Final report

Indigenous Financial Service research in Kenya, Ghana, and Togo

MSC
MicroSave Consulting

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In partnership with
mastercard foundation

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List of acronyms

Abbreviation	Details
IFSR	Indigenous financial service research
IFS	Indigenous Financial Service
FFS	Formal financial services
MSE	Micro and small enterprises
MERL	Monitoring, evaluation, research, and learning
ROSCA	Rotating savings and credit associations
ASCA	Accumulating savings and credit association
NGO	Non-governmental organization
MFI	Microfinance institution
SACCO	Savings and credit cooperative society
CBK	Central Bank of Kenya
BOG	Bank of Ghana
GCSCA	Ghana Cooperative Susu Collectors' Association
GHAMFIN	Ghana Microfinance Institutions Network
KAIG	Kenya Association of Investment Groups
SOGEMEF	Société Générale de Micro and Méso Finance
SASRA	Sacco Societies Regulatory Authority
EDF	Entrepreneurship development framework
MNO	Mobile network operator

1.0 Executive summary

Financial inclusion means that all people and businesses can access affordable and responsible financial services that meet their needs and are empowered to use them. These services include payments, savings, credit, and insurance. Per the Global Findex report of 2021, 55% of adults in Sub-Saharan Africa had a bank account compared to 23% in 2011. The gender gap for accounts with financial institutions increases as women age, but it remains small for mobile money accounts.

Economies in Sub-Saharan Africa have more than 20% of adults with a mobile money account. Young adult men are 6% more likely than young adult women to have an account with a financial institution. Financial inclusion in the region has grown significantly, primarily due to the growth of mobile money. Mobile money has emerged as an excellent enabler for financial inclusion, particularly for women.[1] Women aged 51 and older are 7% less likely than those aged 15–24 to use only a mobile money account in Sub-Saharan Africa.

Yet, a lot of work remains to be done. 1.4 billion people still lack access to banking. The penetration rate of formal financial services is low, at 55%. The gaps in access to formal financial services are more comprehensive for the underserved segments than for men, middle-aged people, and those in the formal workforce. These underserved segments include women, youth, and small and informal businesses.

MSC conducted qualitative research in Kenya, Ghana, and Togo and found that Indigenous Financial Service, such as rotating savings and credit associations (ROSCAs), *Susus*, *chamas*, accumulating savings and credit associations (ASCAs), informal moneylenders, tontines, loan brokers, and burial societies play a critical role to drive access to finance for MSEs.

Experts estimate that the indigenous financial sector, in terms of its outreach, is larger than the formal financial sector due to its easy accessibility. The indigenous mechanisms offer:

- Convenient access;
- Fewer entry barriers;
- Lower transaction costs;
- Quicker turnaround time;
- Flexible collateral requirements;
- Easier end-user terms.

IFS has its own advantages. However, participation in formal financial services also has gains, such as access to business development services, investment opportunities, and financial literacy programs. Conclusive evidence suggests that financial inclusion requires significant collaboration between all actors in the ecosystem.

The indigenous financial sector has the network, market knowledge, customer base, and a viable system to grow without FFS providers. Some IFS providers have partnered with formal providers to use the indigenous financial sector's strengths and resources to expand access to a suite of formal financial services, such as insurance and interest on savings, for the underbanked or unbanked Indigenous Financial Service users.

1.1 Challenges MSEs face in access to finance

[1] Global Findex Report 2021

Micro and small enterprises (MSEs) often face several challenges when they access finance. These challenges can vary based on the region, economic conditions, and specific industry, but some common obstacles include:

- **Limited collateral:** MSEs may lack significant assets to use as collateral for loans. This makes it difficult for them to secure traditional bank loans;
- **Lack of credit history:** Many MSEs do not have a well-established credit history. This makes it hard for lenders to assess their creditworthiness and offer favorable terms;
- **High interest rates:** MSEs may be offered loans with higher interest rates due to the perceived higher risk associated with lending to MSEs. This can be financially burdensome for MSEs;
- **Complex loan application processes:** MSEs may struggle with the extensive and bureaucratic loan application processes some financial institutions require. This discourages them when they try to seek financing.
- **Informal business operations:** Many MSEs operate informally and therefore struggle to provide the documentation and financial records required for loan applications.

1.2 What are Indigenous Financial Service?

Indigenous Financial Service are designed and explicitly provided for local people, communities, and businesses. These services address the local people's unique needs and challenges, which include barriers to traditional financial services and systemic inequalities. Figure 1 shows the different types of IFS providers and how MSEs use them.

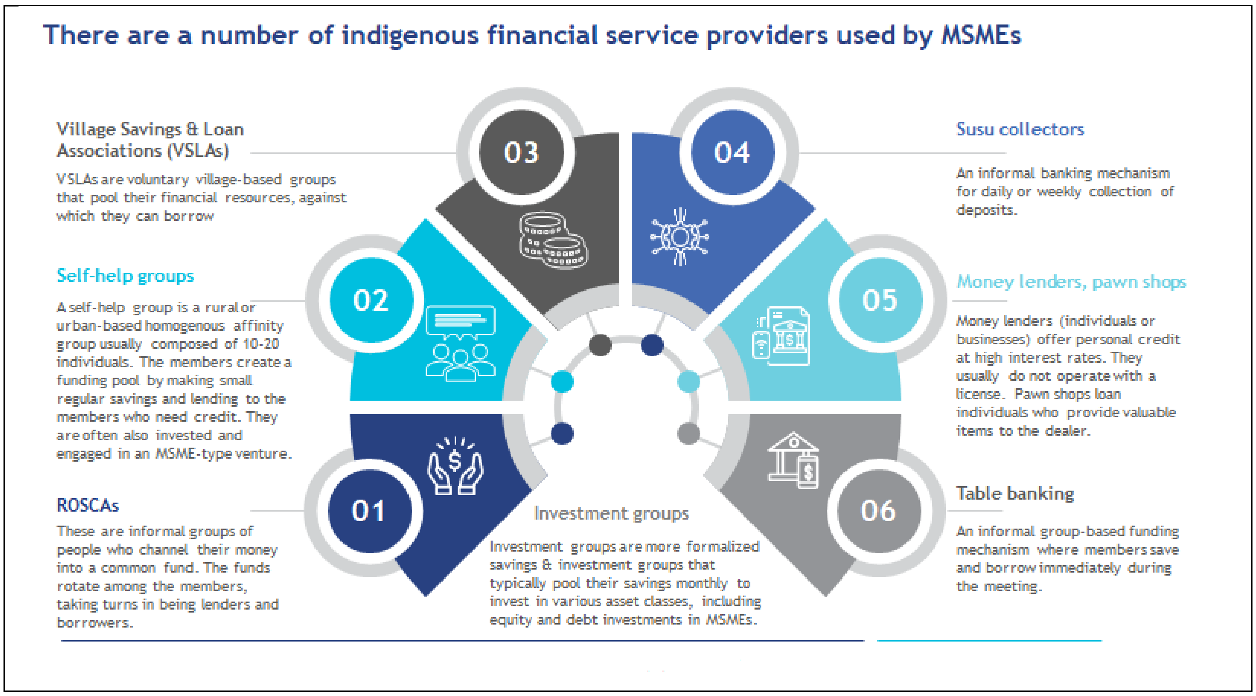


Figure 1: Examples of IFS providers MSEs use

Indigenous and informal financial services can be hard to distinguish because both are unregulated. However, Indigenous Financial Service have a self-regulating aspect due to strong sociocultural factors that allow them to generate bylaws agreeable to all members. Informal service providers lack this aspect. This is the main differentiating factor.

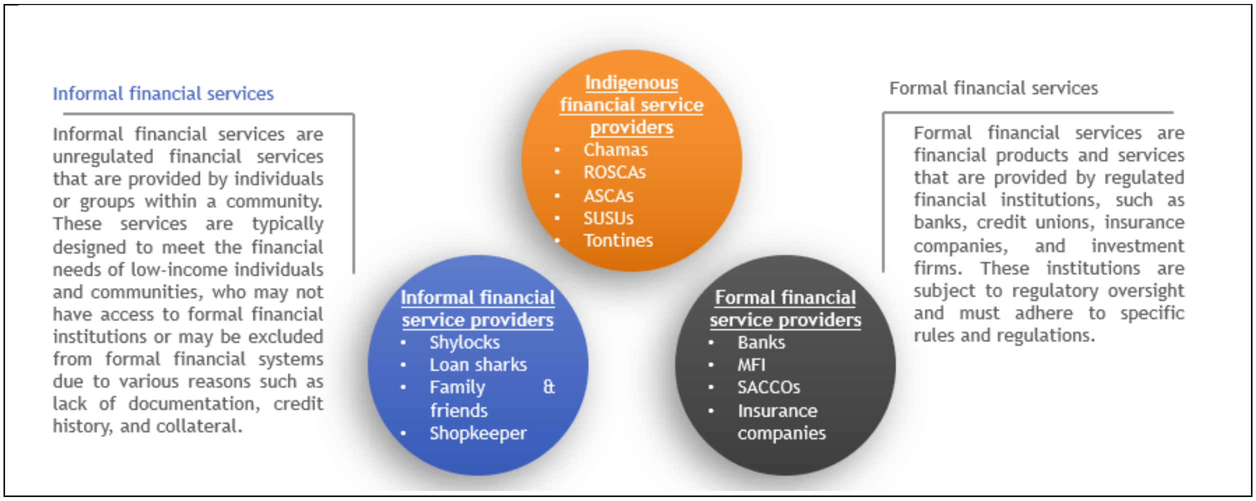


Figure 2: Difference between indigenous, informal, and formal financial services

1.3 Opportunities for the Mastercard Foundation to support IFS providers

The Mastercard Foundation can create valuable opportunities to support IFS providers that align with their mission to promote financial inclusion and economic empowerment, particularly for young women. Here are some key areas where the foundation can make a positive impact:

- **Institutional strengthening and training**: The foundation can support IFS through institutional strengthening initiatives. This can be done through collaboration with associations or NGOs that specialize in financial management, bookkeeping, leadership, and entrepreneurship training programs. This will equip users with the skills needed to manage the IFS providers and make informed and timely decisions.
- **Infrastructure development and digitization**: The foundation can support linkages to FFS providers or other entities with different products tailored to the needs of indigenous financial service providers to enhance their capabilities. These include savings accounts, credit, and insurance products. It can support the digitization of IFS to expand its reach and minimize the risks associated with the physical handling of cash and manual recordkeeping.
- **Networking and associations**: The foundation can establish platforms or associations where IFS providers can share experiences, exchange knowledge, and collectively address common challenges. This will promote peer learning and collaboration on joint initiatives and increase bargaining power.
- **Technical assistance:** The foundation can provide mentorship and technical assistance to IFS providers. It can connect them with experienced professionals who can offer guidance and support. This can involve experts in business development, marketing, and product diversification. This will help IFS providers enhance their operations and expand their income-generating activities.

2.0 Background and context

2.1 Project background

The Mastercard Foundation developed an entrepreneurship development framework with impact objectives aligned with the overarching Young Africa Works strategy, which seeks to increase access to financial services and dignified work for youth. The entrepreneurship development framework applies lessons from decade-long experience in financial inclusion and, more recently, from the Mastercard Foundation's response to COVID-19. We have integrated a broader view of impact per our new impact framework as we align access to financial services with growth sectors for Young Africa Works. These growth sectors include agriculture, light manufacturing, and wholesale and retail. We have also prioritized women, rural and urban poor people, and displaced people or refugees.

Empirical evidence indicates that individuals and microenterprises have witnessed payoffs in the use of informal financial services. Different product and service features, such as convenience, flexibility, access to small-value transactions, simplicity, the building of social capital, and trust, have been attributed to this overwhelming preference.[2] For instance, users of *chamas* in Kenya appreciate the geographic proximity, the social network, and the ability to access substantive lump sums without fees.[3] *Susu* users and *nnoboa*—cooperative self-help group—members in Ghana have equally lauded these platforms as avenues to increase their savings, acquire cheap labor sources, and increase production. At the same time, they provide networking and bulk purchasing opportunities.

2.1.1 The use of informal financial services in Kenya

The FinAccess Household Survey Report 2019 by Financncial sector deepening Kenya (FSDK) estimates that 7.6 million Kenyan adults use informal financial groups, such as merry-go-rounds or *chamas*. More than 300,000 *chamas* control assets worth about USD 3 billion. Their contribution to financial inclusion and the economic empowerment of people who experience poverty and women is significant.[4]

37.4% of Kenyan women use informal groups compared to 22.5% of Kenyan men. The analysis in figure 2 is based on the FinAccess 2016 data and shows the usage and importance of informal financial services among Kenya's poorest population.[5] Informal groups, *chamas*, SACCOs, and social networks are valued and used to meet savings and credit needs over banks and MFIs. In a study for FSD Kenya, MSC's findings demonstrate the appeal and social value of such informal groups.[6]

[2] Cenfri. (2016). Homefield advantage: Learning from the popularity of local financial service provides.
[3] Johnson, S., Heyer, A., Storchi, S. & Gubbins, P. (2017). Finance and living well: insights into the social value Kenyans seek from their services.
[4] FinAccess Survey Report 2019
[5] FinAccess 2016
[6] Market-led solutions for financial services

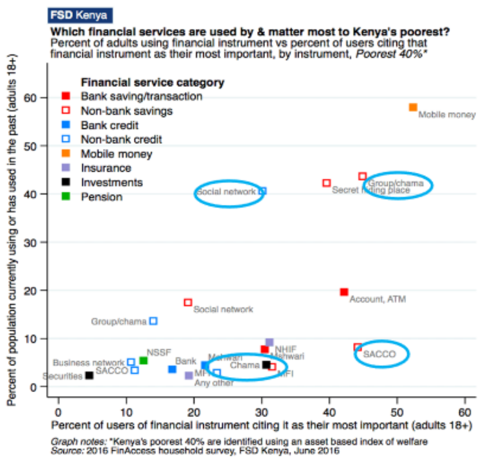


Figure 2.1: Financial instruments that matter to the poor

2.1.2 The use of informal financial services in Ghana

Similarly, in Ghana, *Susus* and other informal sources, such as local moneylenders, traders, agriprocessors, input dealers, and social networks, provide the last mile of finance. Ghana's northern region has 850 registered *Susu* collectors, whereas seven out of 13 regional districts do not have any banks but are still served by MFIs, such as Afro-Arab MFI. Small enterprises and business owners who cannot access or meet the collateral requirements of banks and formal financial institutions have turned to *Susus* to support and grow their businesses.

Under the Micro Lead Expansion program, MSC studied various informal groups in Benin, Burkina Faso, Ghana, Kenya, Malawi, Tanzania, and Uganda. We studied their salient features, gaps in services to the customers, and opportunities for linkages with formal financial institutions. Based on this assessment, we developed a toolkit on insights for financial service providers. This toolkit will help them link with savings groups effectively and create sustainable commercial linkages that generate value for savings groups, group members, and banks. It can also help them harness the benefits of collaboration between formal and informal financial services.

Under this research, MSC dived deeper into the informal financial sector and the needs and preferences of Indigenous Financial Service users. We also delved into the strategic opportunities to build interrelationships with the formal financial sector to impact the end users positively.

2.1.3 The use of informal financial services in Togo

In Togo, informal financial services play a significant role in the financial lives of many individuals, particularly those in rural and underserved areas. Informal financial services include many traditional and community-based practices outside the formal banking sector.

One common form of informal financial service in Togo is savings groups, often known as "*tontines*." Members of these groups contribute a fixed amount of money regularly, and the members rotate this pooled savings among themselves on a predetermined schedule. It serves as a form of collective savings and social support. Many Togolese MSEs rely on informal lenders to access credit. This includes family and friends, and allows them to fund their businesses or cover personal expenses without formal financial institutions.

2.2 Our approach and methodology

The research conducted in Kenya and Ghana highlights the strategic opportunities for increased access to finance for young women and men through the integration of formal and informal Indigenous

Financial Service. We expanded the engagement to Togo to identify opportunities for increased access to finance for female textile traders, commonly referred to as *Nana Benz*.

We assessed demand- and supply-side characteristics, as shown below:

Description	Entities engaged	Countries	Examples of insights collected
Demand-side	• IFS users • Vlisco and non-Vlisco traders	• Kenya • Ghana • Togo	• Explored access to financial services for indigenous sources • Analyzed the barriers and drivers of Indigenous Financial Service users when they adopt formal financial services • Assessed the benefits of Indigenous Financial Service • Analyzed the opportunities and challenges of Indigenous Financial Service
Supply-side	• Entities that support IFS users • FFS providers • IFS providers	• Kenya • Ghana • Togo	• Explored the critical stakeholders that participate in Indigenous Financial Service • Assessed the business case for support to informal financial service models • Identified opportunities to infuse formal financial services with lessons from Indigenous Financial Service
Policy-side	• Regulators	• Kenya • Ghana	• Assessed the regulatory dynamics of the incorporation of informal practices into formal financial services

The need to provide rich insights to support the Mastercard Foundation’s understanding of Indigenous Financial Service drove our approach as described below:

Key pillars that underpinned our approach	How did we do this?
Diversity of data sources	• Desk research on studies around formal and Indigenous Financial Service • Engagement with the demand- and supply-side through primary research • Analysis of primary and secondary data sources to deliver • Strategic recommendations aligned with our understanding of the assignment
Use of innovative approaches	• Our primary research activity used a behavioral lens that will enable us to identify the barriers and drivers for indigenous and formal financial services.

Our research methodology involved the inception and planning alongside the collection of original data directly from individuals, groups, or sources. We used these to address specific research questions, gather new information, and provide insights into Indigenous Financial Service. Figure 3 illustrates the roadmap from the inception to the presentation of findings.

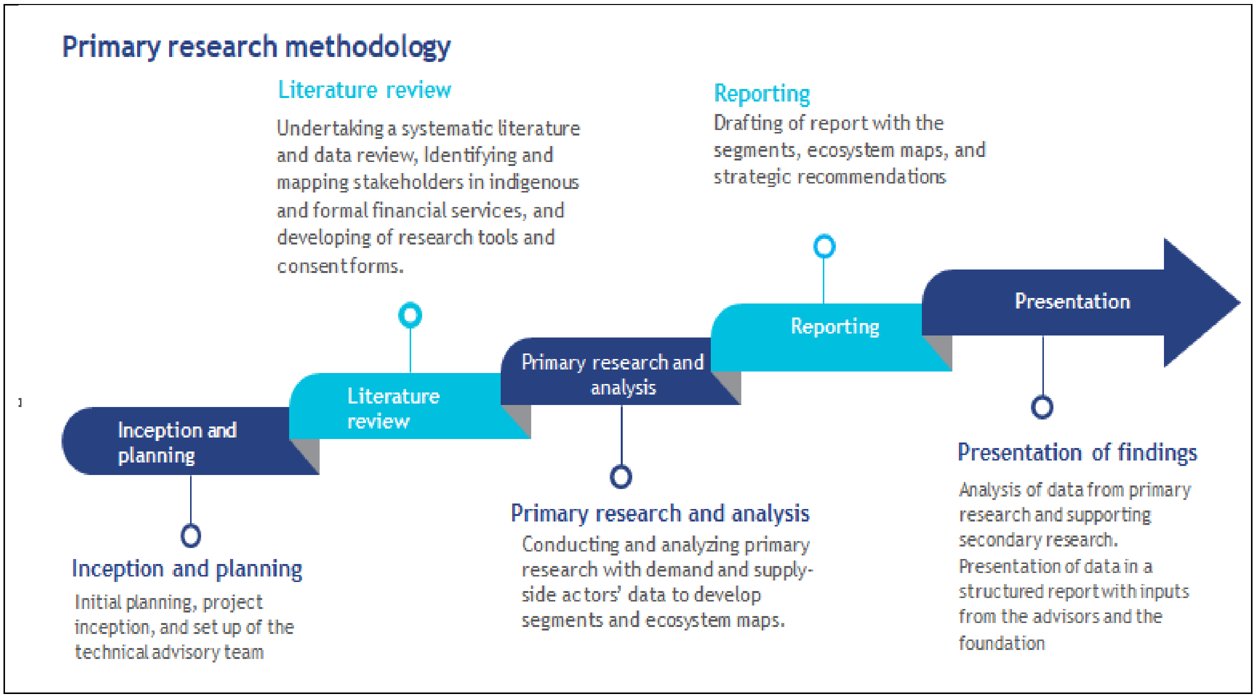


Figure 3: Research methodology

2.3 Research objectives

Across each project objective, we defined questions and sought answers to them, as follows:

Objective	Key questions
Understand the contextual issues that drive the use of Indigenous Financial Service	• What is the existing literature on access to Indigenous Financial Service and their uses?
Unearth why Indigenous Financial Service remain attractive to the key demographic through demand-side research	• Why do some groups use Indigenous Financial Service or not use them? • What challenges do these groups face in access to formalized financial systems? • What key benefits would they derive from this access? • How has this impacted different types of businesses and demographic groups, especially young women?
Analyze the financial ecosystem that delivers Indigenous Financial Service through supply-side research	• Who are the critical stakeholders that participate in Indigenous Financial Service? • What are the opportunities and challenges they face? • How have these practices been integrated with formal financial systems? • How have FSPs affected Indigenous Financial Service providers?

