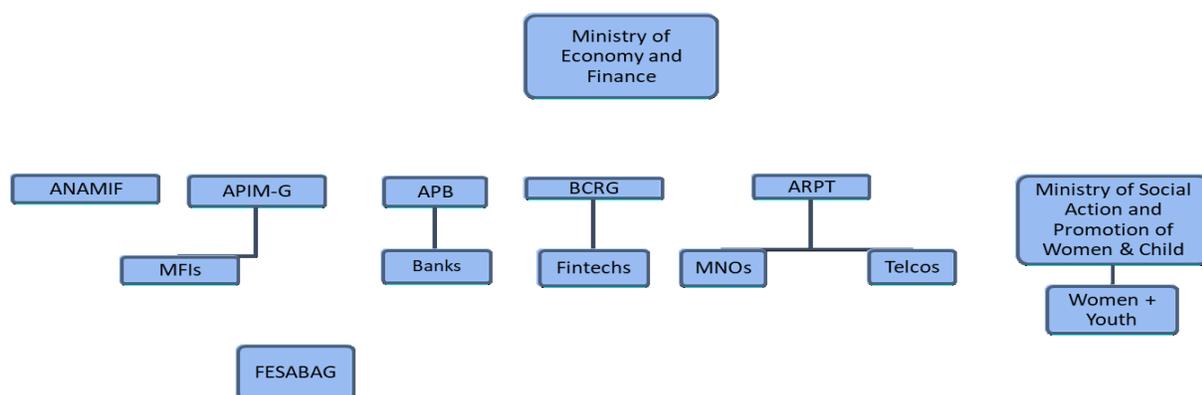
Apart from APIMG, there are two institutions that are working on creating interconnections within the financial sector. The banks are united in the APB (Association of Bank Professionals) while all three types of FSPs (banks, insurance companies and MFIs) are represented by FESABAG (the Autonomous Syndical Federation of Banks, Insurances and Microfinances of Guinea).

The relationship between the abovementioned regulatory bodies and the various FSPs, discussed in more detail in the next section, are summarized below:

Figure 3: Regulatory Framework

²¹ Ibid. Page 19

²² World Trade Organization. April 2018. Trade Policy Review Report by the Secretariat. Page 89



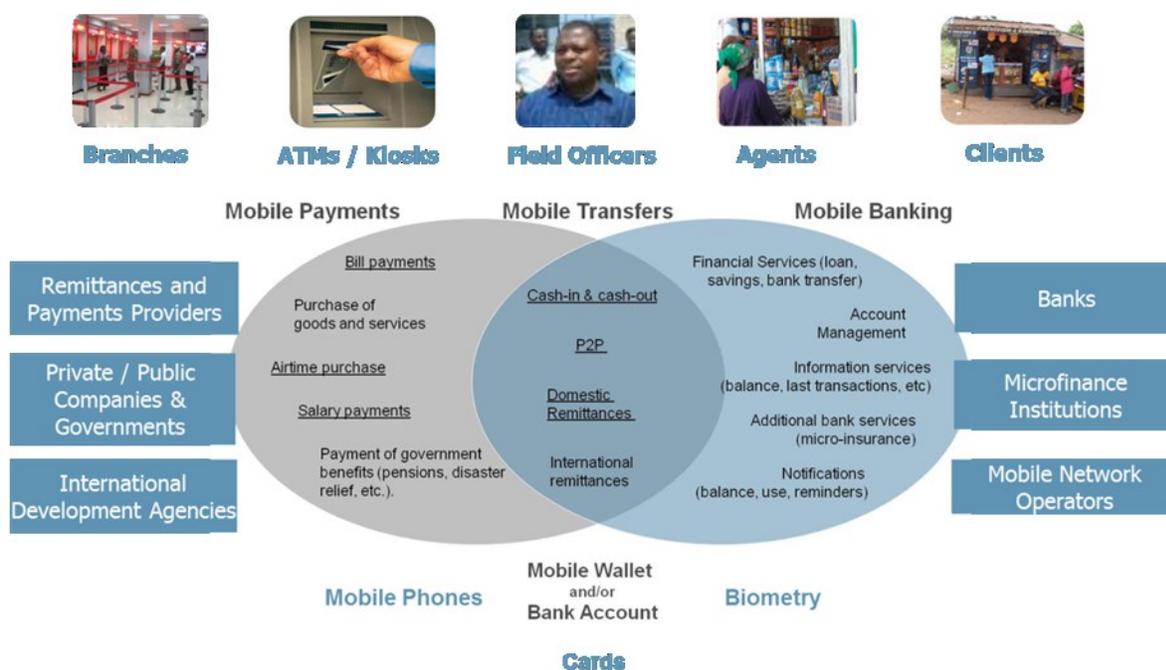
2.1.3 Providers of Financial Services

The formal finance sector includes 16 commercial banks, 18 MFIs and 10 insurance companies. There are **also two Mobile Money Service Providers** (see section 2.1.4) and other FSPs, such as financial service associations and cooperatives, for which the precise numbers are unknown to the regulators or analysts.

The diagram below (taken from a recent report on Guinea²³) provides a summary of the different players, products and delivery channels related to digital financial services (DFS). The diagram below does not include the informal financial market.

Figure 4: Financial Services Ecosystem

²³ Ibid Page 7



The table below gives the latest data available for banks, MFIs and other FSPs.

Table 3: Financial Services Providers

Institution	Banks	Micro Finance Institutions	Credit Unions	Cooperatives	Money exchange companies
No. of Institutions	16	18	10	10	43
(Figures for 2015)	14	17	N/A	N/A	N/A
Branches (2017)	170	270	90	N/A	N/A
Clients	606,488	531,000	N/A	N/A	N/A

Source: BCRG 2018, WTO 2018

The following sections describe the role and activities of the three main financial services providers: the commercial banks, MFIs and (in section 2.1.4) the Mobile Money providers. Fintechs are also highlighted as a third-party provider that deliver services via partnerships with the above-mentioned traditional providers.

Commercial Banks

As mentioned above, there are 16 banks with 170 branches. Three banks together accounted for 57% of loans at the end of 2016, namely: Ecobank; General Banking Company of Guinea (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%, 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)²⁴. In general, around 40% of these branches are located in Conakry.

The banks are focused on people with steady incomes and large enterprises; SMEs also have difficulties in getting credit from banks, which generally grant approvals for short terms and with high interest rates.

Microfinance Institutions

The number of MFIs rose from 10 to 22 between 2009 and 2016, but recently came down to 18. MFIs had an aggregate deposit and loan balance of GNF281 billion and GNF415 billion, respectively, in 2016, a sharp increase over 2010 (GNF40 and GNF65 billion), and close to 531,000 clients. By the end of 2017, the number of MFI clients had grown to 577,000²⁵. The Guinean Rural Credit Bank, set up in 1988 with the support of the French Development Agency (AFD), is the largest MFI.

The MFI sector is dominated by five institutions, namely Crédit Rural de Guinée (CRG), RAFOC, CPECG Yete Mali, CAFODEC Finance and FINADEV, who together were responsible for 98% of all loans in 2016²⁶. CRG is the leader by far with a market share of 60%, over 300,000 clients and 124 branches (in 2015 it had 157, but the Ebola crisis had a strong negative effect on the financial market). It accounted for 55% of deposits in 2016. Most of the other MFIs have around 75 to 100 branches. In general, around 40% of these branches are in Conakry.

In comparison with the banks, the MFIs are far more focused on groups of people without a fixed income. Their strategies and products are elaborated in Chapter 2.2. For now, we highlight Yete Mali (YM) who have women as their principal client and have an active partnership with African Women Entrepreneurship Program (AWEP) started by Hillary Clinton. Another youth-focused and technology-aware MFI, Jatropha, is planning to roll out a POS infrastructure on university campuses to support the IT products it offers to students across the country.

MFIs continue to have limited possibilities. In an interview, the CEO of Afriland, Laurent Guy Fondjo, states: *“The Central Bank should work on improvement to access to foreign currencies and create ‘credit offices’ to have strong financial systems to help the banks in their credit decisions. Furthermore, the country should put in place a strong judicial environment to be able to punish financial and economic delinquents; without that it is not possible to have strong financial systems.”*²⁷

Savings Groups

As with the rest of Africa, Saving Groups (Village Savings and Loan Associations or VSLAs) are quite popular in Guinea, and are popularly known as Tontine. They are widespread, mostly used by women, and work as a form of rotating capital accumulation where, for example, ten people put a small amount in a pot and then one of the ten 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 Tontines can operate on a daily, weekly or monthly basis and cater for various purposes.

²⁴ <https://guinee.societegenerale.com>

²⁵ <https://www.bcr-guinee.org/publications/ap>

²⁶ PHB Development. May 2016. Diagnostic des services financiers numériques en Guinée, Brussels, Belgium. UNDP & UNCDF. Page 13

²⁷ Journal de L'économie Guinéenne. February 2016. Interview with CEO of Afriland First Bank. Page 40

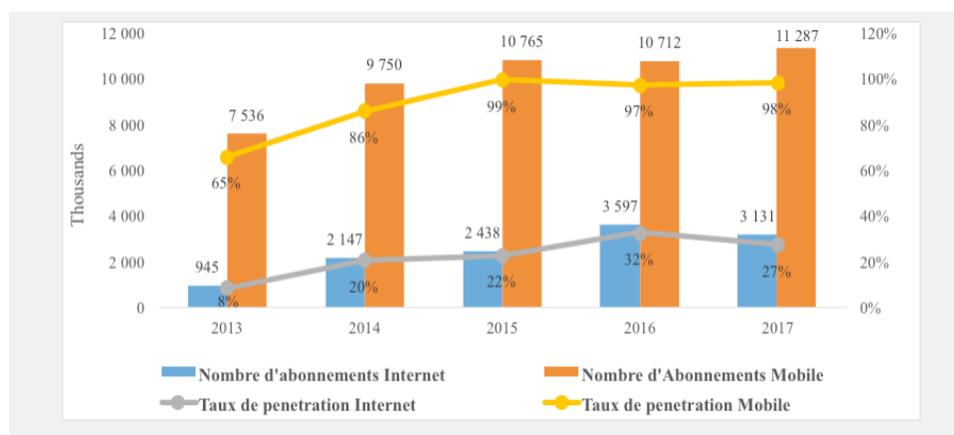
2.1.4. Inventory of current process and product innovations and the role of technology.

The technological developments in Guinea are relatively impressive and have enabled the technology providers to play in the space of traditional financial institutions. The basis for this shift in paradigm is the rapid advancement of mobile telephony finding expression through increased mobile phone penetration and leading to the development of diverse financial applications and channels, mobile money being a key one.

Mobile Telephony and the Internet

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, Orange dominates the market with about 95% of the market by customers followed by MTN and CellCom. There is also a very small 4th player called Intercel Plus.²⁸ Other statistics for the sector are set out below.

Figure 5: Penetration rate and number of Mobile and Internet subscribers



Source: ARPT 2018

As shown above, the coverage of the mobile telephone network is around 99%, but the mobile data coverage is much weaker, and the quality and stability in general is bad. It is instructive to note that due to some of these restrictions, the MNOs implemented voice connection only in the rural areas. Another keen observation is the fact that smartphone penetration in Conakry is high as smart phones are relatively cheap.

Internet penetration and Mobile Money

The national internet penetration figure has continued to grow, from 9.8% in 2017 (see Table 1) to a more recent estimate of 57%²⁹. This is still low in comparison to the internet penetration rate for other countries in West Africa, for example 23% in Cameroon and Ivory Coast and in some countries above 55% (Senegal and Mali).³⁹ Technology outside the traditional banking areas is also developing quickly and mobile money is one of the main developments. It has taken off

²⁸ http://www.arpt.gov.gn/sites/default/files/Documentation/rapport_dactivites_annuel_arpt_2017.pdf

²⁹ <https://www.internetworldstats.com/africa.htm#gn>

considerably, especially most recently. The latest statistics presented by the Central Bank ³⁰show the spectacular growth of this sector.

