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Narratives of Financial Inclusion for Youth Entrepreneurship in a Declining Mining Economy: The case of Kankoyo Township, Mufulira District, Copperbelt Province of Zambia

PhD Thesis in International and Rural Development

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Declaration

I confirm that this report is my own work and the materials from other sources have been properly acknowledged.

Young Kafwembe

Signature:

Abstract

This thesis investigates the role of financial inclusion in supporting youth entrepreneurship in the mining-dependent Copperbelt Province of Zambia. This study uses a case study of young people in Kankoyo, a declining mining community, to examine the interlinkages between financial access and youth entrepreneurship, an area requiring further enquiry and conceptual thinking. This study employed a mixed-methods approach that adopted qualitative and quantitative research tools. A total of 220 participants (159 female and 61 male) participated in a semi-structured questionnaire and 49 participants (32 female and 17 male) in focus group discussions. Additionally, eight young people (five female and three male) participated in in-depth interviews, 11 key informants at the national and local levels were interviewed, and 11 financial inclusion policy documents were analysed. Thematic and content analysis was used to explore the qualitative data using NVivo, and Tableau software was used for quantitative data to identify important demographic and entrepreneurship characteristics. The study finds that, despite the availability of financial services and products within the formal financial system, there is limited formal financial access among young people. This study identifies the unique challenges young people face in accessing formal financial services, which are exacerbated by the decline in the mining industry. This finding underscores the need for tailored financial products, effective policies, and regulations to overcome identified barriers. In addition, the study finds that participation interventions promoted as solutions to expand financial inclusion for youth often exclude the most vulnerable youth, leading to continued exclusion as an unintended consequence. The study concludes that, although financial inclusion is necessary for supporting youth entrepreneurship, it alone may not lead to transformative entrepreneurial outcomes in the context of declining economic conditions. Therefore, policies and interventions targeting young people in mining communities should combine financial inclusion initiatives with interventions that address broader structural challenges.

Dedication

This thesis is dedicated to my parents Mr and Mrs Francis and Joyce Kafwembe whose unconditional love and unwavering support have been cornerstones of my life. My greatest appreciation is to them and the incredible sacrifices they have made over the years which have enabled me to reach this far.

I am also deeply grateful to my wife Molly, my children Amani and Mulenga, and my siblings who have been a source of tremendous strength and encouragement. This achievement would never have been possible without them.

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Abbreviations

7NDP	Seventh National Development Plan
8NDP	Eighth National Development Plan
AFI	Alliance for Financial Inclusion
ATM	Automated Teller Machine
BFSA	Banking and Financial Services Act
BoZ	Bank of Zambia
CDF	Community Development Funds
CEO	Chief Executive Officer
CGAP	Consultancy Group Assistance for the Poor
CRB	Credit Reference Bureau
DFS	Digital Financial Services
FSDP	Financial Sector Development Plan
FSDZ	Financial Sector Deepening Zambia
FSLP	Financial Sector Liberalisation Policy (FSLP)
FSPs	Financial Service Providers
ICT	Information Communications Technology
IFAD	International Fund for Agriculture
IMF	International Monetary Fund
MFIs	Microfinance Institutions
MMS	Mobile Money Services
MSMEs	Medium, Small and Micro Enterprises
MTN	Mobile Telecommunications Network
NFIS	National Financial Inclusion Strategy
NGO	Non-Governmental Organisation

NPA	National Payments Act
OECD	Organisation for Economic Co-operation and Development
PoS	Point of Sale
SDGs	Sustainable Development Goals
UN.	United Nations
UNCDF	United Nations Capital Development Funds
UNGSA	United Nations General Secretary Report
YEF	Youth Empowerment Funds
ZAMTEL	Zambia Telecommunications

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Chapter 1. Introduction and Background

1.1 Introduction

In recent times, financial inclusion has gained increased attention in the development discourse due to its significance in poverty alleviation. A growing body of research has argued that financial access is vital for promoting entrepreneurship in developing countries. (Flynn and Sumberg, 2017; Frisancho and Valvida, 2020; Rusu et., al, 2022). Some notable experts, such as Nobel laureate Professor Muhammad Yunus, a microfinance pioneer, have claimed that anyone can become an entrepreneur with the right financial resources (Yunus, 1999). The World Bank recognises financial inclusion as a powerful tool for reducing poverty, promoting shared prosperity, and being an enabler of seven of the 17 Sustainable Development Goals (World Bank, 2014). Consequently, the World Bank aimed to achieve universal financial access by 2020, ensuring that every adult had a bank account (World Bank, 2018). Similarly, the G20 committed to advancing financial inclusion worldwide and reaffirmed its commitment to implementing G20's high-level principles of digital financial inclusion (GPFI, 2017). Since 2011, these initiatives have resulted in significant progress, with 69% of the world's adult population having a bank account (World Bank, 2018).

However, despite this progress and strong policy support for financial inclusion, significant gaps exist in the creation of an inclusive financial system. According to the Global Findex Data, 2017, 1.7 billion people are still excluded from formal financial services globally, with half of these unbanked being women and poor households in developing countries (Demirgüç-Kunt et al., 2017). These gaps in exclusion highlight the financial inclusion challenge, suggesting that much work still needs to be done to ensure universal financial access. Park, (2011) argued that, although inclusive financial systems remain a primary goal for most developing countries, market imperfections make achieving this goal challenging.

Perfect market theory states that in an ideal world with perfect information, the market efficiently allocates resources to all sectors of the economy (Xavier and Freixas, 2008). Similarly, financial intermediation theory asserts that perfect markets smoothly allocate financial resources to productive sectors (Allen and Sontomero, 1998). Given perfect market conditions, the market sufficiently channels funds from surplus to deficit units. This perspective views efficient allocation of financial resources as a natural consequence of a perfect market.

However, information asymmetry exists in the financial markets of both developed and developing countries and distorts the smooth allocation of resources to all sectors. The information asymmetry theory implies an imbalance in information between banks as lenders and borrowers. In their study, Hannig and Jansen, (2010) highlight how information asymmetry weakens the efficient operation of financial systems. Such market imperfections result in inefficient resource allocation as argued by Atieno, (2001). According to Stiglitz, (1989), when financial markets fail to allocate resources efficiently, it leads to a rise in financial exclusion among marginalised economic agents. Allen et al., (2015) argues that the financial exclusion challenge is acute in developing countries due to infrastructure limitations. These countries' inherent market failures and structural constraints make it challenging for financial service providers and governments to determine the best way to provide financial services to the unbanked population. Financial service providers face the challenge of offering financial services more profitably while simultaneously managing risks. A crucial aspect of this challenge is creating financial products that meet the specific needs of diverse, unbanked, and underserved populations. Financial inclusion researchers increasingly recognise this complexity and the need for financial products designed to meet the needs of the unbanked (Ledgerwood, 2013; Beck, et al., 2015). This situation contributes to the exclusion of marginalised people who are unbanked (Beck et al., 2015). In response, research has increasingly sought to understand how to build inclusive financial systems, and analyse market frictions (Imboden et al., 2006; Triki and Faye, 2013)

In contrast to the market approach to financial inclusion, another body of research describes financial inclusion as an intervention strategy to address market failure (Kattis, 2011; Fischer, 2011; Ledgerhood, 2013). Stiglitz, (1989) claims that financial market failures contribute to widespread financial exclusion and mass poverty in developing countries. Therefore, Scholars have directed significant efforts towards identifying mechanisms that improve financial inclusion.

Although both approaches reflect controversies regarding their role in supporting financial inclusion, all converge on the conviction that providing access to financial services will benefit previously unbanked populations, and that financial inclusion should be a priority within the broader development agenda. Therefore, debates among researchers have focused on understanding how to expand financial access and whether access to financial services benefits the economy and its users (Arun and Kamath, 2015; Mader, 2018; Duvendack et al., 2019; Yangdol and Sarma, 2019). The international development agenda pays increasing attention to addressing the needs of unbanked populations by providing financial products and services that meet the diverse needs of those typically excluded (World Bank, 2018). This issue is essential for this study, which specifically aims to investigate the role of financial inclusion in supporting youth entrepreneurship in the mining dependent Copperbelt Province of Zambia. Financial inclusion, particularly for youth is a priority in Zambia's development agenda.

More broadly, in Zambia, high youth unemployment and poverty levels, which stand at 60% (World Bank, 2023), remain key developmental challenges. In particular, young people in Zambia's Copperbelt, who account for 63% of the population, are disproportionately affected by this unemployment issue owing to the declining mining industry. Therefore, financial inclusion is central to discussions and development programmes for employment creation, diversified livelihoods, and poverty alleviation programmes, as reflected in the 8th National Development Plan (8NDP 2022-26).

Zambia provides a novel case study on financial inclusion and youth entrepreneurship due to the historical importance of copper mining to the country's economy and communities' dependence on mining livelihoods. The Neoliberal economic reforms undertaken in 1991 significantly affected Zambia's economy and remained an important event in economic history, shaping the current national development landscape. While economic reforms led to growth in the financial sector, they also initiated a decline in the mining sector. Mususa (2022, p 3) argued that the privatisation of the state-owned Zambia Consolidated Copper Mine (ZCCM) beginning 1997 marked the beginning of an economic crisis in the Copperbelt, with massive job losses, reduced welfare among the residents, and an increase in informal activities within the affected mining communities. Similarly, (Ferguson, 1999) described life in the Copperbelt as characterised by hardships after the decline in employment opportunities in the local mining industry. These changes reduced employment opportunities for young people who historically depended on employment from mines as their primary source of livelihood. Consequently, this changing economic landscape has created a new trend in unemployment, poverty, and life on the margins, particularly for young people, who account for 70% of Zambia's population (ZamStats, 2022).

This study, therefore, situates itself within the important historical context of copper mining in Zambia and the effects of the 1991 structural reforms to examine how financial inclusion provides economic opportunities for young people. This thesis provides a novel empirical study exploring the financial inclusion landscape of young people in Zambia to reveal financing opportunities, how young people can access financial products, and the financial access barriers they face. Furthermore, the research explores participation interventions towards youth financial inclusion and the implications of these approaches on entrepreneurial transitions and economic opportunities for young people living in the Copperbelt Province of Zambia.

1.2 Research motivation

Research indicates that entrepreneurship is critical to economic development as it creates employment opportunities (OECD, 2012; Sumberg et al., 2021; ILO, 2022). According to the International Labour Organization, high levels of youth unemployment in many developing countries are a significant development challenge (ILO, 2012). Moreover, the COVID-19 pandemic has worsened this problem owing to economic disruptions (Lambovska, et al., 2021; ILO, 2022). Therefore, global development actors, such as governments and international development organisations, focus on promoting entrepreneurship activities as a solution to address unemployment and reduce poverty. Studies have shown that financial access is a crucial determinant of entrepreneurship (Lyons and Contreras, 2017; Flynn and Sumberg, 2018; Rusu et 2022; Veronica and Valvida, 2022). Therefore, policymakers should focus on developing strategies to improve financial access to support entrepreneurs and encourage the creation of new businesses.

Despite global efforts to promote financial inclusion through formal banking services, disparities in mechanisms and levels of success still exist. According to the Global Findex report in 2017, nearly 1.7 billion people worldwide do not have access to banking services, especially those with low incomes in developing nations (Demirgüç-Kunt et al., 2018). A study by UNSGSA (2016) revealed that 200 million small and medium-sized enterprises (SMEs) lacked access to formal financial access globally. In developing countries, many young people, particularly females and those living in rural areas, do not have access to formal financial services. Despite comprising 70% of the population, approximately 47% of young people are excluded from formal financial institutions (Global Findex, 2017). Young women are disproportionally affected, with only 51% having access compared to 56% of young men (Global Findex, 2017). UNCDF (2017) also reports that young people are 33% less likely to have a savings account than adults and 44% less likely to save with a formal financial institution. The World Bank notes that excluding the poor and small businesses from the formal financial system can leave them vulnerable because it limits their ability to access economic opportunities (World Bank, 2018).

To date, research on access to financial inclusion has mainly focused on microcredit and its impact on poverty reduction (Banerjee et al., 2015). However, the debate on the role of finance in development has shifted from microcredit to microfinance, and now emphasises the importance of financial inclusion for all (Mader, 2016). This shift has drawn attention to the broader financial ecosystem and how it works for poor people. This more expansive approach includes credit and other financial services, such as savings, insurance, mobile money, and government payments (Ledgerwood, 2013; Gabor and Brooks, 2017). In this broader view, financial institutions including mainstream banks, multinational finance companies, NGOs, and semi-formal groups, are critical for achieving financial inclusion (Cull et al., 2018). Despite the potential benefits of this approach, much remains to be learned about how it can best serve the poor.

Most financial inclusion studies have only focused on the adult population, leaving a significant gap in knowledge about financial inclusion for young people in developing countries. Moreover, as noted by Sumberg et al., (2019), youth entrepreneurship is an emerging phenomenon in sub-Saharan Africa. Therefore, there is a need for empirical data that focuses on financial access for youth entrepreneurs. This is important to provide insights on the barriers and opportunities for youth financial inclusion.

Although extensive research has been conducted on financial inclusion, there has been less focus on how it supports livelihood transitions for young people in contexts of economic shifts.

Therefore, this research departs from previous financial inclusion research by examining how financial inclusion supports entrepreneurial livelihood transitions for young people within the context of changing economic landscape in a mining community. Zambia's Copperbelt region presents a unique opportunity to contribute to our understanding of financial inclusion and its role in supporting young people's entrepreneurial livelihood transitions. Economic reforms undertaken in the 1990s, such as liberalisation and mine privatisation, have had contrasting effects on Zambia's financial and mining sectors. As the financial sector has grown, many people in the Copperbelt region have lost their jobs and turned to informal activities as alternative livelihoods (Mususa, 2022, p 7). Given this context, understanding the potential contribution of financial inclusion to promoting youth entrepreneurship in Zambia's Copperbelt is important for this research, as it will contribute to a new understanding of financial inclusion.

1.3 Research Aim

This research aims to investigate the role of financial inclusion in supporting youth entrepreneurship in Zambia’s Copperbelt Province.

1.4 Research objectives and questions

1. To critically examine the landscape of financial inclusion in relation to youth and understand the factors influencing financial inclusion for youth in Zambia.

The first objective of this thesis is to engage in debates on building inclusive financial systems. By exploring the financial inclusion landscape, this strand of the thesis focuses on understanding the opportunities and challenges for youth financial inclusion in the formal financial system. This knowledge can refine academic understanding of financial inclusion, particularly from the perspective of young people within contexts of mining transitions. Research questions within this objective include: What are the levels and types of formal financial access among youth? What are the critical barriers to accessing financial services for the youth? Does the design of formal financial products and services reflect inclusivity for youth?

2. To explore how young people participate in financial markets in Zambia

By focusing on approaches to financial inclusion, this objective responds to financial inclusion debates on how to broaden financial access. This objective is intended to reveal the process of financial inclusion for youth. This objective demonstrates how young people gain access to, and use, financial products, and services. The key research questions for this objective are as follows: What are the current financial inclusion participation interventions for youth? How do these mechanisms address the financial access constraints faced by youth? What are the challenges faced by young people in participating in these programs? Which providers do young entrepreneurs use? Are these providers in the formal or informal sectors?

3. To explore whether financial inclusion opportunities have facilitated entrepreneurial livelihood transitions for the youth in the Copperbelt Province of Zambia

The last objective of this thesis relates to debates on the impact of financial inclusion on beneficiaries. This objective explores whether financial inclusion has supported alternative livelihoods for youth, given the rising unemployment in the mining sector within the Copperbelt region. Specifically, this study examines the relationship between financial inclusion and youth entrepreneurship. This objective focuses on the dynamics of the processes by which financial inclusion can provide economic opportunities for young people to transition to alternative livelihoods outside the mining sector, focusing specifically on entrepreneurship. This strand of this thesis has two main points. First, it analyses the benefits of financial access for the youth. Second, it examines the opportunity structure for youth and identifies the barriers to youth entrepreneurship. The key research questions for this objective include: Has financial inclusion facilitated entrepreneurial livelihood transitions for youth in the Copperbelt region, and how? What are the barriers to youth entrepreneurship, and how do young people navigate these barriers?

1.5 Outline of the thesis

This thesis consists of seven chapters, with this introduction being the first. The second chapter summarises the concept of entrepreneurship, financial inclusion, their significance in development, and the limitations faced by young people. The thesis ideas were structured into a conceptual framework that served as the foundation of the research.

Chapter 3 outlines the methodology used in this study. It sets out the epistemology and research approach, research design and selection of study sites and participants, sampling, choice of data collection methods, tools, and ethics. A summary of the data analysis approach is then follows: Finally, the chapter offers reflections on the researcher's positionality and reflectivity.

Chapters 4, 5, and 6 present the data analyses, findings, and discussion of the three research objectives, respectively. Specifically, Chapter 4 examines the Zambian banking sector and the financial inclusion landscape of youth. This highlights the financing opportunities available to young people and the financial access barriers they may encounter. Chapter 5 explores participatory mechanisms for financial inclusion and highlights the challenges of youth participation. Chapter 6 presents the findings on whether financing opportunities facilitate entrepreneurial transitions for youth in the study area. It explores the benefits of financial access and the structural barriers that limit entrepreneurship transitions.