3.0 Key findings from the research

3.1 Kenya

In Kenya, IFS providers can be categorized as:

- Registered or unregistered IFS providers
- Linked or unlinked IFS providers

Registered IFS providers obtain a certificate from the Ministry of Gender, Children, and Social Development. The minimum number of members is 10. The group must deposit a memorandum of association that indicates the directors, the number of shares for each shareholder, and a constitution that guides its activities.

Linked IFS providers are affiliated with non-governmental organizations (NGOs), banks, SACCOs, MFIs, and associations. Benefits of linkage accrue to both parties. For example, *chamas* receive access to credit, networking opportunities, and financial literacy training, while banks access cheap deposits.

<table>
<tr><th rowspan="2">Categories</th><th colspan="3">Features</th><th rowspan="2">Examples</th></tr>
<tr><th>Self-regulation</th><th>Evidence of legal existence</th><th>Affiliation to an entity</th></tr>
<tr><td>Registered and unlinked</td><td></td><td>✓</td><td></td><td>• Chamas
• Table banking groups
• VSLAs</td></tr>
<tr><td>Registered and linked</td><td></td><td>✓</td><td>✓</td><td>Chamas, table banking groups, or VSLAs associated with NGOs, such as
• Jowyo
• Hand in Hand International
• Solidaridad
• Care International</td></tr>
<tr><td>Unregistered and unlinked</td><td>✓</td><td></td><td></td><td rowspan="2">• Chamas
• VSLAs
• Table banking groups</td></tr>
<tr><td>Unregistered and linked</td><td>✓</td><td></td><td>✓</td></tr>
</table>

3.1.1 Financial inclusion landscape

Recent studies show that Kenya has made significant progress to expand financial services to its people. In 2006, only 58.7% of adults had access to formal or informal financial solutions. However, by 2019, this figure had risen to 89%. Several factors contributed to this improvement. These factors include supportive government policies, advancements in telecommunications, and the widespread adoption of mobile money services. Overall, access to formal financial services and products has continued to grow since 2006, as illustrated in figure 4.

Despite these advancements, notable disparities persist among different population segments around the use and benefit of these financial services. For instance, the poorest individuals primarily use digital wallets to send or receive remittances, and have limited access to traditional bank accounts. Specifically, 73% of the wealthiest individuals who make up 14% of the population have bank accounts, while only 19% of the poorest have access to such accounts.

In Kenya, being a man increases the likelihood of financial inclusion by 37.9%. However, Kenya has made progress to reduce this gender gap, which decreased from 12% in 2006 to 5.4% in 2019. Nonetheless, a significant 14.9% gap still exists between urban and rural women.

Today, the majority of those excluded from the financial system are individuals with low incomes, which accounts for 71% of the excluded population, up from 47% in 2006. This exclusion suggests that the improvements in financial access have primarily benefited those in the middle and upper-income brackets.

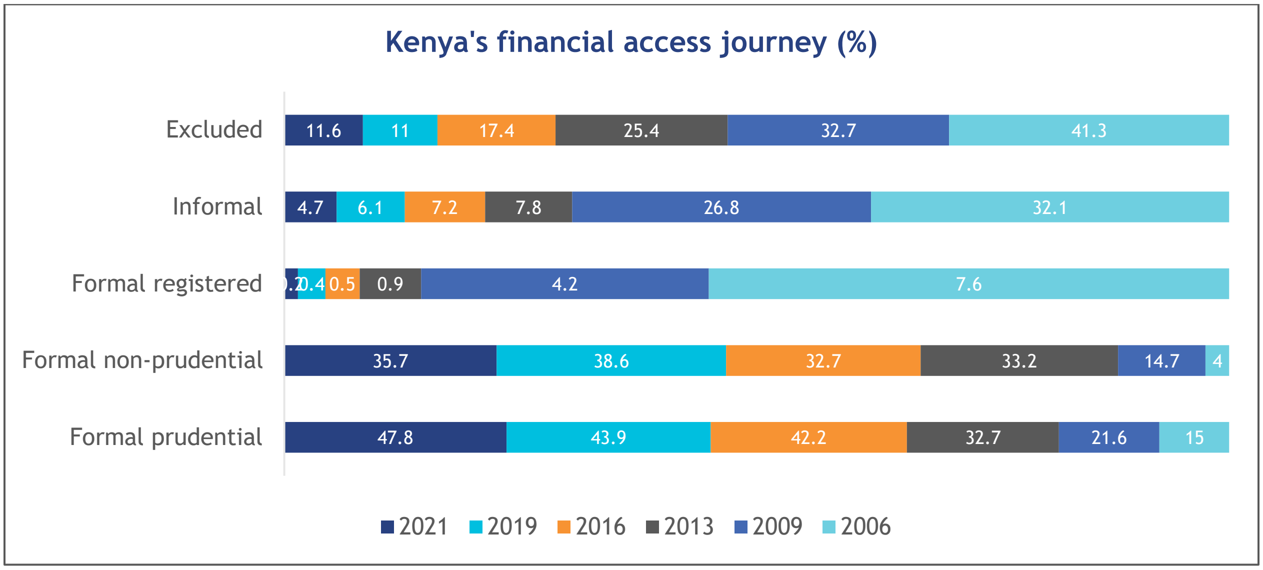


Figure 4: Kenya’s financial access journey (Source: FinAccess 2021)

3.1.1.1 Financial access dynamics

An examination of Kenya’s financial inclusion landscape shows that traditional banks have consistently grown in outreach. However, their expansion of digital financial services has overshadowed that of banks. Notably, the insurance sector has experienced significant growth, primarily due to the government’s National health insurance fund (NHIF) mandate. Moreover, the data from 2019 indicates a notable evolution in the realm of digital credit offerings, as highlighted in figure 5.

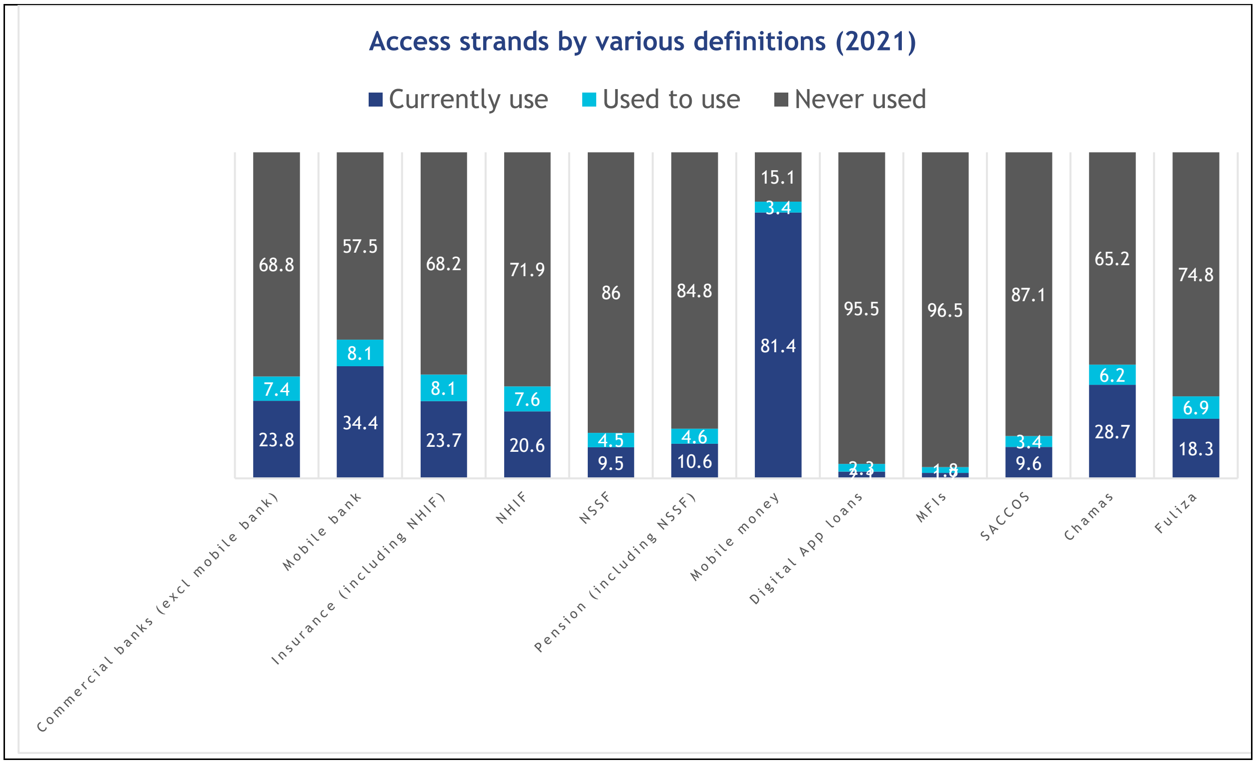


Figure 5: Access strands by various definitions (Source: FinAccess 2021)

Over time, the disparity in access to formal financial services between Kenyan men and women has reduced notably. This positive trend is due to women's increased use of mobile money services for remittances and small business transactions. However, significant gendered disparities persist, particularly in traditional banks. Access through informal services has always been higher for women than men. Access through informal channels has been declining, with the decline rate in women being higher than in men. This indicates that the gap is closing.

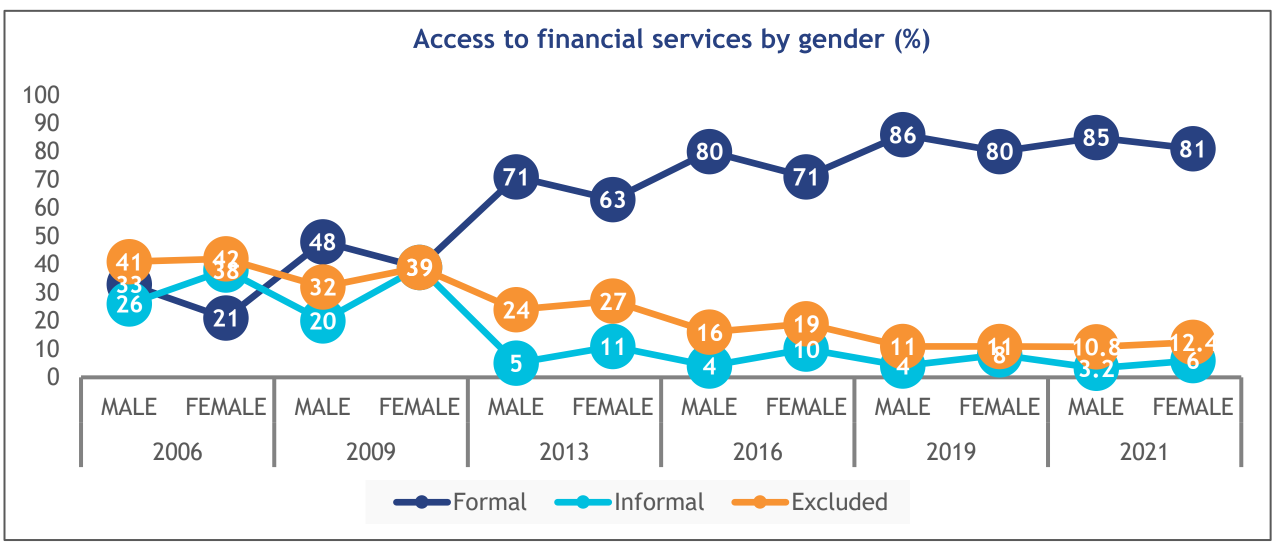


Figure 6: Access strands by gender (Source: FinAccess 2021)

The urban population had the highest access to financial services and products through formal providers and the lowest exclusion levels. The rural population, however, recorded the bulk of the increase in access to financial services and products through informal providers and the highest exclusion rates. The rural-urban gap in access to formal financial services providers continued to narrow because of the rural population's faster adoption of mobile money, as depicted in figure 7.

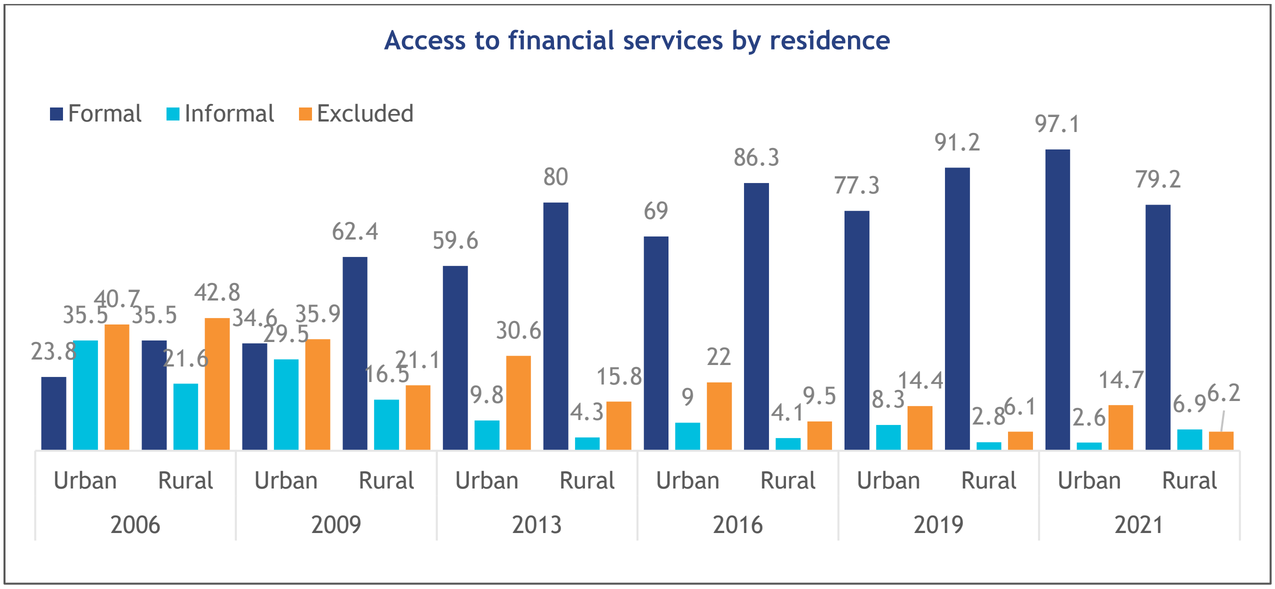


Figure 7: Access strands by residence (Source: FinAccess 2021)

3.1.1.2 State of digital financial inclusion in Kenya

Kenya has made significant progress in digital financial inclusion with a high level of mobile money adoption. The widespread use of mobile money for various financial transactions characterizes Kenya's digital financial inclusion space. These include payments, remittances, savings, and credit. This access to digital financial services has significantly improved financial inclusion in the country and allowed people who lack access to traditional banking infrastructure to participate in the formal financial system. The uptake of digital technology has been slow in IFS because most users still prefer traditional physical interactions within their operations.

Data from FinAccess 2019 reveals a positive outlook for digital financial inclusion in Kenya, with a particular focus on women. Notably, the gender gap in active account usage is just under 10%, which indicates a significant adoption of digital financial services among women who actively use them. An encouraging trend is the active participation of most individuals with lower incomes in digital financial services. This underscores the efficacy of digital financial inclusion in its ability to reach those in lower income brackets. Thus, it enhances financial accessibility and empowerment for this demographic. In Kenya, access to digital accounts is widespread, with only 19% of adults who lack access to such services. 75% of women with access to formal accounts are active digital financial services users.

3.1.1.3 Policy outlook

The Government's Vision 2030 focuses on the country's economic transformation toward a digital society. The Big 4 Agenda, a five-year strategic plan that places information communication technology (ICT) as a pivotal facilitator to address immediate priorities, further underscores this commitment. These priorities include food security, universal healthcare, housing, and manufacturing.

The technology sector stands out as one of Kenya's fastest-growing business segments, with notably high rates of Internet accessibility within Sub-Saharan Africa. The introduction of 4G and 4G LTE services in 2020, along with the government's approval of universal 4G coverage and the surge in smartphone adoption, has significantly influenced the expansion of e-commerce and other Internet-based services and innovations.

In 2019, the government established a credit guarantee program to increase access to credit for MSEs. Per the program the government holds a minority 20% stake while private investors take the majority. This program's primary objective is to stabilize the market, protect jobs, and ensure that MSMEs impacted by COVID-19 continue to have access to necessary financial support. The Central Bank of Kenya (CBK) and the National Treasury of Kenya jointly oversee the implementation of this facility.

3.1.1.4 The micro, small, and medium enterprises (MSME) landscape

Per the KBA MSME survey report, Kenya is home to approximately 7.41 million MSMEs, with a striking disparity in their licensing status. Only 1.56 million MSMEs are officially licensed, which leaves a significant majority of 5.85 million MSMEs unlicensed.

This skew toward unlicensed status notably impacts the financing options available for MSMEs, especially the starting capital. A considerable 64% of these enterprises rely on their savings as the primary source of starting capital. Additionally, 11.7% of MSMEs turn to non-loan sources, particularly contributions from family and friends, the second most significant source of initial capital. Bank loans constitute the third most prevalent source of capital, as cited by 8.9% of enterprises, followed by SACCOs at 6.5%.

Types of financing		Percentage of MSMEs that access credit through this channel
Formal, regulated by CBK	Banks	8.9%
	MFI	1.9%
Semi-formal, regulated by other bodies	SACCOs	6.5%
Informal, unregulated	*Chamas*	0.9%
	Family and friends	11.7%
Other	Own savings	64%

Source: KBA MSE survey report

Moreover, the dependence on informal financial services appears to increase with the informality of these enterprises. This increase is often attributed to the accessibility and absence of strict collateral requirements associated with informal financial structures.

The profitability of MSMEs varies significantly. Around 21% of these businesses report monthly earnings that range between KES 10,001 (USD 83) to KES 30,000 (USD 250). This difference in profits and income levels presents a challenge for financial service providers, which makes MSMEs appear financially risky and thus limits their access to credit.

In months with lower financial performance, merely 5% of MSMEs generate a monthly income that surpasses KES 10,000 (USD 83). Conversely, 38% of MSMEs achieve gains that exceed KES 10,000 (USD 83) in more prosperous months. Moreover, in months characterized by reduced profitability, only 7% of MSMEs surpass the threshold of KES 200,000 (USD 1,667) per month. In contrast, 38% of MSMEs achieve earnings that exceed KES 200,000 (USD 1,667) in months with more favorable economic conditions.

These fluctuations underscore MSMEs' financial volatility, which can affect their access to credit and overall financial stability.

Most MSMEs in Kenya face a significant challenge of a lack of fixed assets to use as collateral when they seek loans. The requirement for immovable assets as collateral effectively excludes many MSMEs with movable properties that they could otherwise use as security. Lenders must consider this, embrace innovation, and explore alternative forms of collateral that can broaden access to credit for a broader range of MSMEs.

The strict collateral requirements restrict access to funds and contribute to unsuitable resource allocation by MSMEs. Many of these businesses face discrimination and loan denials from lenders, primarily due to the perceived high lending risk associated with their lack of immovable collateral. A few formal financial service providers in Kenya have adopted credit scoring systems to address this issue. However, the limited sharing of credit scoring information among providers hampers the broader use of this data to assess the creditworthiness of MSMEs.

3.1.1.5 Women-owned MSMEs (WSMES)

WMSEs that operate within the informal sector exhibit low levels of education. This educational profile is diverse—13% have not received formal education, 19% possess some primary education, 23% have completed primary school, 12% have partial secondary education, and 20% have completed secondary school. These relatively low levels of education hinder the growth potential of their enterprises.

Insufficient education affects WMSEs at various stages of their business life cycle. For instance, it impairs their capacity to maintain comprehensive business records, which is crucial for informed decision-making and growth. Moreover, low education levels limit their ability to use digital financial services effectively and engage in other technological aspects of their businesses. Thus, these education-related barriers must be addressed to empower WMSEs and enhance their prospects for success and growth in the informal sector.

3.1.1.6 The evolution of Indigenous Financial Service in Kenya

Indigenous Financial Service started as savings clubs where individuals would come together to put money together for safekeeping. The concept was to put the money in an "appropriate" place to avoid loss or damage. Indigenous Financial Service evolved from saving and borrowing to a give-and-return arrangement, usually without interest. This service was a general practice and a widespread process among friends and relatives, as shown in figure 8.

Borrowing and lending evolved, and borrowed amounts had interest charges. The interest charged was for the benefit of the group, to grow their savings, and to encourage borrowing only when necessary. With the advent of M-PESA, some savings and credit groups started to use the digital service to send their contributions to one individual, and the groups reduced physical meetings to only when necessary.

As digitization spread throughout the country, savings groups opened accounts with formal FSPs as FSPs had started to offer savings products and target such groups. FSPs and digital lenders enhanced group products and started group lending with different variations, such as lending to the group or lending to individuals in the group, with their savings as security.