Table 4: Mobile Money Statistics

Indicators	2012	2013	2014	2015	2016	2017
Number of Mobile Money (MM) accounts registered	50,000	172,736	613,047	983,834	1,674,475	2,329,281
Number of active Mobile Bank accounts	100	7,000	35,365	190,157	662,855	1,071,818
Number of agents registered				4,206	14,229	29,599
Number of active agents				2,298	10,034	18,282
Annual value of transactions (in Millions of USD)		65	1,139	9,225	70,251	202,285
Number of Mobile Money transactions		125,279	1,282,378	6,685,860	44,360,694	129,064,591
Running balance of the MM accounts (in Millions of USD)		4	50	363	106	3,385

Source: BCRG 2018, Source: ARPT website ³¹

Following the introduction of the new electronic money regulation (see section 2.1.1), Orange and MTN submitted applications for approval to obtain their EMI approval from the Central Bank. The survey conducted in this study and discussed later (section 3.1.1) sheds light on the usage of the mobile money products.

Money Transfers

Apart from Orange, MTN and Pay Card that offer transfers of money by phone, several other players are focused on the business of money transfers. Reasons for that development are:

- 80% of all business in Guinea takes place in Conakry. Majority of 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 old people live in the interior areas of the country and receive money from their family in the capital.
- People prefer to transfer money, rather than travel with it, for security reasons.
- Many MFIs and even commercial banks do not have an integrated network: one can only do transactions with local agents, which kindles the money transfer business enormously.

³⁰ BCRG 2018 Bulletin des statistiques monetaires, financieres et de balance des paiements de la guinee – 2017

³¹ http://www.arpt.gov.gn/sites/default/files/Documentation/rapport_dactivites_annuel_arpt_2017.pdf

Informal money transfer companies have also entered this niche by means of apps and leveraging friend networks. The regulator recently put an end to that, forcing these companies to become formal and work under the umbrellas of a bank. The money transfer leaders are now:

- *TransMoney*: working under the umbrella of the Islamic Bank;
- *CreditKash*: a Senegalese/Guinean money transfer company; and
- *FlashCash*: working under the umbrella of Afriland First Bank

In a recent overview the Central Bank lists a total of 31 money transfer companies.³²

Government actions

The telecom regulator, ARPT, is responsible for creating the basic conditions and infrastructure to create a telecom service/product. It passed a law³³ that includes an interconnection obligation and an instruction to the effect that interconnection service tariffs shall be cost-oriented thus 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.

As for the fintechs, as mentioned above, there is limited regulatory insight into their form and function. Therefore, these companies work under the umbrella of banks, as many cannot afford the 'Money Transfer License' fees³⁴. Their POS devices can be used for the purchase of various products such as insurance, airplane tickets, airtime, and mobile money (Orange/MTN), with many linked with Ria Transfer (an American Internet money transfer company). Most of their clients are illiterate so the agents handle all transactions on their behalf over the counter (OTC).

MFIs

Another way of transferring money is by using prepaid debit cards such as MFIs Yete Mali and Caidel introduced for their clients. However, transfers abroad are still dominated by Western Union and Moneygram, and a special licence is needed for cross-border transfers.

In terms of others uses of technology, some MFIs now go with smart tablets to the women and other clients who work in a market, to reach them at their workplace and save these potential clients from having to come into an office. Technology is increasingly being applied by banks also, with some sending SMS alerts to indicate financial changes on their clients' bank accounts.

Jatropha is investing a lot in innovative technology and, as mentioned above, the Managing Director stated he considers the organisation will soon be a fintech rather than an MFI. One example of their innovations is a suite of training apps available on smart phones; a company from Singapore is helping them with this development. One of their first mobile products is 'Chap Chap' which allows their clients to access their account details through USSD.

As the uptake of mobile money moves forward, the corporate usage of it grows as well. Several interviewees are using mobile money for corporate services, proposing new rules that distinguish outstanding clients from normal clients and in order to offer differing levels of service (even some advantages as a reward). Another feature MFI clients called out was for a feature that allows

³² BCRG 2018 Bulletin des statistiques monetaires, financieres et de balance des paiements de la guinee – 2017

³³ WTO April 2018 Trade Policy Review Report by the Secretariat of Guinea

³⁴ ACET Fieldwork (2018)

detailed reports on specific transactions to be automatically delivered to their e-mail addresses to be used for bookkeeping purposes.

Fintechs

Fintech Weekly³⁵ defines a fintech as: “financial technology business that aims at providing financial services by making use of software and modern technology; today, fintechs directly compete with banks in most areas of the financial sector to sell financial services and solutions to customers. Mostly due to regulatory reasons and their internal structures, banks still struggle to keep up with fintech start-ups in terms of innovation and speed.”

Fintechs are emerging in Guinea as well, but the actual numbers are unknown to regulators or analysts. These companies mainly deliver to banks and other financial service providers and are, therefore, not focused directly on our target groups of youth and women. But fintechs are very likely to take advantage of these developments because the products they deliver have the potential to create jobs for youth in particular, because they are driven by technology and an innovative mindset. The ACET Fieldwork in Chapter 3 revealed some interesting statements from youth, indicating that their acceptance of technology has really increased.

One of the fintechs, GETS1, in cooperation with a South African fintech, is using E-DAPT smart cards and biometrics for identification of its subjects; they offer their services to banks creating connections and as such are a kind of ‘switch’ providing interconnectivity. The POS devices connect to the central server which connects to the banks (Jatropha, BCIGUI, ECOBANK, etc.) and will be integrated with MasterCard/VISA platforms. For example, a bank could connect its POS devices to their branches in the cities and in each town using agents as well to offer an agency banking solution. The card allows all kinds of transactions; GETS plans to roll out 2,900 POSs, 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. They developed a POS-based solution on Android technology, that is ready to be used in rural areas, and can be connected to solar panels and given to young street sellers/agents to become mobile money suppliers.

Developments in DFS as described above are very promising from a service perspective but also from a job creation perspective, as the youth are required to operate the services. Private investments and initiatives are key to the growth of this area. However, experience shows that funding is not always forthcoming, and initiatives may stop at launch or just before a final decision is taken

Interoperability

Interoperability is lacking on two fronts: first, the banks in mutual traffic and, second, the mobile money providers mutually and in connection with the banks. Interoperability between the Real Time Gross Settlement (RTGS) system, card payment network (Europay MasterCard Visa – EMV) and the mobile money network is a work in progress. It exists at the agent level among the banks and the MNOs but platform interoperability is largely lacking: while the RTGS and card payment networks are currently linked with each other the mobile money infrastructure and local payment network are not. As one of the fintech experts interviewed explains:

³⁵ <https://www.fintechweekly.com/fintech-definition>

“The Banks here are all using the EMV (Europay, Mastercard, VISA) system, which is the technical standard for smart payment cards, payment terminals and ATMs that can accept them. So, if you have a VISA card you can go to any VISA ATM to transact. But there is no local switching between banks. There is a need for us to have a proper national switch to be able to reconcile all the electronic transactions done in the banking system daily.”

As far as the mobile money transactions are concerned, the fintechs are trying to create a connection to the banks but that is still at a very early stage. A national switch, which is currently being contemplated, can easily address this and provide the necessary interconnection.

2.2 Women financial inclusion

All relevant literature (see Chapter 1.3.1 above) point to the fact that women (especially young women: see section 2.3) are slightly worse off in terms of financial inclusion than the average for the economy. The latest Findex data³⁶ (based on a survey of 1,000 people in Guinea) supports this with figures for women such as:

- Only 13.5% having an account at a formal financial institution (compared to 14.6% of the Guinea population); and
- 5.5% borrowed from a financial institution or used a credit card (against 5.8% of all people in Guinea); although
- 41.5% of women borrowed money in general (compared to 39.6 % for the whole population).

51.6% of Guinea’s rural population is female and 80% of the women work in agriculture and as such do not have a steady income, making it difficult for them to open a bank account. In a recent interview³⁷ Mrs Fatoumata Camara, President of the ONG IFG Initiative de Femme de Guinée stated:

“Women that want to create a business in Guinea are still being confronted with the inequalities in the labour market; the women are the principal victims of poverty. Especially access to finance of banks and other Institutions is lacking.... while they prove to be the most cautious in the way they spend their money. The crisis in the country reduces in the first place the possibilities for women to be employed.”

More generally, a USAID study concludes³⁸ that there is an extreme level of gender inequality in Guinea. According to the 2014 Human Development Report, Guinea is ranked in the bottom ten countries (179 out of 187) of the Gender Inequality Index. The rural areas feature a sinister cycle of poverty, early marriage, and lack of education and employment, which leads to poverty again.

Key determinants of financial exclusion

Early marriage of girls is an obvious way for rural families to diminish the size of the household and the strain on the expenses. When President Alpha Conde recently opened a MUFFA (see section 3.1.2) and a MC2 microbank for the young, he said that “it is necessary to accompany women [in the] fight against early marriage resulting from poverty”.

³⁶ 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. World Bank: Washington, DC.

³⁷ <http://www.radio-kankan.com/guinee-les-femmes-sont-les-principales-victimes-de-la-pauvrete-dixit-fatoumata-camara-presidente-difg/>

³⁸ USAID. 2014. Guinea Country Development Cooperation Strategy (2015–2020)

Early marriages have also been identified as a factor affecting women by the Ministry of Social Action and Promotion of Women and Children. What is common in the rural areas is that, because of poverty, families cannot support all children of the family and, therefore, the girls are married at a very early age (sometimes as young as 13-14), at which time they leave the house and stop their education. In the rural areas the literacy rate for women is estimated to be 6%³⁹ much lower than the national rates (i.e. 30%). Access to finance is only a small element of their problem.

Education is a weak area in Guinea: there is significant gender imbalance in girls' educational attainment. Compulsory education only includes primary school, and less than 20% of Guinea's population attends secondary school. Of the 69.6% illiterate, males constitute 29.6% and women 39.9%⁴⁰. The enrolment rates for secondary and other educational levels are low, with the low quality of instruction and significant gender imbalances in girls' educational attainment continuing to constrain Guinea's overall development. A UNDP study⁴¹ on Guinea notes that there are poor employment opportunities for women and youth and that women, youth and people with disabilities are largely excluded from political debates and decision-making processes.

Unemployment rates among women are high at 50.4%.⁴² An IMF study⁴³ indicates that one of its priorities is facilitation of women's access to substantial financing beyond the scope of micro finance programs. For the 2016-2020 period, the priority actions will be, among others, promoting women's entrepreneurship through access to training, financial services, and relevant technologies. The same study mentioned that the PNDES also 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"⁴⁴.

2.3 Youth financial inclusion

Like many countries in the sub-region and the continent, Guinea has a youth bulge with 42.2% of the population under the age of 15 and 61.6% under the age of 25⁴⁵. The government estimates youth unemployment at over 60% and other sources suggest an even higher figure of 83%.⁴⁶ In rural areas, unemployment is strongest in the rural areas and from there most youth go to the cities in order to find work.

Key determinants of financial exclusion

Youth in Guinea in general have little or no money and no job and need a regular income to be able to open a bank account. So, the youth are generally the last ones to be financially included. The latest Findex data⁴⁷ supports this with figures for youth (defined by Findex as aged between 15 and 24) such as:

³⁹ Site of Ministry of Social Action: <http://www.invest.gov.gn/page/action-sociale?onglet=presentation>

⁴⁰ CIA World Factbook, 2015

⁴¹ UNDP. June 2017. Country program document for Guinea (2018-2022)

⁴² AGUIPE. 2012. Specific Survey on Employment and Decent Work

⁴³ IMF Country Report No. 17/388 December 2017, Page 36

⁴⁴ Ibid, Page 24

⁴⁵ USAID Op Cit.

⁴⁶ AGUIPE. 2012. Specific Survey on Employment and Decent Work

⁴⁷ 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. World Bank: Washington, DC.

- Only 13.0% of youth have an account at a formal financial institution (compared to 14.6% of the Guinea population);
- 4.1% of young men and women borrowed from a financial institution or used a credit card (against 5.8% of all people in Guinea); and
- 39.3% of youth borrowed money in general (compared to 39.6 % for the whole population).

Many youths try to escape unemployment by leaving the country and many ultimately try to reach Europe, with some leaving when as young as 12.⁴⁸ The Guinean government is sponsoring campaigns for them to stay and not risk their lives. In 2016, 15,350 Guinean citizens fled. This number accounts for roughly 0.13 percent of the total population⁴⁹. Within Guinea many move from rural areas to Conakry; if they are successful in finding a job in the city, they use money transfer companies or mobile money to send money home to their parents in the interior of the country. The International Migration Office (OIM) indicates that many go much further: migration of Guinean youth has grown with the number reaching Italy increasing from 2,629 in 2015 to an estimated 13,342 in 2017, creating a growing market for the money transfer service⁵⁰.