Chapter 7 concludes the research, summarising the main findings, the importance, and implications of these findings for the knowledge and conceptualisation of successful mechanisms for the inclusion of youth entrepreneurs, and policy and practice in Zambia. Finally, there are reflections on future research.

Chapter 2. Literature Review

2.1 Introduction

This chapter reviews the literature on financial inclusion and youth entrepreneurship. It is divided into 4 sections: Section 2.2 explores the concept of entrepreneurship by examining how thinking about entrepreneurship has changed over time, from production and proit in classical economics thinking to the one that conceptualises entrepreneurship as a tool for poverty alleviation. This is followed by a discussion of barriers to promoting youth entrepreneurship. Section 2.3 reviews the financial inclusion literature. This section critically discusses the building of inclusive financial systems and questions whether financial inclusion benefits previously unbanked. This is followed by a discussion of youth financial inclusion and the barriers that young people face to financial access. Section 2.4 presents how these ideas shaped the conceptual model for this thesis. Section 2.5 provides a context discussion of financial inclusion in Zambia.

2.2 Entrepreneurship as a driver of economic development and youth employment

Entrepreneurship is crucial for economic development, as it creates employment, promotes innovation, and encourages new products and services (OECD, 2012; Kew et al. 2013; Flynn et.,2017; Sumberg et al., 2021). This is particularly relevant in Africa, where limited job opportunities and a growing youth population pose significant developmental challenges (Gordon & Fox, 2014; Sumberg et al., 2020). The COVID-19 pandemic has exacerbated the unemployment challenge (Lambovska et al., 2021). The World Bank reports that youth unemployment has increased significantly since the pandemic, rising from 22.9% in 2019 to 24.9% in low- and middle-income countries by 2021 (World Bank, 2021). Similarly, the International Labour Organization (ILO) also estimated that by the end of 2022, 26 million young people worldwide lodst their jobs owing to the pandemic (Dasgupta, 2022). This highlights the need to promote entrepreneurship as a solution to the growing challenge of youth unemployment.

Traditionally, entrepreneurship has been limited to business growth and profits motives. However, since 1990, international development organisations such as the World Bank have recognised entrepreneurship as an important tool for poverty alleviation (World Bank, 2014). This view values improving people’s welfare and empowerment and is reflected in practice at various levels, with development organisations such as the World Bank, the United Nations (UN), and the International

Labour Organization (ILO) are seeking new ways of addressing youth unemployment and providing support. Along similar line, national governments have set new initiatives and policy agendas to address youth unemployment, with 122 out of 198 countries developing a specific youth policy by 2014 (ILO, 2015).

2.2.1 Youth entrepreneurship

Youth unemployment is an increasingly important subject in policy and research discourse (OECD 2018; Flynn et al., 2017; World Bank, 2021; ILO, 2022). This issue is acute in Africa because of its significant youth population and limited employment opportunities (Sumberg et al., 2020). This challenge, exacerbated by the COVID-19 pandemic, has recently attracted increasing attention from researchers and policy actors (World Bank 2021; ILO 2022). International development organisations see entrepreneurship as a solution to address youth unemployment challenges (UN, 2013; World Bank, 2021; ILO, 2022). The Global Entrepreneurship Monitor (GEM, 2013, p. 6) on youth unemployment and entrepreneurship reported that, *"with the formal sector in many countries experiencing stagnant or slow growth, it is unlikely that this sector will be able to offer work opportunities to the increasing number of young people looking for employment. Unless alternative employment options are encouraged, the number of unemployed, underemployed youths and youth in vulnerable employment will continue to increase. Youth entrepreneurship needs to be enabled as an additional way of allowing youth into the labour market and promoting job creation. The traditional job-for-life career path has become rarer. Youth entrepreneurship will need to be seen as an additional way of allowing the youth into the labour market and promoting job creation."*

The UN highlighted that 20% of the world's population comprises young people aged 16–25 years (UN 2013). Additionally, the ILO (2012) reported that there were 1.2 billion people between the age of 15-24, representing 40% of global unemployment in 2012. While youth have generally been seen as a transition stage to adulthood, the definition of young people varies from country to country and internationally. For example, Commonwealth defines youth as those aged 15–29, whereas the UN defines youth as those aged 15–24. Sykes et al. (2015) described youth as a critical period when young people realise their aspirations while pursuing economic independence and having a place in society. Young people are disproportionately affected by higher levels of unemployment in both developed and developing countries (UN, 2014; ILO, 2022). In 2012, the ILO declared youth unemployment 'a crisis' and called for urgent attention to tackle it. According to Sykes et al., (2016), this unemployment crisis has increased young people's vulnerability to higher unemployment levels, lower-quality jobs, and inequalities among diverse young people. As a result, governments and development organisations continue to explore ways to enable youth to pursue alternative livelihoods to reduce youth vulnerability.

Youth entrepreneurship as an intervention to address unemployment exists within the broader concept of entrepreneurship. In this context, promoting youth entrepreneurship is widely seen as creating employment opportunities for young people (Sykes et al., 2016; Flynn, 2017; Sumberg, 2020; ILO, 2022). In recognition of the role of entrepreneurship in job creation, youth entrepreneurship has become a global priority. Consequently, national governments and development organisations are implementing new programs and policies to support youth entrepreneurship. However, in practice, multiple factors affect the promotion of youth entrepreneurship. The following section summarises debates on the challenges of advancing youth entrepreneurship.

2.2.3 The challenges of promoting youth entrepreneurship in practice.

According to previous research, various factors influence the promotion of entrepreneurship among young people. Flynn et al. (2017) argue that youth entrepreneurship promotion is affected by the "opportunity structure." This structure encompasses formal and informal institutions such as laws, regulations, cultural norms, and family influences (Narayan, 2005). Sumberg et al., (2019), asserts that efforts to promote youth entrepreneurship should prioritise addressing the opportunity structure. The relationship between opportunity structure and entrepreneurship highlights that young people are not isolated from complex, interdependent environments. Therefore, it is necessary to address this external environment to enhance the enabling processes that promote young people's entrepreneurship. Otherwise, even if young people can access credit, empirical evidence shows that opportunity structures may limit their ability to transform their livelihoods (Flynn and Sumberg, 2018). Moreover, Brixiova et al., (2015) argue that, as part of the opportunity structure, regulation hinders young people's involvement in entrepreneurship by increasing transaction costs. For instance, Sykes et al., (2016) noted that legal age restrictions in most jurisdictions prevent young people from entering legal contracts. Consequently, regulations restrict young people's ability to engage in entrepreneurial activity.

Additionally, various studies have shown that gender and sociocultural factors can be significant obstacles for women who want to engage in entrepreneurship (Shihadeh, 2018; Fahmy and Ghoneim, 2023). In societies where patriarchy is prevalent, women are usually expected to prioritise household chores and childcare. This situation limits the access to financial resources. This has resulted in economic inequalities, particularly in sub-Saharan Africa, where fewer young women participate in entrepreneurship than men (Etim and Iwu 2019).

Furthermore, promoting entrepreneurship among young people can be challenging because of heterogeneity. Chigunta et al. (2005) argue that young entrepreneurs can be grouped into three categories based on their age and experience. These categories include pre-entrepreneurs (age 15-19), budding entrepreneurs (age 20-25), and emergent entrepreneurs (age 26-29). Each category has different needs and goals, which present challenges when providing support. Within this process, other factors such as opportunity structure, gender, and sociocultural challenges must also be considered.

2.2.3 Determinants of entrepreneurship

Several factors have been identified as drivers for entrepreneurship. The literature on current debates about the factors influencing entrepreneurship can be broadly grouped into behavioural, social, cultural, and resource factors.

Behavioural factors: Behavioural factors focus on personality traits that affect entrepreneurial activities such as risk-taking behaviours, innovation, and the need for achievement.

(Firman *et al.*, 2022). To explain entrepreneurship, the theory of planned behaviour suggests that entrepreneurs are born naturally due to inherent qualities (Coon, 2004). However, evidence on the relationship between behavioural factors and entrepreneurship attitudes remains inconclusive (Kalisz et al., 2021). By contrast, other researchers have argued that enduring motivation helps explain certain behavioural attitudes(Wijayati *et al.*, 2021).

Social and cultural factors: Gender has been cited as one of the factors influencing entrepreneurial attitudes. For example, the GEM report (2022) has shown that in sub-Saharan Africa, there are fewer entrepreneurial women than men. Gender differences are important for entrepreneurship, especially in patriarchal societies (Fernández et al., 2021) , and they interact with other factors including age. Furthermore, other social factors must be considered, such as the influence of religion on entrepreneurial attitudes (Audretsch et al., 2007).

Resource factors: The resource-based view argues that resource access is critical for entrepreneurship development and growth (Alverez and Busenitz, 2001). This perspective emphasises the importance of financial, social, and human capital resources to entrepreneurship (Lyons and Contreras 2017). Empirical evidence shows that access to financial resources enhances one's ability to undertake a business venture (Rusu et al. 2022)

Human Capital factors: This focuses on the skills entrepreneurs acquire through education and experience. Education and experience help explain disparities in entrepreneurs' identification with and exploitation of opportunities (Wijayati *et al.*, 2021). Research has shown a positive relationship between human capital factors and entrepreneurship success by facilitating opportunity recognition and exploitation (Kim et al., 2006)

Social Capital: As defined by Putorn (2000), social capital refers to the network of relationships that individuals create and the potential for mutual benefits. The literature suggests that social connections influence attitudes towards entrepreneurship. Sharma (2014) found that, in developing countries with underdeveloped financial markets, social capital is a key means of accessing financial resources among young people in higher education. The GEM (2013) report found that three-quarters of new entrepreneurs in developing countries relied on social relations to access funding.

Financial capital factors: This is based on financial capital/liquidity theory, which predicts that people will likely be entrepreneurs with access to financial resources. Research shows that financial access is critical for new business development (Flynn & Sumberg, 2017). Muhamad Yunus, the pioneer of microfinance, argued that people with access to financial capital are better able to set up a business effectively (Yunus, 1999). This argument is supported by Sykes (2016) and the UN (2013), suggesting that financial access is a critical constraint for new entrepreneurs.

Although different entrepreneurship determinants exist, this study is framed within resource-based view of entrepreneurship, with a particular focus on financial resources. The following section delves into the financial access literature.

2.3 Financial inclusion

As noted in various studies, young entrepreneurs face significant challenges in accessing financial resources (Cho and Honorati, 2013; Brixiovia, 2015; Dermirguc-Kent, 2017; Yangdol and Sarma, 2019). To address this issue, intervention programs have focused on improving access to credit among young people. The ultimate objective is to promote entrepreneurship and reduce vulnerability by facilitating employment opportunities for young people (Sumberg, 2017; World Bank, 2021; ILO, 2022). International development organisations and governments have recognised the importance of financial inclusion in promoting entrepreneurship, reducing poverty and inequality, and stimulating economic growth (World Bank, 2014; UNCTAD, 2015; Kairiza et al., 2017). However, marginalised groups still face significant hurdles in accessing financial resources despite these efforts. the following section, discusses intermediation theories that can help explain why marginalised groups, including young entrepreneurs, are excluded from financial access.

2.3.1 Financial inclusion theories

Financial intermediation theory of financial inclusion forms the basis of this study. This theory helps explain the financial inclusion process and why certain groups, such as youth and marginalised individuals, are often excluded. It is essential to understand these factors to address financial exclusion and to create a more inclusive financial system.

Financial Intermediation theories

Financial intermediation refers to the process of channelling funds from those with a surplus to those with a deficit (Mishkin and Eakins, 2008). The two perspectives of the financial intermediation theory explain how financial resources are allocated. The first is the traditional market-based view, suggesting that intermediaries play no role in resource allocation. This view is based on neoliberal concepts, in which market interactions allocate resources between households and firms (Allen and Santomero, 1997). According to the market-based view, financial markets allocate resources effectively and efficiently by assuming perfect market conditions. In contrast, the imperfect market theory acknowledges that frictions such as transaction costs and asymmetric information are crucial in understanding financial intermediation (Allen and Santomero, 1997). This view argues that financial intermediaries such as banks play a crucial role in intermediation by addressing market friction. Consequently, financial intermediation in an imperfect market view is based on information asymmetry and transaction theories.

Information asymmetry theory: Asymmetric information refers to a situation in which one party to a financial contract has more information than the other party (Brealey et al., 1977; Slitigz, 1989). This theory asserts that information gaps between lenders and borrowers explain why resources are not optimally allocated. Information asymmetry in financial markets helps justify the importance of financial intermediaries in the intermediation process. Brealey et al. (1977) suggest that, because financial intermediaries are informed, they invest their wealth in assets that they have exceptional knowledge of. Diamond (1984) argued that intermediaries can overcome information asymmetry by acting as delegated monitors. Information gaps in financial markets exist because lenders know less about borrowers than they do about themselves. This poses a risk to lenders, because borrowers may only disclose some of the information, resulting in an imbalance (Hanning, 2010).

Information asymmetry leads to adverse selections and moral hazard problems. Adverse selection occurs when a potential borrower who is most likely to produce an adverse outcome is the one who most actively seeks loans and is therefore likely to be selected (Akerlof, 1970). Moral hazard occurs after the loan has been disbursed and is the risk that the borrower might engage in risky activities that are detrimental to the lender's point of view because they make loan repayment less likely (Casu et al., 2006). Information asymmetry theory suggests that moral hazard and adverse selection are high when information about borrowers is scarce. It has been argued that because information scarcity characterises poor households and small businesses, moral hazard and adverse selection problems explain why formal financial intermediaries do not extend credit to small borrowers (Beck et al. 2008). By suggesting that information is essential in the provision of financial services, this theory helps explain that financial inclusion challenges for the youth lie in information gaps between financial service providers and the youth, as well as other marginalised groups. Brealey (1977) argued that the cost of obtaining information about borrowers to avoid moral hazards and adverse selection problems results in the exclusion of small borrowers.

The Transaction Cost Theory: This theory asserts that financial intermediaries (such as banks) play an essential role in financial markets because of their gross advantage in collecting information about borrowers (Diamond, 1984). This theory is based on the notion that market imperfections due to information asymmetries warrant the existence of financial intermediaries in financial markets (Mishikin and Eakins, 2008). The transaction cost theory helps explain why banks are averse to extending credit to borrowers in rural areas, poor households, and small business borrowers. It has been argued that extending credit to poor households and small business borrowers is costly and unprofitable because of the small number of transactions, resulting in financial exclusion (Beck et al. 2008). Transaction cost theory helps explain why youth and other marginalised groups are excluded from formal financial services. Therefore, the youth remain underserved because financial service providers do not target them.

2.3.2 Definition of financial inclusion

The concept of financial inclusion is motivated by the realisation that a certain population of society (including individuals and businesses) has difficulty accessing relevant financial products and services. The financial intermediation theory argues that this is attributed to information asymmetries and transaction costs that result in market frictions, resulting in exclusion. Financial exclusion traces its genesis from physical geography, which explains financial exclusion due to lack of physical access to banking services (Leyshon & Thrift, 1995). In understanding financial exclusion, emphasis is placed on the failure of formal financial services to provide financial services that meet the diverse needs of an unbanked population. Thus, financial exclusion arises from the failure of formal financial services to provide services and products that meet diverse needs and constraints of the unbanked population. Following this, financial inclusion is viewed as an intervention strategy that seeks to overcome market failures that hinder access to and use of formal financial services (Aduda and Kalunda, 2012; Ledgerwood, 2013).

Sarma and Pais (2008, p.5) define financial inclusion as "a process that ensures access, availability, and usage of formal financial services for all of society." This definition focuses on access and usage dimensions but ignores the financial product design aspect. As a result, the G20 added the quality of the financial services dimension to the definition. Furthermore, recognising the cost obstacle in financial access, Choudhury (2014) added an affordability dimension and defined financial inclusion as delivering affordable financial services to the poor and marginalised for inclusive growth. The World Bank defines financial inclusion as "the proportion of individuals and firms that use financial services" (World Bank, 2014, p.6). The World Bank holds this view because usage is a crucial indicator of financial inclusion. Hanning and Jensen (2010, p. 5) define financial inclusion as an intervention strategy that "aims to draw the unbanked population into the formal financial system by creating an opportunity for them to access and use financial services such as savings, the ability to make payments and transfers, and insurance." Demirguc-Kunt et al. (2015) define financial inclusion as entailing adult access to and effective use of a range of financial services. All these definitions emphasise formal banking channels to deliver financial inclusion. However, the UN takes a more holistic view and defines financial inclusion as "universal access at a reasonable cost to a wide range of financial services, provided by various sound and sustainable institutions" (UNGSA, 2015, p. 1).

These definitions highlight that financial inclusion is a broader concept beyond financial accessibility. The multidimensional nature of financial inclusion explains the lack of a universally accepted definition. However, most definitions only capture three dimensions: access, use, and quality. Access reflects the depth of the outreach of financial products and services, usage measures how individuals and firms use financial services, and quality indicates how appropriate financial products and services meet the needs of the unbanked. According to Sahay et al. (2015), the idea of financial inclusion is that financial services should be available to all sections of society. As Sama and Pais (2011) argue, a financial system is inclusive when it serves the needs of various social users, regardless of economic status, at an affordable cost without obstacles. This reinforces the idea that all individuals and firms should easily access quality financial services. Based on this perspective, this research defines financial inclusion as a process that ensures financial access to affordable and appropriate financial products to all sections of the society.