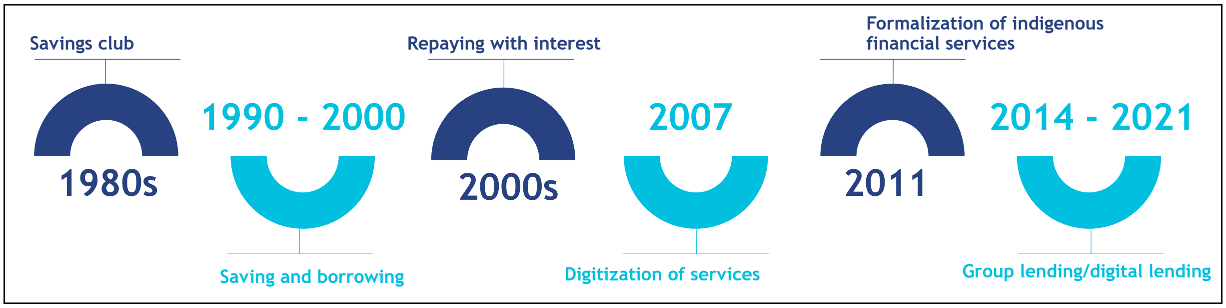


Figure 8: Evolution of IFS in Kenya (Source: FSD insights 2014)

3.1.2 IFS ecosystem map

The indigenous ecosystem of Kenya is as follows:

Actors	Gaps based on primary research	Players	Intervention
Demand side	• **Limited financial literacy:** Limited information on basic financial concepts and terms • **Limited awareness:** Incomplete information about the range of services offered • **Irregular income streams:** Unpredictable income, which makes it challenging to engage in financial planning • **Gender disparities:** Limited economic empowerment opportunities for women • **Limited product diversity:** Lack of flexibility in product offerings	**Unlinked IFSPs** • *Chamas* • Table banking groups • Village Savings and Loan Associations (VSLAs) **Investment holding groups** • Amalgamated *Chamas*	• We recommend the foundation support IFS through associations for scaling and legal reasons. This can be done through institutional strengthening initiatives and programs to empower women economically. These initiatives include financial management, bookkeeping, leadership, and entrepreneurship training programs to close gaps in financial literacy. • Specific interventions from the foundation can include technical assistance and working capital grants. These can be used to diversify IFS product offerings and stabilize their income streams.
Supply-side	• **Limited infrastructure:** Inadequate facilities, such as technology, may hinder service delivery • **Operational risks:** Risks, such as fraud and theft, affect IFS • **Fragmentation:** A lack of coordination among IFS providers limits their potential for collaboration and growth	**NGOs** • Hand in Hand • Care International **Digital platforms** • Digichama **FFS providers** • Family Bank • Stima SACCO • Kingdom Bank	• Specific interventions from the foundation can include working capital grants and digital solutions for linkages with IFS providers. • Specific interventions from the foundation can include technical assistance for collaborative platforms and infrastructure.
Policy side	• **Regulatory constraints**: A lack of clear regulatory framework for IFS	• State Department of MSMEs	• Specific interventions from the foundation can include technical assistance to develop policies and

Actors	Gaps based on primary research	Players	Intervention
		• Micro and Small Enterprise Authority	frameworks that support IFS. This can be done through comprehensive research on the existing IFS landscape.

3.1.3 Demand-side findings

In Kenya, the registration of *chamas* offers numerous advantages to its members. This collective approach empowers individuals to engage in joint business activities, invest in assets, and access government initiatives, such as the Womens Enterprise Fund, Youth Enterprise Fund, and the Hustler Fund. The foundation of *chamas* often lies in the power of informal networks, as members join these groups through word-of-mouth referrals from peers and neighbors. These networks thrive on shared economic activities and geographical proximity, which facilitate trust and traceability among members familiar with each other's livelihoods.

The onboarding process into *chamas* depends on the fulfillment of specific criteria. For instance, existing *chamas* may require new members to match the savings of existing participants. The prospective member's reputation in terms of punctual payments and loan repayments is paramount as this greatly influences their acceptance into the *chama*.

MSEs prefer *chamas* to save for future financial needs, secure loans for school fees, handle emergencies, bolster existing businesses, venture into new enterprises, enhance their homes, address basic household needs, and acquire essential household items, such as water tanks and utensils.

MSEs find *chamas* user-friendly, with minimal loan requirements, swift processing, flexible payment terms, and overall convenience. Some *chamas* use formal financial services providers, such as Equity Bank and Co-operative Bank, to save but not to obtain loans. They prefer to borrow from *chamas* than traditional banks as they can access cash promptly and conveniently. *Chama* members are less worried about loan delays and default, they don't fear harassment as long as the procedures are not as strict as those often associated with traditional banks. Interestingly, *chamas* complement Indigenous Financial Service with formal financial services by opening savings accounts with a bank.

A select group of MSEs has received technical assistance through business advisory and training organized by non-governmental organizations (NGOs) and county government initiatives. These programs equip members with valuable skills, such as stone carving and recordkeeping. The initiation of such training typically stems from entities that seek collaboration with these groups, such as Oxfam and Fresh Life.

The primary motivation to join *chamas* is the shared goal of empowerment, especially among women who aspire to impact society positively. These groups seek to improve their livelihoods and ensure their households' welfare through the initiation and expansion of their businesses.

Chamas pose a unique and flexible approach to resolve disputes and grievances. Their constitution, collectively developed by members, forms the basis to handle issues, such as loan defaults and non-remittance of funds. The collaborative spirit within these groups allows for amicable resolutions to such challenges.

3.1.3.1 Benefits of Indigenous Financial Service

Indigenous financial service providers offer many advantages that significantly impact the economic well-being of their members. These benefits can be categorized as follows:

- **Savings and investment**: *Chamas* provides a structured way for individuals to save and invest money. This can help members achieve their financial goals more effectively than if they hold their money on their own. Investment *chamas* have members with a common objective, such as members who want to acquire property, such as land.
- **Financial discipline**: *Chamas* promote financial discipline among members. Members contribute regularly, which encourages them to save and manage their finances more responsibly. Contributions are regular—usually daily, weekly, bi-weekly, or monthly.
- **Improved negotiating power**: Members often have better negotiating power when they seek loans from FFS providers, as *chama*'s collective savings and financial discipline enhance their creditworthiness.
- **Access to capital**: *Chamas* can serve as a source of capital for members who need funds for various purposes, for example, to start a business, pay for education, buy property, or deal with emergencies. Capital is easily accessible and at low interest rates. The *chama* invests the interest earned from credit back into a revolving fund that grows.
- **Social support and networking**: *Chamas* encourage community and social support among members. By doing so, they serve as a form of insurance as members always contribute toward medical or funeral expenses for the immediate family of members.
- **Flexible and tailored financial solutions**: *Chamas* can customize their rules and structures to suit their members' specific needs and preferences. This allows for more flexible financial solutions.

3.1.4 Supply-side findings

Chamas are informal groups in Kenya that drive savings and investment activities from the members' contributions. Individuals with close social ties form them, and they traditionally invest in property but may also lend to groups or SME owners they know and trust. One in every three Kenyan citizens is a *chama* member, which controls an estimated KES 300 billion (USD 3 billion).[7] *Chamas* can drive access to finance for MSMEs in Kenya in the following ways:

- **Savings and investment**: *Chama* members pool their savings together to provide loans to members who need them. These loans are a source of finance for MSMEs that may lack access to traditional bank loans.
- **Social support**: *Chamas* provide increased social support to members during periods of financial and emotional need. This support is essential for MSMEs that may face financial challenges.
- **Technology**: *Chamas* have increasingly embraced technology to make their operations more efficient and effective. For example, members can send their contributions to one account, likely in a bank, through electronic bank transfers, mobile money, or other means to save money and space.

3.1.4.1 Example of a typical *chama* in Kenya

Characteristics		Features
Savings contribution per member	**Per week and member**	• KES 500 - KES 1,000 (USD 3-7) a week
Emergency contribution per member		• KES 100 (USD 1) a week for emergencies
Loans size		• Average between KES 5,000 – KES 10,000 (USD 30-70)
Interest rate		• 3% - 5%
Duration		• 1-6 months

[7] The challenges and opportunities of SME financing in Africa

Characteristics	Features
Collateral	• None
Number of group members	• 10-20
Linked to third parties, such as NGOs, FFS providers, government, among others	• Mostly no
Who supports *chamas*?	• NGOs
	• Government
	• FFS providers
Registered	• Mostly no
	• However, those that are linked are registered
Requirements for registration	• Identity documents of elected officials
	• Duly completed registration form
	• Copies of *chama*'s constitution
	• Minutes of the inaugural meeting
Method of record-keeping	• The Treasurer records member contributions in a general ledger

3.1.4.2 Use of *chama* savings for MSEs in Kenya

The savings accumulated within *chamas* by Kenyan MSEs are channeled toward various essential purposes that help their businesses sustain and grow. These include:

- **Purchase of raw materials**: Many Kenyan MSEs rely on microenterprises and agriculture as their primary sources of income. The savings accumulated within *chamas* are vital to invest in these small businesses. Members often allocate their savings to buy stock and essential raw materials to ensure a consistent and well-stocked inventory.
- **Acquisition of tools**: MSEs in Kenya frequently possess unique craftsmanship and artisanal skills. They make tools and equipment essential for their trade. *Chama* savings play a crucial role to help members acquire materials and tools needed to produce craft. Sometimes, members may pool their savings to buy machinery to expand and enhance their businesses' productivity.
- **Land purchase**: MSEs, particularly in rural areas, find opportunities to invest their *chama* savings to acquire land. This acquired land serves as a foundation for agricultural production and generates income, which boosts MSEs' financial stability. The land represents a long-term investment that can provide a sustainable source of revenue for members engaged in agriculture and related activities.

These diverse applications of *chama* savings underscore the versatility and significance of these groups in the financial landscape of MSEs in Kenya. *Chamas* empowers members to make strategic financial decisions that directly contribute to their businesses' success and growth.

3.1.4.3 Significance of the registration of *chamas* with associations

The registration of *chamas* with associations play a pivotal role to legitimize their activities, as associations have working structures recognized by Kenyan law. This formal step offers many benefits that enhance the *chama*'s experience. Associations serve as vibrant platforms for *chamas* to connect with like-minded groups and FFS providers. This opens doors to collaborations, partnerships, and fresh business opportunities that amplify the potential for growth and success.

Associations also grant *chamas* access to industry-specific research, trends, best practices, and educational resources. They ensure *chamas* remain competitive and well-informed about the latest developments in their respective fields. These associations advocate for their members and actively influence policies, regulations, and legislation that impact their industries or sectors. They provide *chamas* with a more robust, unified voice to shape their industry's future. For example, the Kenya Association of Investment Groups (KAIG) has provided its members with valuable research information from years of experience and organizes local and international tours to learn best practices.

Additionally, many associations offer various resources to support professional development. This includes training, workshops, seminars, and conferences to enhance the skills and knowledge of *chama* members. This investment in education and growth leads to significant personal and professional development, which ultimately improves *chama* members' expertise and capabilities. The collaborative environment nurtured by these associations encourages the free exchange of ideas, insights, and experiences. This encourages innovation and the fluid transfer of expertise. This knowledge-sharing atmosphere promotes collective learning and growth among *chamas*, which enriches their collective journey further.

3.1.4.4 Digital platforms and the potential role they play to support *chamas*

Digitization can enhance *chamas*' capabilities as they pave the way for improved service delivery through:

- **Improved service delivery**: Digitization will enhance efficiency, transparency, and security;
- **A varied selection of financial products**: Through technology integration, *chamas* can offer more services, such as loans, investments, and insurance within the *chama*;
- **Better record management and tracking**: Digital systems maintain accurate records, which makes it easier for operators to manage and report *chama's* activities;
- **More convenience**: The digitization of *chamas* can offer customers enhanced convenience through 24/7 services.

DigiChama

DigiChama is the proprietor of a digital operating system for *chamas*. Some of the key features of the solution include:

- It manages the most common type of chama. Money is contributed and given to a member in rotation for development;
- It has two types of loans. Soft loans are payable in a month or so, and normal loans are payable in a given time. All calculations are done automatically;
- It tracks contributions toward a common goal, checks who is lagging on payments, and tracks progress.

3.1.5 Policy-side findings

3.1.5.1 Registration of *chamas* in Kenya

A *chama* must meet the following requirements to register itself:

- Provide a completed registration form typically supplied by the relevant regulatory authority, such as the Ministry of Gender and Social Development;
- Provide a copy of the *chama*'s constitution or bylaws;
- Provide minutes from the inaugural meeting;
- Provide identification documents of the elected officials, such as ID cards or passports.

However, the benefits of *chama* registration are substantial. Registered *chamas* gain access to various economic activities, which include participation in government tenders, which can significantly broaden the group's financial prospects. Moreover, they can access financial resources from the Hustler Fund and formal financial service providers, which facilitates the *chama*'s financial objectives. Additionally, registration establishes linkages to third parties, which can potentially lead to collaborations, partnerships, and business opportunities, all of which contribute to the group's growth and success.

Chamas must follow a set of sequential processes to kickstart the registration. Firstly, it must obtain the required documents. These steps involve a visit to the office of the Department of Social Services or the Registrar of Societies in its county or sub-county to get the necessary registration forms. Then, it must submit the requisite documentation and pay the registration fees, typically KES 1,000 (USD 7). *Chamas* must await approval from the relevant authorities after they complete these steps.

The processing time for registration may vary. Applicants can inquire about the expected timeline during the application process. Upon successful registration, it will receive a certificate of significant importance for various activities, such as business registration or bank account opening. It proves the *chama*'s legitimacy and legal standing and ensures the group can operate within the legal framework.

3.1.5.2 Factors that drive the usage and popularity of Indigenous Financial Service

In Kenya, IFS offers many advantages over individual-based loans. Users find it easier to access loans through IFS due to several compelling factors. Firstly, the *chama* members within these Indigenous Financial Service co-guarantee each other, which streamlines credit administration. This mutual support simplifies the process and enhances trust and accountability among members.

Moreover, IFS providers have a distinctive advantage over their formal counterparts as they require minimal documentation. This accessibility caters to the informal MSEs in Kenya, as it eliminates many barriers they often face when they secure financial assistance. Another critical aspect of IFS is its flexible policy framework, which allows for self-regulation. This flexibility sets them apart from FFS providers' rigid structures and makes IFS more adaptable and responsive to MSEs' unique needs.

Moreover, IFS stands out for its capacity to offer tailored, personalized financial solutions that cater to individual preferences and requirements. This level of customization is often unavailable from FFS providers, which highlights IFS' value in its ability to meet specific financial needs. Registration within IFS enhances the legitimacy and facilitates linkages with FFS providers. This dual approach strengthens the financial ecosystem, which allows a seamless transition between the indigenous and formal economic sectors.

The Kenyan Government has played a significant role in the promotion of access to finance for *chamas*. Notably, the introduction of the Hustler Fund represents a pioneering digital financial inclusion initiative to improve access to responsible finance. The fund includes a personal loan product that targets individuals and MSEs and a group microenterprise loan product tailored for *chamas*. This initiative exemplifies the government's commitment to encourage financial inclusivity and empower MSEs in Kenya.

3.1.5.3 Government initiatives

The Hustler Fund PersonalLoan product (PLP)

The PLP offers holistic financial solutions that target people at the bottom of the pyramid. It is centered along the pillars of affordable credit, competitive products, such as savings, pensions, and insurance products, access to affordable housing market linkages, and financial literacy. An individual must meet the following requirements to be eligible:

- They must be Kenyan, aged 18 years or above;

- They must have a valid national identification card;
- They must have a registered mobile number from a mobile network operator;
- They must reside and conduct economic activity in Kenya;
- They must provide county and sub-county details during onboarding.

Key features of the PLP include the disbursement of loan amounts, which range from KES 500 to KES 50,000 (USD 3 to USD 347). The interest rate is 8% per annum, and the default penalty rate is 1.5% of the loan amount. The loan tenure ranges from 14 to 30 days, and 5% is automatically deducted as savings. This initiative has registered an impressive 21 million individuals, with KES 34 billion (USD 239 million) disbursed to those in need. A substantial 19 million individuals have successfully accessed the program's benefits.

The Hustler Fund's Group Micro-Enterprise Loan Product (GMELP)

GMELP targets *chamas* that are appraised through a credit scoring algorithm based on the individual member's score, which includes savings and repayment history. Individual member credit scores are summed up and multiplied by a factor of three. A *chama* must meet the following requirements to be eligible:

- *Chama* members should be Kenyans aged 18 years or above with a valid national identification card;
- *Chamas* should comprise 5 to 10 members;
- Each member should have an active SIM card and mobile wallet for at least 90 days from any mobile network operator;
- *Chama* members must engage in economic activities in the priority sectors, such as agriculture, trade, manufacturing, services, and technology;
- The *chama* should be registered and verified by a government institution, which includes the Micro and Small Enterprises Authority (MSEA) and State Department of Social Services and Business Registration Service (BRS);
- *Chama* members should not have defaulted on the PLP.

The program's features include loan disbursement amounts, which range from KES 20,000 to 1,000,000 (USD 139 - 6,935.) These loans come with a fixed interest rate of 8% per annum and a penalty default rate of 1.5%. Borrowers must repay the loan within six months, with the flexibility to choose between installments or lumpsum payments. Additionally, 5% of the borrowed amount is automatically deducted and deposited as savings, which provides participants a dual financial benefit. This initiative has disbursed KES 121 million (USD 839,695) as of August 2023. 42% of those with access to GMELP were women, while 44% were youth.

3.1.6 MSE profiles



	Beginners "Invisibles"	Intermediates "Early stage bootstrappers"	Veterans "Later stage bootstrappers"
Business profile	• They sell secondhand shoes • They have one employee	• They are farmers and sell groceries • They have 10 employees	• They have multiple businesses • They have 30 employees
Business expertise	• They are a member of a registered self-help group that conducts joint business activities • They are novices in entrepreneurship	• They run one business independently • They are developing confidence in entrepreneurship	• They run multiple businesses as an individual or part of a group • They are established and mature entrepreneurs
Financing needs	• Startup and personal financing • Mentorship and coaching • Networking opportunities • Resource mobilization skills • Business training • Digital literacy skills	• Working capital for business expansion • Networking opportunities • Personal financing • Business training and recordkeeping	• Insurance against business fluctuations • Networking opportunities • Financing to expand to other industries • Digital literacy skills
Access to IFS and its use	• Unlinked self-help group • Not affiliated to any association	• Merry-go-rounds or table banking groups, at least one of these is linked to an FFS provider or an association	• ROSCAs, merry-go-rounds, and table banking groups, at least one of these is linked to an association
Weekly amount contributed per member	• KES 200 – 1,000 (USD 1-7)	• KES 1,000 – 5,000 (USD 7-36)	• More than KES 5,000 (USD 36)
Access to FFS and its use	• Low	• Medium	• High
Specific use cases for financial services	• Savings • Welfare for emergency support	• Savings • Welfare for emergency support	• Savings • Welfare for emergency support

	• Business loans	• Corporate and personal loans	• Corporate and personal loans

3.1.7 Opportunities to support *chamas* in Kenya

IFS providers may not adequately meet MSEs' changing financial requirements alone as they expand and become more successful. FFS providers connected to IFS providers may hesitate to lend to MSEs without additional motivation or incentives. The Hustler Fund's current design cannot support access to finance for invisible MSEs as they grow. Thus, MSEs often rely on *chamas* to gather savings, which in turn helps them gain access to the financing they need to grow from invisible or unnoticed businesses to successful enterprises.

Below are some interventions that can bridge the gap in financing for MSEs:

Interventions	Beneficiaries	Focus	Tools	Expected outcomes
Design IFS linkage programs with partner entities	Primary: • Linked IFS providers, for example, FFS providers and NGOs • Digitization promoters, for example, Digichama • Associations that represent registered IFS Secondary: • Unregistered IFS	Private sector	Technical assistance grants	• Product development with linking entities and digitization promoters to: ▪ Increase access to finance for registered IFS; ▪ Automate IFS operations; ▪ Simplify onboarding for unlinked IFS; ▪ Develop institutional strengthening material for MSEs through IFS. • Monitoring, evaluation, research and learning (MERL) framework to support scaling of IFS linkage programs
			Working capital grants	• Provision of funds to lend to MSEs through associations • Provision of risk guarantees to minimize default risk for MSEs that borrow from linked IFS providers
			Working capital loans	• Provision of loans at low interest rates through FFS providers or NGOs to IFS providers to lend to MSEs

Interventions	Beneficiaries	Focus	Tools	Expected outcomes
Support MSEs that access credit through the Hustler Fund	Standalone MSEs and MSEs in registered IFS	Private and public sector	Technical assistance grants	• Product development with the Hustler Fund to improve access, usage, and repayment • Development of promotional material to build invisibles' capacity on IFS • MERL framework to support the Hustler Fund's scaling

3.2 Ghana

In Ghana, IFS consists of different players that provide the last mile of finance outside the mainstream formal financial service providers, such as banks and MFIs. These IFS players include *Susus* and other informal sources, such as local moneylenders, traders, agri-processors, input dealers, and social networks.

