

Promoting Women and Youth Financial Inclusion for Entrepreneurship and Job Creation

EXECUTIVE SUMMARY OF SYNTHESIS REPORT



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Executive summary of synthesis report

African governments are at the forefront of leveraging policy and supply-side market dynamics to build more inclusive economies that empower financially-excluded groups. The past decade has seen growth in financial services access for the economically marginalised through a combination of novel policy reforms, innovative private sector partnerships and business models, as well as double-digit growth in mobile phone ownership. The Global Findex, the world's most comprehensive database on financial behaviour, which now contains three rounds of data from 2011, 2014 and 2017, reports that 1.2 billion adults have opened an account at a bank or mobile money provider since 2011, representing an 18% increase.¹ While in some economies, account ownership has generally risen, progress has been slower elsewhere, often held back by demographic and gender disparities. For instance, despite this increase in financial inclusion, the Global Findex reveals that in developing countries, the gender gap among people with an account remains unchanged since 2011 at 9 percentage points. The disparity according to age is worse, with the Findex recording a gap of 16 percentage points in account holding between adults (aged 25 years and above) and youth (aged 15-24 years²), in the former's favour.

Research conducted by the African Development Bank, Alliance for Financial Inclusion, Women's World Banking and the World Bank is throwing more light on the extent of women's and youth's exclusion and on the efforts to empower them and close the gaps. Exclusion is typically high among women, youth and the very poorest segments of society,³ and even higher in post-conflict economies. Researchers, policy makers

and development experts are unanimous on one thing: failing to develop the human resource value of women and youth represents lost output and potential and especially undermines young people's lifetime productivity and earnings, making it difficult for them to escape poverty. In the case of the 370 million youth in sub-Saharan Africa – who remain the subcontinent's greatest asset – governments have largely failed to craft reforms to bolster their financial capabilities, help them launch income-generating activities and gain access to the capital needed to build businesses.