Given the different definitions of financial inclusion, this study adopts the UN definition, which captures all dimensions of financial inclusion: Access and Usage of Affordability and Quality of financial services. This definition is adopted for this study because it is appropriate to capture the financial inclusion aspects of young people, who are the focus of this research.

2.3.3 Historical perspectives of financial inclusion

Financial inclusion can be traced back to the emergence of microfinance as a tool for alleviating poverty in the 1970s. Although microfinance has played a significant role in enhancing access to finance for the poor, it has been criticised in the last ten years because of its high interest rates, limited focus on credit, and insufficient evidence of its impact on poor clients (Duvendack et al., 2017). Furthermore, Ranking (2013) argues that microfinance financialises poverty due to the debt burden. Critics have also raised concerns about its impact on women's empowerment (Kabeer, 2005). Consequently, financial inclusion has evolved over the last ten to include new practices and ways of delivering financial services beyond credit provision (Mader and Sabrow, 2019).

According to Cull et al. (2013), this view of financial inclusion involves a broader range of actors, including development organisations, governments, banks, technology companies, and mobile network service providers. This shift was due to changes in the delivery of financial services, mainly through technology (Gabor and Brook, 2017). Unlike microfinance, which focuses solely on credit provision, financial inclusion emphasises the collaboration of multiple sectors to provide various financial products and services.

Additionally, in this broader understanding, technology is seen plays a critical role in delivering financial inclusion to developing countries (AFI, 2021). The International Finance Corporation (IFC) argues that digital finance is a game changer in Africa's financial inclusion agenda because of its efficiency and potential to reach a broader population conveniently and cost-effectively (IFC, 2013). The Covid-19 pandemic has heightened the role of technology in financial inclusion. This is evidenced by the increased attention paid to the use of technology to mitigate the spread of Covid-19 (AFI, 2021). In Africa, mobile money is increasingly being recognised as a promising technology for financial inclusion (IFC, 2013). The Association of Financial Inclusion reported that mobile money allows people to send and receive money, make payments, and save money without the need to go to a bank (AFI, 2021). Similarly, Becker et al. (2015) assert that mobile money is convenient, affordable, and accessible to people in rural areas.

Furthermore, a part of these new practices within this wider view of financial inclusion is the provision of microfinance by traditional banks (Mader, 2016). The role of the state seems to change, from providing regulatory oversight to the active provision of financial services to address market failures, particularly in the post-2008 global financial crisis period (Cull et al., 2013; Beck et al., 2015). This raises questions about whether and how this broader view delivers financial inclusion outcomes. Moreover, the promotion of financial inclusion is premised on the idea that financial services benefit the poor. However, this assumption has been highly contested (Mader, 2018). The following section explores these debates:

2.3.4 Financial Inclusion and development outcomes

Research has shown that countries with developed financial systems tend to grow faster and reduce inequality (King and Levine, 1993; Demirgüç-Kunt et al.,2008). At the micro level, increasing evidence suggests that access to financial services improves household welfare, innovation, entrepreneurship, and job creation (Cull et al., 2014; Beck et al., 2015). Consequently, development actors such as the World Bank, the United Nations, and national governments promote financial inclusion because it is critical to job creation through entrepreneurship, poverty alleviation, and economic growth. The World Bank sees the practice of financial inclusion as an integral part of inclusive growth and argues that a lack of access to finance has potential to generate persistent income inequality or poverty traps, as well as lower economic growth (World Bank, 2014). Within the framework of the UN SDGs, financial inclusion is considered critical for poverty alleviation and for promoting inclusive and sustainable growth (UN, 2013). The UN recognises universal financial access as the key to achieving Goal 8 of the SDGs aimed at creating jobs, sustainable livelihoods, and equitable growth. Along similar lines, Hanning (2013) argued that enhancing financial access can help solve global economic problems. Furthermore, the G20 asserts that an inclusive financial system cannot contribute to economic development, facilitate employment creation, or increase income and shared prosperity (GPIF 2017).

Thus, financial inclusion is linked to positive economic outcomes because financial sector development facilitates savings and the efficient allocation of resources to productive sectors (King and Levine, 1993). Financial intermediation theory predicts that financial institutions that form the financial system help reduce transaction and information-searching costs, thereby accelerating economic growth. The World Bank (2014) claims a positive correlation between the development of the financial sector and economic growth. Schumpeter (1912) demonstrated that a robust financial system is critical for economic growth as it spurs entrepreneurship and innovation. Goldsmith (1969) and McKinnon (1973) support this claim and find that bank credit availability leads to innovation and enterprise development. King and Levine (1993) show that financial development leads to economic growth through capital accumulation and increased productivity. Beck et al. (2008) argues that access to finance indirectly impacts income inequality through economic growth, suggesting that income inequality decreases as the economy grows. Similarly, Beck et al. (2015) argue that financial development can help reduce poverty by increasing the income of the poor. However, some researchers have criticised financial sector growth for discrimination and increasing inequality (Mader, 2016). Moreover, Arota (2012) contends that financial sector development can result in uneven growth and contribute to income inequality, because access may be unequal among people, income levels, and locations. Although the Macro argument suggests a positive relationship between financial development and economic growth, evidence of the trickledown effect on the poor remains inconclusive (Mader, 2016).

While the macro perspective on financial inclusion and development outcomes reinforces the idea that the poor benefit indirectly from the positive relationship between financial development and economic growth, the micro perspective assumes that financial inclusion directly benefits the previously unbanked. At the micro level, the impact of financial inclusion on households remains debatable. Evidence of the welfare impacts of financial inclusion remains mixed, with some studies finding positive outcomes and whereas, others have found negative outcomes. The UN (2013) claims that a well-functioning financial system could economically and socially empower poor people by allowing them to participate in economic activities, thereby contributing to their development. Research has shown that access to financial services is critical for improving the lives of low-income populations (Thingalaya et al., 2010). The micro-level view argues that financial inclusion significantly benefits previously unbanked firms. Arora (2012) argued that financial access enhances the well-being of poor people through investments in business, health, and education.

Financial access is vital at the micro level because it can help individuals mitigate shocks and enhance their economic opportunities. Legderwood and Gibson (2013) argue that financial access is critical for enhancing the productivity of poor households in securing the best possible consumption and investment choices. Johnstone and Modorch (2008) provide evidence to support the idea that financial access can positively impact impoverished households. Thingalaya (2010) goes as far as argued that financial access is a form of empowerment for vulnerable groups. Professor Muhammad Yunus, the pioneer of microfinance, claimed that microcredit would end poverty because he assumed that credit was the only missing piece in women's empowerment and poverty reduction (Yunus, 1999). This claim was refuted by Kabeer (2005), who highlighted factors beyond credit as being critical to the empowerment of poor women.

While studies have found evidence of the positive effects of microcredit on poverty alleviation (Helmes, 2006), many studies have not (Roodman, 2012; Banerjee, 2015; Mader, 2018). Mader (2015) argued that microcredit financialises poverty by indebting the poor. Therefore, the main impact of financial inclusion should perhaps not be about poverty reduction, but about improving the welfare of clients (Sarma and Pias (2010; ATISG, 2010; Ledgerhood, 2013; Mader, 2016). Thus, although credit can positively influence entrepreneurship under certain conditions, its impact on the transformation of young people is limited. However, in reality, the financial inclusion process is affected by multiple factors (Sumberg, 2016). Banerjee et al. (2013) found that the impact of credit on low-income borrowers is insignificant, and the evidence of the impact of credit on low-income populations remains contested.

Mader (2016) questioned the assumption that financial inclusion brings about benefits at the micro level. This contested debate and the lack of conclusive evidence about the impact of financial inclusion on beneficiaries' livelihoods present an opportunity to contribute to the debate. This study examines financial inclusion from the perspective of young people in order to challenge these assumptions. The following section considers the current literature on financial inclusion among young people.

2.3.5 The landscape of youth financial inclusion

Within the broader context of financial inclusion, youth financial inclusion entails access to and use of quality financial services by young people (UN, 2013). These services include credit, deposits, savings, payments, leasing, and insurance. Research has shown that the availability of financial products and services is constrained by accessibility, affordability, eligibility, and regulatory frameworks (AFI, 2021). Morever, Beck et al. (2015) argued that the challenge of financial access is acute in developing countries due to institutional and infrastructure constraints. However, digital financial services, such as mobile money, increasingly play a role in addressing the financial inclusion challenges associated with infrastructure constraints (IFC, 2013). As a result, there has been significant progress made in terms of financial inclusion in developed and developing countries. The 2017 Global Findex on account access showed that 63% of people above the age of 15 in developing countries accounted for 42% of the population in 2011.

Despite this progress, access to financial resources remains challenging for young people. The Global Financial Index shows that a large population of young people (aged 15–24 years) remain financially excluded. Regarding access to formal financial services, global statistics show that although young people account for 70% of the population in developing countries, approximately 47% do not have access to formal financial services (Global Findex, 2017). The report further shows that only 46% of young people have opened a bank account, 5% of young people have borrowed, and 18% of young people have saved with a formal financial institution. Young women are even more excluded, with 51% having access, in contrast to 56% of young men (Global Findex 2021). Furthermore, according to UNCDF (2017), youth are 33% less likely to have a savings account than adults and 44% less likely to save in a formal financial institution. Financial inclusion for youth in developing countries remains low, with only 53% (15–24 years old) having access to formal financial services, compared to 66% for adults (above 25 years old). Young women are at a disadvantage, with 51% having access compared to 56% of young men. Moreover, the financial inclusion insights survey data also highlight Africa as having especially low levels of financial inclusion among young people compared with adults (CGAP, 2018). The next section discusses financial inclusion barriers faced by young people.

2.3.6 Financial access barriers faced by young people.

While there may be many reasons for the financial exclusion of young people, research has shown that common reasons include regulatory requirements for age and proof of identification when opening bank accounts with financial service providers in many jurisdictions (UNCDF 2017; Mossie, 2023). Young people in this context are underaged and, thus, cannot enter legal contracts with financial institutions. From the perspective of financial service providers age requirements and proof of identify are part of the know your customer (KYC) procedures. The KYC is part of the bank regulations that aim to address information asymmetry problems. The age requirements of financial service providers make it difficult for young people to participate in the financial markets.

In addition, there is an argument that young people are excluded from formal financial access due lack of tailored financial services (Gasspari and Munos, 2019). Research by the Youth Financial Services Working Group (2013) found that financial service providers do not target young people because they do not make business viable because they have limited and irregular incomes and tend to make small deposits. In addition, the literature suggests that the lack of physical financial institution infrastructure is one of the reasons why young people in rural areas face difficulties in accessing financial services (Back et al., 2015). Infrastructure constraints make it difficult for young people to travel long distances or access financial services.

The lack of capacity and experience in using financial services by young people has been cited as another common reason why youth are financially excluded (UNCDF 2017; Yangdol and Sarma 2019). Although financial institutions provide a range of financial services, young people often do not have the necessary knowledge about financial services and products, their benefits, or how they work (Sykes et al., 2016). This lack of business acumen, as well as evidence of a high frequency of failure in businesses run by young people, additionally explains the challenges young people face when accessing financial services (Gasspari and Munos, 2019). This creates mistrust between clients and financial service providers, resulting in youth financial exclusion.

Research shows that this experience of financial exclusion is more acute for women in developing countries (Shihadeh, 2017; Fahmy & Gonihem, 2023), with underlying constraints relating to limited or no mobility, low education levels, and limited power over decision-making within their households. Moreover, Shihadeh (2017) argued that female-owned businesses are less likely to use formal financial services than men are, and Demirgüç-Kunt et al. (2013) found issues of culture and gender norms to explain why women have difficulties accessing financial services. Thus, young female entrepreneurs face a ‘double strike’ in accessing financial services (Elder & King, 2016).

Having discussed the key aspects of financial inclusion and its role in development, particularly entrepreneurship, the next section presents a conceptual model of financial inclusion and entrepreneurship that can be used to organise this research.

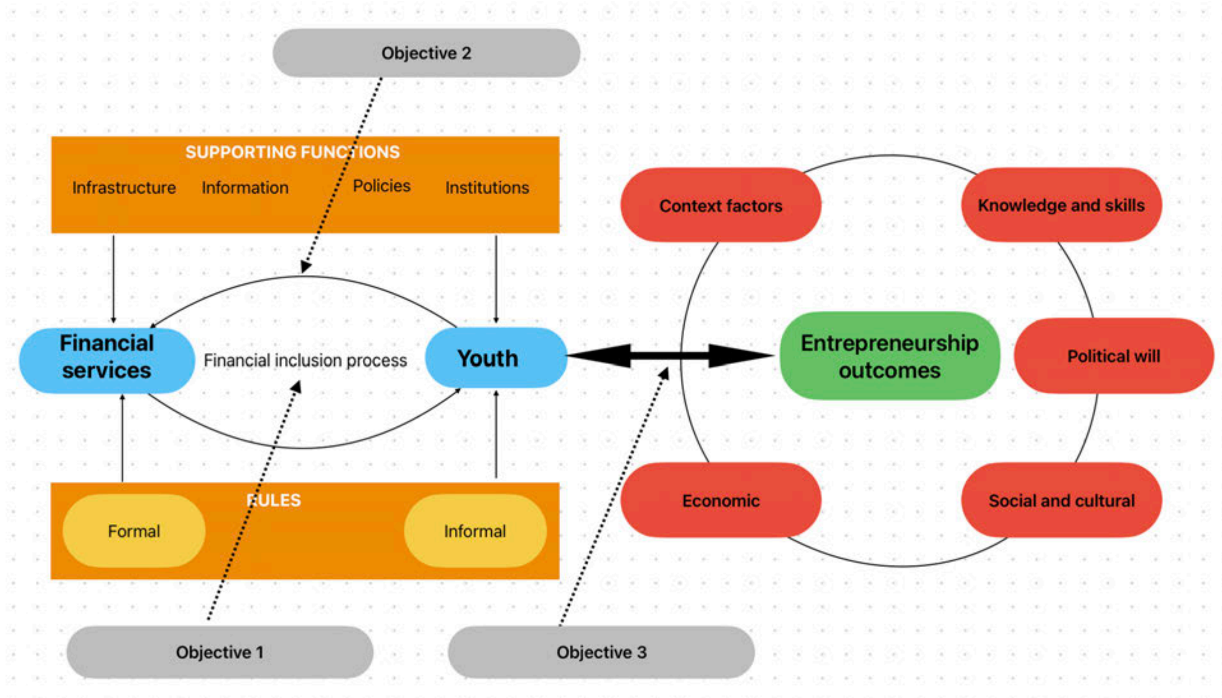
2.4 Conceptual model

The conceptual model for this research is built upon the review in this chapter of ideas about the financial services market for youth, framed within the context of financial intermediation theories. The central focus of this study is to explore financial inclusion for young people in the formal financial services market, and how it supports youth entrepreneurship. To achieve this, this study explores the financial ecosystem, which includes the rules and supporting functions that influence financial access and reflects the environment in which financial services are provided. The rules can be formal or informal, with the former being a written set of responsibilities that shapes the behaviour of providers of financial services and their clients. Formal rules affect market access, range of products, competition, and providers' ability to offer appropriately designed financial products and services (Ledgerhood, 2013).

On the other hand, informal rules manifest in the form of attitudes, social norms, and common practices (Micro-Link Wiki, 2010). They define the acceptable roles and activities of different individuals based on a combination of social norms, culture, and historical factors. Informal rules influence the supply side of the market and are reflected in industry norms in relation to risk, driving attitudes and practices to develop new products (Ledgerhood, 2013). Trust and norms regarding loan repayments are crucial in determining the level of financial inclusion, and the lack of trust and difficulty in establishing relationships with clients can persist for several generations. Thus, understanding informal rules provides insight into what will work within a particular community or marginalised group.

Supporting functions are crucial in shaping market behaviour and enabling market growth, adaptation, and success in changing situations. These functions are concerned with information, market development, and innovation and support the channelling of funds from providers and clients. They are provided by the government, development agencies, and private sector. By understanding the interplay between rules and supporting functions in the financial ecosystem, this study seeks to provide a robust conceptual model that can inform effective policies and strategies aimed at promoting financial inclusion and youth entrepreneurship.

Figure 2.1: Conceptual framework for the research



The conceptual model in figure 2.1 reflects a resource – outcome relationship. Financial access as a driver of the youth entrepreneurship component of the framework reflects financial inclusion. The financial inclusion process captures the first objective, which critically examines the financial inclusion landscape of the youth in Zambia. The financial inclusion process also relates to the second objective, which focuses on how young people participate in the financial markets. Financial inclusion is influenced by the rules (formal and informal) and supporting functions that enable or constrain financial access. Entrepreneurship outcomes reflect the expected effect of financial access on young entrepreneurs. The outcome component addresses the third objective of entrepreneurial livelihood transition, which is facilitated by financial access.

2.5 Financial inclusion in Zambia

This section discusses financial inclusion strategies and policies in Zambia. It is divided into two sections. The first part provides an overview of the Zambian banking sector, highlighting the structure of the Zambian banking system and the key players. The second section discusses the financial inclusion policies and strategies, which aim to expand financial inclusion in Zambia.