3.2.1 Financial inclusion landscape

The population share of bank account holders in Ghana has increased steadily from 2017 to 2023 by 16.02%. The banking account penetration is estimated to reach 77.87% after years of consecutive increases. Therefore, a new peak is expected in 2028. Notably, the population share of bank account holders has increased continuously over the past years, as captured in Figure 9.[8]

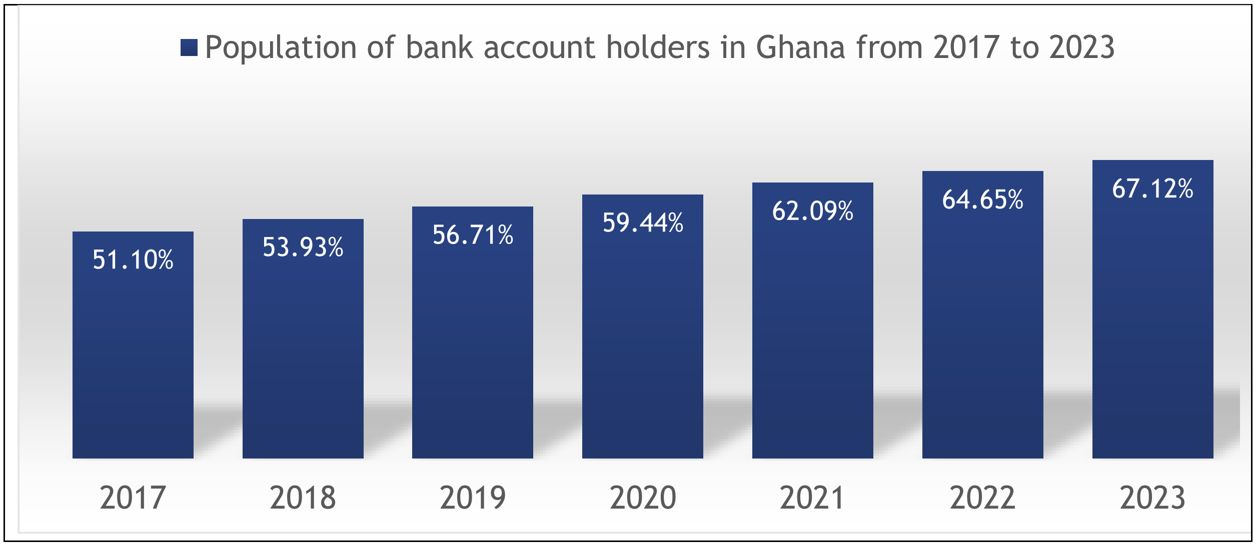


Figure 9: Bank account holders in Ghana

Ghana's first mobile money deployments launched to much fanfare in 2009. However, the excitement was short-lived. After three years, only about 350,000 Ghanaians actively used mobile money accounts. Tanzania introduced mobile money only a year before Ghana and had about 8 million active accounts by the time Ghana reached 350,000. Ghana's providers grew concerned that uptake would never reach the levels found in Kenya and Tanzania, where the introduction of mobile money led to rapid growth in account ownership and use between 2014 and 2017, as depicted in Figure 10.

As industry leaders and policymakers struggled to determine where they went wrong, they came to focus on the Bank of Ghana's 2008 Branchless Banking Guidelines. They realized that despite the bank's good intentions and desire to promote a more inclusive financial services industry, these guidelines created obstacles for mobile money. The biggest challenge was that it restricted e-money issuance and agent recruitment to consortiums of at least three licensed banks. This resulted in a classic free rider problem, in which banks were discouraged to make investments that would benefit others in the consortium. It also left little incentive for mobile mobile network operators (MNOs) to invest in the launch of new products, recruitment of agents, or ultimately the banks' property.[9]

[8] Ghana statistical services
[9] CGAP

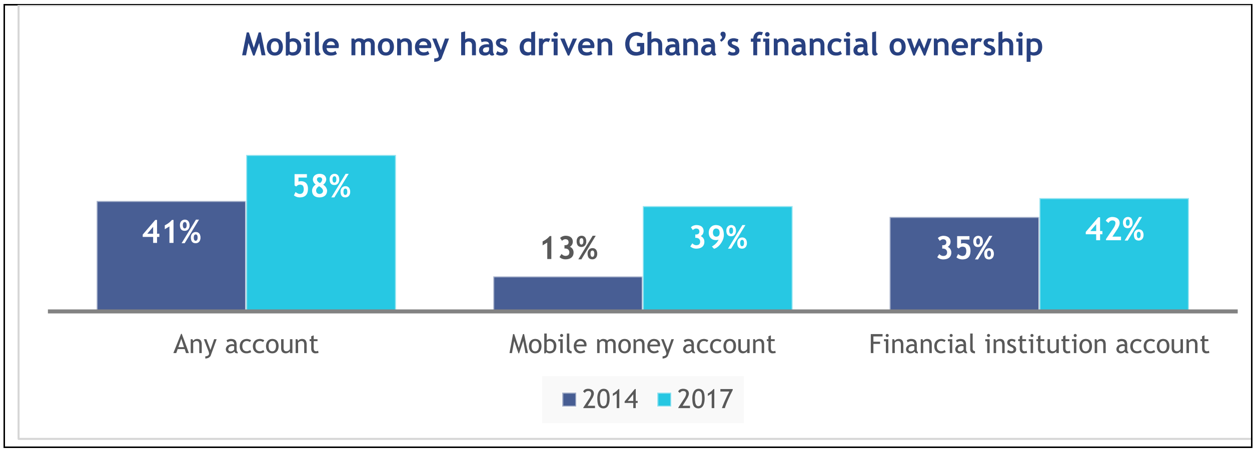


Figure 10: Account holders in Ghana

Susu collectors are among Africa's oldest financial services. They are mainly based in Ghana and Nigeria and are traditionally trustworthy people in the community who visit clients regularly or often daily. They collect minimal deposits over a month. The *Susu* collector returns the accumulated savings to the client at the end of this period but keeps one day's savings as commission. *Susu* collectors may also provide advances to their clients. Approximately 5,000 *Susu* collectors in Ghana serve more than half a million customers, with a monthly deposit base of at least USD 50 million.[10]

As per Turkson et al., African MSEs' overreliance on indigenous finance explains why enterprises have not grown or transformed to higher size thresholds. Indigenous finance is limited and cannot provide adequate resources because of short-term repayment and small quantum. In Ghana, providers of indigenous finance take the form of:

- ***Susu* collections**: These involve a trusted informal collector who visits clients to collect savings regularly or often daily. They return the amounts collected at the end of the month, with a fee deducted for the work involved. This achieves the same effect as group saving since participants are motivated to save by continuous social nudges through the collector's visits.
- **Affinity groups**: These are collections of like-minded people who accumulate money for a common purpose. They do not always save because the result does not always benefit them directly at the individual level. Examples include a congregation that saves for a new church roof or an alumnus association that saves for new school facilities.

3.2.2 IFS ecosystem map

Actors	Gaps based on the primary research	Players	Intervention
Demand side	• **Limited financial literacy:** Limited information on basic financial concepts and terms • **Limited awareness:** Incomplete information about the range of services offered • **Irregular income streams:** Unpredictable income, which makes financial planning difficult	• *Susu* members	• We recommend the foundation support IFS through associations for scaling and legal reasons. • Specific interventions from the Foundation would include technical assistance and working capital grants

[10] CGAP

Actors	Gaps based on the primary research	Players	Intervention
	• **Gender disparities**: Limited economic empowerment opportunities for women • **Limited product diversity**: Lack of flexibility in product offerings		
Supply side	• **Limited infrastructure**: Inadequate facilities, such as technology, which may hinder service delivery • **Operational risks:** Risks, such as fraud and theft, which affect IFS • **Fragmentation:** Lack of coordination among IFS providers, which limits their potential for collaboration and growth	• *Susus* • ACCI Susu Enterprise • Naa Sika Susu • ASA Savings and Loans Limited • FFS providers • Afro-Arab MFI • Fidelity Bank • GCB • Associations • Ghana Cooperative of *susu* collectors • Ghana Microfinance Institutions Network	• Specific interventions from the foundation would include working capital grants and digital solutions for linkages with IFS providers
Policy side	• **Regulatory constraints**: Lack of clear regulatory framework for IFS	• Ministry of Finance • Bank of Ghana	• The Foundation can support the government in product design, testing, and rollout of different government interventions

3.2.3 Demand-side findings

In Ghana, the government mandates that all *Susus* must be officially registered. This would reduce incidences of fraud and promote a guiding framework for entrepreneurs' operations. These entrepreneurs oversee the administrative functions of *Susus*, which include the crucial task of fund collection. Some entrepreneurs have extended their capacity through the employment of teams of collectors. This team would be responsible for efficient management of the collection process from MSEs.

Most *Susus* gain their prominence through grassroots channels, such as word of mouth. These financial services build well-known reputations in the local community as they operate within specific localities. This localized awareness plays a pivotal role in their success.

Susus' onboarding process is straightforward. Members fill out a registration form that contains details about their membership and the daily contribution amounts. More advanced *Susu* entrepreneurs have adopted digital registration systems that are bought online, which has reduced the reliance on manual processes. This enables them to manage a larger group of clients, saves time, and streamlines record keeping.

Susus are primarily designed for savings and do not provide credit facilities. MSEs that seek credit often turn to moneylenders or "shylocks" for financial assistance. Some key reasons MSEs engaged with *Susus* were to save for the future, cover school fees, address emergency needs, boost existing businesses, initiate new ventures, improve housing conditions, purchase essential household items, and fulfill basic needs.

MSEs perceive *Susus* as user-friendly, as collectors visit them for interactions and transactions. Moreover, *Susu* entrepreneurs are recognized for their quick turnaround times, which makes the process even more appealing. MSEs tend to favor *Susus* over traditional banks as they find it convenient and quick to access their savings. *Susu* collectors collect savings directly from members, which saves them the valuable time and cost of in-person visits to a bank.

Certain *Susus* have benefited from technical assistance in the form of business advisory and training organized by NGOs and associations. This training seeks to promote accountability, manage financial records better, mitigate risks associated with economic activities, and enhance skills, such as record-keeping. *Susu* members exhibit average skills in record-keeping. They can manage group activities related to savings and payments proficiently, even though they are familiar with other formal financial services.

The primary motivation for MSEs to join *Susus* is empowerment. Women, particularly, are motivated to join *Susus* as they seek financial security against unforeseen emergencies. They endeavor to initiate or enhance their business ventures and improve their livelihoods while they provide for their households. MSEs often participate in multiple *Susus* to diversify risk.

A set of rules developed by the Ghana Co-operative Susu Collectors Association govern the process to address complaints and grievances. These rules serve as a framework that guides all *Susu* collectors and ensures consistent and fair practices in the sector.

Men and women often have different objectives when it comes to the use of *Susus*. These objectives are influenced by cultural, economic, and social factors, and they can vary significantly from one context to another, as illustrated in Figure 11.

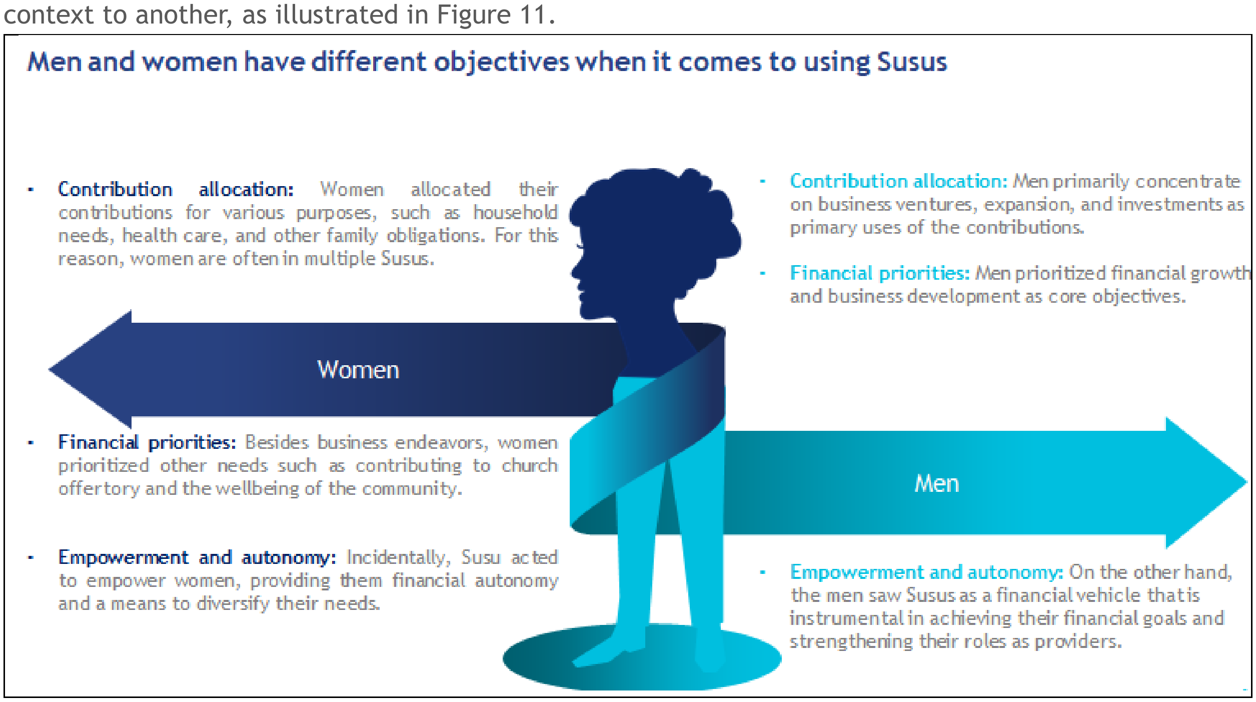


Figure 11: Differences in the use of *Susus* by men and women

Challenges in day-to-day savings with *Susus*	
Risk of default	• If one or more members fail to make their contributions as agreed, it can disrupt the rotation and impact the others' ability to access their funds when needed.
Trust deficits	• Trust is essential in *Susus*. Disputes or conflicts among members can lead to trust issues. The management of interpersonal relationships can be challenging.
Limited savings growth	• *Susus* do not offer interest on savings. So, members miss potential interest income they could have earned if they deposited their money in a formal bank account.
Pressure to contribute	• Members may face pressure to contribute regularly, even during financial difficulties. If they fall behind on contributions, it can lead to social stigma within the group.
Dependency on the group	• Some members may become overly dependent on *Susus* as their primary savings or credit source, which could limit their engagement with FFS providers.
Security risks	• If a large amount of cash is held within the group, it can pose security risks, especially in areas with high crime rates.

3.2.4 Supply-side findings

In Ghana's IFS, several compelling discoveries underscore the pivotal role of trust, the collective power of many individuals, adaptable payment schedules, policy endorsement, and mobile technology's collective impact.

The foundation of trust and the strength of social networks are undeniable forces in financial transactions within the indigenous financial landscape. Our extensive engagement with *Susu* entrepreneurs and customers at MSC has consistently revealed their unwavering commitment to engagements in financial activities exclusively with individuals they trust and are familiar with. FFS providers have harnessed this intrinsic trust factor in the strategic design of their products and services. An illustrative example can be found in community banks, such as Ahantaman Rural Bank. They astutely introduced *Susu* collection products through a bedrock of trust and social ties.

Susu groups, particularly female petty traders in local markets, often pool resources to provide mutual financial assistance rotationally. This is a prevalent practice. These time-honored practices have seamlessly transitioned into the formal financial system through the creation of savings and loan groups. For instance, ASA Savings and Loans Limited, offers its customers the advantage of group savings and loan products. It harnesses the collective financial might of the group.

Moneylenders in Ghana recognized that informal traders and enterprise owners have irregular income streams. They ingeniously responded with flexible repayment plans. These plans can align perfectly with the unique financial needs of individuals who rely on seasonal income sources weekly or even daily. Some individual moneylenders have readily embraced this flexibility to better cater to customers' requirements whose livelihoods are linked to seasonal income patterns.

The Bank of Ghana has wholeheartedly embraced the IFS landscape with a forward-looking perspective. The central bank has actively encouraged a supportive ecosystem for these practices to coexist harmoniously with modern financial institutions as they licensed IFS enterprises to operate in specific localities. Commercial banks have introduced enticing products in response to this encouragement. These include money market funds and fixed-savings accounts to mobilize low-cost savings effectively.

The widespread adoption of mobile technology in Ghana has facilitated a seamless integration of indigenous financial practices into the formal financial system. A shining example is Naa Sika, a digital *Susu* provider, which has thoughtfully partnered with financial institutions, such as banks and insurance companies. Naa Sika offers a broad spectrum of financial solutions through these innovative alliances. These include health insurance coverage and loans, all made accessible through mobile technology's transformative power.

These findings underscore Ghana's dynamic and evolving financial services landscape, where centuries-old traditions blend seamlessly with innovative technology and enlightened policy support. The result is a financial ecosystem characterized by trust, collective strength, adaptability, and mobile innovation.

Susus face several challenges in Ghana, as in many other countries. These challenges can impact both the operators, that is, *Susu* collectors, and the participants, that is, *Susu* members. Some common challenges in *Susus'* operation in Ghana are summarized below:

Challenges in the operation of *Susus* in Ghana	
Insecurity	• Cash transactions comprise *Susus'* nature of business. This makes the operators vulnerable to theft and robbery.
Financial irregularities	• Some *Susu* entrepreneurs had a knowledge gap in accounting and record keeping, which created problems in the reconciliation of a customer's cash at the end of a cycle.
High technology costs	• Most *Susu* entrepreneurs acknowledged the efficiency brought by digitization. However, the high costs have barred the integration of their systems with technology providers.
Fraud	• Cash is the commodity in this business model. When employees handle *Susu* members' money, it may lead to incidences of internal embezzlement.
Large operational costs	• Most *Susu* entrepreneurs hire collectors, which incurs expenses on transport, stationery, and other administrative costs. This reduces their profit margins.

Digital platforms and their potential for *Susus*

Susus' digitization can pave the way for enhanced service delivery in several ways:

- **A varied selection of financial products:** *Susu* entrepreneurs can offer more services through technology integration, such as loans, investments, and insurance.
- **More convenience:** *Susus'* digitization can offer customers enhanced convenience through 24/7 services.
- **Improved service delivery:** Digitization would also enhance efficiency, transparency, and security.
- **Better record management and tracking:** Digital systems maintain accurate records, which makes it easier for operators to manage and report on *Susus'* activities.

DSS is the proprietor of a digital operating system for Ghana's *Susu* entrepreneurs. Some key features of the solution include:

- Real-time monitoring of customer transactions;
- SMS alerts to customers upon deposits or withdrawal;
- Tracking of field agents' activities on a real-time basis;
- Inter-wallet transfer of funds among customers registered under the DSS platform.