Many of the youth return after their migration attempt. Crédit Rural de Guinée (CRG) works a lot with OIM to support Guineans who return to their country, training them on skills and activities and helping them to make a living with the new skills; the program has reached 10,000 people so far. They also work with the government on a variety of subjects that involve the youth, such as a Social Durability Project with youth in Haute Guinée (16,000) and a European Union (EU) supported project with demilitarised young men (2,000) that receive money and are trained in a profession. For the past 15 years all Government social initiatives for youth go through CRG.

As mentioned in section 2.1.2, there is no National Strategy for Financial Inclusion in place as yet, but other more general policies do take into account both women and youth in their objectives and interventions. However, as with women, there is still more to be done for youth. As a result, the study will consider the same areas for youth as were identified for women in section 2.2.

⁴⁸ Fieldwork ACET 2018

⁴⁹ <https://borgenproject.org/10-facts-about-guinea-refugees/>

⁵⁰ <http://mediaguinee.org/profil-migratoire-de-la-guinee-ces-chiffres-qui-inquietent/>

Chapter 3: Assessment of women and youth financial inclusion

3.1 Assessment of financial inclusion among women and youth

Following the analytical framework, this sub-section provides an assessment of the extent to which developments in the various facets of the financial services landscape are advancing women and youth financial inclusion. It also highlights the effectiveness of the major financial inclusion initiatives that exist within Guinea. The content of this section is largely drawn from the analysis of stakeholder responses collected from the field survey, one-on-one interviews and FGDs, in conjunction with the prior literature review conducted on the subject, and is assessed based on the four broad indicators presented in the analytical framework.

Before setting out the assessment for the four indicators, the survey results relating to the socio-economic situation of respondents are summarised in section 3.1.1.

3.1.1. Demographic profile of respondents

This section outlines a map of the financial lives of women and youth as it relates to their economic wellbeing. This mapping includes characteristics and key indicators such as income levels, household sources of income, access to finance and mobile phone access and usage. In all, 254 interviews were conducted, of which male youths constituted 35.4%, female youths constituting 33.9% with the remainder, 30.7%, being women above the age of 35 years. The split between urban and rural areas is set out below.

Table 6: Age and Geographic Distribution of Respondents

	Urban %	Rural %	Total %
	%	%	%
Male Young (18-35)	36.1%	34.7%	35.4%
Female Young (18-35)	33.1%	34.7%	33.9%
Female Over 35	30.8%	30.6%	30.7%
Total	100.0%	100.0%	100.0%

The areas covered during the surveys were Kipé, Lambanyi, Sangoya, Matoto, Almamiya, Sandarvalia, Bonfi, Matam, Bellevue, Dixinn Mosque, Kilometre 36, Kasonya, Fasia, Gomboya, Manneya, Kagblein, Dubreka, Kenender, Tobolon, Kindiadi, Manquepas, Sinanya, Sarakoleya, Wondima and Tafory.

Education

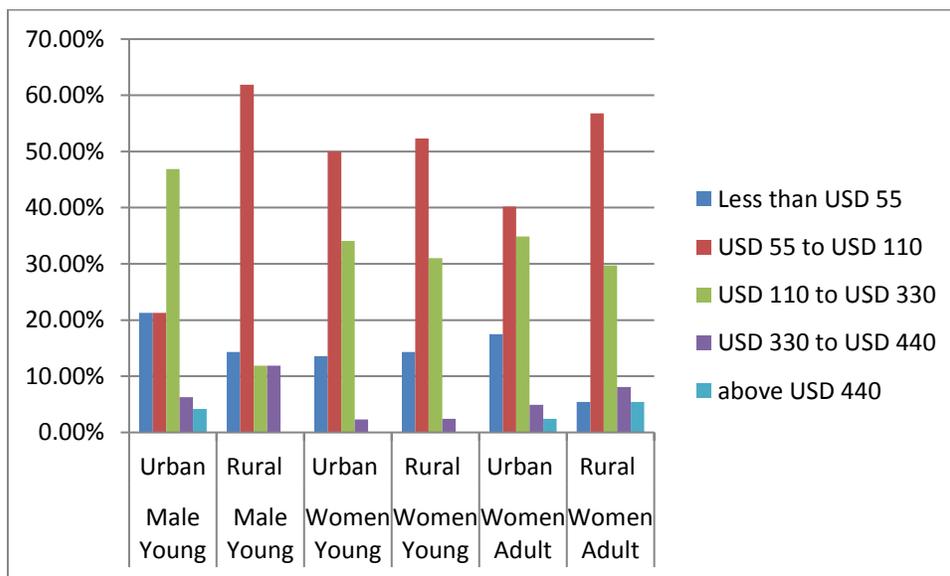
A considerable number (18.3%) of the total sample who finished university (higher education is free in Guinea) belong to the categories of the young women and men. Urban youth reported both high literacy levels and a high university completion rate, suggesting that opportunities in the cities are available but often not taken.

Incomes:

The survey data indicates that the male urban youth have the highest income levels, which comes as no surprise considering their migration to the city to find work and the biased gender related job opportunities. The bulk of the respondents (86%), have monthly household income of more

than USD 55. The rural youths, both female and male, as well as the rural women are generally worse off than their urban counterparts. Currently the official minimum wage in Guinea is USD 49 but the rate was last reviewed in 2012. Assuming inflation of 10% per annum⁵¹ that would be equivalent to USD79 in 2018 dollars. This suggests approximately half of the respondents are currently below the minimum wage.

Table 8: Monthly Income Distribution



The husband is the main breadwinner identified in the households of all women, whether youth or over 35, in both urban and rural areas. This was supported by the FGDs, where most women indicated their husband as the breadwinner, whilst only two males indicated their wives as such. Of the young urban women 36.4% indicated their husbands as the main breadwinner. For the women of the other categories that percentage was considerably higher with an average of 62.3%. Apart from those relying on another’s income, **the three most common sources of income were (in order of importance): business/trade; casual work; and rental income.** Nearly half of the young men seek to start a business after finishing university (44%) as opposed to young women (14.3%) who focus more on finding a job.

In all categories a considerable percentage stated they have control of how the household income was being used, with adult women being the highest. Interestingly, **the young women in urban and rural areas (52%) believe they have more control than the young men (29 to 38%),** probably because they head their households as single mothers.

Expenditure

The respondents were asked how they pay for goods coming from 12 different product categories. Basically, **virtually all transactions (84.2%) are done in cash, with little variance as to gender, age and location.** With respect to remittances, mobile money is preferred by 35% of

⁵¹ <https://tradingeconomics.com/guinea/inflation-cpi>

all respondents and comes a close second to cash (45%), with remittances being used more frequently than cash by the rural youth and adult women.

Mobile Phones

There are three types of mobile phones that are used: feature⁵² phone, basic phone and smart phone. All people that have a bank account (49.6%) were asked if they have access to a mobile phone and what kind of phone/s they are using. **The smart phone was the most common in urban areas (average 60.5%), while in the rural areas 53.8% have smart phones,** allowing the use of mobile money and other DFS. What must be noted though is that the smart phones that dominated both rural and urban areas tended to be relatively cheap and unsophisticated.

3.1.2 Access

a. Regulatory

Laws and regulation can have an important effect on the access to financial services, either by restricting suppliers or forcing them to diminish restrictions and as such giving end users more possibilities. Several limitations are noted on the regulatory side that need improvement.

The general KYC rules applied by banks and other financial institutions imply the necessity for proper ID documents. To open a bank account the average Guinean client must fulfil the following KYC requirements: an ID card with a signature (Passport, Voters Card, National ID Card or Drivers Licence); a document that proves where they live (such as an electricity/water bill); a sometimes a salary slip of last salary payment. The young and women are not in the possession of many of these ID documents, which makes it difficult for them to open formal accounts. The additional obligation to demonstrate a steady income; the need to have all ID documents in order; and the requirement to fill in many forms can quickly disqualify the semi-literate and entrepreneurial youth from accessing a bank account. The banks explain that they refer the ‘unsuitable’ clients to MFIs if these requirements cannot be fulfilled and often have a fixed commercial relationship with them. Whilst 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. Applicants without assets or collateral struggle to get loans.

Additionally, even the right ID when produced is not without its challenges. People may use a residential permit, but verification of this address is practically absent and new IDs are issued to frequent movers without nullifying the older, obsolete ID. These registration requirements for obtaining bank accounts also apply to mobile money accounts, providing a potential obstacle for many of the target groups. Indeed, many young men and women under 18 do not have proper IDs at all, as the most common ID used is Voter Cards, to which this cohort is not entitled. And many women, especially in rural areas, are typically unable to secure the right documents, because of their illiteracy. The fieldwork revealed a good example of a young woman who had to put her mother’s bank account in her own name, as her mother was illiterate, did not have the right ID and could not fill in the forms requested.

⁵² A feature phone incorporates features such as internet access but does not have advanced functionalities. A basic phone is a phone does not have many technological attachments. A smartphone is a mini computer, any phone that can do the work of a computer

Culture and local traditions also hinder the financial development of women and the youth. As with other countries in Sub Saharan Africa, Guinea society is a highly patriarchal one with institutionalized gender biases and inequalities shrouded in local and sometimes even national laws e.g. discriminatory customary practices require husbands to approve personal and business transactions. Generally, women tend to have limited access to assets which could be used as collateral for accessing credit.

The Gender Index states that: “The Civil Code does not discriminate against women in Guinea with regard to their legal right to access financial services, including bank loans and other forms of credit, but in practice, access to bank loans is difficult for Guinean women, particularly in rural areas; this is mainly because they are unable to meet the conditions set by commercial banks. Local credit systems have had limited impact.” So, whilst there is no specific regulatory constraint affecting women, women face de facto discrimination in using financial services.

The youth are also perceived as a cohort with poor and undeveloped financial knowledge and skills and this perception is applied wholesale across all groups. In regard to youth in particular, in an interview⁵³ Lamarana Sadio Diallo, General Director of Credit Rural de Guinée (CRG) and Président of APIM-G states:

“The main constraint that prevents young people from accessing funding touches on the issue of their stability. Indeed, 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 at any time move directions depending on the opportunities that arise. In addition to this constraint, we also note that young people have difficulties in presenting guarantees in material form or through financial contributions.”

b. Supply side

Many of the banks are quite ‘old fashioned’ in their IT infrastructure and automation and this has invariably affected their ability to provide access to financial services. Enterprise Resource Planning (ERP) systems and often whole networks are lacking. Although we were not given insight into the administrations of the banks, it can be assumed that overhead costs will be high, as it is expensive to run a business on a manual, unautomated basis and, because of that, there will be a lack of administration efficiency and, hence, expense. A failure to keep up with technology and other emerging branchless banking models (such as agency banking) leaves the banks only with the option of using traditional brick-and-mortar models and manual systems, which provides a financial obstacle in serving smaller and remote clients, in particular women and youth.

Various stakeholders⁵⁴ from the banking sector indicated that, as they are local subsidiaries of parent companies abroad, they have no mandate to decide on investments and that the decisions depend on the strategy of their parents. It would be advisable to address these issues with parent

⁵³ http://www.inter-reseaux.org/IMG/pdf/gds71_credit_rural_de_guinee.pdf

⁵⁴ ACET Fieldstudy 2018

companies and find out what is stopping them from investing in their subsidiaries. In the literature⁵⁵ certain factors are mentioned as arguments against foreign investors entering Guinea, such as: not being able to count on raising debt or equity capital locally to finance their operations; not having access to accurate information on their local companies; distrust in local governance; economic instability; and lack of skilled staff.

Some respondents also highlighted a **related issue of lack of staff with the skills to serve the client base**. The human resource gap is not only a financial matter, but an educational one as well. There is a need to find staff with the right technology/IT knowledge that can bring the banks to a higher, matured level.