2.5.1 An overview of the financial services sector in Zambia

Financial service providers (FSPs) such as banks and non-bank financial institutions (NBFIs) are the major providers of financial services in the Zambian banking sector. According to the Bank of Zambia Annual Report for 2020, there are 18 licensed commercial banks in the country. Of these, nine are foreign bank subsidiaries, five are locally owned private banks, and the Zambian government partially owns four banks. In addition to banks, there are 116 licensed NBFIs including 33 microfinance institutions. Private banks account for a larger proportion of financial services providers in Zambia as shown in figure 2.2. This banking system structure reflects both the financing opportunities and the nature and type of the FSPs in Zambia.

Figure 2.2: Structure of the Zambian banking sector

Type of institution	**Number**
COMMERCIAL BANK	
Subsidiary of foreign banks	9
Locally owned private banks	5
Partially owned by the Government	4
Total	18
NON-BANK FINANCIAL INSTITUTIONS	
Microfinance Institutions	33
Leasing and Finance Institutions	6
Building Societies	2
Savings and Credit Institutions	1
Development Finance Institutions	1
Bureaux de Change	72
Total	116

Source (Bank of Zambia, 2020)

2.6.2 Financial inclusion strategies and policies in Zambia

The Zambian government has recognised the significance of an inclusive financial system as a critical pathway in achieving national development goals (7NDPs 2017-2022; 8NDP 2022-2026). This is based on the premise that financial inclusion can help alleviate poverty by providing financial services to the unbanked, particularly to those who are poor. Access to financial services opens opportunities for income generation and enhances economic welfare, leading to a more equitable society, which is necessary to achieve sustainable development goals (8NDP,2022-2026). To achieve this, the Zambian government developed strategies to promote financial access and build an inclusive financial system. However, these policies also led to changes in the financial architecture of the Zambian banking system, which could have implications for financial inclusion outcomes. The policies are summarized in figure 2.3.

Figure 2.3: Summary of financial inclusion policies in Zambia

Policy	Year	Aim/Focus
Financial sector liberalisation Policy	1991	• Radical reform from state-led to market-led economy • To address deficiencies in the financial system, reforming prudential regulation and allowing new entrants in the market
Financial Sector Development Plan	2004-2009 And 2010-2015	• To address weaknesses in the Zambian banking sector • Develop interventions to support efficient mobilisation and allocation of resources for development
The National Payments Act	2007	• To enable digital financial services and payments
The Maya Declaration	2009	• To become a member of the Association for Financial inclusion for purposes to sharing international best practices to improve financial inclusion
Rural Finance Policy	2012	• To broaden financial services outreach to rural areas
National Strategy for financial Education	2012	• To increase the financial capabilities of users of financial services
National Financial Inclusion Strategy	2017-2022	• Universal access to financial services

Source: (Author, 2023)

Financial Sector Liberalisation Policy (FSLP) 1991

The Financial liberalisation policy was part of the 1991 World Bank and IMF Financial Sector Structural Adjustment Programmes (SAP), which brought about radical reforms in the Zambian economy, from a state-controlled economy to a market-led one. The Financial Liberalisation Policy aimed "*to address institutional deficiencies in the financial system, reforming prudential regulation, allowing new entrants into the financial markets through both private and public financial institutions, and the development of money and capital markets."*

This policy aimed to increase financial inclusion by expanding the opportunities for financial access.

Overtime, these reforms have resulted in the proliferation of financial institutions in the Zambian financial sector regarding the scale and variety of financial products (Maimbo, 2000). However, it also led to the closure of unprofitable rural commercial banks and state-owned financial institutions specifically set up to address the needs of low-income households and the poor (Chiumya, 2004). This meant reduced financial inclusion opportunities for low-income populations. In view of this, Chiyumya (2004) argued that the financial sector liberalisation has created a financial system that focuses on the needs of the rich in society.

Financial Sector Development Plan 2004 -2009 and 2010 to 2015

In the early 2000s, the government of Zambia recognised financial access deficiencies in the Zambian financial system and the subsequent need to expand financial access for poor and low-income populations. This recognition of financial inclusion challenges led to the development of the Financial Sector Development Plan (FSDP) in 2004. The FSDP responded to the World Bank and IMF financial sector analyses, which identified weaknesses in the Zambian financial system. The FSDP was set up to recognise Zambia's strategic importance in Zambia's broader development and poverty reduction efforts. The FSDP focused on interventions to enable the Zambian financial system to become *"stable, sound and market-based that supports the efficient mobilization and allocation of resources necessary for economic diversification, sustainable growth and poverty reduction."*

Through the FSDP, the government committed to increasing financial access by addressing the aspects of the financial sector that hindered access to financial services. These identified weaknesses included *"the lack of financial services in rural/peri-urban, high bank charges and account requirements, poor credit culture, low levels of financial literacy and education, and outdated financial sector."*

Despite the financial inclusion efforts outlined in the FSDP, access to financial services among the low-income remains a significant challenge in Zambia. For instance, this is reflected by the high cost of borrowing, which has averaged 26% in the last five years (BoZ, 2020). Furthermore, the rural-urban financial access gap is wide, with 56.9% of rural adults having access to formal financial services compared to 83.8% of their urban counterparts (FinScope, 2020).

In addition, a lack of financial education contributes to financial inclusion challenges in Zambia, especially for the youth and low-income. Thus, it is crucial to integrate financial education into the financial inclusion campaigns in Zambia.

Through this policy, the Zambian government recognised financial inclusion challenges and the need to speed up financial access to achieve universal access goals. Consequently, the FSDP led to the emergence of two important policies. First, the Rural Finance Policy (2012) aims to broaden the outreach of financial services to rural communities as a mechanism for poverty alleviation and improving rural people's livelihoods. According to the Rural Finance Policy, *"financial services in Zambia are underdeveloped. Increased access to financial services for rural communities is cardinal to reducing poverty, creation of employment and wealth and attracting meaningful industrial development in rural areas that can lead to sustainable development."* Broadening financial access is therefore a critical component of inclusive development.

Second, the National Strategy for Financial Education (2012), whose aim was to increase financial literacy due to a lack of awareness of financial products, continues to be a significant barrier to the access and use of financial services. This strategy aims to achieve a financially educated Zambian population by 2030. Therefore, the National Strategy on Financial Education (NSFE) has established a framework for improving financial education in Zambia. The primary objective of the strategy is *"to empower Zambians with knowledge, understanding, skills, motivation, and confidence to help them secure positive financial outcomes for themselves and their families."*

Thus, NSFE is part of the financial inclusion strategy to achieve the universal access goal in Zambia.

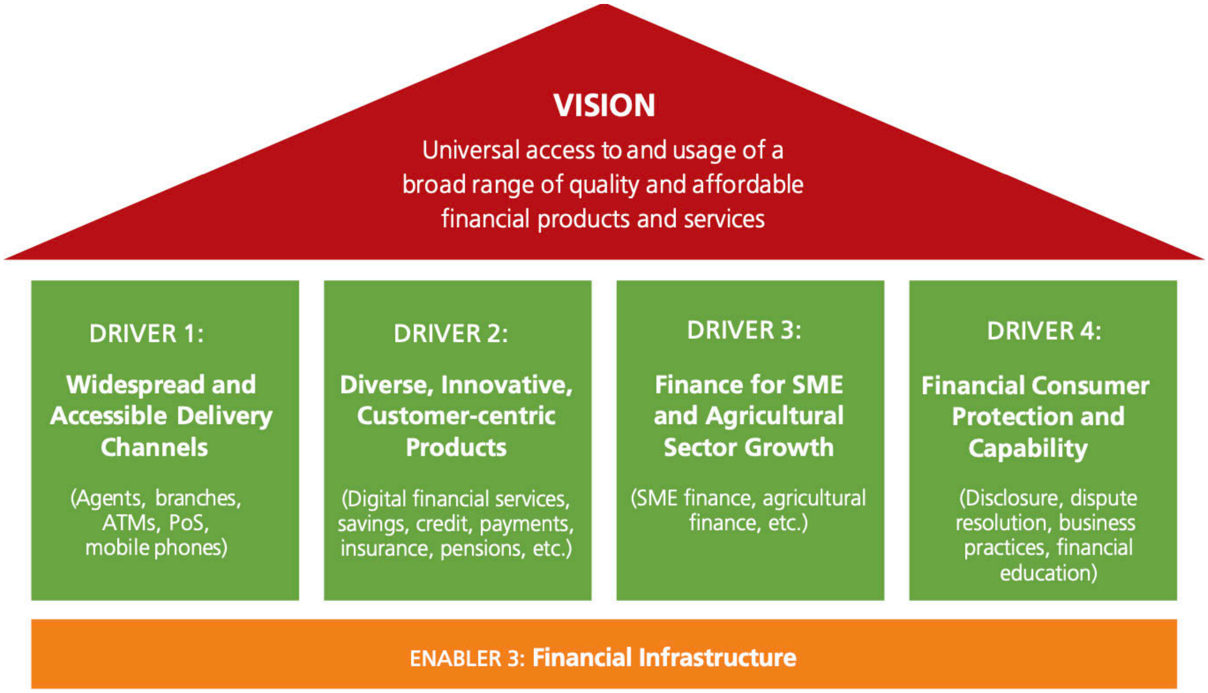
To affirm its commitment to financial inclusion, the government of Zambia signed the Maya declaration and became a member of the Association for Financial Inclusion (AFI) in 2009. The Maya Declaration *"is a global initiative for responsible and sustainable financial inclusion that* *aims to reduce poverty and ensure financial stability for the benefit of all. It is a statement of common principles regarding the development of financial inclusion policy."* The AFI is a global network of financial sector policymakers that provides support for a financial inclusion policy framework to its member countries as a way of deepening financial inclusion. Public commitment to the Maya Declaration "*is a means of championing financial inclusion and contributing to a range of Sustainable Development Goals (SDGs).*"

Therefore, the signing of the Maya Declaration meant that the government of Zambia pledged a global commitment to expand financial inclusion as a pathway to achieve the SDGs. Certainly, these policies signalled a government commitment to increasing financial inclusion in all populations.

The National Financial Inclusion Strategy (2017 – 2022)

The National Financial Inclusion Strategy (NFIS), aim to *"achieve universal access and usage of a broad range of quality and affordable financial services that meet the needs of both individuals and enterprises,"* was launched in 2015. This policy was developed in response to financial access challenges, which continued to characterise the Zambian banking sector. Through this policy, universal access meant that all individuals, regardless of income, social status, or gender, should have access to financial services. *"To us, as government, universal access, means that irrespective of social or economic status, gender, or level of education, we want to ensure that every segment of Zambian society has access to basic financial services"* In this respect, the NFIS aimed to provide a roadmap and series of actions to accelerate progress towards financial inclusion in Zambia, as illustrated in NFIS framework in Figure 2.4.

Figure 2.4: Pillars of the National Financial Inclusion Strategy, 2017-2022



Source: (NFIS 2017-2022)

Through the NFIS policy, the government committed to expanding financial access for all populations and identified key areas that were critical to achieving the universal access goal. These drivers have focused on recognising and addressing institutional barriers to financial service delivery. For example, technology and innovation are increasingly playing important roles in broadening financial inclusion. According to the FinScope report (2020), financial inclusion increased from 59.3% to 69.4% between 2015 and 2020 because of the increasing adoption of digital financial services (DFS). The enactment of the 2007 National Payment Act (NPA) of 2007 made an increase in DFS possible. The 2007 NPA Act enabled the use of digital/electronic payments to enhance financial access. The payment system in Zambia has, therefore, evolved from cash to digital following the Act. Therefore, this development has led to an increase in the number of electronic transactions and an increase in the number of mobile agents' use of prepaid cards, Point of Sale (PoS) and Automated teller machines (ATM) as shown in figure 5.4.

Interestingly, through the NFIS policy, one of the pillars for financial inclusion is the "*Finance for SME and Agricultural Sector growth*," particularly driver 3. This pillar recognizes the need for tailored financial products as an enabler for universal access. This is very important because financial access is a major obstacle faced by MSMEs in Zambia.

Financial Sector Development Policy 2017

The FSDP was developed as a way of responding to the absence of a comprehensive framework that will bring together all stakeholders and synergies in all financial sector development programs and initiatives. According to the FSDP policy, *"the financial inclusion initiatives in the past have been described in this policy as being fragmented in terms of implementation that support the financial sector development."* The FSDP attributes financial inclusion challenges to the fragmentation of financial inclusion programs. Therefore, the policy aims *"to safeguard the needs of individuals and micro to large enterprises to ensure the financial sector programmes and national strategies and initiatives developed are consistent."* Through this policy, the government committed to fostering the development of the financial sector.

A consolidation of these policies and strategies has resulted in significant development in the Zambian banking sector. At present, the Zambian financial sector is more diversified, with an increased number of financial institutions, and is becoming increasingly innovative and technologically driven. For instance, as shown in figure 2.5, the number of commercial banks that increased from 18 in 2020 to 14 in 2008 reflects this growth. Consequently, the number of bank branches has increased from 223 in 2008 to 295 in 2020. Undoubtedly, the increase in branch networks reflects not only increased financing opportunities, but also the progress made towards financial inclusion. Figure 2.5 gives a summary of the indicators for 2008–2020. Moreover, the structure of the banking sector, as shown in figure 2.5, emphasises the role of these policies in shaping Zambian financial sector.

Figure 2.5: Indicators of financial sector growth in Zambia

Growth indicator	2008	2020
Commercial banks	14	18
Number of branches	224	295
Automated Teller Machines	54	701
Point of Sale	633	23,285
Mobile banking facilities	0	121316

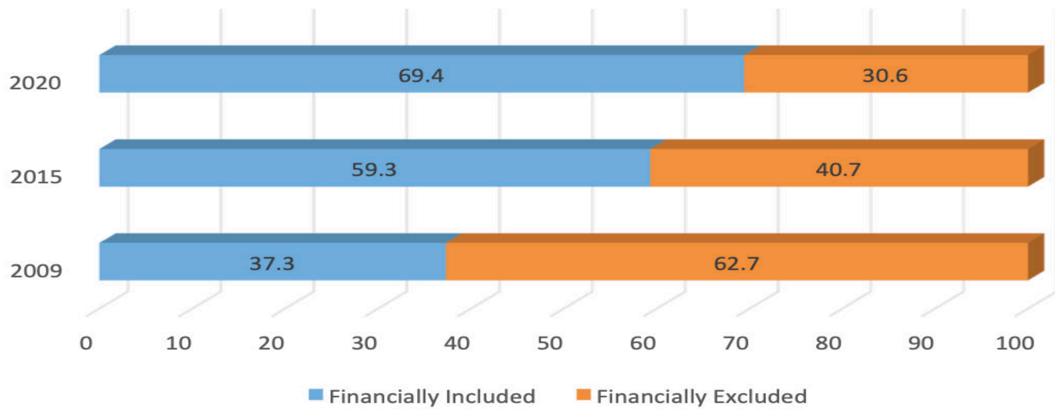
Source: (Bank of Zambia, 2020)

In addition to an increase in the number of banks and branch networks, technology and innovation have become important channels of financial service delivery among FSP. This technology development was made possible by the National Payments Act of 2007, which enabled the use of digital platforms for financial service delivery. The enactment of National Payments reflects government commitment not only to broaden financial inclusion but also to become a cashless society within its broader vision of becoming a middle income by 2030 (BoZ, 2020;7NDP, 2017). Consequently, financial service delivery in the Zambian banking sector has seen a significant shift from being cash based to the one that is characterised by electronic transactions, as reflected by a significant increase in the number of automated teller machines (ATMS) from only 54 in 2008 to 701 in 2020, the number of Point-of-Sale (PoS) outlets to 23285 in 2020 from 633 in 2008, and a significant increase in the number of mobile banking facilities and agents from 0 in 2008 to 23285 in 2020. Clearly, these policies have resulted in the growth of the Zambian banking sector.

Furthermore, the introduction of the first Credit Reference Bureau (CRB) in 2006 reflects the growth of the Zambian banking sector. The CRB is an important risk management financial institution in providing financial services, particularly as a source of credit information about borrowers, and therefore plays an important role in bridging the information asymmetry problems associated with financial markets.

Undoubtedly, these developments in the financial sector have resulted in significantly improved general financial inclusion outcomes in Zambia, particularly for the adult population. This is reflected in the 10.1% increase in financial inclusion to 69.4% in 2020 from 59.3% in 2015 for adults between 2015 and 2020, and an increase in formal financial inclusion to 61.3% in 2020 from 38.5% in 2015 to 40 in figure 2.6 (Finscope report, 2020). This means that financially excluded adults decreased to 30.69% from 40.7 in 2015.

Figure 2.6: Financial inclusion rates in Zambia between 2009 and 2020



Source: (Finscope report, 2020)

This context section has explored the landscape of financial inclusion in Zambia. It has highlighted the strategies and policies developed as pathways to broadening financial inclusion. These measures have had implications on financial inclusion outcomes in Zambia. The Finscope report shows that although generally financial inclusion has increased, the high exclusion rates among the low-income, populations, women and youth mean that much needs to be done to improve financial inclusion outcomes in Zambia.

2.6 Summary

The literature has highlighted the importance of financial inclusion in development as a key element in achieving broader development results by promoting entrepreneurship. However, there are debates about how to build inclusive financial systems and whether financial inclusion benefits users. The central theme of the debate is to understand the causes of financial system exclusion. This motivates this research to contribute to discussions on the promotion of financial inclusion from the perspective of young people within the context of mining transitions and economic changes in Zambia. The next chapter describes the procedures and methods used in this investigation.