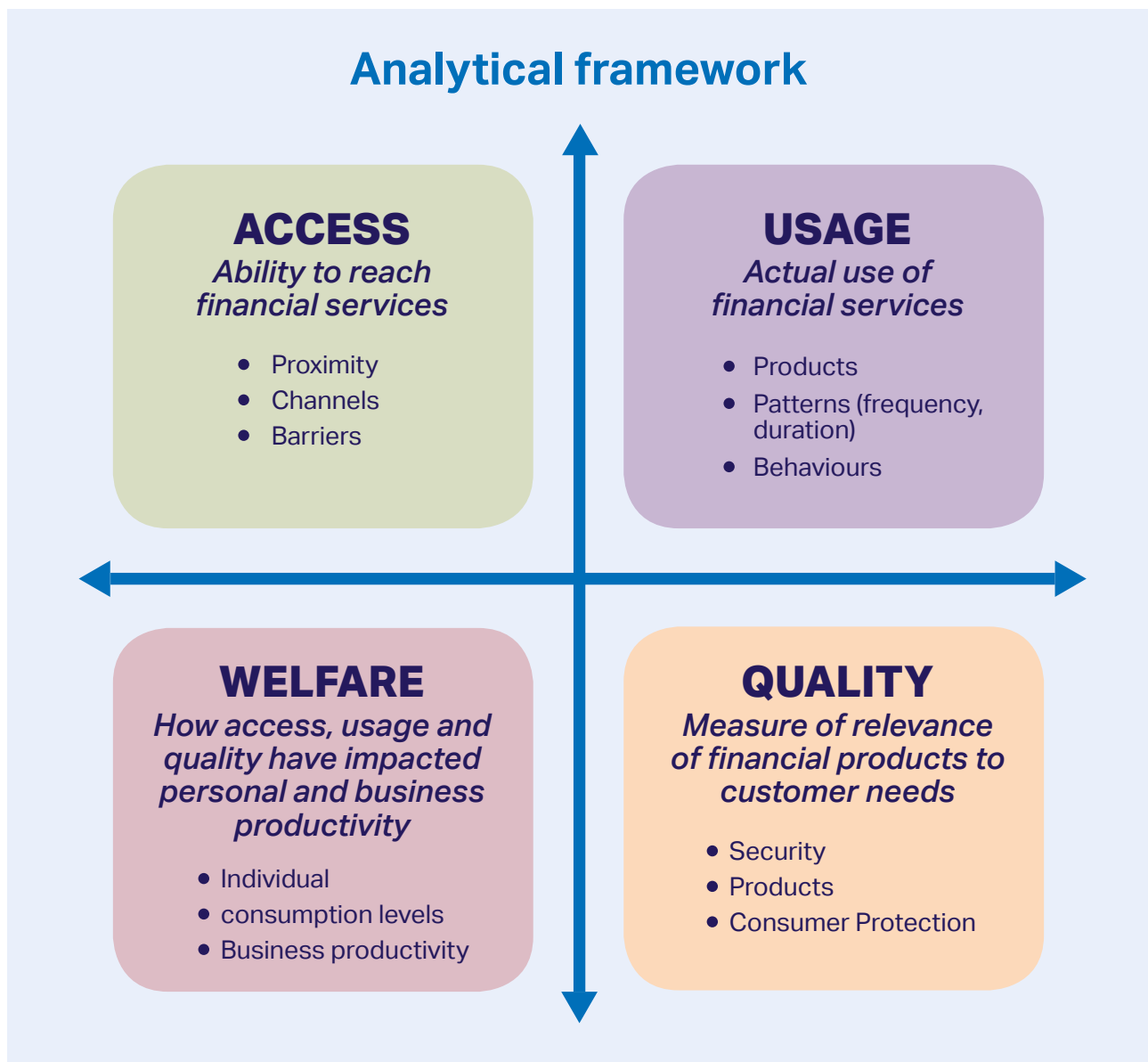
The African Center for Economic Transformation (ACET), an Accra-based economic policy institute, undertook a study in 2017 to assess the effectiveness of financial sector initiatives in advancing women's and/or Youth's financial inclusion in Guinea, Sierra Leone and Zambia. Supported by a grant from the Canadian International Development Research Centre (IDRC), the study evaluated the state of financial inclusion in order to draw lessons for policy makers, regulators and service providers with a view to increasing entrepreneurship and job opportunities for women and youth. Specifically, the study aims:

1. On the regulatory side, to take stock of the scope of public policy initiatives and regulatory environment to accelerate progress towards greater access to financial services for target groups;
2. On the supply side, to take stock of the process and product innovations intended to deepen and to broaden financial inclusion beyond the traditionally male clients;
3. On the demand side, to document the experiences of target groups in terms of access, quality, usage and welfare; and how entrepreneurship opportunities, especially micro-enterprise start-ups, are being made more accessible through financial inclusion for women and youth; and
4. To identify and evaluate the effectiveness of the financial inclusion initiatives and their relative success or failure in achieving desired goals.

1 <https://www.worldbank.org/en/news/press-release/2018/04/19/financial-inclusion-on-the-rise-but-gaps-remain-global-findex-database-shows>

2 This is the United Nations definition of youth for statistical purposes (<https://www.un.org/development/desa/youth/what-we-do/faq.html>) The African Union uses 15-35 years of age (https://au.int/sites/default/files/treaties/7789-treaty-0033_-_african_youth_charter_e.pdf)

3 www.cbm.org/article/.../54741/Saving_group_position_paper_final_May_2016.docx. Also see <http://datatopics.worldbank.org/financialinclusion/country/>



In line with the Alliance for Financial Inclusion's policy paper on defining and measuring financial inclusion,⁴ the study assesses the extent of financial inclusion in terms of access, usage, quality and welfare improvements. These categories form the basis of the analytical framework that underpinned all aspects of the study, from the design of data collection to the presentation of findings.