A few banks are aiming (partially) at the target groups. Some FSPs have been able to access the market by designing and offering appropriate products for women and youth. For example, the Islamic bank uses Shariah lending which involves the bank buying goods from small businesses and supplying them directly to the borrower, rather than making a loan in cash for that purpose. The entrepreneur pays back the bank for the value of the goods on a monthly basis and the bank monitors the entrepreneur's project closely.

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 MC² (MC square) ⁵⁶ model and tries to find original solutions to support the emergence of young Guinean entrepreneurs.

Community Mutuality of Growth (MC) is largely successful among women and youth: The MC² (Mutuelle Communautaire de Croissance (Community Mutuality of Growth) is a concept successfully applied in Cameroon. An MC² 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 sufficient 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). More generally, one commercial bank indicates it does conduct surveys and tries to take the demands of the end customer into account. Based on that they introduced an SMS warning alert to indicate changes on the clients account, for example, upon receipt of salary.

Of the main suppliers of financial services, the MFIs are the ones who focus more directly on youth and women. 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. However, one CEO of an MFI complained that MFIs have a general image problem in the commercial environment and that they are not being taken seriously as an FSP. His clients are mainly students and he explains that:

“I am now finally reasonably successful, because I succeeded in reaching visibility and the institution is seen as a role model by the students; they see my MFI as their bank. Mobile Money providers have the right image automatically as a lot of the women and youth use their services.”

⁵⁵ https://www.ilo.org/wcmsp5/groups/public/---dgreports/cabinet/documents/publication/wcms_618168.pdf

⁵⁶ <https://www.afrilandfirstbankphp/fr/engagements/mc2>

Mutuelle Financiere des Femmes Africaines (MUFFA) is the main MFI specifically targeting women. It aims to help women with no money but who want to start a business, by giving loans to ‘get them on the road’ and make them financially independent. MUFFA supplies loans for projects that focus on production of typical Guinean products. At a broader level, to stimulate entrepreneurship, the Government has various programs, for instance how to start chicken hatcheries or other little companies; after training the entrepreneurs can go to MUFFA or other MFIs for finance.

The account opening conditions at MFIs are more lenient than those of commercial banks. MFIs rely more on trust-based lending in groups than individual checking of ID 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.

From the point of view of the MFI itself, some interviewees, both from the MFIs themselves as well as from government sources, indicated that it is not easy to pass all the regulatory steps to become an MFI including the minimum capital required. Action on this matter is suggested because MFIs work well in the Guinean environment and are the main FSP listening to the needs of the target groups. For example, some MFIs want to offer insurance as a product, but this requires a special license, which takes quite a few steps.

While innovation in commercial banks has been relatively slow, MFIs are increasingly adapting to technology to enhance their services. As mentioned in section 2.1.4, technology is being increasingly applied by MFIs via the use of electronic tablets to reach the women that cannot leave their work and otherwise would not be reached. However, as far as automation is concerned, the MFIs have an even bigger backlog than the banks; in almost all cases agents/branches operations stand alone and ERP automation is lacking, implying extensive manual handling, time loss and increased risk of error. A few participants believed the MFIs they patronize have few branches that are proximate to their location. Again, technology rather than more branches may be the most cost-effective solution to this problem.

c. Demand side

The survey and the focus groups provide insights from the end user and demand side perspective.

Mobile Money is the most accessible and useful financial service for women and youth. In 2017, 13.8% of all adults had a mobile money account⁵⁷ and that number has increased considerably in the last four years. Extrapolating from the latest statistics from the Central Bank⁵⁸ showing 2.3 million mobile money account holders in a country having about six million adults⁵⁹, mobile money penetration can be estimated at around 39%.

The survey points to a percentage of over 80% for our target group. The high percentage for our target group is explained by the fact that that group has major difficulties in acquiring a bank account, such as having a fixed income and the right ID documents, as explained above. Mobile

⁵⁷ Global Findex 2017

⁵⁸ BCRG 2018 Bulletin des statistiques monetaires, financieres et de balance des paiements de la guinee – 2017

⁵⁹ <https://www.indexmundi.com/nl/guinea/demografie-profiel.html>

money is often the only channel reachable for them in the financial sector as the account opening requirements tend to be less onerous than its commercial bank counterpart.

Consistent with that is the growth of the number of mobile money accounts. Orange Money claimed to have 18,000 agents in March 2018)⁶⁰. The abovementioned more recent statistics of the Central Bank point to almost 30,000 agents, a good source for jobs for the young. Having an adult population of 6 million, this points to one agent for every 200 adults. It is likely that the future growth in access to financial services from the supply side will come from this source.

Account ownership

On average, 52.9% of the young men, 24.4% of the young women and 37.0% of the adult women have an account at either a bank, a SACCO, an MFI, a Village savings group, an insurance company or a Mobile Money company, while the percentage for the rural counterparts was slightly lower in all cases.

Table 12: Account Ownership

	Male Young Urban	Male Young Rural	Women Young Urban	Women Young Rural	Adult Women Urban	Adult Women Rural	Total average
Yes had, but not anymore	12.5%	11.9%	25.0%	7.1%	4.9%	2.7%	10.7%
Yes still have	58.3%	47.6%	25.0%	23.8%	39.0%	35.1%	38.1%
Not have/had	29.2%	40.5%	50.0%	69.0%	56.1%	62.2%	51.2%

Identity documents, location/proximity and transaction costs are the key barriers to financial access as per the data summarized below. The challenge around identity documents is most important in urban areas and with rural men. High transaction costs are perceived as a critical barrier in rural areas with location/proximity as a more pressing challenge in urban areas, surprisingly.

The data is summarized below.

Table 13: Barriers to Financial Services

	Male Youth Urban	Male Youth Rural	Female Youth Urban	Female Youth Rural	Female Over 35 (Urban)	Female over 35 (Rural)
Identity docs and admin	39.5%	53.3%	57.1%	18.5%	48.4%	5.6%
Location/proximity	39.5%	26.7%	60.0%	25.9%	41.9%	0.0%
Available cash from agent	10.5%	20.0%	14.3%	7.4%	6.5%	5.6%
Transaction costs	42.1%	33.3%	25.7%	29.6%	9.7%	38.9%

⁶⁰ <http://www.saboutech.org/wp-content/uploads/2018/03/Catalogue-B2B-OM-Saboutech-1.pdf>

	Male Youth Urban	Male Youth Rural	Female Youth Urban	Female Youth Rural	Female Over 35 (Urban)	Female over 35 (Rural)
Waiting time and queues to access	31.6%	20.0%	25.7%	11.1%	29.0%	16.7%
Transportation costs	36.8%	33.3%	37.1%	18.5%	29.0%	16.7%
Cultural restrictions (eg. husband's restrictions)	0.0%	0.0%	2.9%	3.7%	12.9%	0.0%
High minimum opening or operating balances	5.3%	26.7%	0.0%	33.3%	3.2%	16.7%
Quality of service at financial institution	2.6%	0.0%	11.4%	0.0%	12.9%	11.1%
Other	5.3%	20.0%	0.0%	25.9%	12.9%	33.3%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The issue of identity documents was discussed at some length at the validation workshop. The Central Bank indicated that it is working on a tiered scheme – a procedure to open an account with a limited cash amount using ID documents that do not meet the full requirements. In addition, the World Bank has also started a sub-regional project to deal with the ID problem.

The bulk of the accounts for all respondents (average 85.6%) are with mobile money, with commercial banks and village savings groups being a distant second. Table 14 below shows the types of accounts used by the six target groups.

Table 14: Types of Accounts Held

	Male Young Urban	Male Young Rural	Women Young Urban	Women Young Rural	Women Adult Urban	Women Adult Rural	Total average
Commercial Bank	17.9%	10.0%	18.2%	10.0%	6.3%	15.4%	13.0%
Savings and Credit Cooperative	10.7%	0.0%	9.1%	0.0%	0.0%	0.0%	3.3%
Microfinance Institution	7.1%	0.0%	0.0%	10.0%	6.3%	7.7%	5.2%
Village Savings Group	3.6%	15.0%	0.0%	30.0%	0.0%	23.1%	12.0%
Insurance Company	7.1%	0.0%	0.0%	0.0%	0.0%	7.7%	2.5%
Mobile Money Provider	78.6%	85.0%	81.8%	90.0%	93.8%	84.6%	85.6%
Capital Investment Company	0.0%	0.0%	0.0%	0.0%	6.3%	0.0%	1.1%

For 52.3% of respondents, mobile phones are a way to receive money and in 51.3% of the cases people use mobile money agents as points of access for cash, with a higher share in urban (56.8%) versus rural (44.6%) areas. Village savings and loans are next with 13.2%. Only 5.1% mentioned using bank branches, and 3% of the respondents accessed cash via an ATM. In general, 69.6% and 49.5% of the respondents who use mobile phones and mobile money respectively felt that they could trust this medium and felt secure using it. While this is still lower than the security and trust respondents had in bank branches and agents (~80%), less than 10% interact with banks or bank agents on a regular basis due to limited access and high transaction fees. Thus, the moderate level of trust and security that respondents had in mobile phones and mobile money, coupled with their ease and convenience of use and the high presence of agents/kiosks make them a favoured financial medium.

Other interesting findings include:

- In rural areas the bank branches, ATMs and bank agents are on average a bit further away (7.22 km as opposed to 5.29 km in urban areas) but the mobile money agents are closer (0.37 km as opposed to 2.43 km in urban areas).
- About 66% of the survey respondents mention that distance to a pay point is not a barrier.
- In the case of the first 3 options (bank branches, ATMs and mobile money agents), only a small percentage of the urban youth (13%) consider going to a mobile money agent as a barrier.

Urban Groups

- Among the urban participants, just a few had a bank account, specifically 2 out of 37 being 5.7%; the survey records a percentage of 14.13%.
- Of all 35 urban participants, 33 (94%) use an Orange Money account. One of the non-users has an account but stopped using it after he and his friends had bad experiences.
- Most of the transactions are agent assisted (OTC).
- Although Orange Money can be used with a smart phone (special app) and with a simple phone (USSD), they state the usage has never been explained well.
- The banks tend to have very long queues, especially at the end of the month when salaries are paid.

Rural Adult Women

- All women of this group were illiterate, and none had a bank account or used mobile money although some had heard of it.
- They all had mobile phones though many complained about network coverage.

Rural Young Men

- Of the 9 participants, 3 men had a bank account and 5 men had an account with an MFI.
- All had mobile money accounts which they use for saving, receiving salaries, processing cheques, money transfers, managing their business capital investments and paying suppliers.
- Those with a bank account indicated they use their mobile money accounts more than their bank accounts.
- They also commented they want special features for corporate or small business purposes.

- Regarding mobile money, they feel that Orange Money should differentiate between good clients and regular ones by giving the good clients more facilities or lower fees. Additionally, a useful, relevant feature would be one that allowed customers to view details of selected transactions via their emails, since the current transaction summary via the phone network was too brief and had limited information.

On the question of what channel people like to use more, assuming they have money, a majority indicated a preference for bank branches, especially the women. This is consistent with previous answers that people see bank accounts as the best way to save money, and that women have a far greater wish to save than men. General advice from friends, relatives and employers, and their own previous experiences are the most influential sources of information for 70% of respondents as they decide which financial product to use. However, it is also interesting to note that young men (22.0%) are more influenced by media (e.g. newspaper and TV advertising) in their decisions to purchase financial products than young women (11.4%).

The general opinion is that there are enough mobile money agents and that there are no physical access issues. Therefore, as indicated in an earlier statement made about mobile money, this would appear to be the best approach. At the same time as expanding mobile money, the barriers to opening a bank account should still be lowered. That is a likely next step for all banks including EcoBank, as the bank is likely to leverage a mobile money product into full banking facilities, in order to maximise the profit potential from the interaction of the two.

3.1.3 Usage

a. The regulatory environment

No laws or regulations were found aimed at actively promoting the use of financial services among women and the youth. However, the lack of a final National Financial Inclusion Strategy and underdeveloped policies from the Government are potential culprits here.

b. The supply side

None of the parties that were interviewed during the fieldwork could provide statistics on the usage of their financial service offerings by the target groups, with a few exceptions among the MFIs (see below). Many struggled to understand the commercial incentive or regulatory need to do so. The bigger MFIs such as Crédit Rural de Guinée (CRG) operate on a larger scale and are involved in state projects and training of unemployed and other vulnerable groups. Yete Mali has a large segmentation in their products around saving and credits, mainly focused on women and groups. However, there were abuses of this product, as one of the key stakeholders explained:

“We had a group product for small companies of 4 to 8 people, with the idea that the social pressure would ensure that the loan would be paid back. However, we found out that many of these groups only consisted of one person, who managed to present various IDs of phantom members. Of course, that person could not pay back the loan on his own. In the end we decided to stop the product.”