Chapter 3. Methodology

3.1 Introduction

This chapter presents the research methodology and specific methods used in this study. It describes the research approach and location of the case study to contextualise the research. It presents the research design, data collection methods, instruments, procedures, data management, analysis, and ethical considerations.

3.2 Research approach

This study investigates the role of financial inclusion in supporting entrepreneurial livelihood transitions among young people in a disadvantaged mining economy. This is done by first understanding the market of financial services for youth in Zambia by examining the availability of formal financial services, the types of products, the level of access among youth, and the constraints that impede financial access for youth. Second, it explores how young people participate in the financial markets. This involves identifying the current financial inclusion participation initiatives for youth, how these interventions address the financial access barriers faced by young people, and the participation challenges within these mechanisms. In addition, this study examines whether financial inclusion opportunities support entrepreneurial transitions among young people in the study location. In this respect, it highlights the impacts of financial access and barriers to entrepreneurial transitions from a micro-level of young people's everyday life experiences to broader socioeconomic factors. This highlights the complex nature of youth entrepreneurship by examining the nonlinear interactions among individual factors, households, society, and macroeconomic factors. This study adopted an interpretive and constructive perspective to achieve these research objectives, emphasising the social construction of reality and the importance of human interactions in shaping the world (Bryman, 2012).

The interpretivist approach embraces the position that participants' interpretation of the social world or understanding of events helps foster their understanding of such a world (Bryman, 2012). Therefore, in this case, reality is socially constructed, a view different from the positivist approach, which assumes that a single reality of the world exists, is external, and independent of social actors and their interpretations of it, termed objectivist (Saunders et al. 2009). Therefore, this study was framed using a constructive ontology approach. While the objective ontology approach assumes that a single reality exists in a world in which human behaviour is measured independently of the participants, the constructive view believes that the real world is shaped by human interactions rather than natural occurrences (Bryman, 2012). Therefore, given that the research outcomes were informed by exploring young people's experiences, perceptions, needs, and understanding of financial access and how that facilitates their livelihood, interpretive and constructive approaches were appropriate for this research. This is because it generates a contextual understanding of financial inclusion from the perspective of young people in disadvantaged mining communities.

3.3 Research design and methods

This study adopted a case study research design, which is useful for investigating contemporary phenomena when the researcher has no control over events and when the goal is to expand and generalise theories rather than statistical generalisations (Yin, 2018). From a bottom-up perspective, this study explored the perceptions and experiences of young people with financial access, thus revealing the opportunities and challenges they face as they transition to entrepreneurial livelihoods. This perspective was complemented by a top-down approach that examined oversight institutions through key informant interviews and a critical review of policies, processes, and procedures to support youth entrepreneurship.

Together, these approaches provide nuanced observations of the factors affecting financial inclusion and promotion of youth entrepreneurship in a disadvantaged mining community. By understanding the financial inclusion landscape in relation to youth and the financial access challenges young people face, this study identifies important gaps and entry points to address the challenges they face as they transition to entrepreneurship. This approach can provide valuable lessons on pathways for financing youth-led enterprises, which can inform the design of future interventions to address unemployment challenges and improve young people's socioeconomic welfare.

The insights generated by this study are critical for designing future interventions for young people in marginalised communities. By addressing youth challenges, we can build resilience and foster youth entrepreneurship, which can have far-reaching positive effects at both individual and community levels. Therefore, the research design uses a robust framework to investigate complex and multifaceted financial inclusion and youth entrepreneurship issues. It is hoped that the findings of this study can help inform policies and interventions aimed at supporting youth entrepreneurship in disadvantaged communities.

3.3.1 Case study location

I conducted the study in Kankoyo Township, a mining community in Mufulira District, Copperbelt Province, Zambia (see the map in Figure 3.1). Kankoyo has a rich history and a unique economic landscape. This old mining community is near Zambia's largest mining company, the Mopani Copper Mines (MCM). Kankoyo has a highly dense population of 44,004, with 65% of its population being young people below the age of 35 years (ZamStats, 2022). Kankoyo has been home to MCM, a large-scale copper mining company, since the 1930s. Mining companies play a critical role in the development of the Kankoyo. It has been a major driver of economic activity in these areas. Historically, the community have depended on mining as a primary source of livelihood through employment for local people. However, the global decline of the mining industry in the 1990s hit Kankoyo hard, causing economic hardship because of its dependence on mining (Ferguson, 1999).

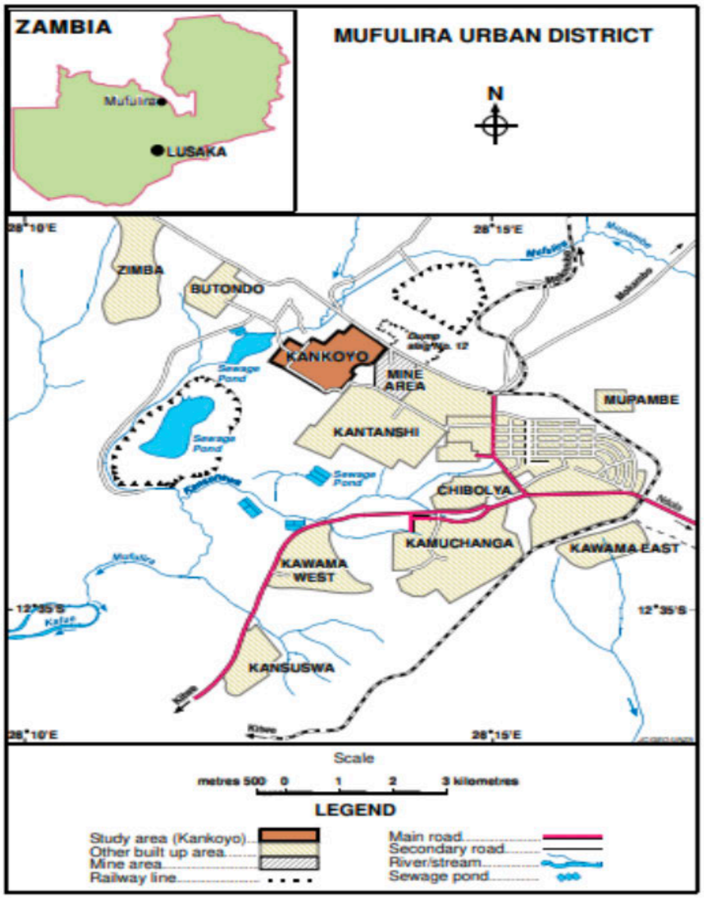
In response to this decline, the Zambian government privatised the Mopani Copper Mines (MCM) as part of the World Bank IMF economic reform programs. According to Mususa (2022), the privatisation process led to massive job losses and reduced economic activity in the Copperbelt. This marked the beginning of hardships in mining communities, including Kankoyo, which has historically depended heavily on copper mining. Since then, Kankoyo has seen an increase in informal activities, particularly among young people who are transitioning to entrepreneurship activities as alternative livelihoods and diversifying from overdependence on copper mining. This increase in the informal sector in Kankoyo is attributed to declining employment opportunities in mines (Mususa, 2010).

Kankoyo is, therefore, worth studying because of its unique economic landscape, where youth are transitioning to entrepreneurial livelihoods in the face of declining economic conditions. Therefore, is a prime example of how communities can adapt and thrive despite economic hardships. A report by Action Aid (2015) showed that a larger population of Kankoyo is unemployed. Consequently, many people are engaged in informal activities, such as micro-trading of different merchandise, as livelihood sources. Thus, Kankoyo presents an opportunity to explore the dynamics of youth entrepreneurship in a post-mining economy and its potential for sustainable economic development. Kankoyo is worth studying, and its experiences can provide valuable insights into the challenges and opportunities faced by mining communities in today's global economy.

Specifically, Kankoyo offers a compelling opportunity to study the crucial intersection between financial inclusion and youth entrepreneurship because, First, Kankoyo is home to a large young population, with 65% of the population below the age of 35 facing high unemployment (ZamStats, 2022). This situation presents a unique opportunity to explore how financial inclusion can promote youth entrepreneurship as a solution to unemployment challenges. Second, historically, Kankoyo has depended on mining livelihoods. However, the decline in the mining industry has resulted in economic hardships for the community, especially for young people who have heavily depended on employment from mines as a primary livelihood source. This decline has led to an increasing shift towards micro-entrepreneurship, particularly among young people. This creates a perfect setting in which to investigate how financial inclusion can support the diversification of livelihoods from being mining dependent.

Finally, despite being the majority, many youth entrepreneurs in Zambia struggle to access finance to start or expand their business. This highlights the need to study the financial inclusion landscape from the lens of young people to understand barriers to access among youth, financing pathways for youth-led businesses, and ways to improve access to finance for youth entrepreneurs.

Figure 3.1: Map of Kankoyo



Source: Chipatu (2011)

3.3.2 Methods

A qualitative research method was used to address the research objective. The descriptive statistics were used for the purpose triangulation. Qualitative methods involve stories and accounts, including subjective understanding, feelings, opinions, and beliefs (Mathews and Ross, 2010). If research follows an interpretivist epistemological approach as a research philosophy, the qualitative research method is ideal (Mathews and Ross, 2010; Yin, 2018). The qualitative research method was appropriate for this study because the data collected were qualitative and gathered within the framework of an interpretivist epistemological approach. This research focuses on understanding young people's perceptions, understanding, and experiences with access to financial services and how this has facilitated their entrepreneurial livelihood transitions within a disadvantaged mining economy.

Both secondary and primary data were used in this study. Secondary data were collected from the relevant government and institutional policy documents. Primary data were collected during fieldwork in Zambia for over five months. The fieldwork involved interacting and engaging with young entrepreneurs in Kankoyo and obtaining narratives about their entrepreneurship journey and financial access experiences. Furthermore, the fieldwork involved engaging key stakeholders who oversaw young people's challenges at both the community and national levels. Participation in the study was voluntary, and participants were randomly selected. All participants provided consent to participate in the study. Data collection methods produce data that are ideal as a type of research method (Mathews and Ross, 2010). Therefore, this study used qualitative research tools: a combination of focus group discussions (FGDs), case studies of young people through in-depth interviews, photovoice to create narratives, field notes (observations), and a survey questionnaire. Yin (2018) suggests that an excellent case study relies on using multiple data collection methods, as they complement each other while recognising the advantages and disadvantages of each method. Therefore, the use of multiple data collection methods was critical in this study as it enabled me to compare and integrate different data sources to ensure research robustness.

Focus group discussions.

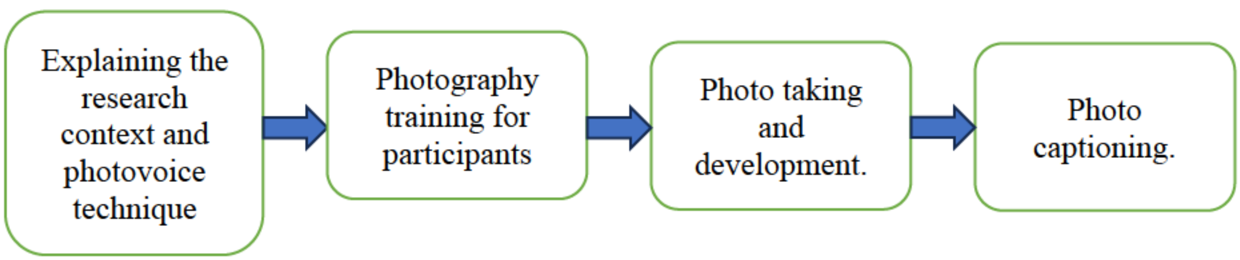
During my fieldwork, I used focus group discussions (FGDs) as the starting point for the primary data collection. The FGDs were appropriate as an initial stage as they enabled me to develop an understanding of narratives of young people's entrepreneurial livelihoods, experiences with financial access, the type of financing they use, the challenges they face, and the economic opportunities available for them in the study area. This was important for the purpose of better understanding the type of entrepreneurship activities youth in Kankoyo engage in, what motivates them to undertake entrepreneurship as a livelihood source, the entrepreneurship challenges, the financing mechanisms they use, the financial access challenges, who supports them, and how they are supported. In addition, the FGDs offered me the opportunity to identify potential participants and build trust to follow up with in-depth case studies.

During the FGDs, I conducted a combination of guided interviews and participatory exercises. Participatory exercises included photovoice techniques and physical visits to business locations.

Photovoice participatory: the process

Photovoice is a qualitative research technique which involves the use photos to get participants views about issues that affect them. I conducted eight FGDs with 49 young people, who took photographs of their business activities to illustrate the opportunities and challenges for entrepreneurship in the community. Figure 3.2 shows a summary of the photovoice process:

Figure 3.2: Photovoice process



Photovoice enabled young people to effectively share their experiences and perceptions of entrepreneurship in the mining community. Adopting photovoice led to a shift in power dynamics, transferring control from the researcher to the young people and resulting in participant-generated data. This approach positioned young people not as mere research subjects, but as integral contributors to the research process, giving them a voice to express their specific concerns.

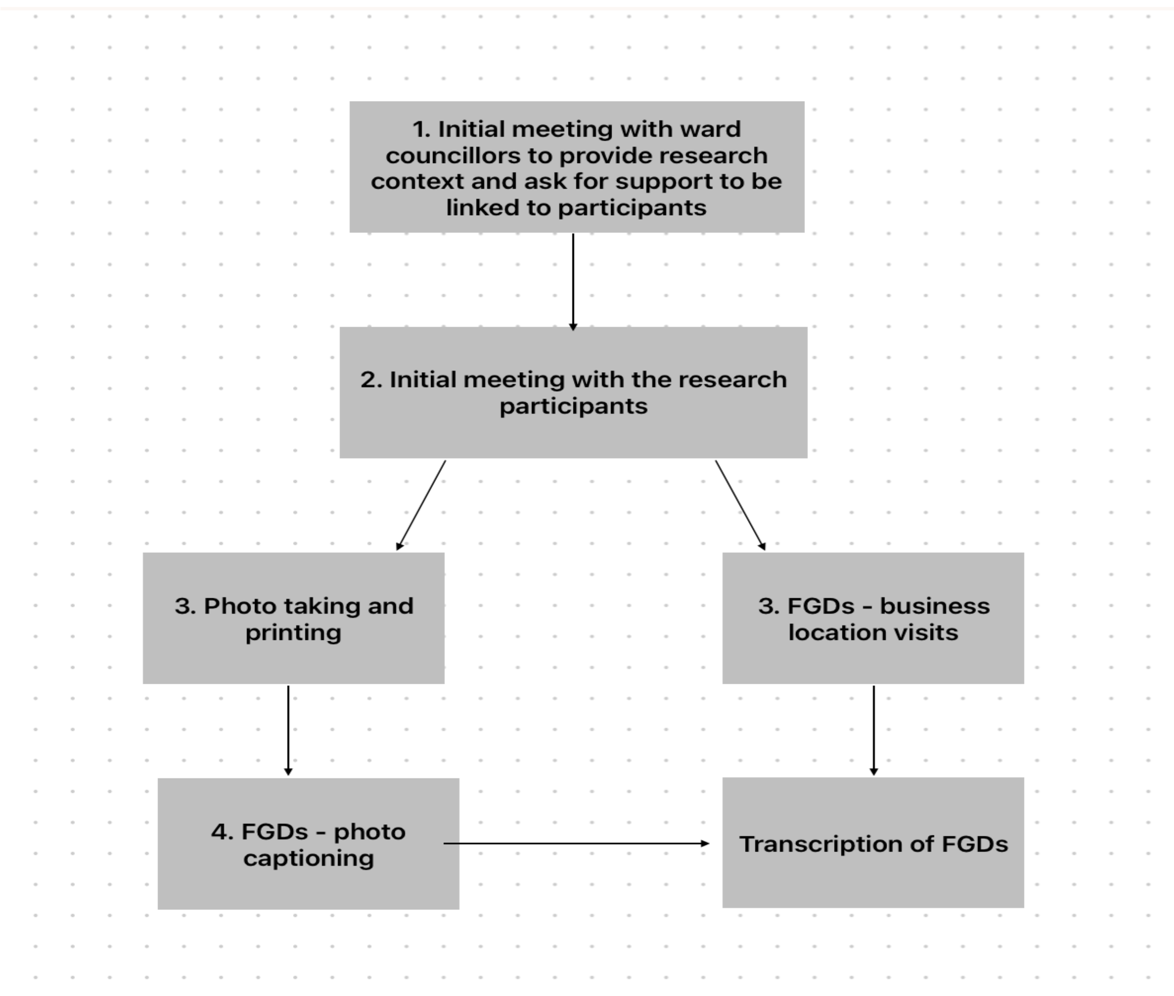
Challenges of implementing photovoice with young people

The implementation of photovoice with young entrepreneurs within a mining community setting revealed unique challenges. These include limited access to digital facilities such as smartphones, lack of photography skills, and high illiteracy levels among young people. Furthermore, the novelty of the photovoice also led to scepticism among some participants, hindering their participation as they hesitated to capture images of their entrepreneurial activities. Additionally, misunderstandings of the process and instructions resulted in some participants capturing photos that were unrelated to the study context.