Naa Sika is another example of a digital platform that serves *Susus* in Ghana with innovative products, as shown below:

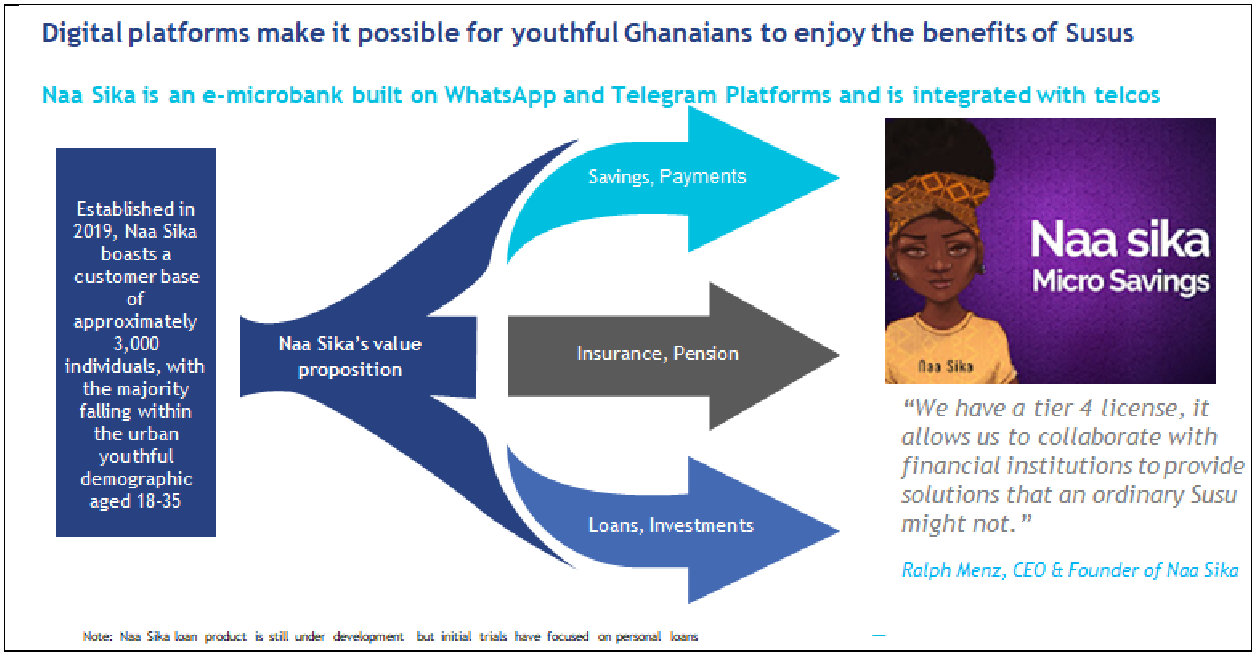


Figure 12: Naa Sika digital platform

3.2.5 Policy-side findings

The Ministry of Finance, Ghana, launched three policies to strengthen financial inclusion and payment acceleration. IFS also operates under it. The policies are as follows:

- **The National Financial Inclusion and Development Strategy**: This policy intended to shift the level of financial inclusion from 58% at the time of reporting to 85% by 2023. It planned to create employment opportunities and reduce poverty. The strategy was developed in partnership with the World Bank. It highlights five mutually reinforcing pillars of financial sector development: (a) Financial stability; (b) Access, quality, and usage of financial services; (c) Financial infrastructure; (d) Financial consumer protection; and (e) Financial capacity.
- **Digital financial services policy**: The Government of Ghana developed a digital financial services policy in partnership with the Consultative Group to Assist the Poor (CGAP). The approach is anchored on existing technological gains to create a resilient, inclusive, and innovative digital ecosystem that contributes to social development, a robust economy, and a thriving private sector.
- **The cash-lite roadmap**: This policy was created in collaboration with the Better Than Cash Alliance. It puts forward concrete steps to build an inclusive digital payments ecosystem. This includes better access to financial services, which would enable regulation and oversight and promote consumer protection. Further, the policy sought to improve access to financial services and use the opportunity for broader financial inclusion and inclusive growth.[11]

[11] MSC interviews with the Ministry of Finance, Ghana

The government and the Bank of Ghana recognized that the regulation of *Susu* operations was important to protect the public's interests and ensure IFS's stability in the country. As a result, they enacted laws and issued directives that govern how *Susus* work in Ghana, as illustrated in Figure 13 below:

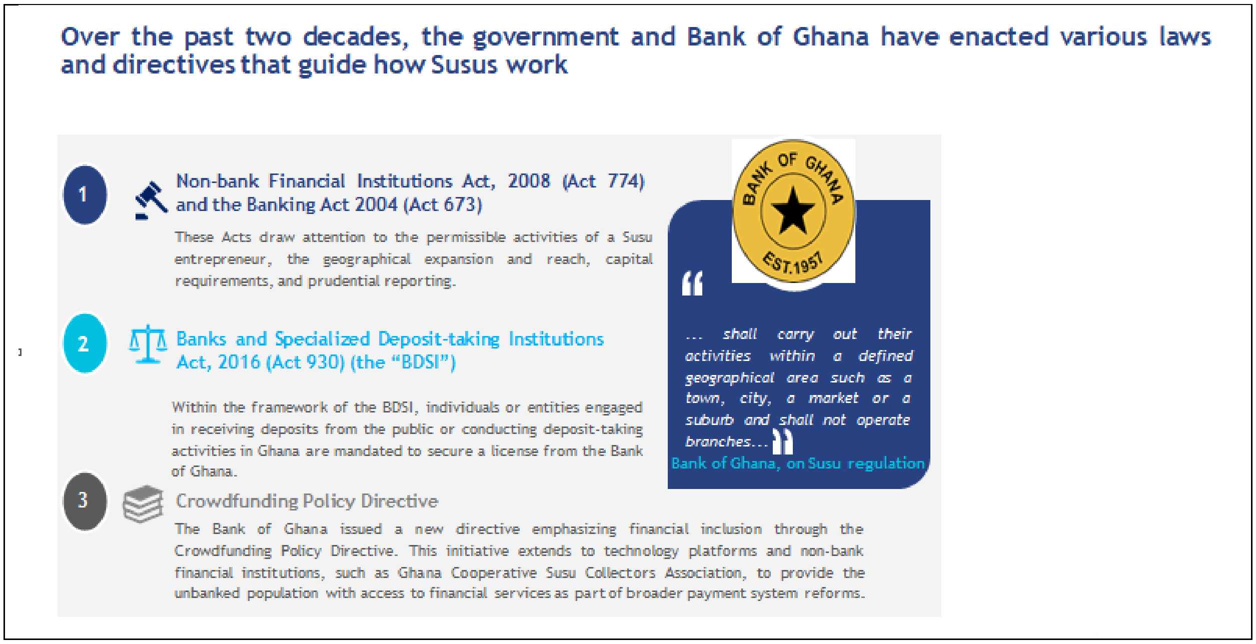
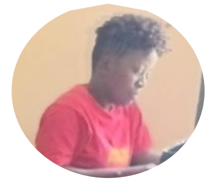


Figure 13: Laws in Ghana that govern *Susus*

The Bank of Ghana has various concerns that prevent *Susu*'s provision of credit.

- **Lack of regulation:** *Susu* collectors often operate in an informal and unregulated manner, which makes it challenging for authorities to oversee their activities. This lack of regulation can lead to fraud, mismanagement of funds, and inadequate consumer protection.
- **Risk to depositors:** People who deposit their savings with *Susu* collectors may not have the same level of protection as depositors in regulated financial institutions. If a *Susu* collector encounters financial difficulties or misappropriates funds, depositors may lose their savings.
- **Credit risk:** *Susu* collectors may not have robust risk assessment and credit evaluation processes, which can potentially lead to high levels of non-performing loans and credit losses.
- **Lack of transparency**: *Susu* collectors' operations can suffer from a lack of transparency, which include how interest rates are calculated, how savings are invested, and how loans are disbursed and repaid.
- **Financial stability concerns**: Unregulated lending activities can pose risks to the country's overall financial stability. The rapid expansion of informal lending can lead to the buildup of systemic risks.
- **Consumer protection**: Consumers who borrow from *Susu* collectors may not have access to formal channels to resolve disputes or seek recourse in case of unfair lending practices or predatory behavior.

3.2.6 MSE profiles



	Beginners "Early-stage invisibles"	Intermediates "Middle-stage invisibles"	Veterans "Bootstrappers"
Business profile	• Fish seller • Does not have employees	• Secondhand clothes seller • Have five part-time employees	• Sell food in offices around Accra • Have 15 employees
Business expertise	• Have a startup where they sell fish at Accra's local market • No business experience	• Have been a textile broker for more than 10 years • Has five employees	• Operate a food-vending business • Established mature entrepreneur with more than 15 years of experience
Financing needs	• Startup and personal financing • Mentorship and coaching • Networking opportunities • Resource mobilization skills • Business training • Digital literacy skills	• Working capital for business expansion • Networking opportunities • Personal financing • Business training and record-keeping	• Insurance against business fluctuations • Networking opportunities • Financing to expand to other businesses • Digital literacy skills
IFS access and usage	• Member of ACCI *Susu*	• Member of multiple *Susus*	• Member of multiple *Susus*
Weekly amounts contributed per member	• GHS 10 (USD 1)	• GHS 30 (USD 3)	• GHS 50 (USD 5)
FFS access and usage	• Low	• Medium	• High
Specific use cases for financial services	• Savings • Business loans • Business insurance	• Savings • Welfare for emergency support • Corporate and personal loans	• Savings • Welfare for emergency support • Corporate and personal loans

3.2.7 Opportunities to support *Susus* in Ghana

Supporting susus in Ghana can be a meaningful way to empower local communities and promote financial inclusion.

Below are some interventions that can bridge the gap in financing for MSEs:

Interventions	Beneficiaries	Focus	Tools	Outcomes

Design IFS linkage programs with partner entities	• Linked IFS providers, for example, FFS providers
	  • Digitization promoters, for example, Naa Sika and DSS Wallet
	• Associations that represent registered IFS
		Private sector	Technical assistance grants	• Product development with entities and digitization promoters to:
				  ▪ Increase access to finance for registered IFS;
				  ▪ Development of institutional strengthening material for MSEs through IFS.
				• MERL framework to support IFS linkage programs' scaling

			Working capital grants	• Provision of funds to lend to MSEs through associations • Provision of risk guarantees to minimize default risk for MSEs borrowing from linked IFS providers
			Working capital loans	• Provision of loans at low interest rates through FFS providers or NGOs to IFS providers to lend to MSEs

Support savings mobilization through the Ghana Cooperative Susu Collectors Association (GCSCA)	GCSCA
	
	Associations that represent registered IFS
		Private sector	Technical assistance grants	• Product development with Susu entrepreneurs and GCSCA to:
				  ▪ Digitize processes and develop personalized messages, which would increase transparency, accountability, and trust;
				  ▪ Onboard providers who can ensure the amounts Susu entrepreneurs collect and GCSCA minimize risks due to loss or fraud;
				  ▪ Strengthen Susus' capacity to provide loans through technical support from entrepreneurs, collectors, and GCSCA.

3.3 Togo

Indigenous Financial Service encompass various customary and community-based activities outside the official banking industry. The following are important considerations for people when they use Togo's local financial services. Savings groups, referred to as "tontines," are typical examples of an indigenous financial service in Togo. Members of these groups make regular contributions of a set amount of money, and the pooled savings are then distributed among them per a prearranged timetable. It provides social support and a means of group savings. Other types of Indigenous Financial Service in Togo are moneylenders and VSLAs.

3.3.1 Financial inclusion landscape

The current population of Togo is 8.7 million Togo's GDP for 2019 was USD 5.49 billion, a 2.35% increase from 2018. Togo has achieved 45% financial inclusion, driven primarily by mobile money services used to access various social program benefits the government provides.

Togo's progress in financial inclusion exceeds the average rate of account holders in Sub-Saharan Africa. This sharp increase can be attributed to the government's push for cash transfers to beneficiaries of various social programs via DFS. 49% received government payments into a financial institution account, and 30% of beneficiaries opened their first account to receive their payment, as shown in Figure 14.[12]

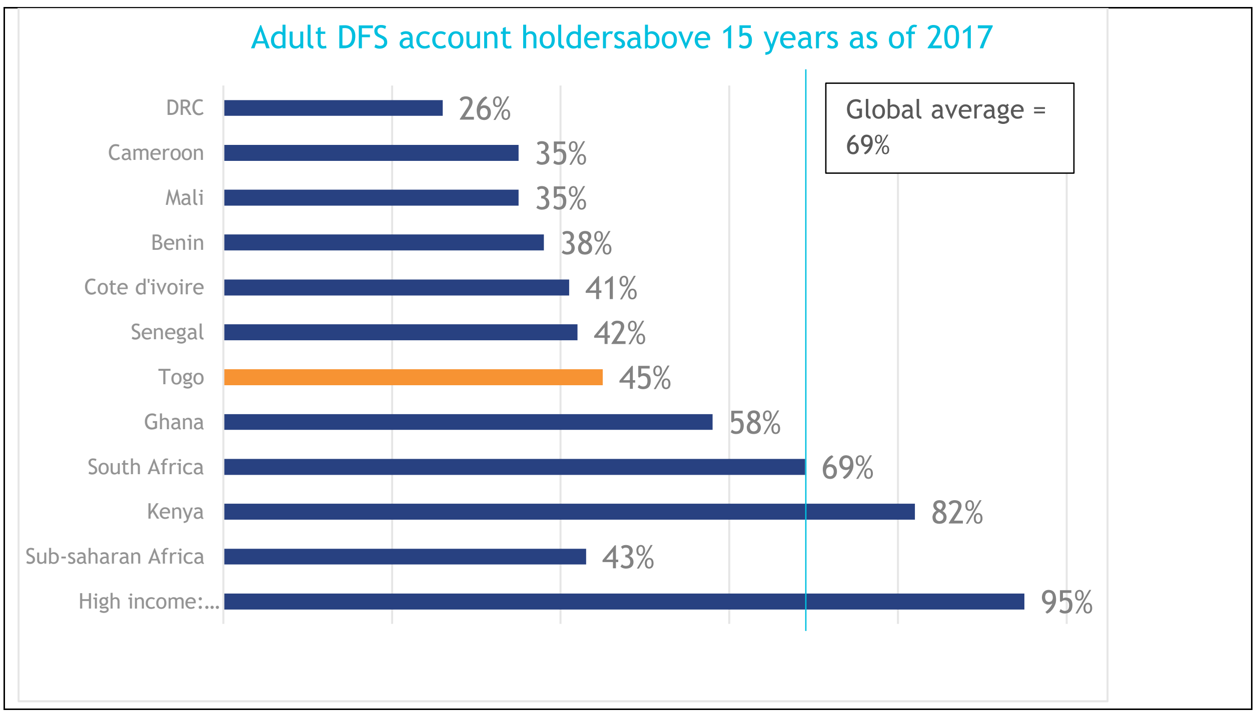


Figure 14: Adults with DFS accounts as of 2017

The fast mobile money adoption rate is characterized by person to person (P2P) transactions primarily between "digital natives." This refers to the generations born in the era of mobile phones, whose precarious economic situation and unemployment make mobile transactions' low cost and convenience attractive. Digital payments are consistent with the national average for youth and rural areas. However, women who made or received digital payments in 2017 are at 23%. These details are captured in Figures 15 and 16.

[12] Global Findex data 2017

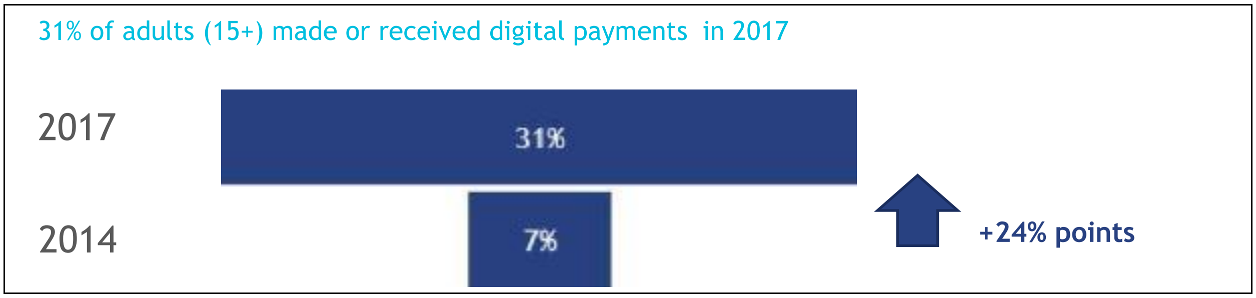


Figure 15: Adults who use digital payments as of 2017

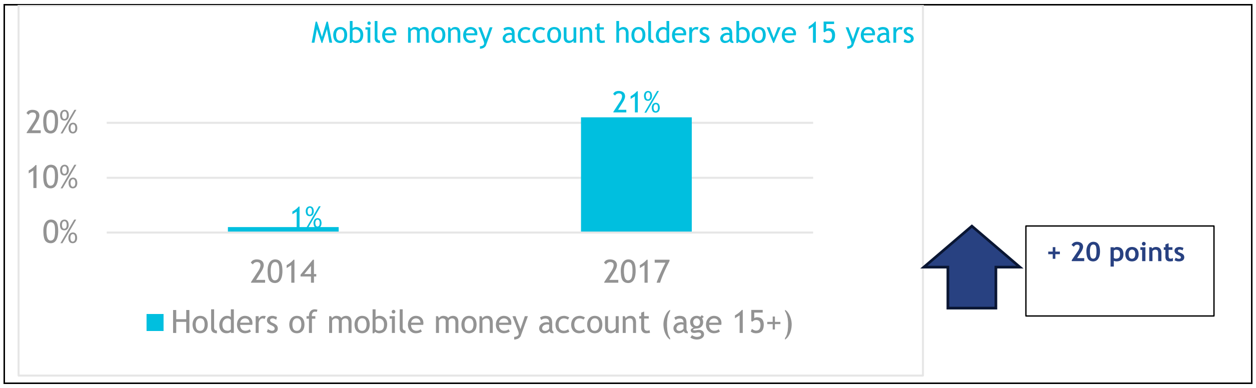


Figure 16: Mobile money account holders

Gender and social gaps exist in financial services' usage. However, opportunities also exist to equalize access, particularly within the digital-savvy youth segment. The gender gap in financial inclusion is based on the significant drop in accounts for mobile account holders from men to women. Given that employment, assets, and access to credit are the main contributors to gender inequality in Togo, women's use of mobile accounts will help close the gap. Education also plays a role in women's literacy rate at 51% compared to 77% for men.

3.3.2 IFS ecosystem map

Actors	Gaps based on the primary research	Players	Intervention
Demand side	• **Limited financial literacy:** Limited information on basic financial concepts and terms • **Limited awareness:** Incomplete information about the range of services offered • **Irregular income streams:** Unpredictable income, which makes it challenging to	• Vlisco traders • Non-Vlisco traders	• We recommend the Foundation support to IFS through associations for scaling and legal reasons. • Specific interventions from the Foundation would include technical assistance and working capital grants

	engage in financial planning • **Gender disparities**: Limited women's economic empowerment opportunities • **Limited product diversity**: Lack of flexibility in product offerings		
Supply side	• **Limited infrastructure:** Hindrance in service delivery due to inadequate facilities, such as technology • **Operational risks:** Negative effect on IFS due to risks, such as fraud and theft • **Fragmentation:** Limited potential for collaboration and growth among IFS providers due to lack of coordination	• Tontines • FFS providers • SOGEMEF • Bank of Africa, Togo • Orabank Togo • NGOs • Assilassime • Entrepreneur du Monde • Mutual Guarantee Association	• Specific interventions from the foundation would include working capital grants and digital solutions for linkages with IFS providers

3.3.3 Demand-side findings

Togo has a robust IFS space. However, several factors influence the level of risk associated with borrowers. These factors include income, the depth of their relationship with the service provider, the stage of their business, how long they have been in business,their location, and how established they are within their industry. Local financial service providers have adopted specific risk-reduction measures to safeguard clients.

Awareness of IFS primarily spreads through word-of-mouth, as traders learn about these services from peers, family, friends, and neighbors. This typically happens when traders face financial challenges to run their businesses, need money for specific purposes, face geographical limitations, have prior connections with providers, or require immediate financial assistance.

The process to join IFS is typically based on personal relationships and recommendations. New members are often introduced to these services through friends, acquaintances, and individuals who speak positively about them.

MSEs primarily use IFS include to expand business operations, save through mechanisms, such as tontines, to become eligible for loans, obtain capital to start or sustain businesses, diversify business activities, address immediate financial needs, boost current businesses, and launch new ventures. Many traders use IFS out of necessity because they lack access to FFS credit facilities due to the lack of collateral and documentation.

Female traders find tontines easy to use. Their participation in tontine savings helps them save and accumulate capital over time. This, in turn, makes them eligible for loans or credit when needed for tontines linked with MFIs. It demonstrates their financial responsibility and ability to repay.

Female traders favor tontines associated with FFS providers over those linked to IFS providers. They also prefer both options over traditional banking services because FFS providers grant them access to credit based on daily savings in tontines without a demand for strict collateral or guarantees. This significantly reduces barriers to credit access and enables them to secure funds for business growth or other financial needs.

Some female traders receive valuable business advice and training from a social MFI called Assilassime Fund, supported by the French NGO Entrepreneur du Monde. These training programs help them develop business, management, and marketing skills. SOGEMEF, another MFI, supports entrepreneurs, especially women and youth entrepreneurs, through annual training and workshops to equip them with business skills and effective debt management techniques to avoid financial difficulties.

The financial landscape offers opportunities to develop and support female traders with innovative financial and non-financial services to address their challenges. Many struggle to access capital to grow their businesses, and they perceive the cost of credit offered by microfinance institutions as too high, given their circumstances. A clear divide exists between Vlisco traders and non-Vlisco traders in the informal sector. Vlisco traders operate formally and maintain bank accounts, while non-Vlisco traders in the informal sector rely on MFIs and tontines. Unfortunately, tontines in the informal sector offer loans with high interest rates, which adds complexity to the financial landscape.

In the era of digital advancements, digitized tontines offer exciting prospects. They enable traders to receive mobile money payments and save their earnings directly through standalone platforms or in partnership with affiliated FFS providers. This shift to digital platforms enhances traders’ convenience and efficiency, which advances Togo’s financial landscape.

The trajectory of Togo’s textile industry has been influenced by various factors over the years, such as economic conditions, government policies, and global trends, as illustrated in Figure 17.