⁴ Alliance for Financial Inclusion 2010, "Financial Inclusion Measurement for Regulators: Survey Design and Implementation".

Key findings of the study

Regarding Access and Usage

- The mobile device is a promising enabler of financial services access for women and young adults.**

The rapid growth of digital technology in the past decade has rendered the analogue financial system largely obsolete. Mobile financial services, particularly mobile money, are a major disruptor of traditional financial services typified by bank branches, cheque books and money orders. The smart phone is the most common mobile device in urban areas, particularly among young males. This confirms the evidence of gender disparity in the use of mobile products and services. There is also evidence that low-cost phones are bridging the urban/rural technological divide.

- In Zambia, of the 75% of respondents that reported having access to a phone, 59% reported owning a smart phone. Almost 50% of youth respondents have smart phones while 57% of female respondents have basic phones.
- Female youths in Sierra Leone reported almost equal usage of the smart phone and the basic phone (41.5% and 43.9% of respondents respectively).
- Nearly half (48.9%) of respondents in Guinea owned or had access to smart phones, with urban youth being the most avid users.

However, more women than men tend to find cost as the most important barrier, overall, to ownership and use of a mobile phone. Lowering the cost of phones or promotion of instalment payment plans – which are likely to be the core drivers at work in these markets – can greatly benefit women, who tend to have less financial independence than men, and get them to increase their use of financial solutions such as mobile money. While basic phones are important for enabling access to rudimentary services such as mobile money, they are limited in terms of more sophisticated transactions. Smart phones represent the future for mobile financial services, enabling a range of transactions for a wide variety of uses. As demonstrated in mature sub-Saharan markets like Kenya and South Africa, a high and rising smart phone penetration rate is an indicator of progress towards inclusive digital financial services.

2. In the study countries, cumbersome requirements and processes for opening an account are among the major barriers to financial inclusion for women and the youth.

Financial service providers (FSPs) such as banks and microfinance institutions (MFIs) are required by law to capture detailed biographical and situational data on prospective customers before account opening, a process referred to as Know Your Customer or KYC. In all three study countries, peri-urban and rural women have difficulty in obtaining the right documents, largely because of high illiteracy rates, the informal nature of their occupations and cultural issues. In Sierra Leone and Zambia where women are not allowed to own land and can access land only through their husbands, direct access

to capital is a dream for women. A few FSPs in Guinea demonstrated interest in considering residence permits as admissible identification, but there are challenges with officially verifying addresses, and new identity cards (IDs) can be issued without cancelling the older, obsolete ID, making reliance on this form of ID futile.

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

KYC issues also affect the FSPs – they must bear compliance costs related to this regulation, and implementing anti-money laundering regulations and reporting requirements can be both tedious and expensive. To remain profitable, the prudent bank or insurance company builds these costs into their pricing strategy, thereby making their products prohibitively expensive for women and young people.

On the supply side, the entry/registration requirements for private companies to start a financial service business are very high. In Guinea, MFIs are required to provide US\$500,000 minimum capital. The result is that there are few MFIs that enter the market to offer financial services to women and the youth for job creation and entrepreneurship.

3. Poor rural infrastructure and underdeveloped provider systems throttle the profitable offer of financial services to women and the youth.

The primary reasons for the majority of the population being financially excluded are largely economic and relate to the relatively high cost of service provision, from the FSP point of view. The high costs are due to geographical inaccessibility, poor infrastructure and generally low population densities, making it hard to set up 'brick-and-mortar' branches or even agent banking outlets to offer banking services at reasonable cost.

In Sierra Leone, commercial banks and MFIs cited the limited rural road network and the acutely low national electrification rate of 5% (estimated at 11% in urban areas and less than 1% in rural areas in 2017 by Power Africa⁵) as disincentives for expansion. They said these factors increase overall costs of delivery and, as a result, affect the business case for supplying these services.