I conducted three FGDs as site visits for youth who were already in groups as cooperatives. Members of these groups would take me to their sites and explain their stories from there while pointing out some issues and showing me about their businesses. This has helped me appreciate their entrepreneurial stories, challenges, and opportunities.

I organised the FGDs in four stages as shown in Figure 3.3 below.

Figure 3.2: FGDs process



Stage 1: Initial meeting with councillors/community leaders: The first stage involved the initial meeting with community leaders, particularly ward councillors, who were my first contacts at the community level. I had to follow them in their offices and houses. Given the Councillors' strategic position in communities, the role of ward councillors was to link me with youth entrepreneurs in

the study area. Although I did not meet all councillors in each ward, as most councillors were busy with election campaigns (since Zambia was headed for general elections in August 2021), I met four of them. The meeting with councillors allowed me to explain my research, its benefits to the community, and their role in fieldwork. Given that the period I was in the field to collect data was when Covid-19 restrictions were in place, as well as the election campaign period, some councillors recommended I get a police permit that would allow me to conduct FGDs as the rules meant that no grouping of three people was allowed. Therefore, I had to assure them that I would follow the Covid-19 rules and obtain a police officer permit from the police station in the study area. Getting a police permit involved explaining my research, registration of my contact details, and research assistants.

Stage 2: Initial meeting with potential participants: The second stage involved meetings with potential research participants who were identified through community leaders. This stage was critical first because it presented me with an opportunity to build relationships with youth participants and form groups to conduct FGDs. Second, this initial meeting provided an opportunity to provide the context of my research to the participants, mainly the research aim, objectives, and benefits of the research, explaining why they were selected, the procedures explaining the photovoice technique and ethical considerations, and obtaining consent for taking pictures and audio recordings. This meeting also provided me with an opportunity to interact and engage with the youth, who also put their voices forward by saying what they thought would be ideal for FGDs, given the realities of election campaigns and Covid-19 pandemic rules. Through these interactions, some youth offered themselves as community coordinators and their homes as locations for FGDs. The home location was important because at the councillor's place where this initial meeting was held, the youth expressed concerns that people in the community may take it as though it was a political meeting, given the political campaigns that were going on in the community; hence, they recommended a place away from the councillor's home. The coordinators were appointed in the initial meeting, whose primary role was to help organise FGDs and identify and provide linkages to other youth participants. These coordinators also meant that I did not deal with the councillors in terms of organising the FGDs, as they were busy with election campaigns. This initial meeting lasted for one hour.

Stage 3: Photo taking: This stage was technical, as it involved explaining how to use the camera to take pictures and providing more detail on the participatory photography approach. However, some participants had smartphones and used them to take pictures. During this meeting, I explained to the participants the procedure for taking pictures and reasons for taking pictures. The pictures were intended for use in participatory exercises during the FGDs. During this stage, the participants were told to capture four pictures that tell a story of their entrepreneurship journey around these themes: the barriers and opportunities, who supports them, how they get by, and what motivates them. Fortunately, for youths who needed support to capture pictures, there was one photographer among the participants who provided the necessary support to anyone who had challenges. After this stage, each group was given three days to take pictures. During this meeting, a date was set for the FGD, and the location was communicated. After taking the pictures, I collected them and took them to the town centre to develop hard copies.

Stage 4: Focus group discussion: Actual FGD on the present date and location. I and the two research assistants had gone 30 minutes earlier to set up chairs for the meeting. Fortunately, these chairs were offered by coordinators appointed at the initial meeting. As part of the government of Zambia's Covid-19 regulations, the chairs were arranged in a socially distanced manner, and each participant was given a face mask and had their hands sanitised before the meeting. This was done to comply with the Covid-19 health regulations to protect ourselves. Each group had an average of 6 participants. This number was ideal for observing Covid-19 and compliance with police permits. The groups comprised different gender mixes and age groups between 18-35. However, there were more female participants in this group than male participants. This was because most micro-entrepreneurs were female. Historically, male youth have been fixated on getting employment in mines, and thus are less involved in entrepreneurship activities – they just want employment in mines. Female youths have historically been excluded from working in mines; hence, they have considered entrepreneurship as a source of livelihood.

FGD facilitation: Facilitation of FGD was in 3 steps:

1. The first was an introduction to the meeting, where I provided guidance to the participants, provided context to the research as a reminder, put across my vote of thanks for their time, and talked about Covid-19 and the need to comply. In the introduction, I introduced two research assistants and their roles in the meeting (recording, note-taking, and providing refreshments).
2. The second step was photo captioning, in which each participant was asked to provide a story behind their picture. At this stage, photos and plain papers were distributed to the participants, and photo storytelling was started in a clockwise direction. Each participant started by introducing themselves, the business in which they were involved, how they financed, and for how long. They gave captions to their photos by talking while showing the picture to other group members. This was done because most participants did not know how to write, even in the local language. Only one participant wrote a caption, and the other could not: thus, we only audio-recorded the story. At the end of the individual photo captioning, some questions and comments about the story were followed by me and other participants who were free to contribute. Through this participatory exercise, participants could easily express their voices and make them comfortable. This made the FGD interactive, as people were more relaxed and excited to tell stories from photos.
3. The third step was an interactive session in which everyone was given time to talk about entrepreneurship in Kankoyo generally – challenges and opportunities. Participants identified the challenges of doing business in Kankoyo during the interactive session. This step further reinforced the photo capturing narratives. I concluded by again saying thank you to the participants for their time, and that I will return to the next data collection steps, which I explained briefly about the survey questionnaire and in-depth case studies. As they left, each participant could get a photo of their choice and a bottle of water for appreciation. They were then excited to obtain photographs. After they all left, we remained behind with the research participants and discussed what came out, how the process was, and planned for the next FGD.

FGD approach 2–Physical site visits

Of the eight FGDs conducted, three groups did not involve photovoice as a participatory exercise but involved physical site visits for entrepreneurship activities. These groups are existing cooperatives involved in entrepreneurship. I did this because of the entrepreneurship activities. Together with the research assistants, we visited the sites and conducted the FGDs. This type of group interview involved participants explaining their entrepreneurship stories via a tour of their entrepreneurship activities and showing us their equipment, procedures, and business processes. This type of interview provided rich insights into youth entrepreneurship activities while simultaneously learning more about the challenges and opportunities of using the cooperative model as a support mechanism for youth.

Challenges with FGDs

While FGDs were conducted successfully, the process of organising and facilitating FGDs was associated with challenges.

The opportunity cost of attending the FGD: The youth were hesitant to attend a 1-hour FGD because of the opportunity cost of being at an FGD instead of being at their shop/stand selling or attending to their businesses. I addressed this by finding the right time for the meeting while simultaneously having persuasive community coordinators as part of my team. One of the Coordinators is very well known in the community, and thus, it was easy for her to organize the youth for FGDs. Having her on the team and letting her lead in organising meetings made it possible for the youth to attend. Furthermore, the initial meeting where I had explained the benefits of the research and spent time in the community also played an important role in building working relationships with the community as I became known, and as a result, people were more corporative. Most people could relate to my research; thus, they found it interesting as it touched on their areas of life.

Covid-19 effects: While delaying the start of my fieldwork, Covid-19 disrupted much of my planning and execution. The government of the Republic of Zambia's COVID Guidelines restricted physical movements. This worsened from June to July 2021 when Covid-19 cases increased in Zambia, resulting in a country lockdown for four weeks. As a result, I had to retreat from the field until the government lifted Covid-19 restrictions. However, I used this period to conduct key online informant interviews and started working on FGD reports. The Covid-19 compliance levels in the community were low, as people were more interested in economic survival given the growing economic challenges. This posed a health risk to my part, the research assistants, and participants. However, I addressed this by observing Covid-19 social distancing, hand sanitising, and masking guidelines. Before starting the FGD, I ensured that each participant had a mask on, their hands sanitised, and arranged sitting in a socially distanced way. In addition, given the low Covid-19 compliance levels, I used the first two minutes of each FGD to raise awareness about Covid-19 and how we can protect ourselves. This is important for protecting ourselves from contracting Covid-19.

Political campaigns: At the time I was doing my fieldwork, Zambia was headed for general elections; therefore, the period was characterised by political campaigns. This affected the organisation of FGDs and fieldwork in general. The political campaigns made it difficult to recruit participants for FGDs, and some potential participants misinterpreted FGDs as political campaigns/meetings and thought more about monetary rewards. Thus, when participants discovered that it was a research meeting in which they did not fully understand it due to low literacy levels in the community, they would lose interest. Their focus was on obtaining monetary rewards, which is like political campaign meetings. To get around this, I spent most of my time explaining my research and convincing them of its benefits. This is where the initial meetings I had with them became so helpful that they allowed me to provide context for my research. Furthermore, moving with my student ID and the introductory letter also played a significant role in this regard, as people in the community would not misunderstand me as one of the people who were participating in political campaigns. This portrayed my identity as a student who undertook this research. Furthermore, I was conscious enough of the colours of my clothes when in the field – I never wore anything that represented the colours of any participating political party–neutrality was crucial in this instance. Again, this was important for not being misunderstood by the community.

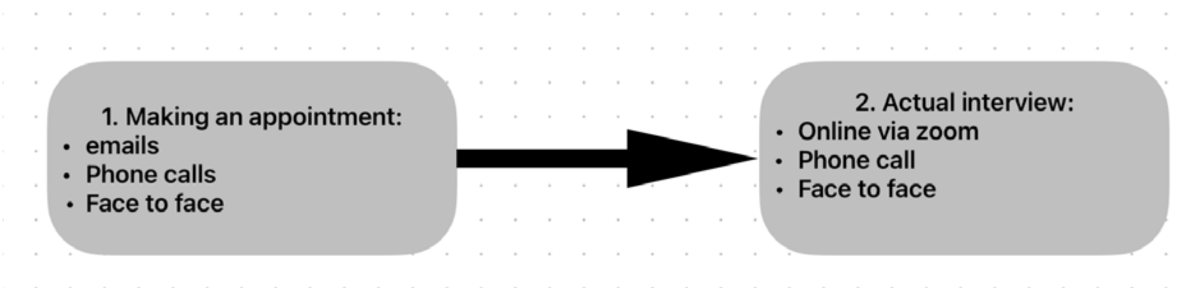
Key informant interviews

To gain insights into financing opportunities for youth and the associated broader challenges of supporting youth entrepreneurship, I conducted key informant interviews with stakeholders at different economic layers who gave their expert opinions on financial access for youth entrepreneurship from both the supply and demand sides. These key informants included community leaders, specifically councillors who are representatives of the government at the local level, financiers who were microfinance institution NGOs and private commercial banks, and civil society organisations.

Key informant interviews - stages

Key informant interviews were conducted using an interview guide and both physical and online interviews were conducted. This is a 2-stage process, as illustrated in Figure 3.3.

Figure 3.3: Key informant interview process



1. The first step involved an initial meeting and appointment. This involved making phone calls, emails, and physical visits to the office. This stage was aimed at providing context to the research, explaining the role of the stakeholders in the research, obtaining consent for audio recording, how long the interview would be, and why I selected them to take part in and explain ethical considerations.

2. The second step was the actual interview, which was conducted online, over the phone, or face-to-face, in a socially distanced way. I used a combination of these approaches because of the uncertainty brought about by Covid-19 and to give key informant options and let them decide what they were comfortable with. An interview sheet was prepared to guide the interviews. On average, the interviews took 30–40 minutes. The interviews provided great insights into the issues surrounding financial inclusion for youth–opportunities and challenges–and the changing landscape of financial access. Figure 3.4 shows the list of key informants, organisations, and interview modes.

Figure 3.4: List of key informants

No	Name*	Organization	Type of organization	Mode of interview
1	Juvencie	Green and Justice	Civil Society	Face to face
2	Mustaki	ABSA Bank	Commercial bank	Face to face
3	Evelyn	Lupiya Micro Loans	Private Microfinance	Online via zoom
4	Rose	Financial Sector Deepening Zambia (FSDZ)	NGO	Online via zoom
5	Bessy	Vision Fund – World Vision	NGO microfinance	Face to face
6	Mwape	ZANACO	Commercial bank	Face to face
7	Sofa	Local government	Ward Councillor	Face to face
8	Mukosha	Local government	Ward Councillor	Face to face
9	Chibuye	Local government	Ward Councillor	
10	Loveness	SILK	Community savings group	Face to face

** Pseudo names*

Challenges with conducting KII

The major challenge I faced with key informants was getting an appointment for the interview. The informants had other commitments, especially with the political mood in the country, which posed a challenge, as it was difficult for them to create time for me, while others were not responding to my emails/calls. However, I addressed this by being aggressive and conducting many follow-ups.

Covid-19 also presented a challenge in getting appointments, especially when the country was in a 3-week lockdown, when I could not meet some people. However, I rescheduled the interviews while conducting others online via Zoom. Although I had online interviews, they had come with challenges because of the poor Internet connectivity in Zambia.

In addition, for government informants, the election campaign period and subsequent change in government after general elections further posed an additional challenge concerning obtaining appointments. Most of my targeted people in government were busy with political campaigns or were not adopted as political candidates; thus, they were not interested in participating as key informants as they thought they were not in government. When I collected the data, the government dissolved the cabinet, resulting in no sitting MPs. or councillors. However, I leveraged ward councillors who were available to provide necessary insights. Furthermore, the change of government after the August 2021 general elections has meant new people in government. Thus, the people I made appointments with were no longer interested in because of uncertainties regarding their positions in government offices. To address this, I used policy documents for these government ministries, which highlighted many of the issues I wanted from key informants via content analysis, despite being time consuming.

Survey questionnaire.

An electronic survey questionnaire was administered using smartphones. This was performed with the help of five research assistants. The questionnaire was used to obtain data on demographic variables, entrepreneurship information (challenges and opportunities), financial access information, and young people's perceptions of financial access. An electronic questionnaire was used instead of a hard copy because the online questionnaire automatically saved responses in Microsoft Excel format. This was important because it avoided data-entry tasks and related costs. Given the Covid-19 restrictions, the online tool was more appropriate as it aids data to be collected remotely because of the uncertainties brought about by Covid-19 and thus, a COVID health risk mitigation tool.

The electronic questionnaire was a Google document, and links were shared with all research assistants. Relative to other online tools, Google documents were used because they are user-friendly and do not require software installation on the mobile phone, which would have consumed the space on the phones of the research assistants. However, Google documents have the limitation of not having a working offline option in the case of no Internet connectivity.

Five research assistants facilitated the collection of the survey questionnaire data. I trained the RAs on how to use the electronic questionnaire. I conducted training both online and in-person. Online training via Zoom was part of the pre-fieldwork activities and a way of adapting to the new normal brought about by the Covid-19 pandemic regulations that restricted international travel. The training involved aspects of understanding the research, ethical considerations, and questions in the questionnaire as well as having a common ground for interpreting the questionnaire in the local language.

Each research assistant had a smartphone and access to the Google Drive electronic questionnaire. Over two weeks, we entered the field and issued 220 online questionnaires. The questionnaires involved the following participants in the community: either at their homes or at stations of work (entrepreneurship). The following participants in the community were easy as I built relationships with the community while leveraging community coordinators. This made it easier to find my way into the community. This was important because it was important for me to explain the questionnaire in the local language further, as most of the participants did not know English. On average, each questionnaire took a maximum of 10 minutes to complete. Figure 3.5 shows the demographic analysis of the questionnaire.

Figure 3.5: Demographic questionnaire analysis

Characteristic	Proportion	
Gender	• Male:	28%
	• Female:	72%
Age of owner	• 18-24:	28%
	• 25-29:	35%
	• 30-35:	37%
Education level	• Primary school:	33%
	• Secondary school:	53%
	• Tertiary:	16%
Markets/customers/location	• Local(community):	99%
	• Other:	1%
Age of the business	• Less than 1 year:	23%
	• 1-3 years:	42%
	• 4-5 years:	15%
	• Above 6 years:	20%
Business Formalisation	• Yes:	3%
	• No:	97%
Economic activities	• Micro-trading:	61%
	• Agriculture:	5%
	• Barbershop and saloon:	12%
	• Mobile Money services:	8%
	• Beverages and food:	8%
	• Media, and stationary:	4%
	• Others:	2%

Challenges with the electronic questionnaire

Although the electronic questionnaire proved to be an efficient way to collect data, it also presents challenges in the field. The major challenge we faced was poor Internet connectivity, which disrupted the interview process as the Internet disappeared while conducting the survey. However, this challenge was addressed by the dual-operation approach, which involved the research team moving in a pair of two, each with a different network provider, such that if the Internet disappears, the other dual member will provide the Internet by making his/her phone a hotspot. This has proven effective in the management of Internet connectivity challenges.

In-depth case studies

The last stage of the data collection was an in-depth case study. This involved a detailed study of young people's entrepreneurship, financial access experience, household dynamics, and social and economic factors. During this process, I identified eight cases from each ward for this stage from the FGD and survey questionnaire.

1. Age–age was important to see the type of finance used by youth in different age groups
2. Gender sensitivity–gender mix was a critical criterion as male and female youth had unique experiences
3. Type of entrepreneurship activity
4. Type of finance used: Case studies were further categorised according to the type of finance used. These types include microfinance, government, mobile money from the community savings group, and funds from family and friends. Categorisation was necessary to provide insights into the financing pathways and how they facilitate entrepreneurial livelihoods for youth in the study area.