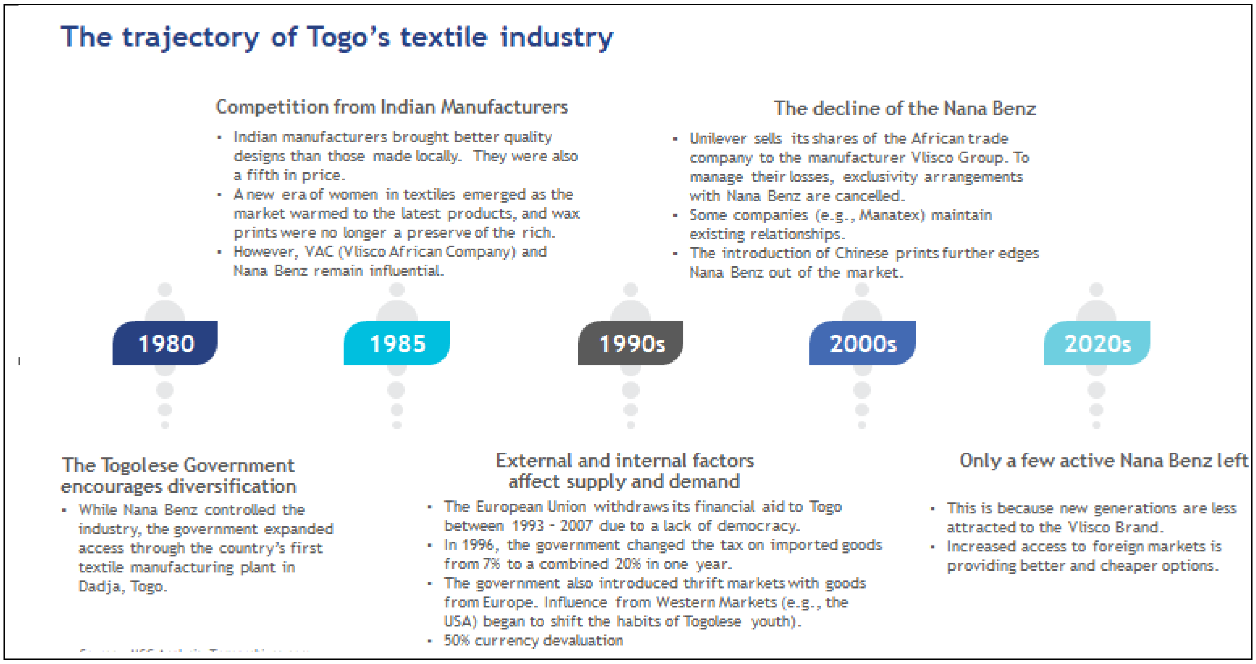


Figure 17: The trajectory of Togo's textile industry

3.3.4 Vlisco and non-Vlisco traders

Vlisco is a renowned Dutch fabric company with a rich history of production of vibrant and distinctive textiles, often associated with African fashion and traditional attire. Most Vlisco traders have an advantage over non-Vlisco traders, as explained below:

Differences between Vlisco traders and non-Vlisco traders	
Vlisco traders	**Non-Vlisco traders**
Access to capital but with high requirements Most Vlisco traders are registered as formal entities and can have access to loans more easily than non-Vlisco traders.	**Lack of access to capital** Most are unregistered and not legal, so they face difficulties when they try to obtain financing or loans to grow their businesses.
Marketing support and image-building Vlisco sometimes provides marketing and promotional support to trader's providers to help them promote their products.	**Competition** The textiles market in Lomé is highly competitive, as many sellers vie for the same members with products and the same design.
Training support Vlisco traders have access to exclusive services from the company, such as training, advice, and promotions, which help them retain their members and increase their sales.	**Working conditions** Traders may sometimes work in precarious conditions, be exposed to the elements, or have long working hours.
Reputation and community access They have access to a community of women entrepreneurs called *Nana Benz*, who have developed their business and influence through the sale of Vlisco textiles.	**Lack of stable physical place** Many do not have a formal place in the market and are constantly disturbed by local authorities.

3.3.5 Supply-side findings

Tontines' impact

Tontines typically consist of a fixed number of members, which often ranges from 10 to 30. They come together to pool their money. Each member contributes a set amount of money to the group regularly, typically daily, weekly, or monthly. Tontines fall under two categories:

- Linked tontines: These are linked to FFS providers.
- Unlinked tontines: These are standalone and not linked to FFS providers.

Tontines' numerous financial and non-financial benefits for members

- **Financial discipline and responsibility: Members need discipline to be a part of a tontine. It helps them learn by themselves and develop responsible financial ability and skill. The way the service is provided promotes financial discipline and financial literacy.**
- **Wealth accumulation and investment**: Members can easily accumulate value for investment through savings with tontines. Tontines encourage members to learn the importance of saving, investing, and financial planning.
- **Social support**: Some MFIs that link IFS provide social support to their members and motivate them to become financially independent. They also encourage them to make more savings and invest in their business.
- **Flexible savings with time-saving**: Members do not have to move and waste time to save. Field staff always come to them to collect the contributions. They can save time and do their business instead of leaving their shop and going to a branch to deposit.
- **Access to capital and financial inclusion**: Tontines open the door to financial inclusion as they give people excluded from the formal banking system a chance to access financial services, such as credit.
- **Strengthen trust and awareness**: Tontines can build member confidence and awareness. When members discover they can link tontines with MFIs and be repaid promptly and flexibly, they develop trust and understanding of financial services.

FFS providers, primarily banks are the leading players in Togo's financial sector. They tend to not engage with informal traders. This reluctance largely stems from these traders' lack of official registration documents and transaction history records. However, some MFIs collaborate with microfinance institutions or government agencies to connect with informal traders and encourage them to formalize. Interestingly, banks find it more convenient to collaborate with traders who have previously interacted with MFIs, even if they lack formal registration.

In Togo's financial landscape, traders often prefer flexible credit access with lower borrowing costs. However, traders tend to favor linked and unlinked tontines due to the stringent conditions imposed by banks and most formal financial institutions for loan access. Notably, women involved in the textile industry often lean toward linked tontines. Traders can access loans and conveniently use the same tontine savings method to repay these loans after three rounds of daily savings within tontines.

Members typically require formal identification when they join linked tontines. Nonetheless, exceptions are made based on kinship, residence, or familiarity with a current member. For instance, some IFS providers allow onboarding based on recommendations from social networks.

Togo's financial industry has witnessed a significant shift toward digitization, as most FFS providers integrate services, such as bank to wallet (B2W) or wallet to bank (W2B), WhatsApp banking, mobile banking, and SMS banking. As an example, SOGEMEF has embraced digitization in its tontine process. Additionally, some local tontine providers offer digital channels through WhatsApp and mobile wallets. However, these digital channels are not fully exploited for various financial services.

One recurring challenge among tontines is the lack of business management skills, a factor that can significantly impact their businesses' health. Similarly, most tontines lack proper documentation and accounting systems, which presents a substantial hurdle in their access to formal financial services. Furthermore, customers believe that the cost of credit is prohibitively high, mainly because financial service providers regard these ventures as risky. Collaboration with government agencies, donors, and other partners is suggested to de-risk tontines. Several challenges faced by tontines and Esusu programs, such as the risk of loss due to member failure or fraud or the lack of security and transparency in fund management, further underscore the need for attention in this area.

FFS providers offer business advisory services to support traders, which provides various services tailored to the maturity of businesses, MSEs' specific needs, and the benefits that can help them. Certain financial institutions, such as BOA, SOGEMEF, and Orabank Togo, conduct business roadshows as part of their offerings.

Many traders in Togo turn to tontines services out of necessity, given their informal status. Consequently, a prevailing perception exists that IFS is better aligned with their needs than FFS.

Interestingly, IFS providers, such as Esusu do not collaborate with FFS providers. However, MFIs occasionally engage with unregistered groups and unregistered MSEs, which offer financial education, loans, and awareness-raising. For example, BOA and Orabank sometimes partner with MFIs to reach MSEs in the informal sector. In these scenarios, traders are encouraged to link up with an MFI, which helps them build a financial history that can be used for credit scoring and analysis. They also use credit guarantee programs to share the risk of loan default with other financial service providers.

Most FFS providers actively embrace digital financial services to reach underbanked individuals, underserved populations, entrepreneurs, and traders. For instance, Orabank collaborates with EMO Fintech to offer more accessible financial services through WhatsApp banking. Likewise, SOGEMEF, an MFI, has introduced digital processes that seek to make wealth accumulation for traders more convenient, transparent, efficient, and flexible.

Some IFS providers employ specific strategies to mitigate member risk, such as the requirement of a guarantor for borrowing to ensure the reliability of transactions and financial operations.

Linked and unlinked tontines are both variations of savings and lending groups, but they have distinct differences in their structure and operations. Figure 18 illustrates the difference between the two.

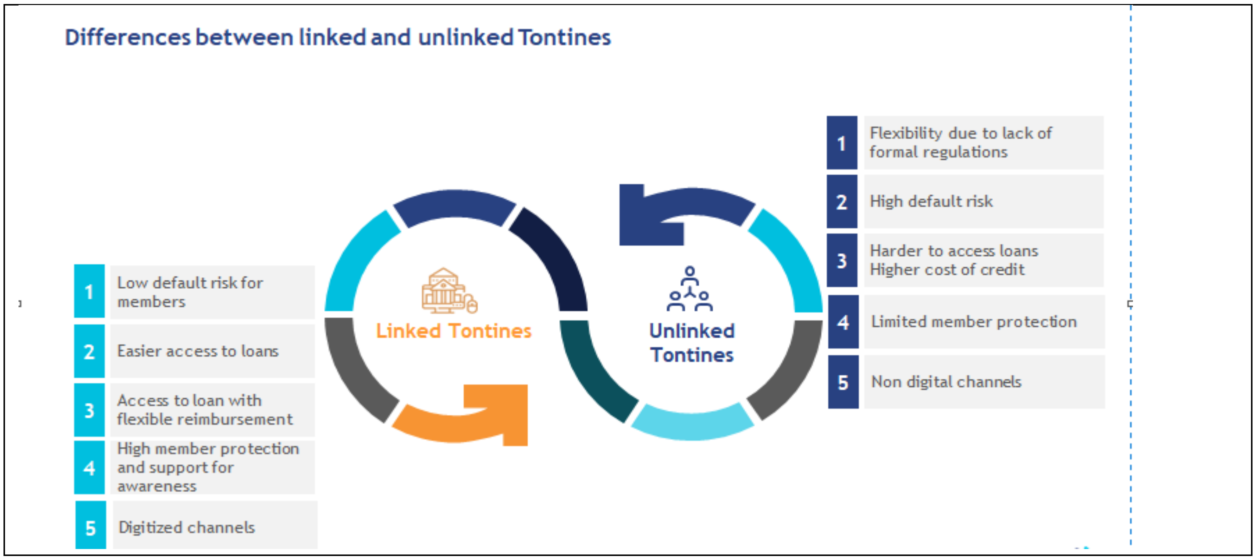


Figure 18: Difference between linked and unlinked tontines

The integration of tontines with FFS providers that changed the ecosystem to unlock doors for sustainable access to capital for traders

- **Increase awareness:** FFS providers that offer tontines services to their members can build trust and loyalty. Members appreciate the regularity and flexibility of these services and become more interested to use them for different purposes. Members also realize the advantages of FFS, such as local providers or affinity-based tontines, which are more risky and less reliable. Therefore, members want to learn more about the benefits of formal financial services and how to use them effectively.
- **Access to loans and other financial services:** Most MFIs that link tontines provide loans based on savings from their member with flexible reimbursement. Members must show their regularity and discipline with three rounds before they get access to a loan. For example, members are eligible to get access to a loan after they try for three months.
- **Confidence development with financial institutions and access to support:** When members become regular with tontines, they develop proximity with financial institutions and become more confident with them. Some financial institutions that have developed non-financial programs early can assist members with advice and bring them back on social issues.
- **Digitized process:** Most FFS providers have digitized their tontines process, and the financial information from members is directly entered in point of sale (POS) tablets. This is an opportunity for members and financial institutions to create credit histories for members, which could be shared with banks and strengthen credit scoring.
- **Financial education:** Some FFS providers make members responsible for the loans they have grated for them. They support members with financial and social education. Some of them provide financial education through digital channels.

3.3.6 Case study of *Nana Benz*

Nana Benz was a group of famous businesswomen in Togo. *Nana* is a hypocoristic of *na* (or *ena*) which means “mother” or “grandmother” in Mina, and “Benz” for the Mercedes Benz they liked to drive. Over time, the word lost its original parental dimension and has been used as a form of respect and politeness to acknowledge the social position of *Nana Benz*.

In the 1940s and 1950s, cloth retailers imported textiles from Ghana. Then, they proposed to sell them to import or export firms in Togo when relations between Sylvanus Olympio and the Ghanaian president Kwame Nkrumah went sour over British Togoland and the Ewe issue. Those firms were the British GB

Ollivant, United Africa Company (UAC), John Holt, the French SGGG (Société Generale of the Gulf of Guinea), CFAO (Compagnie Française de l'Afrique Occidentale), and SCOA (Société Commerciale de l'Ouest Africain).

In the 1970s, *Nana Benz* rose in prominence and became a cornerstone of the Togolese economy. They were credited with positioning Lomé as a regional center of textile distribution as they dominated the trade in wax prints from Holland, Belgium, France, and England. Between 1976 and 1984, at least 40% of Togo's commercial business, which was in the informal sector, was in *Nana Benz*'s hands. They carried the nation's economic burden during a time marked by large budget deficits, from 13.4% of the GDP in 1973 to 39.6% of the GDP in 1979. Additionally, they established Vlisco as the top-selling textile brand in West Africa. In the early 90s, political instability, followed by economic sanctions and a 50% devaluation of the CFA, led to their loss of monopoly over the wax print market.[13]

[13] Togo archives

3.3.7 MSE profiles

			
	Beginners “Early-stage invisibles”	**Intermediates** “Middle-stage invisibles”	**Veterans** “The invisibles”
Business profile	• Five years of business experience • Married	• 10 years of business experience • Support a family	• Young adult • Have a family
Business expertise	• Textile entrepreneur • Have two employees	• Have been a textile broker for more than 10 years • Have five employees	• Work for an MFI and use a POS to collect money and register tontines • Onboard members
Financing needs	• Startup and personal financing • Have a strong relationship with FFS providers that enable access to credit • Business training	• Working capital for business expansion and physical place in the market • Networking opportunities • Personal financing training • Digital literacy skills	• Insurance against losses caused by business fluctuations • Float management for her mobile money business • Cash management training
IFS access and usage	• Linked to FFS providers • Does not belong to any association	• Linked to FFS providers • Member of a commercial tontine	• Member of a commercial tontine
Weekly amounts contributed per member	• USD 10-20	• USD 1-5	• Not applicable
FFS access and usage	• Medium	• Medium	• High
Specific use cases for financial services	• Savings • Business loans • Business insurance	• Savings and business loans • Welfare for emergency support and adverse weather conditions	• Not applicable

3.3.7 Opportunities to support tontines in Togo

IFS providers alone may not adequately meet MSEs' changing financial requirements as they expand and become more successful. FFS providers connected to IFS providers may hesitate to lend to MSEs without additional motivation or incentives. These MSEs often rely on tontines to gather savings, which helps them access the financing they need to grow from invisible or unnoticed businesses to successful enterprises.

Below are some interventions that can bridge the gap in financing for MSEs:

Interventions	Beneficiaries	Focus	Tools	Outcomes
Design IFS linkage programs with partner entities	Primary: • Linked IFS providers, for example, FFS providers and NGOs • Associations that represent registered IFS Secondary: • Unregistered IFS	Private sector	Technical assistance grants	• Product development with entities and digitization promoters to: ▪ Increase access to finance for registered IFS; ▪ Automate and accelerate formalization for unregistered IFS; ▪ Simplify onboarding for unlinked IFS; ▪ Develop institutional strengthening material for MSEs through IFS. • MERL framework to support IFS linkage programs' scaling
			Working capital grants	• Provision of funds to lend to MSEs through associations • Provision of risk guarantees to minimize default risk for MSEs that borrow from linked FFS providers
			Working capital loans	• Provision of loans at low interest rates through FFS providers to IFS providers to lend to MSEs

4.0 Challenges faced by women and youth when they access finance

Women often face unique challenges when they access finance and financial services. These challenges are often shaped by social, economic, and cultural factors and can vary from one region or country to another. Some common challenges faced by women when they access finance include:

Barriers that affect women's access to finance	
• Gender bias and discrimination	• Societal biases and discrimination can lead to unequal treatment of women in financial transactions. This could result in limited access to credit, higher interest rates, and reduced negotiation power.
• Lack of collateral and property ownership	• Women often have limited access to property ownership and collateral, which makes it difficult for them to secure loans that typically require assets, such as security.
• Limited financial literacy	• Insufficient financial education can hinder women's understanding of financial products, terms, and rights as borrowers, which affects their confidence when they seek loans.
• Low income and employment opportunities	• Gender pay gaps and limited access to well-paying jobs can lead to lower income levels, which reduces women's ability to qualify for loans.
• Cultural barriers	• Cultural norms can restrict women's autonomy and decision-making power, which affects their ability to access finance and make financial decisions.

Similarly, youth often face a unique set of barriers when they access finance and financial services. These barriers can limit their ability to secure loans, invest, and manage their financial well-being. Some common challenges and barriers that affect youth when they access finance include:

Barriers that affect youth's access to finance	
• Limited credit history	• Young individuals often need a substantial credit history, which makes the qualification process for traditional loans or credit lines challenging.
• High risk perception	• Lenders may view young people as riskier borrowers due to their limited financial experience and stability. This results in higher interest rates or loan denials.
• Limited collateral and assets	• Young people may still need to acquire significant assets or collateral, which makes it difficult to secure loans.
• Lack of experience	• Lack of business or financial management experience can hinder young entrepreneurs' ability to present viable business plans and secure funding.

5.0 Conclusion

Cross-country lessons between *Susus* in Ghana and *chamas* in Kenya can provide valuable insights into effective financial and community-building practices. Here are some examples of lessons learned that could be shared between the two:

1. **Digital financial inclusion:**

- Lesson from Ghana: *Susus* have embraced digital financial platforms in Ghana, which enabled members to make transactions more conveniently.
- Transferability to Kenya: Some *chamas* have adopted digital platforms to enhance financial inclusion, reduce paperwork, and streamline record-keeping. However, *chamas* can learn about the sophistication of digital platforms from *Susus*, as they have more robust digital platforms and capabilities than *chamas*.

2. **Formalization and legal frameworks:**

- Lesson from Ghana: *Susus* have successfully formalized their operations due to the regulator's requirement that all *Susus* be registered with the Ghana Co-operative Susu Collectors Association before they get a license. This has helped track and reduce cases of fraud in the sector.
- Transferability to Kenya: This lesson could be applied in Kenya. It can encourage *chamas* to formalize their structures and benefit from legal protections. Legal experts and representatives from registered *chamas* could share their experiences and guide the process.

3. **Diversification of investments:**

- Lesson from Kenya: *Chamas* in Kenya have explored diverse investment opportunities beyond traditional savings, such as agriculture and real estate.
- Transferability to Ghana: *Susus* in Ghana could learn from the Kenyan experience and explore diversification to mitigate risks and enhance returns as they diversify away from savings. This lesson could be shared through workshops and seminars facilitated by experienced *chama* leaders.

4. **Community empowerment and social impact:**

- Lesson from Kenya: *Chamas* in Kenya often emphasize community development projects and social impact initiatives, which contribute to both financial and social well-being of members.
- Transferability to Ghana: *Susus* in Ghana could incorporate more community-oriented projects and learn from the Kenyan model. This lesson can be shared by members of Kenyan *chamas* who have successfully implemented such initiatives.

5. **Linkages between FFS providers and IFS providers:**

- Lesson from Ghana: *Susus* have implemented effective linkages with formal financial service providers. *Susus* must have at least half of their member's savings deposited with financial institutions as a way to mitigate risk. In contrast, the other half can be used as float in the *Susu* collector's other businesses. Deposit part of their savings with FFS allows *Susu* collectors to access their credit.
- Transferability to Kenya: *Chamas* in Kenya could benefit from the adoption of similar risk management practices and use such linkages to get loans for funding investment projects. Although many *chamas* have accounts with FFS providers, many still lag in linkages. Thus, it limits the number of financial services they can access.

The foundation can establish partnerships between relevant organizations, government agencies, and stakeholders from both countries to facilitate the transfer of these lessons. Workshops, conferences, and exchange programs could be platforms to share experiences and best practices and foster collaboration and mutual learning between *Susus* in Ghana and *chamas* in Kenya.