Similarly, in Zambia, low population densities in peri-urban and rural areas makes any venture to rope in financially excluded women and the youth (most of whom live in these areas), unattractive.⁶

4. Factors endemic to the provider also contribute to this problem: several FSPs have weak operating models and rely on traditional banking models of branch networks and expensive technology.

In a focus group discussion (FGD) held in rural Sierra Leone, one issue that came up was that for certain community bank account holders, special arrangements had to be made to enable them to access their funds or other services from another outlet or branch. However, access could easily be made flexible if community banks had IT systems and operated as branches of a single networked entity.

In Guinea, the failure to keep up with technology and emerging branchless banking models (such as agency banking) leaves FSPs with traditional brick-and-mortar models and manual systems, which are an obstacle to providing financial services to remote clients, women and the youth in particular.

5. Culture and social norms shape women's access to and control over resources, and consequently their ability to access financial products and services.

In all three countries, social norms preclude women from owning property and independently accessing financial services.

- Women in Zambia are not allowed to own land, which prevents them from using land as collateral for obtaining loans.

- In Sierra Leone, a key study looking at gender-related economic issues in detail identified an inherent cultural gender bias⁷. Sierra Leone has a background of a highly patriarchal society with institutionalised gender biases and inequalities. For example, husbands must approve women's personal and business transactions. Again, women have limited access to assets, which could be used as collateral for credit.
- Guinean society, being largely Islamic and patriarchal, also features numerous gender biases embedded in customs and sometimes even national laws. The Youth struggle to get capital because of inherent social biases against them. This came to the fore when key stakeholders admitted that the main impediment to young people accessing funding was the issue of their stability. A married person with children and a home is far more likely to obtain funding from a financial institution or even an informal lender than a young person without attachment who can at any time move, depending on the opportunities that arise.

In addition to this constraint, in all three countries, it was noted that young people often have difficulties in providing guarantees in cash or in kind.

6. On the regulatory and FSP side, non-availability of disaggregated gender and age data is a major missed opportunity.

There is a weak culture and practice of segmenting data by gender, age or location for decision-making purposes, whether in industry or by policy makers in all study countries. This prevents the private sector or government from developing targeted solutions or crafting policies that address specific needs. Whether disaggregation is done through government regulation or by industry associations that seek the benefits of an inclusive financial environment, it is a necessary first step for both government and private sector to understand the unique circumstances and behaviour of women and the youth and to enable and support evidence-based policy making for their greater inclusion.

5 <https://2012-2017.usaid.gov/powerafrica/sierraleone>

6 According to the 2016 IMF Financial Access Survey, Zambia has a lower overall density of financial access points than South Africa, Botswana, Kenya and Zimbabwe, among other East and Southern African countries

7 IFC. 2014. National Study on Women's Access to Capital in Sierra Leone. Washington, DC: World Bank

- The central banks of Guinea and Sierra Leone – Banque Centrale de la République de Guinée (BCRG) and the Bank of Sierra Leone (BSL) – do not collect disaggregated data from banks and community banks, although BSL does from MFIs. Few financial service providers and mobile network operators (MNOs) in these countries indicated that they collected or tracked disaggregated transaction data by gender, age and location. This means that unique insights pertaining to women and the youth are lost and nuanced policies cannot be developed to address their needs.
- In contrast, the Bank of Zambia (BoZ) began collecting gender-disaggregated data in 2018. Data from 64 regulated institutions have helped it comprehend the magnitude of the gender gap in financial inclusion. Consequently, it is working on policies that specifically target women's financial inclusion. Among the main findings of the data collected by BoZ was that most financial institutions, especially non-banks, had either no or limited gender differentiation in products. In addition, despite having worse repayment records than women, men were the predominant borrowers. The number of men with loan accounts among every 1,000 adults was 27 at the end of 2014 compared to 12 for women⁸. Additionally, the proportion of non-performing loans among Zambian women averaged 4.3%. Furthermore, women-owned small businesses had the lowest proportion of non-performing loans, ranging between 1% and 3% during the period 2014 to 2018. This is, on average, 17 percentage points lower than the proportion among men, showing that women and women-owned businesses are more prudent borrowers than their male counterparts. Disaggregated data of this nature helps build the business case for developing specific products and services for women and the youth.