Figure 3.6: Table showing case studies

Case No	Gender	Age	Marital status	Entrepreneurship activity	Financing method
1	F	27	Married	Micro-trading -vegetable shop	Government scheme
2	M	29	Single	Barbershop	Self-financed through savings
3	M	33	Single	Photography	Funds from family
4	F	35	Married	Micro-trading – Rice business	Self-financed from savings
5	F	30	Single	Grocery store	Loan from microfinance Loan from savings group
6	F	29	Married	Second hand clothes business	Funds from spouse
7	F	34		Food business -baking	Loan from microfinance Loan from savings group
8	M	33		Grocery store	Loan from savings group

The case study process started by profiling young entrepreneurs using demographic information regarding age, gender, marital status, type of business, and the financing method used. This information is important for capturing the diversity among young people. This was followed by detailed interviews with the selected young people through guided questions and conversations about their engagement with financial services, entrepreneurship, and how they lived. As noted by Mathews and Ross (2016), interviews, by facilitating communication between two people, enabled the researcher to obtain information, feelings, and opinions from participants. This provided a detailed narrative of participants' perspectives. To complement the in-depth interviews, I took field notes on observations during the visits and discussions. According to Yin (2018), although observations are time consuming, capturing real-time actions can effectively cover case contexts. This was important because it played an important role in triangulating the narrative data.

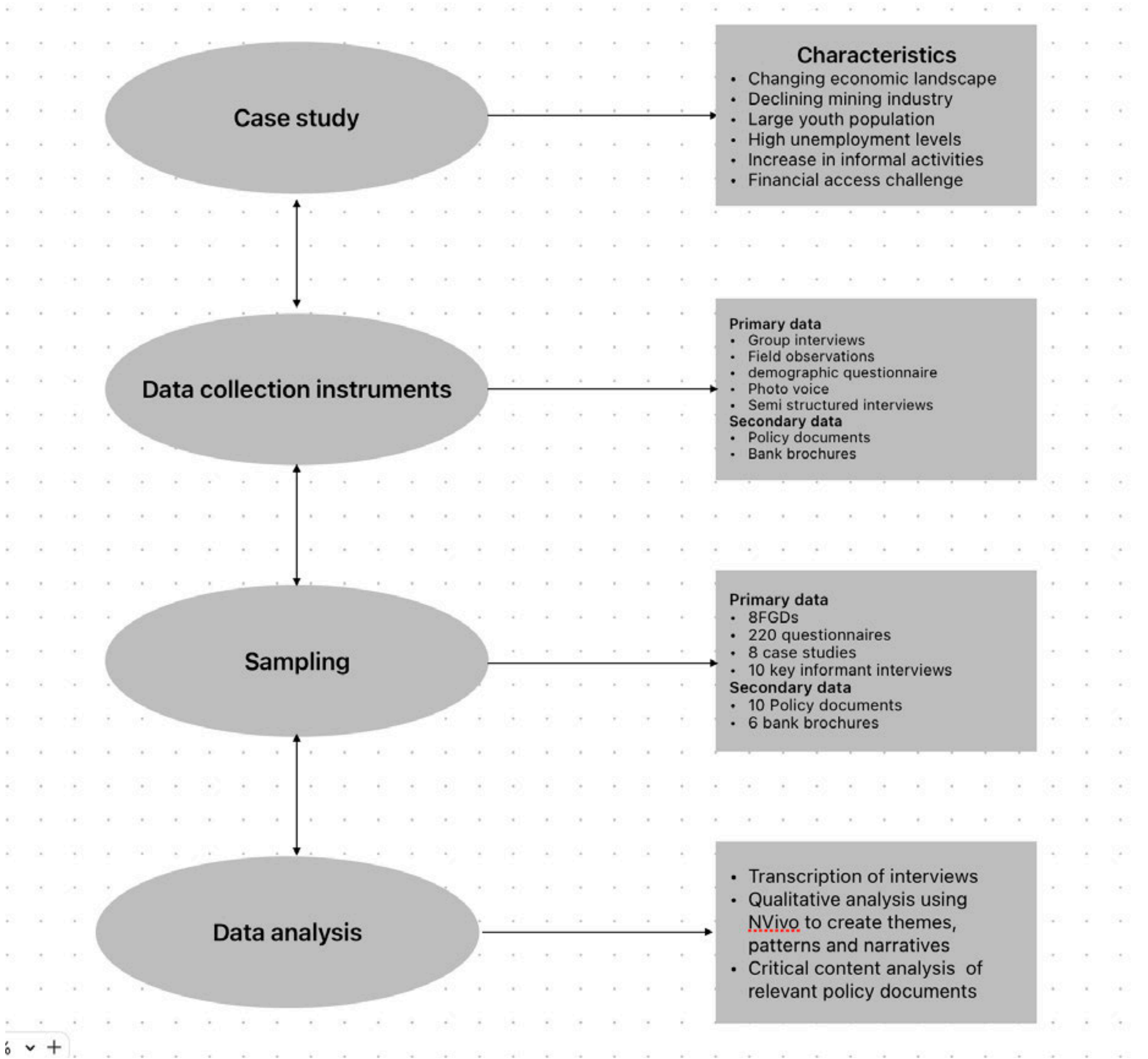
I conducted interviews in three ways:1. Following the participants at home, a 2. following the participants at their trading/working points, and 3. Combination of these two approaches. These approaches were important, as they allowed the participants to choose what was convenient for them to recognise their busy schedules. According to them, the home arrangement was chosen by entrepreneurs who wanted a relaxed environment away from the business station where customers would disrupt the interviews. This allowed me to observe the assets they had at home and to glimpse how they lived. I chose the second approach from participants who wanted me as an interviewer to be part of their entrepreneurship activity by being at their point of a trading/entrepreneurship station. This was very interactive, as it also allowed them to point to things and glimpse what their day looked like when doing business. Furthermore, I made observations regarding challenges, assets, stocks, and customer frequency. In this approach, the participant was flexible enough to take us to both their workstations and home.

The interviews were conducted with the help of 1 research assistant whose role was to record the interviews and make notes on the meetings and observations. Each interview lasted an hour on average.

Challenges with in-depth case studies

Obtaining an interview appointment was challenging given that the youth were busy trading or undertaking entrepreneurship activities, which was understandable as they wanted to make sales. However, I addressed this by determining the appropriate time or off-peak time that I could see. Thus, some of them I met them after they had knocked off in the evenings and others during their suggested off-peak times.

Figure 3.7: Summary of research design



3.4 Sampling approach

Piloting and recruitment of research assistants: This study used a three-week pre-testing exercise. As my first fieldwork activity, I conducted the pilot study at a location different from the study area, which began after the 14-day quarantine period. I dedicated the first week of piloting to recruiting participants for the pilot study. Bryman (2012) asserts that research piloting is important because it may not go as planned by the researcher; thus, piloting provides an opportunity to make necessary adjustments. Given this, the pilot phase of this research revealed important insights into both data-collection processes.

I pretested the research instruments on young people at different locations during piloting. Two FGDs were conducted during piloting:21 survey questionnaires and one case study. Creswell and Creswell (2018) suggest that pre-testing is an important exercise, as it reveals insights into the duration of data collection and possible concerns from participants, especially with FGDs. This pilot study provided important insights and lessons. First, gaps in how to conduct FGD using participatory photography were identified; as a result, a systemic procedure was put in place for actual fieldwork. Second, the pilot study provided lessons on having a quiet place to conduct FGDs. I implemented this during my fieldwork in Kankoyo. Third, the survey questionnaire revealed insights into the need to simplify some terminology in the questionnaire and make it clearer, while simultaneously providing lessons on using an electronic questionnaire. The piloting stage also provided an indication of the duration of each stage of the data collection.

3.41 Recruitment of research assistants

Research assistants were recruited from a pool of prospective candidates with a minimum bachelor's degree in any field as an academic qualification. I used research assistants from Zambia's top universities. These were through recommendations from the university among top performers or my former students, who I had the idea of their potential and competence to deliver tasks. Having knowledge of the study area and the ability to communicate in the local language spoken in the study area were part of the requirements, as much of the data were collected in the local language. I trained the research assistants in two phases with the aid of a training manual (see Appendix G) that I developed and distributed to them:

1. Online training via Zoom: This formed part of the pre-fieldwork activities and was a Covid-19 pandemic coping strategy. The training involved sessions on research background and objectives, research instruments, research ethics, and interviewing skills.
2. Physical training of research assistants: I did this in Zambia before the pilot exercise. I conducted training at Copperbelt University in Zambia in a socially distanced way, given the Covid-19 regulations. Copperbelt University was chosen because it provides a conference facility that is ideal for space and teaching aid facilities. Two sessions were successfully conducted as a build-up for online training. The sessions also provided an opportunity for team building and further

explanation of the research assistants' roles, expectations, and responsibilities during data collection.

I used a total of five research assistants whose involvement in fieldwork was as follows: two research assistants for the FGD stage, five research assistants for the survey questionnaire, and one research assistant for in-depth case studies. This was based on the amount of work involved in each data-collection stage. All five research assistants were used in the survey questionnaire to reduce the duration of the survey.

Sampling: This study focused on the purposively selected youth of Kankoyo. The Zambian Constitution defines youth as people between the ages of 16 and 35 years. However, for the purposes of this study, I used the age range of 18–35 years. This age range was more appropriate for this study because 18 years is the legal age prescribed by the Constitution of Zambia. By the age of 18, a person receives a national registration card, which is a national identity card, to enter legal transactions and participate in national issues. In Zambia, the Constitution regards anyone below the age of 18 years as minor; hence, for ethical considerations, they did not form part of the sample. In addition, by the age of 18, young people in Zambia are independent and pursue livelihood activities. Three activities formed the sampling approach: FGDs, key informant interviews and case studies. Figure 3.8 summarizes the data collection framework.

Figure3.8: Sampling technique

Data collection tool	Participant	level	Sample size
FGDs	Youth	Community	8
Survey questionnaire	Youth	Community	220
Case study	Youth	Community	8
Key informant	NGO	National	1
	MFI – private	National and local	1
	MFI – NGO	National and local	3
	Commercial bank	National and local	2
	Civil society organization	Local	1
	Ward Councillors	Community	3

The next section explains the sampling process used for each of these three activities.

First, I conducted eight FGDs with young people in Kankoyo pursuing diverse livelihoods. I accessed these young people through ward councillors who were community leaders at the grassroots level. Because of their strategic role, ward councillors are in constant contact with the community and hence play an essential role as a link to young people in the study area. After the councillors introduced me to young people, I used my initiative to create a team of community research coordinators from young people whose primary role was to help mobilize their fellow young people. I used this approach because the ward councillors, who were supposed to link me to a wider group of young people, stated that they were preoccupied with election campaigns and that they did not have time for further appointments. In addition, these community coordinators were known by their fellow youth in the community, so it was easy for coordinators to engage with the local people, particularly the youth.

Despite Kankoyo being a township, it is divided into eight wards headed by councillors who are local government leaders. Council representatives represent the central government through a decentralised government structure that seeks to use this approach to increase efficiency in implementing new government development programs, projects, and policies. The councillor coordinated government socioeconomic activities in each ward to enhance the welfare of the people in each ward. By implementing government activities in each ward, councillors have regular interactions with young people. Therefore, they are an important mechanism for facilitating introductions to young people in each ward.

Although there is no standard sample size for FGDs, Guest et al. (2006) suggests that 6-12 FGDs are appropriate for achieving data saturation. Therefore, I conducted eight FGDs comprising to 6-8 young people dominated by female entrepreneurs. The FGDs included a combination of young men and women. Using participatory photography as a participatory exercise, I obtained views from each participant, as they had the opportunity to tell their stories. This approach was important as it created an atmosphere of equality during FGDs and thus addressed the potential challenge of dominance in a group. Using the local language made everyone comfortable as they could express themselves freely. For the three cooperative groups, FGD, which involved site visits, each participant shared their experiences and involvement in the group; hence, each person put across their voices. These two participatory approaches were important in addressing the challenge of group dominance associated with FGDs.

Second, survey questionnaires of 220 young entrepreneurs in the study area were done. The survey questionnaire helped to generate data on demographics, entrepreneurship information, financial access experiences, and perceptions. This involves going into the community, interacting, and engaging with young people. This was performed with the help of research assistants.

Third, I conducted in-depth case studies of eight young people identified during the FGDs and the survey questionnaire stages. This is important for revealing narrative experiences and exploring the interlinkages between financial inclusion and entrepreneurship. These in-depth interviews generated data about the types of financial products and services young people engage in entrepreneurship, their experience with access and usage, the financial access processes, what form of support they receive, what challenges in accessing, how financial access helps in alternative livelihoods, and household and community dynamics. To obtain a comprehensive account of these cases, field observations complemented the in-depth interviews.

Fourth, I conducted interviews with key stakeholders as expert informants to obtain information on how young people are supported in terms of policy, interventions, and programs in Zambia. These include ward councillors, NGOs, financiers, and civil society organizations. Key informants were selected because they oversaw the issues faced by young entrepreneurs. The key informants provided information on the extent of financial inclusion for the youth, the challenges of providing financial services to the youth, and the opportunities and processes of financial access.

3.5 Data management

The University's policy on research data and ethics provides guidance for data management. Therefore, in line with this policy, I managed both primary and secondary data at all stages of the research. As per the policy, I converted the data to digital formats and kept the data safe on a password-protected computer for analysis.

3.6 Ethical considerations

The fieldwork was conducted in line with the University of Reading Research Policy on Ethics and followed the ethical clearance guidelines (see Appendix). The general ethical issues in this study involved people as research subjects. Thus, the participants were to be protected from any form of harm, embarrassment, or any other material damage, such as intruding into the individuals' privacy, injuring the reputation of individuals and the institutions from which the samples will be drawn (Saunders et al., 2009).

Before collecting the primary data, the participants were informed of the objectives of the research during the initial meeting. In this initial meeting, I obtained the participants' informed consent to participate in the research and promised them anonymity and confidentiality. Consent for photography, audio recording, and permission to go to their place or site were also obtained during the initial meetings.

Therefore, the main ethical approach was assuring the participating individuals and institutions that all information collected would remain confidential and would be used anonymously for academic purposes only. In addition, each respondent had to decide to participate in the interviews, survey, FGD, and case studies. The data were collected objectively, accurately, and with integrity so that the objectives of the study were achieved while protecting the rights of the individuals and institutions involved.

3.7 Positionality

As a researcher, I recognized the critical importance of positionality in ensuring objectivity in research. I was cognizant of the potential power imbalance between myself and the participants because of my identity as an educated man who had travelled (Creswell and Creswell, 2018). This could have influenced data collection and interpretation of the findings. To mitigate this, I took steps to reflect on my positionality throughout the data-collection process.

During my fieldwork, I was mindful of the power imbalances between myself and the participants. As a researcher, I had control over the data collection agenda, which could have affected the participants' responses. To reduce this power imbalance, I communicated using the local language with which the participants were familiar and used photovoice as a participatory tool during focus group discussions. This allowed the participants to express their own voices. I conducted pre-interview sessions to familiarize themselves with the participants and explain the purpose and benefits of the research to the community.

Positionality continues to be a crucial consideration during the data processing and analysis stages. As a researcher, I had control over data processing, which could have influenced my findings. To address this, I enlisted the assistance of research assistants during the initial data analysis stage. After each interview session or FGD, we held debriefing sessions during which we shared notes, views, and interview observations. These sessions allowed multiple perspectives and voices to be heard, forming a critical part of the data analysis process.

Overall, my approach to positionality in this study was aimed at reducing power imbalances and ensuring objectivity in data collection and analysis. By incorporating participatory tools, familiarizing myself with the participants, and enlisting the help of research assistants, I believe that the study was able to produce meaningful and insightful findings that will contribute to the existing body of knowledge on the intersection of financial inclusion and youth entrepreneurship.

3.8 Data analysis

3.8.1 Primary data

FGDs, KII, and in-depth interviews

In this study, I began the data analysis process by transcribing qualitative data obtained from various sources, including FGDs, KIIs, and in-depth interviews. I then uploaded these transcripts onto NVivo, a powerful qualitative data analysis software renowned for its exceptional ability to generate patterns and themes in the data. NVivo was used because of its capacity to aid data analysis by facilitating the identification and interpretation of emerging themes and patterns.

Next, I subjected the transcripts to a rigorous coding process informed by the research objectives and questions. This process was iterative and involved a thorough and systematic examination of the various codes from different data collection methods as well as critical reflection on the relationships between these codes while linking them to the theoretical underpinning of the research (see Appendix H for an example of the coding process). By scrutinizing the coded data, patterns and themes emerged, providing crucial insights that were instrumental to data interpretation. The resulting themes and patterns were comprehensively analysed and interpreted to identify significant insights relevant to the research questions and objectives.

Survey questionnaire

In this study, Tableau, an advanced data visualization software, was used to analyse the data obtained from the survey questionnaire. We extracted the Excel version of the responses from Google documents and uploaded it to Tableau for analysis. We chose Tableau because of its user-friendly interface and exceptional ability to facilitate easy identification of relationships between data through a drag-and-drop process. The software also provides an effective data visualization dashboard, which is critical for data interpretation. Using this method, we generated descriptive statistics, which were comprehensively analysed and linked to qualitative data to provide a more comprehensive interpretation of the research findings. This process enabled us to derive valuable insights that advance our knowledge and understanding of the research topic and have the potential to inform policy and practice. Overall, the use of Tableau software in data analysis proved to be a critical step in achieving the research objectives, and the resulting insights had significant implications for addressing the research questions and objectives.