Annexes

A.1 Glossary of terms used in the report

Tontine	• A tontine is a form of informal saving and lending that involves a group of people who pay a fixed amount of money to a common fund and receive periodic payouts.
Chama	• *Chamas* refer to individuals or MSEs that use Indigenous Financial Service in groups.
Susu	• *Susu* refers to individuals or MSEs who are licensed to operate to collect savings from their members.
Formal financial service (FFS)	• These are regulated products or services institutions provide. Examples include savings accounts, credit accounts, investment instruments, letters of credit, performance bonds, and invoice discounting, among others.
Formal financial service providers	• These are institutions that offer formal financial services to users. Examples include banks, MFIs, and SACCOs, among others.
Indigenous financial service (IFS)	• IFS refers to unregulated financial products or services. Examples include *Susus*, tontines, rotating savings and credit associations (ROSCAs), accumulating savings and credit associations (ASCAs), working capital loans, and equity investments, among others.
Indigenous financial service providers	• These are institutions or groups that offer informal financial services to users. Examples include NGOs, MFI, investment groups, informal money lenders, and loan brokers, among others.
Indigenous financial service users	• These are individuals or MSEs that use Indigenous Financial Service.

A.2 Sampling framework for the research

A.2.1 Kenya

Details of the research plan in Kenya

Our methodology

- MSC conducted qualitative research between March and August, 223 across seven counties: Machakos, Nairobi, Kiambu, Kakamega, Kisumu, Kilifi, and Mombasa.
- We undertook key informant interviews and focus-discussion groups with demand-, supply-, and policy-side interviews.
- These interviews provided insights into the access and usage of indigenous financial services.

Dimension	Planned	Achieved	Additional details		
Supply-side	24 KIIs	24 KIIs	Unlinked IFS providers	• Chama groups • Table banking groups • VSLAs	• 70% women • 70% youth • 50% rural
	12 KIIs	12 KIIs	Linked IFS providers	• DigiChama • Hand in Hand International • Solidaridad • Family Bank • Stima SACCO	
	12 FDGs	12 FDGs			
Demand-side	8 KIIs	8 KIIs	NGOs and private institutions	• DigiChama • SHOFCO • CARE • GROOTS • Solidaridad	
	15 FDGs	15 FDGs	MSEs[1] using indigenous financial services	• 70% women • 70% youth • 50% rural	
Policy-side	4 KIIs	3 KIIs	Government and regulators	• State Department of MSEs - *pending* • Sacco Society Regulatory Authority	

KII - Key Informant Interview
FDG - Focus Discussion Group with an average of 10 members each

1. By MSEs, we mean entrepreneurs (irrespective of their size or registration).
2. We included standalone and supported indigenous financial services during supply-side interviews.

Figure 13: Kenya research sampling

Age	Male	Female	Total
Youth	32	73	**105**
Non-youth	14	31	**45**
Total	**46**	**14**	**150**

Figure 14: Sampling by gender

Region	Youth	Non-youth	Total
Nairobi	10	7	**17**
Kisumu	20	10	**30**
Mombasa	20	10	**30**
Kakamega	15	7	**22**
Machakos	20	6	**26**
Eldoret	19	6	**25**
Total	**14**	**46**	**150**

Figure 15: Sampling by region

Location	Youth	Non-youth	Total
Rural	32	73	**105**
Urban	14	31	**45**
Total	**46**	**14**	**150**

Figure 16: Sampling by location

A.2.2 Ghana

Details of the research plan in Ghana

Our methodology

- MSC conducted qualitative research between March and August, 2023 across four regions of Accra, Kumasi, Takoradi, and Tamale.
- We undertook key informant interviews and focus-discussion groups with demand-, supply-, and policy-side actors.
- These interviews provided insights into the access and usage of IFS.

Dimension	Planned	Achieved	Additional details		
Supply-side	36 KIIs	36 KIIs	Susu entrepreneurs and banking agents	• ACCI Susu Enterprise • Aguadifo Boafo Susu Enterprise • Naa Sika Susu Enterprise • ASA Savings & Loans Ltd	• 70% women • 70% youth • 50% rural
	4 KIIs	4 KIIs	FFS providers	• GCB • Afro-Arab MFI • Fidelity Bank	
	8 KIIs	8 KIIs	NGOs and private institutions	• Savings and Loans Association • Ghana Cooperative of Susu Collectors Association	
Demand-side	15 FDGs	15 FDGs	MSEs[1] using indigenous financial services	• 70% women • 70% youth • 50% rural	
Policy-side	5 KIIs	5 KII	Government and regulators	• Ministry of Finance • BOG • Association of financial NGOs	

KII - Key Informant Interview
FDG - Focus Discussion Group

1. By MSEs, we mean entrepreneurs (irrespective of their size or registration).
2. We included Susu collectors and their associations during supply-side interviews.

Figure 17: Ghana research sampling

Age	Male	Female	Total
Youth	32	73	**105**
Non-youth	14	31	**45**
Total	**46**	**14**	**150**

Figure 18: Sampling by gender

Region	Youth	Non-youth	Total
Accra	16	7	**23**
Takoradi	37	16	**53**
Tamale	36	16	**52**
Kumasi	15	7	**22**
Total	**14**	**46**	**150**

Figure 19: Sampling by region

Location	Youth	Non-youth	Total
Rural	32	73	**105**
Urban	14	31	**45**
Total	**46**	**14**	**150**

Figure 20: Sampling by location

A.2.3 Togo

Details of the research plan in Togo

Our methodology

- MSC conducted qualitative research in July, 2023 in Togo.
- We conducted stakeholder engagement with the demand and supply side actors specifically Vlisco and non-Vlisco traders, IFS, FFS, MFI providers through key informant interviews and focus discussion groups.
- The interviews took place in Lomé and surrounding areas and in the largest market in the country Lomé Grand Market.

Supply side	4 KIIs	4 KIIs	Standalone and linked Tontines[1] used by traders
	2 KIIs	2 KIIs	Linked FFS providers
Demand side	3 FDGs	3 FDGs	Vlisco traders
	3 FDGs	3 FDGs	Non-Vlisco traders

KII - Key Informant Interview
FDG - Focus Discussion Group

1. By traders, we mean entrepreneurs (irrespective of their size or registration).

Figure 21: Togo research sampling

Age	Male	Female	Total
Youth	0	15	**15**
Non-youth	0	15	**15**
Total	**0**	**30**	**30**

Figure 22: Sampling by gender

Region	Youth	Non-youth	Total
Lomé	15	15	**30**
Total	**15**	**15**	**30**

Figure 23: Sampling by location

Location	Youth	Non-youth	Total
Rural	0	0	**0**
Urban	15	15	**30**
Total	**15**	**15**	**30**

Figure 24: Sampling by region

A.3 Hypothesis and findings

A.3.1 Demand side

<table>
<tr><th>Attributes</th><th>Awareness</th><th>Onboarding</th><th>Use</th><th>Preference</th><th>Behavior</th></tr>
<tr><td rowspan="3">Hypothesis</td><td rowspan="3">MSEs that use IFS show a strong knowledge of the available products.</td><td rowspan="3">MSEs primarily turn to IFS providers out of necessity, convenience, and their inability to access formal financial services.</td><td>Peer pressure and social proof drive MSEs' use of IFS.</td><td>MSEs favor IFS because they are affordable, social, easily accessible, simple to use, have favorable terms, offer fast loan disbursement, and provide opportunities for training and networking.</td><td rowspan="3">The growth and formalization of MSEs led them to shift from the use of IFS to formal ones.</td></tr>
<tr><td rowspan="2">MSEs use IFS frequently and optimally because of their low cost, simplicity, and high level of awareness.</td><td>MSEs avoid the use of IFS due to their limited options, informal nature, lack of security, and failure or collapse risks.</td></tr>
<tr><td>MSEs prefer Indigenous Financial Service that are linked to FFS.</td></tr>
<tr><td rowspan="3">Findings</td><td rowspan="3">Most MSEs that use IFS have strong knowledge of their products and services.</td><td rowspan="3">MSEs primarily resort to IFS providers due to the necessity that arises from limited formal options, the convenience offered by localized providers, and their inability to meet the requirements set by formal financial institutions. The recognition of these challenges and an understanding of the reasons behind MSEs' reliance on IFS providers is crucial to develop strategies to enhance financial inclusion and support the growth and development of MSEs in underserved communities.</td><td>Peer pressure and social proof are powerful drivers behind MSEs' use of IFS.</td><td>MSEs prefer IFS due to their affordability, accessibility, simplicity, favorable terms, fast loan disbursement, social nature, and opportunities for training and networking.</td><td>While the shift from IFS to formal is not universal for all MSEs, we observed as MSEs grow, formalize their operations, and face evolving financial needs that can only be met by FFS providers.</td></tr>
<tr><td>The experiences and successes of their peers create a sense of social influence and validation, which leads MSEs to trust and adopt these services.</td><td>These services cater to the specific needs of MSEs, align with their business realities, and provide a supportive environment for their financial growth and development.</td><td>FFS offers advantages in terms of scalability, access to specialized services, more extensive capital availability, and opportunities to build credit history and reputation.</td></tr>
<tr><td>The recognition of these social dynamics and</td><td>An understanding of these advantages and</td><td></td></tr>
</table>

Attributes	Awareness	Onboarding	Use	Preference	Behavior
			their use can help improve access to finance for MSEs and encourage their economic growth and development.	their use can further enhance financial inclusion and encourage MSEs' economic prosperity.	

A.3.2 Supply side

Attributes	Awareness	Onboarding	Process	Use	Perception	Risk appetite
Hypothesis	MSEs are more familiar with IFS providers' limited range of products.	The onboarding of MSEs is fast, cost-effective, and involves minimal administrative work.	IFS providers have straightforward appraisal, disbursement, and loan recovery processes.	The minimal regulatory requirements for IFS providers simplify their ability to provide services to MSEs.	IFS providers perceive early-stage MSEs as attractive.	IFS providers are open to early-stage MSEs with no collateral.
Findings	MSEs are significantly familiar with the product offerings of IFS providers.	Onboarding to IFS is quick, easy, and cost-effective.	IFS providers process appraisal and disbursement of loans, which takes just one day and involves little to no paperwork.	The information required depends on the constitution of the IFS providers.	IFS providers see early-stage MSEs as attractive but are open to more established MSEs.	IFS providers do not put collateral as a primary factor when they lend. Thus, MSC are open to include early-stage MSEs.

A.3.3 Policy side

Attributes	IFS	FFS	Both IFS and FFS
Hypothesis	Policymakers and regulators have a light role.	Policymakers and regulators have a heavy role.	Punitive changes in taxation and interest rates will have negative effects due to difficult economic conditions.
Findings	Regulators and policymakers have limited roles in Indigenous Financial Service. Most IFSPs are self-regulated.	Formal financial service providers are heavily regulated compared to IFSPs, so their operations are not as flexible.	Taxes usually eat into the disposable income of MSEs, which limits the amounts they can save. Similarly, interest rates influence the FFS options open to MSEs.

A.4 Qualitative questionnaire

A.4.1 KII guide for IFS providers

Name of the institution	
Name of the interviewee	
Position of the interviewee	
Phone number	
Email address	

S.No.	Core themes	Questions and probes
Section 1: Introduction		

1	**General**	● Talk a bit about your institution. Tell them when it was formed, who supported the formation of the institution, who the current supporters are, and how it works, among others.
		● Explain your role in the institution.
		● What is your understanding of the term Indigenous Financial Service? Probe for examples of institutions.
		● In your opinion, what drives people to use Indigenous Financial Service?
		● What factors contribute to the popularity of Indigenous Financial Service despite the availability of other forms of financial services?
		● What size of MSMEs access your products?
		  ● Micro: Fewer than 10 employees
		  ● Small: 10-19 employees
		  ● Medium: 50-249 employees
		● In 2022, how many MSMEs saved or accessed loans under Indigenous Financial Service? What was the total value of the savings or loans?
		● What percentage of the total value of savings in 2022 is attributable to
		  ● MSMEs?
		  ● Youth-owned MSMEs? (36 and below)
		  ● Women-owned MSMEs?
		● How do the percentages change if we consider volumes? Explain each customer category.
		● In which ways are you linked to formal financial services, if any?
		● Do you receive donor support? If yes:
		  ● Who are your main donors?
		  ● What does this support entail? Probe for advisory support, working capital loans, market support, among others.
		  ● What are the objectives of the support?
		  ● What was the USD value of the support received last year?
		  ● How has this support increased or decreased over time?
		  ● What influences the level of donor support that you receive?
		  ● What additional support do you need to ensure you reach underserved MSMEs?
		● For Kenya:
		  ● What has been the effect of the Hustler Fund on Indigenous Financial Service?

Section 2: Contextual issues that drive the use of Indigenous Financial Service		

2	**Awareness**	• How do individual[14] or enterprise[15] characteristics affect the level of awareness MSMEs have on Indigenous Financial Service? • What individual or enterprise characteristics do you think affect the level of awareness MSMEs have on Indigenous Financial Service? • As an indigenous financial service provider, how much do you rely on relationships and customer loyalty to grow your outreach of solutions? • How do youth- or women-owned MSMEs learn about the products or services offered by indigenous financial service providers? • In your opinion, are there challenges in reaching out to youth- or women-owned MSMEs? Probe why. • What products do you offer customers? • On a scale of 1-3 (low to high), how familiar are your customers with your products? Explain your answer. • How do you market your products to customers? • To what extent do you rely on word-of-mouth referrals to amplify awareness of your products? • What strategies would you like to implement to promote product awareness? Probe for the types of institutions that take such approaches and what would enable them to do the same.

3	**Onboarding**	• What individual or enterprise characteristics make them turn to Indigenous FSPs?
		• Do you onboard MSMEs onto various products? If yes:
		    • How do you onboard MSMEs? What documents do you ask for?
		    • What is the cost of onboarding an MSME? Probe for time, money, and other resources.
		    • How long does it take to onboard an MSME?
		    • Do you use agents to onboard or engage with youth- or women-owned MSMEs?
		    • What motivates you to onboard MSMEs?
		    • What are the benefits of onboarding MSMEs?
		• Do you work with registered or unregistered groups?
		• Do you require groups to register during onboarding?
		• What processes do groups have to follow to register themselves?
		• What are the costs associated with registration?
		• What are the benefits associated with registration?
		• What lessons can formal and indigenous financial service providers share to promote onboarding?

4	**Processes**	• What individual or enterprise characteristics affect product processes for indigenous financial service providers? • What is the turnaround time from loan appraisal to disbursement? • How long does it take you to recover a loan in default? What proportion of your loans get defaulted? • How have you customized your processes to meet the needs of youth- or women-owned MSMEs? Why? What are the benefits? • Have you digitized any of your processes? If yes, probe how this has affected operations. Are there any benefits of digitization? Probe for monetary and non-monetary benefits to customers and the

[14] Individual characteristics include education, exposure, gender, age, ethnicity, and religion.
[15] Enterprise characteristics include the location of the business, type of MSME (informal, formal), size of MSME, income, years in existence, and the sector in which it operates.

		institution.
		● Are you concerned that digitization may exclude underserved populations? Please explain your answer.
		● As an indigenous financial service provider, do you consider sociocultural practices when you develop products? If yes, explain how this is done.
		● How much USD did you spend last year to provide the following services to indigenous financial service users? How did you deliver these services:
		  ● Group formation and training
		  ● Supplies
		  ● Operational support
		  ● Financial education
		  ● Technology development
		  ● Data collection
		  ● Integration with formal financial service providers
		● What lessons can formal and indigenous financial service providers share to promote product processes?

5	**Usage**	● What individual or enterprise characteristics do you think affect the use of indigenous financial solutions? ● Are there any regulatory requirements that encourage or hinder the use of your solutions as an indigenous financial service provider? ● What challenges do youth- or women-owned MSMEs face when they use Indigenous Financial Service? What has your institution done to resolve the challenges? ● What lessons can formal and indigenous financial service providers share to promote product's use?
6	**Preferences**	● What individual or enterprise characteristics affect preferences when they engage with MSMEs? ● How do your lending policies affect how MSMEs access your products? ● Do you prefer to lend to individuals or groups? ● Do you have any preferences when you lend to youth- or women-owned MSMEs? ● Do you have any preferences when you lend to early-, mid-, or late-stage MSMEs? ● What lessons can formal and indigenous financial service providers share around preferences when they engage with MSMEs?
7	**Perception**	● What individual or enterprise characteristics affect your perceptions of MSMEs? ● Do you perceive startups as a desirable target group for financial services? ● What lessons can formal and indigenous financial service providers share concerning perceptions when they engage with MSMEs?
8	**Risk appetite**	● What individual or enterprise characteristics affect the risk appetite of indigenous financial service providers? ● Are some customers considered riskier than others? Please explain your response. ● How do you gauge whether a borrower is risky? ● Would you lend to a risky borrower? Why or why not? ● What mechanisms exist to cover default risk? ● What lessons can formal and indigenous financial service providers

		share around MSME risk profiles?
9	**Integration**	• Do you integrate with formal financial services? If yes: • What types of integrations have you done? • How does this integration happen? • What are the benefits and challenges of integration? • What are the products on offer due to this integration? • How do individual or enterprise characteristics influence integration? • What lessons can formal and indigenous financial service providers share on integration? If no: • Why do you not integrate with formal financial service providers? Probe for lack of incentives, low technical capacity, and other barriers. • What are the opportunities to integrate with formal financial service providers? • Do you integrate with non-financial service providers? If yes: • What benefits do you gain from such integration? If no: • Are there plans to integrate with non-financial service providers?
Section 3: Technology and non-financial support		
10	**Innovation**	• Have you innovated to enhance the inclusion of underserved groups, such as women, youth, persons with disabilities, and refugees, among others? Probe for improvements in product, process, channel, technology, or user experience. If yes: • Please describe the innovation. • What worked? Why did it work? • What did not work? Why did it not work? • What constraints did you face, and how did you overcome these? • How do individual or enterprise characteristics influence innovation? • What lessons can formal and indigenous financial service providers share on innovation? • Do you think digitization leads to exclusion, especially for rural-based customers? Please explain your answer.
11	**Business advisory**	• Do you offer non-financial support to your customers? If yes: • Explain the non-financial support offered. Probe for training, networking, and business linkages, among others. • What motivated you to offer non-financial support? • What can be done to increase the delivery of non-financial support to MSMEs? • How do individual or enterprise characteristics influence the delivery of non-financial support? • What lessons can formal and indigenous financial service providers share on the delivery of non-financial support? If not, why do you not offer non-financial support to your customers?

12	**Opportunities and challenges**	• What are your needs as an IFSP? • What are the challenges you face as stakeholders in the financial ecosystem? • How can these challenges be tackled? • What does the future of IFSPs as members of the financial ecosystem look like? • What should regulators and friends of the sector do or should not do to address their needs? • What are some untapped opportunities?

A.4.2 KII guide for FFS providers

Names of the institution	
Name of the interviewee	
Position of the interviewee	
Phone number	
Email address	

S.No.	Core themes	Questions and probes
Section 1: Introduction		

1	**General**	• Talk a bit about your institution, such as when it was formed, who supported the formation of the institution, who the current supporters are, and how it works, among others.
		• Explain your role in the institution.
		• What do you understand by the term Indigenous Financial Service?
		• What drives people to use Indigenous Financial Service?
		• What factors contribute to the popularity of Indigenous Financial Service despite the growth of formal financial services?
		• What size of MSMEs have access to your products?
		    • Micro: Fewer than 10 employees
		    • Small: 10-19 employees
		    • Medium: 50-249 employees
		• How do Indigenous Financial Service complement the formal financial sector?
		• For Kenya:
		    • What has been the effect of the Hustler Fund on Indigenous Financial Service?

Section 2: Contextual issues that drive the use of Indigenous Financial Service		
2	**Awareness**	• How do individual[16] or enterprise[17] characteristics affect MSMEs' awareness of indigenous or formal financial services? • As a formal financial service provider, how much do you rely on relationships and customer loyalty to grow your outreach of

[16] Individual characteristics include education, exposure, gender, age, ethnicity, and religion.
[17] Enterprise characteristics include the location of the business, type of MSME (informal, formal), size of MSME, income, years in existence, and the sector in which it operates.

		solutions? ● How do youth- or women-owned MSMEs learn about your products or services? ● In your opinion, are there challenges in reaching out to youth- or women-owned MSMEs? ● What products do you offer customers? ● On a scale of 1-3 (low to high), how familiar are your customers with your products? Explain your answer. ● How do you market your products to customers? ● How much do you rely on word-of-mouth referrals to amplify awareness of your products? ● What lessons can formal and indigenous financial service providers share to promote product awareness?

3	**Onboarding**	● How do individual or enterprise characteristics affect the product onboarding of MSMEs?
		● Do you onboard MSMEs onto various products? If yes:
		    ● How do you onboard MSMEs? What documents do you ask for?
		    ● What is the cost of onboarding an MSME? Probe for time, money, and other resources.
		    ● How long does it take to onboard an MSME?
		    ● Do you use agents to onboard or engage with youth- or women-owned MSMEs?
		    ● What motivates you to onboard MSMEs?
		● What lessons can formal and indigenous financial service providers share to promote product onboarding?