7. The regulatory framework and digital infrastructure for connectivity and interoperability required for ensuring the growth and sustenance of an inclusive finance environment are either absent or nascent in the focus countries.

These two foundational components are important for the inclusion of women and the youth for several reasons. First, they are critical to lowering or eliminating barriers to the entry of marginalised groups into the financial system, either through policy (such as agency banking guidelines) or practice (such as implementation of a national identity scheme). Second, they help stimulate the usage and adoption of critical financial services by all segments, helping to transition them from mere access to repeated use, which benefits their economic ventures and welfare.

Guinea, Sierra Leone and Zambia are weak in these areas: there are no national agency banking guidelines; no interoperability at national level (only a semblance of it pioneered by third-party offerings); credit reference bureaus or registries that exclude key institutions such as low-tier financial institutions and mobile network operators (MNOs); and no national identity scheme that all citizens can use to access public services. Fortunately, the situation seems to be getting better:

- Within Guinean industry, there have been a number of recent initiatives among financial technology companies (fintechs), MNOs and banks aimed at closing the interoperability gap. One example is the 'Access my Bank' initiative spearheaded by Ecobank and Orange in 2016.
- Zambia makes up for its lack of agency banking guidelines (purported to be in draft form and yet to be approved at the time of writing this report) by occasionally granting 'no-objections' to institutions that request approval and demonstrate the ability to meet delivery expectations. Currently, Investrust, Zanaco and FINCA are the only three financial institutions permitted to offer agency banking services in the country.
- Sierra Leone is also making positive strides in this regard. BSL indicated in fieldwork interviews that work on interoperability infrastructure should be completed by 2019, and agency banking guidelines are under development in partnership with the World Bank as of 2018.⁹

⁸ <https://www.afi-global.org/news/2019/05/bank-zambia-advances-womens-financial-inclusion-milestone-survey-results>

⁹ <http://documents.worldbank.org/curated/en/311571542650741656/pdf/Project-Information-Documents-Integrated-Safeguards-Data-Sheet-Sierra-Leone-Financial-Inclusion-Project-P166601.pdf>

Quality and Welfare

1. Zambia and Sierra Leone are making good progress in financial education of the women and the youth cohort, unlike Guinea

This study revealed the pervasive nature of low financial literacy (and general education) among the women and youth respondents, with young rural women seemingly the least informed. Promotion of financial literacy by the private sector is very limited, both in terms of frequency and reach (limited to urban dwellers). However, the governments of Zambia and Sierra Leone have taken steps to bolster the financial literacy and capability of women and the youth with the goal of empowering them to make responsible financial decisions about their own future. In Guinea, the government, the private sector and non-governmental organisations (NGOs) are yet to embark on initiatives aimed at addressing this challenge.

- The Zambian Ministry of Education, Science and Vocational Training supported the revision of the national school curriculum in 2018 to incorporate financial education, following inputs from the Financial Sector Development Programme (FSDP) and the BoZ National Strategy for Financial Education. In 2012, the Financial Education Coordination Unit was launched with the aim of improving financial literacy among the youth through school and media initiatives.
- The government of Sierra Leone, through BSL, recently finalised the Financial Literacy Strategy Framework, which is to serve as a road map for achieving financial literacy for Sierra Leone's citizenry to ensure a well-informed and adequately protected public. To further heighten awareness, BSL launched a Financial Literacy Week in November 2017. This is now earmarked as an annual event.
- In Guinea, to date, there is limited evidence of activity in financial literacy capacity-building programmes despite mention in the Plan National de Développement Economique et Social (PNDES¹⁰).