The commercial banks tend to focus more on companies in the popular economic segments such as public construction, general trade, mining and agriculture. As said before, they do not target women and youth specifically. As stated before, only the MFIs have

products that are targeted at women and youth and their needs. Some show a keen interest in this segment because their organizational or donor mandate requires them to cater to the needs of this demographic. For example, MFI Yete Mali indicated that 85% of their clients are either women or youth.

As far as loans are concerned, women take larger loans and their payback rate is better than the youth, according to various MFIs. MUFFA mentions a payback rate of 100% of their women clients in 2015, but that dropped considerably, as the MUFFA-CEO explained:

“They started in 2015 and had a dip after the President formally made propaganda (sic) for the organization. At that moment the women understood that the money given to them was a gift and not a loan and so they didn’t give it back.”⁶¹

In general, the women-focused products support investments in goods to trade and for starting small businesses. Some MFIs also offer savings products. For the youth, the product mix ranges from typical student-oriented products like small loans to manage cash flows to programs with monthly loan pay offs for a program called ‘One student One tablet’.

Although mobile money is very popular among the youth and women, MMOs indicate that more women use mobile money (64%) as opposed to men (36%). This is contrary to the survey (see Table 14) but is attributed to a combination of factors such as access to technology eg. phones, the need for a ‘mobile’ product that suits their business, and confidence in the product. However, there are few products focused on the target groups except for a gambling payment facility which is popular with young males.

In all our male focus groups there was at least one participant who worked as a mobile money agent. Unfortunately, there are no figures on gender and average age of the around 30,000 mobile money agents working in Guinea.

Although the MMOs are not as focused on the end client as much as the MFIs are, they do have some features in their products that make them popular. The tiered tariff structure suits poorer women and youth with less money better than the flat fee structure commercial banks charge, although as a percentage of income, such a fee structure is regressive in nature.

From the focus groups it became clear that those who indicated that they do not use mobile money in a certain period did not have money at that moment, as stated by 30% of the participants. There were few complaints about inadequate cash at the agent and only 5% reported that agents were not geographically proximate. Overall, the primary reason for low usage of mobile money is the high transaction costs with the main complaint being poor perceptions about mobile money’s security.

c. The demand side

Our conversations with **the different target groups showed a big variation in the usage patterns of financial products offered by the providers.**

⁶¹ ACET Fieldwork 2018

Unlike the products of MFIs, there is a low usage of accounts in commercial banks. The few that have bank accounts are not positive about the use of it. Usage is low due to factors such as long queues in the branches, as mentioned above. Some respondents indicated that they visited the branches only once a month. Despite providing services for the youth and women, users pointed out some challenges in dealing with the MFIs.

Nonetheless, four of the FGD participants indicated that they would like to have bank accounts for saving purposes, as banks are regarded as more secure, but they have not succeeded in opening one. The few people that do have a bank account with whom interviews were conducted, do not use it a lot due to the inefficient processes they encounter at the point of withdrawal such as long queues at the bank during pay days.

As mentioned, the MFIs are more focused on the target groups, but the female rural focus groups advanced some criticisms as well, among them being:

- They would like to borrow larger amounts under better terms, particularly with longer payback periods;
- Loan cycles are too short and do not always match with the agricultural cycle farming women are used to;
- The allocation of portfolio by the MFIs to women and youth is not big enough;
- Loan approval times are inordinately long;
- People would like to use cheques but many MFIs do not accept this payment mode; and
- The MFIs do not work on Saturdays, whereas many clients have a need to cash out somewhere and pay a supplier over the weekend.

Some MFIs admit their shortcomings and one of the supplier side participants stated that: “The kind of micro-credit system required by specific groups has to be better analysed; we should listen more patiently to the wishes of our clients”. One specific shortcoming relates to loans, which for the target groups can only really be supplied by MFIs. One of the focus group participants explained: “I use the loans from my MFI to buy agricultural inputs, such as fertilizer, pesticide, seeds etc., and at every stage in the agricultural cycle I need a different loan.”

Despite this, **usage remains very low**, as explained above. The survey indicates that in the city 63.5% had never taken loans, and in the rural area that figure is even higher at 84%. However, only a marginal difference (64% vs 62%) was seen between the percentage of young men and young women who had never taken a loan, with fewer young women (driven by women in urban areas) having never taken a loan.

The reason indicated from the survey for low usage is that people who borrow money will mostly rely on their families and friends (over 89%).

Mobile money account holders in the FGDs showed some interesting usage patterns:

- The accounts are mostly used for paying school fees and utility bills;
- All interviewees use their accounts for short-term savings;
- Young urban men and women use their accounts to send money, often to their rural families.; and women are relatively more inclined to use mobile money for savings and security purposes, while men more for buying credit/airtime and paying for gambling and lottery facilities.

The survey also indicated that the rise of mobile money has been meteoric: 63.9 % of the mobile money users had an account for two years or less. 88.8% of all mobile money

subscribers had Orange Money and 11.2% MoMo/MTN (only one person used CellCom). Over 75% of all accountholders 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%). About 73% use mobile money multiple times a month.

More detail was learned from the urban focus groups on how they use mobile money. The most popular uses for the mobile money product Orange Money (OM) include:

- Airtime credit and data purchases, which is popular because one gets a bonus after buying airtime via Orange Money and it also comes in handy at odd hours when it is inconvenient to get airtime;
- Savings (usually on a wallet), particularly popular with the women;
- Money transfer (mostly remitted home);
- For emergency cases;
- Wage and ad hoc payments of remote staff and workers; and
- Payments in general, for instance for certain courses at school or to do bank transactions.

An example of the latter is MyBig, a switch that connects Orange Money (OM) and the Islamic Bank and allows for wallet-to-bank transactions and vice-versa. Payment of invoices and utility bills is not a very popular use for OM.

Focus group participants indicated they need instructions on financial literacy generally and how to use mobile money specifically. As a result, many ask mobile money agents to complete transactions for them. When asked what would have to be changed in mobile money to improve their usage, five of the 11 non-users indicate that transaction costs should be reduced and four wanted it to be more secure.

An interesting and innovative addition to a mobile money account could be a 'Mobile Savings Account' namely a side account that is used to save money, earns decent interest and is only accessible through an extra step, compared to running a normal saving account at a bank. This could be interesting, especially for female mobile money users who would like to save money. Although the Central Bank, at this stage, does not allow for the receipt of interest on that account, this could be a next step in the future.

Finally, both women and youth participants indicated their need for financial literacy, training and education. In addition, commercial training was considered very useful. 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. Some institutions required a formal training certification before giving out loans.

3.1.3 Quality

a. *Regulatory*

The current regulatory framework for client security and consumer protection of financial services appears adequate. This was confirmed in the interviews conducted with the service providers, who indicated that they were generally satisfied with policies and regulations in the space requiring providers to follow legal procedures. While this provides for higher quality products, in some cases it also leads to higher tariffs, due to increased overheads.

One potential area of weakness is that abuse by mobile money agents is possible, because the SIM card registration and verification process is not watertight. Strict KYC rules do not apply to the registration of SIM cards and one can easily use a residential permit or fake ID since the validity of IDs is not verified. As nobody checks the validity, disreputable agents can easily register themselves on various SIM cards and there are instances where they have ‘helped’ customers transfer money to one of their own cards.

The Central Bank introduced regulations imposing approvals and high license fees with the objective of protecting the customer and the authorized money transfer providers but it ended up forcing out the informal money transfer companies that had operated in the market and compelled some money transfer agencies to work under the umbrella of banks. As mentioned, a national switch is currently being contemplated. The government is also exploring how taxes, fees and fines can be paid digitally through a central platform.

b. Supply side

Quality is lacking in general, largely because both banks and MFIs are behind in terms of innovation in technology. This is especially so because they have not leveraged technology sufficiently to simultaneously lower service delivery costs and develop appropriate products for the target segments. Commercial Banks are running behind the fintechs and MNOs in terms of information technology, for example only a few started recently offering debit cards. However, the banks are trying to expand features using technology; one example of that is informing the client by SMS when there are changes to the account.

From the field study it was understood that **not much research is done by the banks on the quality of their service as perceived by their clients.** But one bank explained that it is performing regular surveys and does make changes to aspects of their service based on that, such as the SMS notification mentioned above. This innovation helped them to reduce queues of people that just wanted to confirm payment of their salaries. (Unfortunately, it was not possible to obtain the survey data from the bank.) Finally, it is interesting to note that bulk payments (e.g. salaries) is one of the biggest products for the MMOs. In other countries with an emerging mobile money environment, this area is quite under-represented, which goes to show how far the commercial banks are behind in providing quality services.

In general, the MFIs’ products match the needs of the target groups reasonably well. The reason is that the MFIs are normally driven by donors or the Board to focus on an area of underserved demand, such as finance for youth and women. One illustration of this success is the high payback rates that lie between 97% and 100%, as reported by the MFIs. Even Jatropha’s student clients have a payback rate of 97%; as the CEO said: “So the young are unrightfully always accused of running away with the money”.

The MFIs have a range of products specifically for women in the agricultural sector and they tailor these products to their needs. While the rural women groups interviewed indicated that the MFIs in general are prepared to listen to their customers, they desire to see more and specific changes. For instance a group of women in Kindia is working on a plan for funding with the help of Yete Mali to buy agricultural inputs together.

The MFIs focus more on protecting women, as their target group. MFIs also take issues relating to the security and welfare of their clients seriously, as is shown by the fact that they go out and visit women in the markets to introduce products like prepaid debit cards to diminish the risks of loss of cash through robbery. There are some challenges in this area of field collections 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. In any event, as identified elsewhere, illiteracy is an issue that will need to be addressed if better technologies are to be embraced, in order to understand various security issues related to each product.

c. Demand side

The women focus groups in the agricultural environment of Kindia indicated that they generally feel their money is safe in MFI accounts. Adult women feel the products are well tailored to their needs. But those groups with a high percentage of illiterate members without mobile phones stated that they are not interested in mobile money; they never make transfers, which is what they feel mobile money is for. They feel it is of no use to them because they do not have money in the first place and, even if they do, they prefer to transport cash. They are taking loans, which is the only product of the MFIs they use.

While 24% of the 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 top 2 security concerns for the remaining respondents. Using SMS notification alerts is the most preferred area of improvement to improve security across rural and urban respondents, with the introduction of biometric measures to enhance security as an added area for improvement. This triangulates with our interaction with providers who have introduced SMS notifications to improve the quality of their service to customers.

From the survey and focus groups sessions **it was clear that mobile money better addresses the needs of the target groups**, as can be seen from the description of the products above. Nonetheless, even for this group there are security issues for the target groups, especially the rural women whose lack of general (technological) knowledge accentuates that issue. As was said by a more technologically advanced MFI: “A good example of that ‘technophobia’ is that many people here in Guinea do not trust technology and recalculate teller slips”.

Liquidity (availability of cash) at the agents is an issue, and sometimes people must go to different agents in order to collect the total amount they need. That implies a risk when they must walk on to the next agent with part of the cashed-out amount in their pocket, and also creates extra commission costs. This is specifically the case at the end of Ramadan, when merchants buy a lot of goods, leaving them with little liquidity to pay out to customers.

The youth in the city embrace mobile money, although they also indicated that they would like to be better updated on potential fraud situations. As mentioned above, the regulator could play a role here by creating and enforcing consumer protecting regulations, creating channels for complaints and forcing the MMOs to communicate better, making them more liable for failures experienced by the consumer

3.1.3 Welfare

a. **Regulatory**

Over the years Guinea 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. Aside these general reforms, not much was identified during the stakeholder interviews in terms of policies and laws directly targeting the welfare and livelihood of women and youth.

b. Supply side

Development and expansion of the technology sector, specifically the mobile money industry, can give a boost to the employment of the young and women. Specifically, we see jobs being created in the mobile money industry as well as in the fintech and banking industries. The mobile money agents (estimated to be almost 30,000 nationwide⁶²) are typically young. The local fintechs are also employing tech savvy young people, and a few initiatives from foreign multinationals to stimulate talented young, such as VISA (also see below).