4	**Processes**	● How do individual or enterprise characteristics affect product processes for formal financial service providers? ● What is the turnaround time from loan appraisal to disbursement? ● How long does it take you to recover a loan in default? What proportion of your loans get defaulted? ● How have you customized your processes to meet the needs of youth- or women-owned MSMEs? Why? What are the benefits? ● Have you digitized any of your processes? If yes, probe how this has affected operations. Are there any benefits of digitization? Probe for monetary and non-monetary benefits to customers and the institution. ● Are you concerned that digitization may exclude underserved populations? Please explain your answer. ● As a formal financial service provider, do you consider sociocultural practices when you develop products? If yes, explain how this is done. ● What lessons can formal and indigenous financial service providers share to promote product processes?
5	**Usage**	● How do individual or enterprise characteristics affect the use of formal financial service products? ● Are there any regulatory requirements that encourage or hinder the use of the solutions you offer as a formal financial service provider? ● What challenges do youth- or women-owned MSMEs face when they use formal financial service products? What has your institution done to resolve the challenges? ● What lessons can formal and indigenous financial service providers share to promote product's use?

6	**Preferences**	• How do individual or enterprise characteristics affect your preferences when you engage with MSMEs? • How does your lending policy affect MSMEs? • Do you prefer to lend to individuals or groups? • Do you have preferences when you lend to youth- or women-owned MSMEs? • Do you have preferences when you lend to early, mid-, or late-stage MSMEs? • What lessons can formal and indigenous financial service providers share around preferences when they engage with MSMEs?
7	**Perception**	• How do individual or enterprise characteristics affect your perceptions of MSMEs? • Do you perceive startups as a desirable target group for financial services? • What lessons can formal and indigenous financial service providers share around perceptions when they engage with MSMEs?
8	**Risk appetite**	• How do individual or enterprise characteristics affect the risk appetite of formal financial service providers? • Are some customers considered riskier than others? Please explain your response. • How do you gauge whether a borrower is risky? • Would you lend to a risky borrower? Why or why not? • What mechanisms exist to cover default risk? • What lessons can formal and indigenous financial service providers share around MSME risk profiles?
9	**Integration**	• Do you integrate with Indigenous Financial Service? If Yes: • What types of integrations have you done? • How does this integration happen? • What are the benefits and challenges of integration? • What are the products on offer due to this integration? • How do individual or enterprise characteristics influence integration? • What lessons can formal and indigenous financial service providers share on integration? If No: • Why do you not integrate with indigenous financial service providers? Probe for lack of incentives, low technical capacity, and other barriers. • What are the opportunities to integrate with indigenous financial service providers?
Section 3: Technology and non-financial support		
9	**Innovation**	• Have you innovated to enhance the inclusion of underserved groups, such as women, youth, persons with disabilities, and refugees, among others? Probe for improvements in product, process, channel, technology, or user experience. If Yes: • Please describe the innovation.

		• What worked? Why did it work? • What did not work? Why did it not work? • What constraints did you face, and how did you overcome these? • How do individual or enterprise characteristics influence innovation? • What lessons can formal and indigenous financial service providers share on innovation? • Do you think digitization leads to exclusion, especially for rural-based customers? Please explain your answer.
10	Business advisory	• Do you offer non-financial support to your customers? If yes: • Explain the non-financial support offered. Probe for training, networking, and business linkages, among others. • What motivated you to offer non-financial support? • What can be done to increase the delivery of non-financial support to MSMEs? • How do individual or enterprise characteristics influence the delivery of non-financial support? • What lessons can formal and indigenous financial service providers share on the delivery of non-financial support? If No, why do you not offer non-financial support to your customers?

A.4.3 KII guide for associates

Name of the interviewer	
Names of the interviewee	
Position of the interviewee	
Phone number	
Email address	
Main economic sector focus of the association	
Membership numbers	Number of members ______ Number or percentage of predominantly male members ______ Number or percentage of predominantly female members ______ Number or percentage of predominantly youth members (below 35 years old) ______ Number or percentage of predominantly non-youth members (above 35 years old) ______

S.No.	Questions and probes
Section 1: Introduction	
1	• Tell us about this association. Probe: when did it start, who do they serve, and their objectives, among others. • What are the joining requirements for this association? • Who can become a member of this association? (Probe for women and youth in business.) • Who can become a leader of this association? Probe for women and youth in business. • What is the process for women or youth to join the association? Probe for joining fees, annual membership fees, and any entry barriers. • What have been the enabling or constraining factors to join the association?

	• For your association:
	  • How many MSMEs save or access loans under Indigenous Financial Service? How does this compare with MSMEs that access savings or loan products via formal financial services?
	  • What is the volume of savings for Indigenous Financial Service under your association? What is their value in USD?
	  • What is the volume of loans under Indigenous Financial Service? What is their value in USD?
	• What challenges does your association face in delivering on your mandate?
	• Do you work with registered or unregistered groups?
	• What is the benefit of registration?
	• What is required to register groups?
	• Are there providers who work with unregistered groups without registration?
	• What holds unregistered groups from formalization?
	• Do you think unregistered groups can attain their full potential without registration? Please explain your answer.

Section 2: Key benefits provided by the association	
2	• What benefits does the association provide? Probe for access to finance, market linkages, and advocacy, among others. • How do members access these benefits? Probe for special initiatives to support youth- or women-owned MSMEs. • What are the key constraints members face? What support does the association provide?
Section 3: Contextual issues that drive the use of Indigenous Financial Service	
3.	• What do Indigenous Financial Service mean to you? • What indigenous financial service providers do you know of, and what do you know about them? • What products or services do they offer? • Which formal and Indigenous Financial Service do the members access? What are some of the benefits of each? • What are the key opportunities and constraints the members face in access to Indigenous Financial Service? Are they the same for members who access formal financial services? • For Kenya: • What has been the effect of the Hustler Fund on Indigenous Financial Service?
Section 4: Recommendations	

4.	• What critical interventions would you recommend to Indigenous Financial Service providers to increase access to finance?
	• What are your recommendations to improve the delivery of indigenous or formal financial services?
	• What is digitization's role in the delivery of indigenous or formal financial services?
	• Are you concerned that digitization may exclude underserved populations? If yes, what approaches do you think can help bridge this gap? Please explain your answer.
	  • What does the future of IFSPs and the association look like?
	  • What are some untapped opportunities? How can these opportunities be used?

A.4.4 KII guide for female textile traders

S.No.	Questions and probes
Section 1: Demographic information	
1	• Please provide the following details about yourself: ○ Name

	○ Age ○ Region ○ Location
Section 2: Business information	
2	• How long have you been engaged in the textile trade? • How is the history of your business connected with the Vlisco trading company? • What investments have you made recently for your business? • What other investments would you want to make for your business? Please explain your answer. • What do you understand by Indigenous Financial Service[18]? • What financial or non-financial support would these MSMEs require? Please explain your answer. • What financial needs do you have?
Section 3: Use of financial services	
3	• What types of financial services do you use, and for what purpose? • How well do financial service providers meet your needs? • Why do you prefer the financial services you currently use? • How often do you access these financial services? • What factors help your business operations? Which ones limit it? • What challenges do you face with your formal or Indigenous Financial Services? • What challenges do you face with your Indigenous Financial Service? • How do you access capital for your business? • What channels—mobile money, physical branches, or agents—do you use to access formal or Indigenous Financial Service? • What are the advantages and disadvantages of formal or Indigenous Financial Service? • Do you feel any social or cultural norms shaped and continue to shape your decision to use indigenous services? • Do you feel any social or cultural norms shaped and continue to shape your decision to use formal financial services?
Section 4: Dependence on Indigenous Financial Service	
4	• Why do you use Indigenous Financial Service? • How do Indigenous Financial Service complement formal financial services? • Which channels—mobile money, physical branches, or agents—do you use to access financial services? (Probe for the use of different channels.) • What additional financial and non-financial services, such as bookkeeping and financial literacy, do you wish could be offered by indigenous financial service providers? • What do you like the most about Indigenous Financial Service? • What do you like the least about Indigenous Financial Service?

A.4.5 KII guide for government and regulators

Name of the institution	
Name of the interviewee	
Position of the interviewee	
Phone number	
Email address	

[18] Indigenous financial service providers are entities that provide financial services to users they also comprise of groups who pool their resources together to achieve their financial goals.

<table>
<tr><th>S.No.</th><th>Questions</th></tr>
<tr><td colspan="2">Section 1: Introduction</td></tr>
<tr><td>1</td><td>
What is your name, and what do you do within this institution?
Please tell me more about your department, agency, authority, ministry, or institute and how it supports financial inclusion.
Do you work with registered or unregistered groups?
What is the benefit of registration?
What is required to register groups?
What keeps unregistered groups from formalization?
Can unregistered groups attain their full potential without registration? Please explain your answer.
</td></tr>
<tr><td colspan="2">Section 2: Contextual issues that drive the use of Indigenous Financial Service</td></tr>
<tr><td>2</td><td>
How do you define Indigenous Financial Service?
What indigenous financial service providers do you know of? What do you know about them?
What products or services do they offer?
How do Indigenous Financial Service complement the formal financial sector?
What are some critical issues that drive the use of Indigenous Financial Service?
What factors contribute to the popularity of Indigenous Financial Service despite the growth of formal financial services?
Are there any plans or strategies in place to integrate indigenous and formal financial services? Please explain your answer. What lessons have been learned?
Are there any plans or strategies to support youth- or women-owned MSMEs through Indigenous Financial Service? Please explain your answer. What lessons have been learned?
What size of MSMEs use Indigenous Financial Service?
Micro: Fewer than 10 employees
Small: 10-19 employees
Medium: 50-249 employees

How many MSMEs access different types of indigenous or formal financial services in the country?
What is the country's volume of loans under indigenous or formal financial services? What is their value in USD? Probe for reports that might have this information.
What is the volume of savings under indigenous or formal financial services in the country? What is their value in USD? Probe for reports that might have this information.
What opportunities for integration do you see between indigenous and formal financial services?
What challenges do youth- or women-owned MSMEs face when they access finance?
What benefits do youth- or women-owned MSMEs derive from increased access to formal financial services? How might these impact their businesses and economic opportunities?
</td></tr>
<tr><td colspan="2">Section 3: Regulatory and policy framework</td></tr>
<tr><td>3</td><td>
Please briefly describe the current regulatory environment for formal and Indigenous Financial Service.
What policies, regulations, and laws have facilitated or could facilitate Indigenous Financial Service?
What successes, failures, and lessons have been learned from the implementation of regulatory and policy frameworks for Indigenous Financial Service?
</td></tr>
</table>

	• How can we increase the visibility of Indigenous Financial Service without burdening them with regulation? • Do you agree that savings and self-help groups receive different levels of support from the government or regulators? Please explain your answer.
Section 4: Financial ecosystem	
4	• Who are the critical stakeholders in Indigenous Financial Service? • In your opinion, what opportunities and challenges do they face? • How have formal financial services affected the market for Indigenous Financial Service? • What are the opportunities or entry points for greater financial inclusion through IFSPs? • What do you see as the future of this sector? • What can friends of the sector do or consider to promote greater inclusion through IIFSPs? • Do you think digitization has led to financial exclusion, especially for rural-based customers? • How do economic conditions affect formal or indigenous financial service's use? • For Kenya: ○ What has been the effect of the Hustler Fund on Indigenous Financial Service?

A.4.6 FGD guide for MSEs

Name of the interviewer	
Name of the group	
Location of the group	

Urban		Rural	

Number of members

	Youth (below 35 years old)	**Non-Youth (35+ years old)**	**Total**
Men			
Women			
Total			

Office bearers

Position	**Name**	**Gender**
Chairperson		
Treasurer		
Secretary		

S.No.	**Core themes**	**Questions and probes**
Section 1: Introduction		
1	General	• How was this group established? • What was the purpose behind the establishment of the group Probe for social and business purposes, among others.

		• How long have members been in this group? What has kept the group together?
		• Do you allow members to belong to multiple groups? Please explain your answer.
		• Does your group belong to any associations? If yes, please explain your answer.
		• Is this group registered? If yes:
		    • What registration do you have?
		    • How did you go about the registration process?
		    • How much did the registration cost?
		• Is this group integrated with any third-party institution? If yes:
		    • What is the institution's name?
		    • What services do you receive from the institution?
		    • What circumstances led to the integration?
		    • What benefits has the integration brought to the group?
		• Are there any social or cultural norms or factors that you feel affect the group's operation? Please explain.
		• How is the group membership? Probe for the roles of group members versus the provider to define strategic and operational goals.
		• What does financial inclusion mean to you? Are you sufficiently included? What else can be done to increase your level of financial inclusion?
		• How much USD do you contribute monthly for savings and loan repayments?
		• How much have you contributed to date in terms of savings and loan repayments?
		• Do group members pursue a joint economic activity?
		
		If Yes:
		    • What is your economic activity?
		    • How many years has the group pursued this economic activity?
		    • What roles do members play to attain strategic and operational goals?
		    • What successes and challenges have been experienced to undertake the economic activity?
		    • What are your financial needs?
		    • How do you fulfill your financial needs? Probe for a mix of formal versus informal financial services, which includes Indigenous Financial Service.
		    • What investments did you make in 2022? What is their total value in USD?
		    • What support would you require to make these investments profitable?
		    • What did you do with the income you earned from the investments?
		    • How many employees do you have in your business?
		        ○ Micro: Fewer than 10 employees
		        ○ Small: 10-19 employees
		        ○ Medium: 50-249 employees
		If no, group members are to answer concerning their economic activities.
		• Does the group invest in member or external group businesses?

		● What do you understand by Indigenous Financial Service? What are some of the critical issues that drive people to use Indigenous Financial Service? ● What factors contribute to the continued popularity of Indigenous Financial Service among the target demographic despite the growth of formal financial services? ● How do Indigenous Financial Service complement the formal financial sector? ● For Kenya: ● What has been the effect of the Hustler Fund on Indigenous Financial Service?
Section 2: Contextual issues that drive the use of Indigenous Financial Service		
2	**Awareness**	● what individual[19] or enterprise[20] characteristics affect your awareness of indigenous or formal financial services? ● What type of financial services are you aware of? Probe for different types of financial services. ● Where did you get information on indigenous financial providers? ● How did you get to hear about them? ● What do indigenous financial service providers offer? ● Where did you get information on formal financial providers? How did you get to hear about them? ● What products do formal financial service providers offer? ● What lessons can formal and indigenous financial service providers share to promote product awareness?
3	**Onboarding**	● What individual or enterprise characteristics affect product onboarding? ● Why did you start to use Indigenous Financial Service? ● How were you onboarded into Indigenous Financial Service? What documents were you asked for? ● Why did you start to use Indigenous Financial Service? ● How long did it take for you to be onboarded? ● What did it cost you to complete onboarding? Probe for time, money, and other resources. ● How were you onboarded to formal financial services? ● What did you like about the onboarding process? Probe for both indigenous and formal financial services. ● What motivated your onboarding onto indigenous or formal financial services? ● How many options did you consider before you onboarded to indigenous or formal financial services? ● What lessons can formal and indigenous financial service providers share to promote product onboarding?
4	**Usage**	● What individual or enterprise characteristics affect the use of formal financial service products? **For Indigenous Financial Service:** ● What drives your use of Indigenous Financial Service? Probe for the effect of peer pressure or social proof on use. ● How often do you use Indigenous Financial Service? ● Through what channels do you access Indigenous Financial Service?

[19] Individual characteristics include education, exposure, gender, age, ethnicity, and religion.
[20] Enterprise characteristics include the location of the business, type of MSME (informal, formal), size of MSME, income, years in existence, and the sector in which it operates.

		• What can be done to increase the use of Indigenous Financial Service? • Are the costs of Indigenous Financial Service prohibitive? Please explain your answer. • What benefits do you derive from the use of Indigenous Financial Service? • For how long have you accessed credit from indigenous financial service providers? • What challenges do you face when you use Indigenous Financial Service? • **For women in business**: Do you have unique challenges in access to Indigenous Financial Service and their use? If so, what are they? • **For youth in business:** Do you have unique challenges in access to Indigenous Financial Service and their use? If so, what are they? **For formal financial services:** • What drives your use of formal financial services? Probe for the effect of peer pressure and social proof on use. • Which formal financial services do you use? Probe for different types of formal financial services. • How often do you use these formal financial services? • Through what channels do you access formal financial services? • What are the similarities between formal and Indigenous Financial Service? What are the differences between each? • Are the costs of formal financial services prohibitive? Please explain your answer. • What benefits do you derive from the use of formal financial services? • What lessons can formal and indigenous financial service providers share to promote product's use?
5	Preferences	• What individual or enterprise characteristics affect your preferences for indigenous or formal financial services? • Do you prefer indigenous over formal financial services? Please explain your answer. • What lessons can be shared between formal and indigenous financial service providers around preferences for indigenous or formal financial services?

6	**Behavior**	• What individual or enterprise characteristics affect your behavior when you use indigenous or formal financial services?
		• Please explain how your use of indigenous or formal financial services changed (either increased, decreased, or remained constant) as your business:
		  ◦ Expanded
		  ◦ Contracted
		  ◦ Experienced shocks
		• What lessons can formal and indigenous financial service providers share about your behavior?

7	**Perception**	• What individual or enterprise characteristics affect your perceptions of indigenous or formal financial service providers? • Are indigenous or formal financial services better suited for you? Please explain your answer. • What lessons can formal and indigenous financial service providers share around your preferences?
Section 3: Non-financial support		
8	**Business advisory**	• What individual or enterprise characteristics influence the type of

		non-financial support required? • Have you ever received non-financial support? If yes: • What support did you last receive? Probe for training, networking, and business linkages, among others. • How was the support delivered? • When did you receive the last support? • Who provided the support? • What did you like most about the support? • What did you like least about the support? • Would you recommend that others receive the same support? Why? • What other types of support would you like to receive? If no: • What type of support would you like to receive? • What lessons can formal and indigenous financial service providers share to improve non-financial support?
Section 4: Questions for the group leadership		
9	**Registration**	• Is your group registered? Probe for the journey from formation to where it stands currently. If yes: ▪ How did you go about registration? ▪ What benefits did you accrue from registration? ▪ What was required to register the group? ▪ What were the registration costs for the group? If no: ▪ Why have you not registered your group? ▪ Do you have plans to register the group? If so, why?

A.5 Voices of MSEs interviewed

A.5.1 Kenya

Dimension	Quote
Registration	"Being registered helps us get audience and funding from politicians and the county government."
Awareness	"I joined this *chama* because my friends are also part of it."
Onboarding	"We admit members to our *chama* based on their reputation and who has referred them to us."
Usage	"I joined this *chama* to have some money to depend on during emergencies or difficult times."
Perception	"If I want a loan from a *chama*, I get it the same day without any paperwork."
Preferences	"The bank's high interest rates and requirement of collateral makes it challenging to get a loan from a bank because we lack collateral."
Business advisory	"Oxfam helped us learn farming techniques and trained us on recordkeeping once we sold our produce."
Literacy	"We wish to be trained more on business management and bookkeeping."
Behavior	"Joining a group has enabled us to help each other as women."
Complaints and grievance handling	"We follow our constitution in case of any disputes."

A.5.2 Ghana

Dimension	Quote
Registration	"To operate in Ghana, a *Susu* has to be registered with the Ghana *Susu* association."
Awareness	"I joined this *Susu* because all my neighbors are also members."
Onboarding	"We can join a *Susu* easily. We just need to complete a single form."
Usage	"*Susus* are only for saving purposes, though we would like them to lend to us."
Perception	"The *Susu* collector comes every day to collect from me. With banks, I have to physically visit the bank to deposit my money, which costs me time and money."
Preferences	"I get my savings promptly when I ask for it. That is why I love *Susu*."
Business advisory	"We receive training regularly from our association."
Behavior	"*Susus* enabled us to help each other as women."
Complaints and grievance handling	"We follow the rules and regulations of the association in case of any disputes."

A.5.3 Togo

Dimension	Quote
Registration	"To be a legal tontine provider in Togo, you must follow the saving law and be a registered financial institution. It is very risky to trust providers who are not legal because you could lose your money."
Awareness	"I joined a microfinance tontine to get more funding for my business. Based on my analysis, I do not trust traditional tontines, and my business partner advised me to join the same tontine as hers—the FUCEC microfinance institution."
Onboarding	"You can easily join a tontine, regardless of the type. You must agree to follow the rules and fill out a single digital or physical form based on the MFI's digitization level."
Usage	"We save to prepare the future, build financial wages to bring up business, and have access to loans even if the credit cost remains high."
Perception	"The collector comes every day to our place. This saves us time and money to take care of our business, limit our visits to the branch, and avoid the queue for a deposit."
Preferences	"I can access my savings each month safely without any complicated process."
Business advisory	"Some MFIs, such as Assilassime, provide regular training, but most do not."
Behavior	"The tontine allowed us to have access to loans to support our business and earn benefits which helped us fulfill our needs and our kids' needs, take care of their health, help our neighbors who are in a difficult financial situation"
Complaints and grievance handling	"Comply with the MFI's rules to get a loan. For instance, build credit history and prove responsibility and regularity through the renewals of tontines at the month's end to get loans."