2. On the supply side, there are a number of private sector- and NGO-led initiatives focused on deepening financial literacy for underserved groups.

These initiatives range from the Zazu and Financial Sector Deepening Zambia (FSDZ) partnership to provide over 15,000 credit, insurance and investment courses to the mass market in 2018, to the Africa Youth Coalition against Hunger-Sierra Leone (AYCAH-SL) savings club initiative in schools. This gave rise to 28 savings clubs that teach girls and boys the value of financial literacy and investment. This grassroots approach is imperative because evidence shows that financial behaviour can be formed around the age of seven, making it even more necessary to begin education early. On the demand side, Zambian respondents who reported owning their own businesses indicated that loans and financial literacy training are their greatest business need. This was particularly noted among urban, adult females. The Sierra Leone survey findings also confirm this need to develop financial literacy among the financially excluded, as do other studies from the UN Capital Development Fund (UNCDF) and Finscope. With regard to the usage of financial services, most women and youths indicated a preference for hands-on financial literacy training (as opposed to general education) and periodic retraining.

3. All three focus countries exhibit varying levels of product and process innovation in their respective financial markets.

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

In Sierra Leone, the banks are beginning to innovate: seven commercial banks issue smartcards and operate ATMs while only four have operational POS machines, with Interswitch Nigeria providing switching services for six of the 14 commercial banks in the country. This is impressive for a country with fewer than 50 POS terminals, 30 of them

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

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

4. Digital financial services offer new income-generating opportunities for both women and youth

New and emerging inclusive finance models and technologies such as agency banking and mobile money offer outstanding income-generating opportunities for women and the youth. A key observation of the study is that a majority of operators – individuals who interact with customers and conduct transactions on their behalf in any agency outlet – are youth and often women. The proliferation of agency banking and new digital financial service models brings with it the promise of engaging a cross-section of young adults in the agent business and contributing to their economic empowerment. It is expected that the fintech revolution across sub-Saharan Africa will offer more opportunities to the youth as remote sales and marketing agents of fintech products and in product development.

There is empirical evidence from the Helix Institute of Digital Finance that while women are underrepresented in the ownership of mobile money agent businesses in Africa and South Asia, they excel in customer interactions – particularly with late adopters and female customers – compared with their male counterparts, and manage their liquidity needs (float/e-cash) just as well as men, if not better¹¹. If more women can be encouraged to participate in the mobile money or agency banking business as well as own their own businesses in this space, this can easily translate into viable financial opportunities and lead to their economic and social empowerment.

11 <http://www.helix-institute.com/blog/building-business-case-women-agents>

Key factors causing the financial exclusion of women and youth

The core issues that bar women and youth from achieving financial inclusion and empowerment are outlined below:

	Women Issues	Youth Issues
1	Cultural barriers to owning and inheriting property and other collateral	Lack of steady, stable income
2	Reduced mobility due to social norms	Negative stereotypes about financial ability and discipline
3	Digital and financial illiteracy	Low financial capability
4	Lower mobile penetration and ownership rates due to household power structures	Cost of ownership of mobile devices
5		High transaction costs
Issues affecting both women and youth		
6	Stringent account opening requirements that require formal identification	
7	Lack of assets for collateral	
8	Inappropriate and mass-market product offerings that fail to consider their needs	
9	Physical and digital infrastructure are underdeveloped and not supportive of an inclusive financial system	
10	Poor culture of disaggregating gender and age-category data constrains development of targeted strategies	
11	Underdeveloped provider systems and processes	
12	Prohibitively high minimum capital requirements for establishing financial services business	
13	Barriers to obtaining formal identification	

Recommendations:

Based on the findings, the study makes a series of recommendations, organised by analytical framework, key areas and stakeholders. In order to improve the ability of women and the youth to access financial services, stakeholders must explore the following areas:

Access and Usage

1. Rationalise requirements and procedures for account opening

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

Supply-side actors – FSPs, MFIs, Savings and Credit Cooperative Organizations (SACCOs), MNOs and fintechs – usually have more flexibility than imagined regarding their ID requirements for marginalised groups. These players should explore ways of testing out ID innovations with regulatory actors within their current legal and operating environment, such as using 'regulatory sandboxes' or offering 'no-objections' to interested players. Supply-side actors can use informal agreements among themselves to refer risky and 'unsuitable' clients to lower-tier FSPs or other providers if account-opening requirements cannot be fulfilled, as is popularly practised in Guinea between commercial banks and MFIs.