Other employment possibilities include jobs related to POS maintenance and handling by young women, for example at the campuses for the Jatropha student project. By paying a deposit of USD100, young agents can operate the POSs for the banks and become an agent, thereby contributing to the expansion of the bank's distribution network. The millennial population appear to understand the use and mechanics of technology and are proving to be ideal mobile money agents.

As one MNO executive explained, the young in general are used as a '*channel*' to spread the technology, because they are the ones that learn and understand and then teach their parents how to use mobile money. Even in the villages the young are quite focused and cognizant of technology. One of the fintechs is testing and following students at the universities to recruit them as soon as they are finished.

For mobile money providers and MFIs, women constitute a significant market because they are in trade (markets) and agriculture, deal extensively with money and are plugged into different markets. However, it is not known how many women and youth are working in the finance sector now.

c. Demand side

From the survey, **the most popular reasons for taking loans are to pay for family emergencies (54.1%), pay for school fees (36.5%) and to manage daily household expenditure (36.5%).** Preparing for marriage is the fourth cited reason for young and adult women.

The highest levels of business ownership were found among male youth and adult women. Specifically, 10.4% of male youths in urban areas and 10.8% of women over 35 in urban areas were the most entrepreneurially active. By way of contrast, none of the young urban women reportedly had their own business.

A very clear pattern is that taking loans (even twice or more) is far more common in the city than in the rural.

For all business owners (20 of the 255 interviewees), 50% or more had to rely on personal funds or loans from family and friends (average of 89.6%). Only among the relatively small number of adult urban woman with a business was bank-sourced finance above 25%. Of the 74 people that applied for a loan for all purposes (not just to finance a business), only 9 ended up getting a loan from a formal institution. Seven were refused for lack of collateral and insufficient income.

⁶² BCRG 2018 Bulletin des statistiques monetaires, financieres et de balance des paiements de la guinee – 2017

Of the 79 people that had considered a loan, the main complaints about the loan product itself included perceived high interest rates (35.4%), late disbursement times (35.4%) and unfavourable repayment terms (17.7%).

While actual numbers for productivity are not available from the survey, focus group participants 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 guard it on their Orange Money (OM) account, keep it on their prepaid debit card or transfer it.

It is difficult to determine which sectors benefitted, although section 3.1.1 indicates the activities of those interviewed. Apart from those relying on another's income, the three most common sources of income were (in order of importance): business/trade; casual work; and rental income.

The women involved in agriculture indicated that MFI loans help them to increase productivity and make them financially independent. They used to get loans from local merchants, to whom they then had to give a big part of their crops as a way of paying back. Now with the MFI loan they are the owner of their own goods. The loan also helps them to pay for school fees of their children and to build their own houses. As a result, they are no longer dependent on the merchant. The women of this group are not interested in mobile money, only in loans.

The young businessmen in Kindia remarked that they use OM even for big transactions: formerly the payment limit of OM was GNF20 Million (2260 USD) but one of them once managed to transfer the equivalent of 5,650 USD. (NB: these are large amounts in the mobile money environment, which attract high transaction fees indicating the low confidence levels they have in the commercial banking system). Most of this group work for themselves and have staff. One of them explains how he uses mobile money to pay his suppliers, instead of physically delivering cash like he used to previously.

The young mobile money users expressed their satisfaction with the convenience of saving money, the benefits of effecting rapid transactions and the ability to move around freely without carrying bulk sums on them. By contrast, the banks typically have long queues and are in the busy central business districts making them less attractive to the youth.

3.2 Gaps

The purpose of this section is to set out the gaps and barriers in the regulatory, supply and demand sides of Guinea's financial services landscape as well as the lessons and good practices that have been identified. Because the National Financial Inclusion Strategy is still underway and not publicly available, a comparison could not be made between the current state of affairs in the financial services environment and the NFIS. These and other issues are considered below under each of the four variables in the Analytical Framework, drawing on the detailed analysis in the preceding sections of the report. A priority has been assigned to each gap.

3.2.1 Access

- **Identity proof documents required for financial account opening remains a potent barrier to inclusion for women and youth.** A significant number of Guinean

youth under 18 do not have admissible IDs, while many women, especially those in rural areas, typically find it hard to obtain the right documents, because of their illiteracy, the informal nature of their occupations and other cultural issues. These registration requirements for obtaining both bank accounts also apply to mobile money accounts, albeit to a lesser extent, proving to be a major obstacle for many of the target groups. (*Medium Priority.*)

- **Culture and local traditions also hinder the development of women.** As with other countries in Sub Saharan Africa, Guinea society is a highly patriarchal one with institutionalized gender biases and inequalities shrouded in local and sometimes even national laws e.g. discriminatory customary practices require husbands to approve personal and business transactions. Generally, women have limited access to assets which could be used as collateral for accessing credit. Whilst men still dominate the households and control the money, fortunately this is changing. (*Medium Priority.*)
- **Many Guinean FSPs and providers are unable to satisfy regulatory requirements to acquire operating licenses.** From the point of view of MFIs (who tend to have the most targeted offerings for women in the country), the minimum capital requirements for obtaining licenses to operate in the country are too high. There are also broader industry constraints from a supplier's perspective, such as entry/registration fees for private companies to start mobile money or money transfer businesses. Finally, MMOs are not licensed to provide certain services such as credit, savings and corporate accounts. This effectively places a cap on the number of pro-women and pro-youth financial institutions and suppliers in the country. (*High Priority.*)
- **The limited experience of the regulator and political bodies in DFS and mobile money is currently a major constraint on this sector.** Apart from issues on regulation addressed above, coordination between all the players in DFS is lacking. With regard to the role of the government in DFS, despite the existence of a ministry dedicated inter alia to the digital economy - namely the Ministry of Posts, Telecommunications & the Digital Economy – neither it nor the Ministry of Economy & Finance seems to have specific tasks in this field in the current state. (*Low Priority.*)

3.2.2 Usage

- **Gender and age disaggregated data is lacking for both regulators and providers in the country.** There is a weak culture and practice of segmenting existing data by gender, age or location for decision making purposes, whether in industry or for policy making purposes among key stakeholders in the country. Other missing data relates to national mobile phone penetration rates and the business activities of the target groups. From a competitive point of view, there is also a lack of information about the participation of the target groups in providers' product offerings. All these point to one thing: this weak data culture severely derails the ability of the private sector or government to develop nuanced solutions or craft policies that speak to the need of this demographic. It is very difficult for a government or private sector to make policies or manage a complex environment if one cannot get segmented, baseline data and measure its status continuously. (*High Priority.*)
- **End-to-end interoperability is lacking among the FSP community leading to high transaction costs for this price sensitive cohort.** This exists on two levels: firstly,

interoperability between banks and, secondly, between MNOs and third parties such as fintechs. The absence of local switching among the banks and other mobile money providers usually means that the transfer of funds between providers (banks, MNOs, fintechs) is not as cost-effective as it should be due to unnecessary fees and transaction costs which obviates uptake. It is also usually indicative of restricted competition among providers which in turn affects the variety of products available to the user. A general World Bank study⁶³ of 2016 addressing this point concludes that the Central Bank should be held responsible for regulating not only the national switch but also to coordinate with other market regulators (such as ARPT) and other relevant authorities to cooperate, both domestically and internationally. It is best to leverage existing coordination structures to realize payments interoperability especially if interoperability is a market wide-ambition, as opposed to interoperability between selected market participants. Central banks in many countries, such as the Bahamas, Bangladesh, Moldova, and Trinidad and Tobago, have established a so-called National Payments Council (NPC) or National Payments Committee. **(High Priority.)**

- **Although MNOs indicate that more women use mobile money (64%) as opposed to men (36%) there are very few products on the market that address the popular use cases for women.** Most financial products on the market are generic in nature and do not resonate with the typical Guinean woman. Very little research has been done to identify the core use cases that women and the youth patronize on a regular basis and, consequently, important women-centric products such as group savings – which is very popular with rural women – are absent from the market. There is a general lack of products that facilitate the target groups to save money. Whilst the banks offer interest bearing accounts, the minimum account amount is too high, particularly for youth and some women, to open a bank account. **(High Priority.)**

3.2.3 Quality

- **The coverage of the mobile network across the country is weak, particularly in the rural areas.** Signal presence and quality is sparse in the key regions where the population of underserved communities is highest. This phenomenon is made graver when one considers that the presence of commercial banks and MFIs is even weaker in these areas, making mobile money the most obvious financial services option. Apart from limiting access to financial services, the poor network signal quality also interferes with the user experience for financial products that rely on the internet to function resulting in a weaker case for digital financial services within the region. **(High Priority.)**
- **The quality of financial services is also affected by limited IT infrastructure and a lack of automation:** Financial institutions are unable to effectively leverage their undeveloped technical infrastructure to enable them to serve the target group cost effectively. This is especially the case for MFIs but also holds true in the case of the commercial banks who struggle to access needed funds for major technical upgrades or investments from their overseas parent company. Among other things, lack of automation may be the cause of the high on-boarding cost for new banking clients, particularly smaller clients such as youth and women. Although access was not given into the detailed bank administration processes, it can be inferred that overhead costs will be high, as it is expensive to run a business on a manual, unautomated basis. Administrative efficiency therefore suffers. **(High Priority.)**

⁶³ <https://blogs.worldbank.org/psd/establishing-payments-interoperability-coordination-key>

- **Members of the target groups expressed their need for training in the use of financial services.** With regard to the usage of financial services, most women and youth indicated a preference for hands-on financial literacy training (as opposed to general education) and periodic retraining. Security issues were also identified to be particularly important for rural women, whose limited technology knowledge usually accentuates their vulnerability; the young males stressed the need for more open communication on pricing and dispute resolution procedures from the providers. In addition, the staff of MFIs and Banks indicated a need for capacity building. *(High Priority.)*

3.2.4 Welfare

- **Deploying talent and stimulating entrepreneurship is generating great interest currently in Guinea, and are generally seen as a steppingstone to improved welfare.** In the last 5 years, the Guinean government has focused on entrepreneurship as a way to fight poverty, which affects almost 55.2% of the population, mainly for people who are hardest hit by the phenomenon of poverty, namely young people and women. The government has created several initiatives including Youth Listening, Counselling and Guidance Centres. However, more can be done in this area. *(Medium Priority.)*
- **The use of finance to fund productive and entrepreneurial activity is low.** For all business owners surveyed, 50% or more had to rely on personal funds or loans from family and friends (with an average across the six categories of 89.6%). Only among the relatively small number of adult urban woman with a business was bank-sourced finance above 25%. *(High Priority.)*
- **Rapid development in the technology sector can fuel the employment of the young and women.** Specifically, jobs are being created in the mobile money industry as well as in the fintech and banking industries. The mobile money agents (estimated to be over 10,000 nationwide) are typically young. Fintechs are also employing tech savvy young people. Preparing these cohorts for the job opportunities is an important enabler. *(Medium Priority.)*
- **For rural women situated outside of the formal economy, literacy is a necessary condition for financial inclusion.** In the rural areas the literacy rate for women is estimated to be 6%, much lower than the national rate which is still poor at 30%. Their situation requires first line attention from the government among other measures, such as formal education and how to keep the youth, especially girls, longer at school. *(Low Priority, as beyond scope of this study.)*
- **Many respondents indicated that they would like to be better updated on potential fraud situations.** Security issues are particularly important to rural women, whose limited technology knowledge accentuates that issue, but even young men indicated there was a need for improved communication of issues, such as the actual charges payable to agents. *(Medium Priority.)*

3.3 Opportunities

A number of opportunities, both evident and latent, became manifest through the study. They are available to key stakeholders within the country's institutional and regulatory framework to broaden and deepen women and youth financial inclusion and empowerment:

1. **For the youth with little regular income, it is very hard and costly to get a bank account.** The youth, more than any other group, offer opportunities for the future. Onboarding the youth as a client while still at university or after leaving school has the potential to create viable customers for FSPs for many years or even decades. The banks typically struggle to see this opportunity and look at current costs, not considering the student's initial bank account as an investment.
2. **Bank accounts with different minimum amounts and different KYC requirements should be designed and offered by the banks.** Subject to the appropriate commercial implications and regulatory protections, this could attract a lot of people with little money that want to start saving. For the youth it would make sense to allow for lower entry ages and allow ID-documents other than those that are provisioned at or after the age of 18.
3. **As the finance sector becomes more digitized, financial services like mobile money should be allowed to expand through the development of other use cases beyond remittances.** These include bulk payments applications such as salary disbursements or merchant/third party payments. The option to open corporate mobile money accounts along with its peripheral services such as paying corporate bills would be of immense benefit to members of the cohort, particularly those who have entrepreneurial ambitions.
4. **The banking sector can compete with the MNOs by leveraging agency banking and digital technology to minimize their operating costs and expand rapidly into remote regions.** Regulation on agency banking is a key gating condition for this opportunity and banks should jointly advocate for legislation on this issue to be finalized. In terms of products, banks can pick up market share in key product areas such as bulk salary disbursements. The fact that in Guinea, it is the MMOs and not the banks who offer this service represents a big missed opportunity for the banks that they need to seriously examine.
5. **With the boom in technology, there is a growing opportunity, specifically for young men and women, to find jobs** in the fintech and mobile money sectors. Jobs such as POS device handlers or mobile money agents are good examples. There is also an opportunity for recruitment companies to step into this educational movement. While a few companies and institutions already provide technology courses, more can be done to become an intermediary between the trainers and those seeking work in the financial sector, such as mobile money agents.
6. **There are also many donor organisations as well as commercial companies who are willing to give various kinds of financial service-oriented trainings.** VISA, for example, would be willing to do this. It would be helpful for one or more ministries to make an inventory of such services and promote the various parties' activities.