2. Address gaps in digital infrastructure

Telecommunications regulatory bodies such as the Autorité de Régulation des Postes et Télécommunications (ARPT), National Telecommunications Commission (NATCOM) and Zambia Information and Communications Technology Authority (ZICTA) in Guinea, Sierra Leone and Zambia respectively, should review the pricing of key delivery channels to strengthen the business case for serving special interest groups such as women and the youth who tend to be excluded because of high channel costs. Specifically, a tiered pricing scheme for ubiquitous channels like USSD (Unstructured Supplementary Service Data) can make a big difference for low-capital companies like young fintechs that wish to use this channel.

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

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

3. Break down legal and economic barriers to women's and youth's access and usage of financial services

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

Also, in most sub-Saharan economies, most traditional lending relies on pledging immovable assets as collateral, which tends to exclude women because of the many cultural biases against them enshrined in customary, common and statutory law. One way governments can break down some of these barriers is by establishing moveable collateral registries, similar to what was promulgated in Zambia and Uganda with the Moveable Property (Security Interest) Act 2016 and Security Interest in Movable Property Act 2019 respectively, so that excluded groups can leverage their moveable assets to access credit.

Another way is by promoting the use of reputation collateral, such as a record of successful repayments to microfinance institutions or retailers, which may help women build their credit histories and ultimately access finance.

Quality and Welfare

Regarding the actual use of appropriate financial services and the overall impact on the wellbeing of women and the youth, stakeholders must consider the following:

1. Poor culture of gender and age data disaggregation

A greater obligation to produce disaggregated data on matters relating to financial inclusion – such as gender and age reporting – must be imposed on regulated financial and non-

financial entities (such as MNOs, fintechs, credit cooperatives, women's and the youth umbrella associations) through government or industry-led regulation. Evidence-based policies and regulations are much more likely to address gaps and produce the desired effects.

Providers should disaggregate data by age, gender and location to obtain significant insights on habits and attitudes and allow for rigorous user segmentation and profiling. For some firms, this may require some level of demand-side research. For others, it may require that they enable digital access to their products and rely on data analytics. Understanding customer profiles and behaviour helps in product positioning, efficient allocation of resources and provision of useful data to regulators and policy makers for tracking and evaluating progress on policy and national financial inclusion strategies.

2. Fast track development of laws and rules for inclusive finance

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

3. Bolster efforts on financial literacy initiatives

Policy makers can increase financial literacy by adapting school curricula to include

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

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

Concluding Observations

The financial exclusion of women and the youth is a burning topic and demands a collective response from governments, policy makers, regulators, financial service providers and development agencies. While several actionable recommendations have been proposed to address challenges faced by both cohorts, their success is hinged on disciplined implementation and continuous review of the actions, challenges and outcomes. Broadly speaking, the issues confronting the financially-excluded woman are largely related to access and usage of financial services and require sustainable fixes through addressing identification challenges, encouraging agent and branchless banking models, and advocating for and implementing interoperability of payments.

The solutions to the issues that constrain the youth from realising their economic potential should focus primarily on increasing their awareness to financial products, tools and employment opportunities as well as equipping them with tailored financial knowledge, skills and discipline early on in life in order to instill in them a healthy financial mindset for the new economy. A faithful commitment to the execution of these recommendations will help women and the youth on the continent build a pathway to entrepreneurship, job creation and prosperity for their households and nations.

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