Chapter 4: Summary of findings and recommendations

This chapter makes related recommendations, to address the key observations and findings in the assessment section, for governments, policy makers and business leaders who wish to improve the financial opportunities available to women and youth. As in Chapter 3, this is done from the same four perspectives: access, usage, quality and welfare.

4.1 Access and Usage

- **Identity proof documents required for financial account opening is a high barrier to women and youth financial inclusion.** This stems from a lack of admissible IDs, difficulty in obtaining the right documents, illiteracy, the informal nature of their occupations and other cultural issues. **Recommendation to Government:** The Government should expedite the issuance of individual ID cards to the population, especially the youth, to ensure their ability to present formal identity documentation so they can better access financial services. A tiered KYC system would also be a step in the right direction and the Central Bank is working on something along these lines.
- **There is a considerable lack of gender and age disaggregated data,** in regard to issues such as access to, and usage of, financial products. As a result, it not always possible to measure status or see progress on financial inclusion for the target groups nor is it a simple exercise to develop products that peak to their needs. **Recommendation for Government and Private Sector:** It may be necessary to impose a greater obligation to produce segmented data on matters relating to financial inclusion, such as gender and age disaggregation of reporting. Whether this is done through government regulation or self-imposed via industry associations who see the long-term benefits of doing so, it is a necessary first step for both Government and the private sector to begin to understand the unique circumstances and behavior of this important cohort. Examples of countries that have adopted this approach are Ethiopia and Cambodia, through their microfinance associations. Providers should also make a deliberate effort to analyze existing data from the lens of the youth and adult women and cultivate the practice of collecting and using segmented data, rather than intuition to inform product development.
- **One area in which the government can make a massive contribution is to rationalize the entry fees, costs and other requirements for licensing formal financial services providers.** These costs were found to be very high across the whole spectrum of services, from MFIs to money transfers. **Recommendation for Government:** Consider the case for lowering some of these fees and costs for financial entities that demonstrate willingness to serve marginalized groups such as women and youth. This will most likely stoke an appetite for serving this cohort, stimulate competition and potentially lower commissions. It would also be helpful to set up a special working group that studies ways to improve and guarantee financial services quality, with the financial capability to invest in enterprises that show promise in innovative services for this cohort. Such “challenge funds” have had a marked impact in many countries, such as Sierra Leone and Rwanda.

- **The National Financial Inclusion Strategy has not been fully implemented**, although it is now expected to be completed in June 2019. Nonetheless, this issue is not being accorded a high priority and there are various seemingly isolated initiatives. **Recommendation for the Government:** It should ensure that the National Financial Inclusion Strategy is completed and operationalized to provide an overarching context for the efforts to improve financial inclusion in Guinea. Once such strategies are formally adopted and operationalized, it typically brings with it a bias for action. For example, Indonesia took over 2 years to implement its strategy after which its financial inclusion efforts increased significantly.
- **Access to, and usage of, bank accounts is limited in Guinea.** One way to improve the situation would be for banks to be required or encouraged to offer basic low-cost or free accounts. An example of where this has been successful is India with the Jan-Dhan Yojana (translated as People's Wealth Program) which was a basic banking facility that the government required banks to offer to the unbanked. **Recommendation for Government:** It should consider introducing innovative products as these. At the stakeholder workshop, the Central Bank explained that they are working on special accounts and a synergy with digital tools but, in order to allow people to open small digital accounts, trust is of importance. Whilst offering such accounts may negatively affect the profitability of banks, it may be that the exercise of calculating how much a customer costs has never been made, so that banks can understand better the economics of serving the sector better. A more commercial product for the banks to offer may be bulk salary payments, which are more commonly offered by MMOs in Guinea rather than banks, the traditional provider of such services. These salary payments can also give the recipients a more formal status and may serve as the starting point for other products such as savings or even, where the payments result from a steady income, the basis for loans.
- **There are regulatory hurdles to improved access and usage of digital financial services.** For example, MMOs are not allowed to provide certain services, in particular to offer corporate accounts. There is also no regulatory “sandbox” for fintechs and DFS pilots. **Recommendation to Government:** Consider broadening the MMO licence to permit MMO corporate or business accounts. The government should also consider introducing a Regulatory Sandbox, learning from Sierra Leone through the relationships that ACET has developed with the government in conducting a similar study to this one in that country.
- **The regulator and political bodies in DFS and mobile money lack experience.** **Recommendation to Government:** Make efforts in upgrading the level of the financial regulator, such as to stimulate international interaction with other global comparable institutions on related policy matters so that cross-country learnings can be shared. It would also be prudent to restructure the BCRG and ARPT by establishing departments that focus solely on financial inclusion of underserved groups (women and youth among others) in close coordination with an ARPT counterpart.
- End-to-end interoperability is lacking between all banks and all MMOs for payments and other transactions, preventing clients from connecting their financial accounts with their mobile money and other transactional accounts. While interoperability on the mobile money side may still a few steps away, mutual interoperability between the banks and between banks

and MMOs is achievable. Recommendation for Government: Improved interoperability between banks mutually and between all MMOs and the banks should be high on the regulators' agenda. Following overseas success stories, the Central Bank should create a National Payment Council and set up coordination between the key stakeholders. The government should encourage market-led interoperability by advocating the benefits to the major telecom and banking players as well as citing success stories and the concomitant impact on the economy, as in the case of Tanzania where interoperability increased the total volume of digital transactions in the space of a few years.

4.2 Quality

- **The poor quality and coverage of the mobile network**, in particular data connectivity, places another obstacle in the way of all kinds of technological initiatives that would appeal to the youth and the growth of others such as agricultural apps that may be interesting for the rural women. Fintechs build their solutions mostly atop the mobile telephony platforms. **Recommendation to Government:** The regulator (ARPT) could be proactive in this matter, for example by conducting workshops with the fintechs to determine their needs. One tangible intervention the government can use with respect to connectivity is to encourage MNOs through tax incentives to invest in extending infrastructure for connectivity. The government could also use public Private Partnerships model to develop infrastructure for connectivity.
- **Both the banks and MFIs lack modern IT infrastructure and automation.** This is likely to lead to high costs, as it is expensive to run a business on a manual, unautomated basis. This administration efficiency will restrict the banks and MFIs from taking on less profitable business. Many banks are depending on their parent banks in foreign countries for approvals and investments, thereby slowing the approval processes. **Recommendation to Government, Banks and MFIs:** One way for the government to make impact is through government-led tax incentives to allow FSPs to plough back some of their revenues into improving IT infrastructure. The hope is that, if this is done for a small number of banks and/or MFIs, the rest will have to follow.
- **Although the MFIs are the most women and youth client focused of all FSPs, they tend to develop their products in relative isolation.** Similarly, the banks do not offer suitable savings products. **Recommendation to FSPs:** Consider the opportunities to meet some of the product demand from the target groups. Providers should strive for higher quality product offerings by taking customer product quality and security concerns into account, particularly those expressed by the target groups, with market research being the first step. There should be a deliberate and renewed focus from the providers' side on educating and sensitizing this cohort on key consumer protection topics as well as leveraging feedback from these oft-marginalized groups in the product development and refinement process to ensure that usage is maximized.

- **Corruption and fraud are widespread in Guinea** and blocking progress on various levels. Other findings of the research relate to clients not being aware of all of the risks around mobile money. **Recommendation to Government:** Whilst the government is taking some action in this area, more could be done, such as: to oblige the MMOs to display commission tariffs at their agencies; design and enforce authentication and standards for MNOs to implement, including limits on transactions. More broadly, it would be helpful for government regulators to seek input from representatives of other countries that dealt (more or less) successfully with this issue. **Recommendation for MMOs:** Mobile money providers should strive for higher quality product offerings by taking a number of customer needs into account, such as:
 - Consumer protection campaigns: setting up programs (TV, radio, flyers) to teach the end customer how to use their product. This would make the client more independent from the agents. As it stands now, there is a high incidence of agent assisted mobile money transactions in Guinea, often leading to different levels of abuse.
 - Sensitizing them about scams taking place, such as people claiming wrong mobile money transfers and asking for refunds, advance fee fraud attempts, etc.
 - Having more control over their agents and guaranteeing better cash availability.

4.3 Welfare and Job Creation

- **Many members of the target groups expressed their need for training in the use of financial services.** To date there is limited evidence of activity in the other areas highlighted by the PNDES⁶⁴, such as assistance to women in business creation, mentorship to promote the development of women-led businesses in the productive and profitable sectors of the economy and financial literacy capacity building programmes. Staff of MFIs and Banks also indicated a need for their own capacity building. **Recommendation for Government, Donors and Private Sector:** After further analysis, setting up the types of training highlighted above should be considered. It may be that, with proper and well-designed proposals, donors may be willing to help the government in the priority areas. At the same time, quite a number of fintechs and other companies are willing to design targeted courses and conduct education sessions for the target population. This would allow the costs of such activities to be borne by others beyond the government and donors.
- **Technology creates a lot of jobs.** The use of technology can extend access to finance, as mentioned, and can also create job opportunities, particularly if governments and the private sector incentivize more youth – and young women who tend to be underrepresented in such fields – to take up majors in technology or IT. Higher education in Guinea is free which is already a good first step although, as noted by USAID⁶⁵, enrolment rates for secondary and other educational levels are low. **Recommendation to Government:** The next step is to stimulate the people who leave school to choose technology or IT as their main subject, especially the women who tend to avoid such studies. There are various ways of incentivising

⁶⁴ IMF. 2017. National Economic and Social Development Plan (PNDES) for 2016-2020. Guinea Economic Development Documents

⁶⁵ USAID. 2014. Guinea Country Development Cooperation Strategy (2015–2020)

the choice for technical studies such as setting up technical centres (incubators) with specific quotas for these groups such as women.

- **More generally, financial literacy levels are low.** Whilst this is a national issue, technical assistance and financial literacy training should be given to women in business creation, as well as mentorship to promote the development of women-led businesses in the productive and profitable sectors of the economy. ***Recommendation to Government:*** There are also many donor organisations as well as commercial companies (VISA, for example) who are willing to give various kinds of financial service-oriented trainings. At the same time, the study showed that fintechs and other companies (eg. VISA) demonstrated interest in designing targeted courses and conducting education sessions for the target population. Inviting such groups and communities to the table to supplement government efforts in developing the financial literacy and capabilities of the target groups would allow the costs of such activities to be borne by others beyond the government and donors. Finally, it would be helpful for one or more ministries to make an inventory of such services and promote the various parties' activities.

References

1. AGUIPE. 2012. Specific Survey on Employment and Decent Work
2. 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
3. B.C.R.G. August 2017. Loi Ordinaire Relative aux Institutions Financieres Inclusives en Republique de Guinee
4. BCRG 2018. Bulletin des statistiques monetaires, financieres et de balance des paiements de la guinee – 2017
5. Bureau of Economic and Business Affairs. 2013. Investment Climate Statement. USA
6. CIA World Factbook: <https://www.cia.gov/library/publications/the-world-factbook/geos/>
7. Demirguc-Kunt, Asli and Leora Klapper. 2012. Financial Inclusion in Africa: An Overview. Policy Research Working Paper 6088, World Bank, Washington, DC
8. Demirguc-Kunt, Asli, Leora Klapper, Dorothe Singer, Saniya Ansar and Jake Hess. 2018. The Global Findex Database 2017: Measuring Financial Inclusion and the FINTECH Revolution, World Bank, Washington, DC
9. 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. World Bank: Washington, DC.
10. FIRST. 2012. Annual report: Strengthening Financial Sectors
11. IMF. 2016. Country Report No. 16/262. Guinea Economic Development Documents
12. IMF. 2017. Country Report No. 17/388. Guinea Economic Development Documents
13. IMF. 2017. National Economic and Social Development Plan (PNDES) for 2016-2020. Guinea Economic Development Documents
14. IMF. 2017. Access to Macroeconomic & Financial Data (Financial Access Survey)
15. Journal de L'économie Guineenne. February 2016. Interview with CEO of Afriland First Bank. Page 40
16. Ministry of Social Action: <http://www.invest.gov.gn/page/action-sociale?onglet=presentation>
17. PHB Development. May 2016. Diagnostic des services financiers numériques en Guinée, Brussels, Belgium. UNDP & UNCDF
18. Posthumus, Bram. 2016. Guinea: Masks, Music and Minerals

19. UNDP. June 2017. Country programme document for Guinea (2018-2022)
20. USAID. 2014. Guinea Country Development Cooperation Strategy (2015–2020)
21. World Bank. April 2018. Guinea Integrated Agricultural Development Project (GIADP/PDAIG) (P164326)
22. World Trade Organization. April 2018. Trade Policy Review Report by the Secretariat.

Page 89

Annex I: Literature Review

A. PHB Development. May 2016. Diagnostics of Digital Financial Services in Guinea, Brussels, Belgium. UNDP & UNCDF

Methodology and Findings

The study was based on a literature study, interviews with key informants (18) and focus group discussions (3). The study presents the most recent overview of the Digital Finance situation in Guinea, on the banking and MFI side.

Strengths and weaknesses

For the purposes of this comparative study, the report provides a starting point in drawing up the list of key stakeholders, even though it is not entirely exhaustive. The report fails to cross-check information coming from parties that have a commercial interest in the matter. Focus groups were not representative of the overall target group, nor was the location specified (urban or rural), and the gender and age composition of the groups is not clear.

Policy implications

The report recognized that the required identification documents are a key barrier to accelerated financial inclusion and was a bottleneck to the expansion of payments to victims during the Ebola Crisis. The study concludes that future policy should be focused on key areas such as firstly, creating a DFS working group, to bring all the actors together; secondly, increasing the awareness of the population with regard to financial services and Digital Finance in particular, to stimulate trust, acceptance and adoption; and thirdly, improving mobile network coverage and enlarging the network of mobile money agents.

Lessons to Learn

There is a need to support improvement and harmonisation of regulations to create a good ecosystem of Digital Finance in partnership with PNUD (United Nations Development Programme), World Bank and UNCDF. It was also suggested to organize workshops on national payment systems; Interoperability; and Identification of consumers to work out what constraints are experienced and how to tackle these with common action plans.

Finally, the report recommended that the Digital Finance Operators receive technical and financial assistance to improve their strategies and offers.

B. IMF. 2017. National Economic and Social Development Plan (PNDES) for 2016-2020. Guinea Economic Development Documents

Methodology and Findings

The report was prepared as part of a regular review by the IMF of the Economic Development Documents prepared by member countries in broad consultation with stakeholders and development partners. It describes the country's macroeconomic, structural and social policies in support of growth and poverty reduction, as well as associated external financing needs and major sources of financing.

IMF concludes there are four key development issues for the country: the fragility of the Guinea way of operating; structural rigidities in the economy; inadequate human development; and environmental pressures.

Strengths and weaknesses

While of some general assistance in understanding the sector and related issues, the study does not provide underlying data, is not clear how the conclusions are supported, and the stakeholders that were consulted are not listed. Health and other general challenges are documented but there is no specific focus on financial access for women and youth.

Policy implications

In regard to women, the study considers the following priority actions as feasible:

- Assistance to women in business creation (registration and opening bank accounts);
- Mentorship to promote the development of women-led businesses in the productive and profitable sectors of the economy (traditionally dominated by men) such as the mining and construction sectors; and
- Expansion of business opportunities for women to fishing and carpentry.

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

Methodology and Findings

This study is based on existing demographic data. The study concludes that the banking sector in Guinea is predominantly composed of foreign owned commercial banks that provide short term loans at high interest rates of up to 20 percent. There is also an unfamiliarity of how to apply for loans and processes among applicants due to low education levels.

The government estimates youth unemployment at over 60 percent. Compulsory education only includes primary school, and less than 20 percent of Guinea's population attends secondary school.

Strengths and Weaknesses

The study is mainly focused on health-related matters but gives interesting data on the youth and women in general although not focused on the financial sector.

Policy implications

Guinea's demographic profile reflects a large and growing "youth bulge" but the enrolment rates for secondary and other educational levels are low and should be improved. There is also an extreme level of gender inequality in Guinea, with women under-represented in government, politics, and professional fields.

Lessons to Learn

In general, women show a low ability to participate fully and productively in community life. Financial education is a key need of this special group to help them make the step up.

D. Bureau of Economic and Business Affairs. 2013. Investment Climate Statement. USA

Methodology and Findings

This study examined the general state of the Guinea economy from the perspective of potential investors. It is based on donor/NGO data coming from the World Bank and UNICEF. The method of data collection was not fully revealed but part of it is based on surveys. The main findings include a very high level of corruption, very low indicators for doing business, especially on 'starting a business' and 'construction permits'; sub-par regulatory quality; and a large and uneducated workforce.

Strengths and Weaknesses

The study is mainly focused on people who want to invest or start a business in Guinea. Therefore, challenges are mentioned without providing solutions or policy implications.

Policy implications

Given the importance of factors like ease of starting businesses, regulatory quality and lack of corruption for economic growth, remedying these issues is important, especially in the case of women and youth. Also vital for financial access is the expansion of the banking network and, specifically for Mobile Money agents, a better network for accessing cash.

Lessons to Learn

Serious socio-economic challenges must be taken into account in realizing financial access for women and youth, such as to take into account the need to expand the banking and mobile money agent networks.

Annex II: Field research

The field research covered two aspects: first, one on one interviews were conducted with key stakeholders with knowledge of the financial services environment and women and youth-related issues from (a) Government and regulatory side; (b) Supply side; and (c) Demand side. Secondly, FGDs were held with end users and a quantitative survey (with 254 participants in Guinea) was also conducted, which focused on the demand side from the perspective of rural and urban women and youth.

All field research tools and interview guides were developed in English (with the exception of the quantitative survey which was developed in French), building on the findings and outstanding questions from the desk research and presented to ACET for approval and adaptation. The guides that were used for the participatory approach required under the TOR are contained in Appendix II.

Regulatory /Government

Within this space, the research team engaged key financial and telecommunications regulators as well as relevant government ministries and key development agencies such as the World Bank, with the goal of understanding their perspective on financial and economic opportunities available to women and the youth. Key regulators such as the Central Bank of the Republic of Guinea (BCRG) and the Autorité de Régulation des Postes et Télécommunications (Guinea's Regulator of Telecommunications or ARPT) were among the principal regulators engaged. Other relevant ministries included the Ministry of Finance, the Ministry of Higher Education and Scientific Research Guinée and the Ministry of Social Action and Promotion of Women and Child. In order to get the views of some umbrella associations, two policy advocacy institutions, namely Afford and Market Women Association, were also interviewed.

Supply Side

A number of supply side players were interviewed including a mix of financial institutions, mobile network operators and fintechs. The following institutions and associations were engaged:

- Two Non-Bank Associations: La Cupine women savings group (TonTine) and Association de Jeunesse de Kindia;
- Three Commercial Banks: BCIGUI, Islamic Bank and Afriland;
- Four Microfinance Institutions (MFIs): Yete Mali, MUFFA, Jatropha and Credit Rural de Guinée;
- Mobile Network Operators (MNOs) and Fintechs: MTN (Areeba), TransMoney, GETS1 and BaySim; and
- The National Post Office of Guinea, also a major financial services intermediary, was also engaged.

The regulatory and supply side interviews were conducted through one on one interviews, using an ACET-approved interview guide (see Appendix II). Ahead of the interviews with the providers/suppliers, data was sought from each FSP regarding deposit-taking and lending instruments; the types of businesses they support; average loan amounts; credit application processes; and other information by preference segmented by gender and age. Unfortunately, some of this data was not easily forthcoming from a number of the players.

Demand side

To obtain information from the demand side perspective, FGDs and survey interviews were used. FGDs permit sufficient time with the respondents to unearth the latent motivations and perceptions that drive behaviours. Interviews with representing associations (see above) were also helpful in triangulating stated facts with user experiences on the ground.

- **Focus Groups Discussion:** Different questionnaires for the various group types (youth and adult women) were designed to guide the group discussions. Six group sessions each took place with young women, adult women and young men, with 3 groups in Conakry and 4 groups from Kindia, a rural area 130 kilometres from the capital, as follows:

Focus Groups (3 urban)	Conakry Young Women (7 participants) Conakry Adult Women (9 participants) Conakry Young Men (16 participants)
Focus Groups (4 rural)	Kindia Young Women (9 participants) Kindia Adult Women (15 participants) Kindia Young Men (5 participants) Kindia Young Men (9 participants)

The Ayani Lead Evaluator provided the moderation needed to ensure the quality of this research and was supported by a local assistant to support with any language challenges. Care was taken to ensure that the resultant data was compliant with the analytical framework in Section 1.3.1, which measures the extent of financial inclusion by four key indicators namely access, quality, usage and welfare improvements.

- **Surveys:** Apart from the focus groups, a quantitative survey was conducted with 254 interviewees with a similar distribution as the groups. Using electronic based surveys preloaded on tablets, nine agents interviewed a cross-section of respondents on multiple themes touching on financial inclusion and job creation. The details of the responses are presented in Chapter 3.

The Local Researcher and the Lead Researcher maintained constant communication during the administration of the survey to ensure that a harmonized process was in place for collecting and tabulating data as well as for conducting preliminary analyses, triangulating findings and formulating recommendations. Ayani also applied lessons learned from the field work in Sierra Leone to that in Guinea and vice versa.

Limitations of the methodology

The main limitation is that the study relied heavily on Key Informant Interviews (KIIs) and FGDs with selected respondents and a 254-person survey. AfriqInsights Ltd., the Zambian entity that oversaw the survey and the selection of participants, indicated that the study is statistically significant with a margin of error of 6.2% at a confidence interval of 95%. While this error margin may be deemed significant from a strict lens, the study still does provide broad sources of data, from the three perspectives of the financial sector, Regulatory/Government, Supply and Demand, which sheds light on the subject matter of the study. Additionally, an acceptable margin of error used by survey researchers often falls between 4% and 8% at the 95% confidence level.

Timeline

The study commenced in early 2018, with the literature review being a part of the Inception Report in February. The results were presented and compared in Accra on 12 and 13 March 2018. The adaptation and fine-tuning of the questionnaires and survey material was completed at the end of May 2018, after which two weeks of field work kicked off immediately, beginning with the

survey. Validating all research findings with all relevant local stakeholders was a key milestone for the project. It was an opportunity to present and discuss preliminary results, invite reactions and further input, and build shared understanding and buy-in at all levels, so that the eventual final country report may be more effectively used for tackling challenges and collaboratively refining the future of access to finance (A2F) activities for women and youth. This validation workshop was organized by ACET and held on January 23, 2019. This country report culminates the completion of all field work and the in-country validation workshop.

Annex II: Interview Guides