3.8.2 Secondary data

This study conducted a critical content analysis of two key areas: policy documents on financial inclusion and financial product and service design. For policy document analysis, I purposively selected 10 key policy documents from government institution websites, including the Ministry of Finance, Bank of Zambia, FinScope, and Zambian Parliament. I thoroughly scrutinized the contents of these documents to identify emerging themes, trends, and issues related to financial inclusion development in Zambia from 1991 to 2022. This process provides crucial insights into the financial inclusion opportunities, developments, and challenges in Zambia.

To analyse financial products and services, I examined the key product features of financial services and products offered in Zambia. I obtained data on product features, including pricing, documentation, process, conditions, and requirements, from the product brochures of commercial banks in Zambia. I then linked these data to demand-side data from youth entrepreneurs to match the financial products and services to their needs. Through this analysis, I generated important patterns and themes that were instrumental to data interpretation. Figure 3.9 summarizes the main collection tools, type of data, and analysis for each research objective.

Figure 3.9: Summary of tools, data, and analysis

Objective	Type of data, tools, and analysis technique
1. **To critically examine the landscape of financial inclusion in relation youth, with a view to understanding the factors influencing financial inclusion for youth in Zambia.**	● A desk review of secondary data and information on Zambia's financial sector with a goal of examining the landscape of financial inclusion for young people in Zambia. This involved a review and critical content analysis of the relevant policy documents about the financial services provider, their characteristics, type of financial products and services, how they are designed and who they target. ● Key informant interviews at national, township and ward level provided more insights on institutional support, programmes and policy aimed at supporting young people's access to financial services and products. ● The analysis generated themes to create narratives in the data.
2. **To explore how young people participate in financial markets in Zambia**	● Primary data was collected through FGDs how the young people gain access and use financial services. This involved identifying and evaluating the current financial inclusion participation interventions and the challenges for participation among youth. ● Primary data through key informant interviews provided more insights on the financial inclusion process for the young people. The key informant interviews provided data on what support is given to young people to access financial services. ● Observations and field diaries were used. ● The data collected was then analysed by creating narratives around young people's experiences with financial access.
3. To explore whether financial inclusion opportunities have supported livelihood transitions for the youth in the Copperbelt Province of Zambia	● Primary data was collected through case studies of young people both male and female who are undertaking diversified livelihoods. The case studies will involve categories based on the financing initiative. ● This involved informal in-depth interviews with young entrepreneurs to capture their experiences with financial access and whether financial access support their entrepreneurship as a livelihood strategy. ● The in-depth interviews were complimented by Field diaries (observations) and photovoice. These tools generated comprehensive data on young people's entrepreneurship experiences and engagement with financial services. ● These approached will help create narratives to understand what financial inclusion means for young people who are transitioning. ● Gender, age, marital status, and type of business disaggregation was be captured in the analysis. This was important to capture diversity of young people in data.

3.9 Conclusion

This chapter provides a comprehensive overview of the philosophical approach adopted in this study. It also discusses the research design, including case study and participant selection, methods, sampling, and data collection tools. This chapter highlights the researcher's positionality and ethical considerations throughout the research process. Finally, this chapter sheds light on the data analysis process. The subsequent chapters delved into the findings of the study, starting with a critical examination of the financial inclusion landscape in relation to the youth in Zambia. The next chapter specifically unpacks financial inclusion opportunities and challenges for youth within the market approach in building inclusive financial systems.

Chapter 4. Financial Inclusion landscape: What Factors Influence Financial Inclusion for youth?

4.1 Introduction

The first analysis chapter of the thesis sets the scene for Chapters 5 and 6. It examines the formal financial inclusion landscape of young people in Zambia's banking sector. The analysis in this chapter focuses on identifying the barriers to formal financial access among youth. It examines the relevance of the design of these services and products on young people. As outlined in Chapter one, this thesis investigates the role of financial inclusion in supporting youth entrepreneurship within the context of mining transitions.

This chapter addresses the first objective of this thesis, which is to identify the factors that influence financial inclusion of young people in Zambia. This is crucial to gain a better understanding of the financial inclusion challenges from the perspective of young people in the declining mining economy. By doing so, this chapter contributes to academic debates around building inclusive financial systems. This knowledge advances financial inclusion theory from the perspective of young people in a transitioning mining economy. The key research question within this objective include: What are the levels and types of formal financial access among youth? What are the critical supply and demand-side barriers to accessing financial services for the youth? Does the design of formal financial products and services reflect inclusivity for youth? To address these questions, the evidence in this chapter is drawn from the survey questionnaire, qualitative data from focus group discussions, key informants, and secondary data sources, including policy documents and bank websites (see Chapter 3 for details).

By exploring the research questions in this chapter, the thesis will be able to establish the level of financial inclusion for the youth and engage with debates about building inclusive financial systems (Park, 2011; Triki and Faye, 2013). More widely, there is an argument that improved financial access supports poverty alleviation and reduces inequalities in development outcomes (World Bank, 2014; Mader, 2016; UNSGSA, 2016), which claims that inclusive financial systems facilitate opportunities for microentrepreneurs (Chapter 2, Section 2.2). Central to this discussion, is understanding how market failures affect financial access or the failure of financial markets to increase financial access outreach to unbanked or underserved populations (Ledgerhood, 2013; Mader, 2018; Duvendack and Mader, 2019). Therefore, although extensive research on financial inclusion has already been conducted, much more remains to be learned using empirical research on financial inclusion from the perspective of young people in developing countries. Additionally, measuring financial inclusion progress requires micro-data in different contexts at both household and enterprise levels. By focusing on youth entrepreneurs in a declining mining economy characterised by changing economic circumstances, the analysis in this chapter contributes to both academic and policy debates on building an inclusive financial system.

This chapter is divided into two broad sections. Section 4.2 provides an analysis of both the supply and demand side financial access barriers faced by young people. Section 4.3 examines the demand for financial services among youth and provides details on their demographics, entrepreneurial activities, and experiences with financial access.

4.2. Financial access barriers

As shown in Chapter 2, section 2.5, although financial inclusion progress has been made in Zambia's financial sector, young people remain excluded from formal financial access. This section identifies the supply and demand side for youth financial inclusion.

4.2.1 Institutional/supply-side barriers

Supply side barriers relates to challenges that are specific to financial services providers. This section answers the question: what challenges do financial services providers face when providing financial services to youth in Zambia?

Lack of tailored products: One particular concern raised by key informant Rose, which significantly contributes to the exclusion of youth within the formal financial services space, is the lack of appropriate financial products and services that are suited to the needs of the youth. She described FSPs in Zambia as profit-driven, and therefore, it is unlikely that the FSPs will engage the youth. I share her reflections here.

"… And then also you find that there are very few financial services or products that are designed specifically to meet the needs of young people apart from those that are in colleges universities

like where they just pay their fees. I do not think there are any services or products that offer start-ups."

There are several reasons for the lack of tailored products and services for youth. FSPs may face challenges in offering financial products and services to the youth in low-income populations. Key informant Olivia mentioned that high transaction costs constrained FSPs provision of financial access to youth in the study area. During the interviews, Key informant Olivia expressed the view that FSPs do not find it profitable to offer financial products to the youth segment. I share her reflections here.

… it can be costly to lend to the youth and generally low-income populations like Kankoyo. For example, you will find that most of the businesses run by the youth they make small profits and therefore they can only borrow small amounts, but for us as a bank the costs remain the same. As a bank, you will also observe that we do not have branches in these low-income areas because of the low profit potential and high transactions costs."

Risk due to lack of income: High risk was also mentioned as one of the reasons why the FSP finds it difficult to provide financial products and services to the youth. During the interview, Evelyn, a key informant working as CEO of a private microfinance institution in Zambia, attributed this risky status of the youth to the lack of income. I share her reflections here.

"…it's very hard to lend to the youth as the risk is high. Just because this is how we started out, we started with a youth and women entrepreneurs loan portfolio, quickly we knew that we need to pivot into the salaried employees we went quickly into the scope… I think the youth are still considered risky in the sense that they don't have the financial backing.

This view was shared by key informant rose, working as Director Women and Youth financial inclusion for Financial Sector Deepening Zambia (FSDZ), an NGO working to broaden financial inclusion to the unbanked populations in Zambia who pointed to the lack of assets and income as incentives for FSP's providing financial services to the youth, as had this to say during the interview:

"The youth do not have what it would take the financial service providers would look at as a solid foundation for them to actually engage young people; they do not have assets, they apart from the brains and the motivation, the number of young people do not own any assets that you know they can use to borrow money in the formal financial sector and because of that they are really

excluded. So, from the banks point of view they are interested in people that are stable, where they know that the risks are few and you know but for when you look at the number of young people in Zambia there are very few who own assets that they can use to access financial services."

Information asymmetry: The lack of credit information makes it difficult for FSPs to make credit decisions about borrowers. This situation may result in the credit provision to be limited to borrowers with a credit history. This issue was raised by Key informant Evelyn, the CEO of a private microfinance institution that provides financial services in Zambia. Key informant Evelyn attributed this information asymmetry to institutional deficiencies in Zambia, noting that there are no effective credit reference bureaus (CRBs) that can provide information about borrowers, especially youth entrepreneurs in the informal sector. She expressed the view that it is difficult to obtain credit information about borrowers in Zambia to make loan decisions. I share her reflections here:

"…also just lacking is the lack of Information about borrowers. I think there is not enough information for us to be able to make a lending decision and again it is hard to locate someone in this country, it is hard to get any reference Bureau information about borrowers."

Regulatory requirements: Regulation with its good intentions, can limit the provision of financial products and services tailored to youth entrepreneurs. For instance, this is reflected in the Zambian Banking Financial Services Act (2017), which mandates that FSPs undertake know-your customer (KYC) procedures before engaging in a financial services contract as part of the regulatory requirements. FSPs under the supervision of the Bank of Zambia (BoZ) are required to conduct credit assessment and screening procedures for all potential clients. These KYC requirements include a customer identification card, utility bills, company registration, tax identification numbers, and financial statements. For the most part, these KYC rules limit the creation and provision of appropriate financial products and services that meet youth needs. These KYC procedures have been described as constraining the provision of financial services to the informal sector, particularly to youth entrepreneurs. The key informant Olivia, working as a branch manager for the ABSA bank commercial, described the regulatory bank procedures as "disadvantaging" for SMEs. She had this to say:

"…*there are procedures in the banks that disadvantage SMEs. I can tell you that here are SMEs who doing well, however, because of our Risk analysis procedures as part of the Bank of Zambia regulation, they fall off. There is so much bureaucracy in the banks due to regulation which makes the loan procedures to be too long. For example, this is an SME who has business deal which requires immediate financing for it to go through, now you will find that when they apply to the bank, they must wait for about three weeks to allow for the bank procedures. This really disadvantages them. These long procedures form part of the reasons SME's use informal sources".*
Although regulation ensures financial system stability as a risk-management tool, it also affects the provision of financial services for SMEs in the informal sector. To ensure a safe and sound financial system as a regulatory goal, the Bank of Zambia has spelled out licensing rules, minimum capital adequacy requirements, restrictions on funding structure, liquidity reserve requirements, accounting requirements, corporate governance requirements, and prudential regulation (BFSA, 2017; BoZ, 2020). These rules have reinforced the idea that financial institutions under BoZ regulation should be well capitalised and profitable to be allowed to operate and, certainly, this contributes to the FSP's focus on profitable segments rather than low-income ones. Furthermore, capital adequacy requirements and other strict requirements can result in the closure of non-profitable banks as well as the emergence of smaller institutions, such as microfinance institutions, who may offer suitable financial products that meet the needs of the youth (Chiyumwa, 2004; Janson et., al, 2004). Therefore, regulation adds another challenge to the provision of financial services.

With these regulatory requirements, trade-offs arise, as FSP's must provide financial services while maintaining regulations. Therefore, by being compliant to comply with regulatory requirements, particularly capital and liquidity reserve requirements, FSPs must be profitable and sound. This situation results in the exclusion of youth from the low-income segment. However, according to the BoZ, regulatory requirements are meant to protect consumers from being exploited and ensure a stable Zambian financial system as a broader objective for financial regulation (BoZ, 2020).

Gaps in financial inclusion policies: Despite the growing number financial inclusion policies in Zambia, these policies do not respond to the needs of young people. During the interview, key informant Rose described the policies as unrealistic and unresponsive to the needs of the youth, arguing that until their workable policies targeting the youth, financial exclusion will continue to widen for this social group. I share her reflections here.

"*… the policies are there, but I think it is one thing to have good policies and then also just access ability rate at which these young people are accessing the financial products is still very low. So, we need policies that really make access to financial services easy for all groups of people, not just those in urban areas but also in rural areas, you know. Financial exclusion will continue to widen until we come up with a workable policy targeting young people, targeting women especially young women who continue to be excluded and vulnerable… I think for me we need to evolve the policies; we need policies that respond to the needs of the young people, not just designing policies that are very academic but practical."*

Therefore, the identified institutional barriers highlight the need for policies that recognise and address the needs of young people. One plausible explanation for the challenges of financial inclusion policies is a lack of understanding of young people's needs and constraints.

4.2.3 Financial product and services design analysis

The analysis in this section focuses on access to three core banking products:1) Bank accounts, 2) Savings and 3) credit. Although there are other important financing opportunities within the Zambian banking sector, including mortgage financing, vehicle financing, leasing, and stock market instruments, such products are not explored in this study, as they are complex, given the target group. Thus, the focus is on three primary products, as reflected in the available demand-side data.

The following sections focus on these three core banking products. The first focuses on banking and savings products, followed by credit products. The product design analysis section begins with an overview of the features of the products under consideration.

Access to bank accounts

Data on product features were gathered from a set of primary banking products from widely used financial institutions. This information was accessed via bank brochures. Figure 4.6 gives a thematic analysis of the basic features of the current account offered. These attributes that form financial product design include knowing customer requirements (KYC), bank charges, and delivery channels.

Figure 4.6: Bank account product description

Type of Account	Requirements to open (Know Your Customer)	Fees and costs (average)	Delivery Channels
SME Current and Savings account	Proof of ID (National ID, driver's license, or passport) Proof of residence (utility bill -including water, electricity) Business Registration documents Tax identification number. Current trading licence 2 Reference letters Proof of income (Audited financial statements	Opening balance K200 - K1000 Monthly maintenance fees K150 ATM cost K10 own other K20 Bank transfer K5 other, 0 same bank	Branch network ATM PoS Cell phone banking Internet banking

Source: (Author, 2022)

A bank account is a primary indicator of financial inclusion while being a route to accessing other financial services, such as credit. Traditionally, financial inclusion refers to a bank account (World Bank, 2014). A bank account, though in its basic form, is a financial product, but more broadly plays a crucial role in bridging the information gap between financial service providers, and thus forms a primary basis for FSPs to engage with potential customers. Key informant Evelyn described a bank account as critical for making financial services lending decisions. I share her reflections here:

"A bank account is something we use to basically assess someone's ability to pay back and so if we can't see it from the bank account, then where else can we see it from?"

More broadly, a bank account is a pathway for young people to access other financial products such as savings, and credit. Therefore, other financial products (credit and savings) are significantly dependent on bank accounts. This means that in the absence or lack of a bank account, youth may not have access to other financial products and services. For FSPs, a bank account is a screening mechanism that determines the creditworthiness of a borrower. Generally, Information asymmetry represents the biggest challenge associated with financial markets (Brealey et al 1977; Slitigz, 1989). As explained by the information asymmetry theory (in section 2.3.1, the literature review section), these information gaps make it difficult for FSPs to engage with potential customers. Documentation requirements play an important role in addressing the information asymmetry problem and, more widely, are linked to risk management and regulatory procedures. The FSP needs to know basic information about who the customer is, the type of business, income, tax compliance, and where they are found. In the absence of such important information, it is unlikely that the FSP will consider the youth as clients. Key informant Evelyn, a CEO at Lupiya Micro-Loans, described business registration requirement as a "steppingstone" for FSPs engaging with potential borrowers. I share her reflections here:

"…And PACRA registration is something important. It is the one steppingstone for most financial institutions for us to be able to just see who you are as a borrower and where can we find you."

Although these requirements are critical for making informed financial decisions and are often seen as risk management tools by the FSP, they are also exclusionary in the provision of financial services to the youth. Figure 4.6 suggests that a bank account is a stepping stone to the expansion of other financing opportunities, the lack of which constrains financial access among youth in the informal sector space. This informal nature of youth has been noted to contribute to wider financial exclusion for entrepreneurs in the informal sector by key informant Evelyn, a key informant from financial services. I share her reflections here.

… *"There is lack of opportunities for financial inclusion especially in the in the informal sector space where several young people fall."*

As figure 4.6 shows, fees and costs are attached to bank accounts. First, there are charges to open and maintain bank accounts. These fees average K 200 – K500 as the opening balance and K150 for account maintenance. Bank accounts can be accessed by going to the bank or through technology such as ATM's, PoS, phones, or the Internet. These technology facilities come with charges; for example, using an ATM, the charge for withdrawal is K10 for the same bank and K20 for a different bank ATM; bank transfer using a phone banking APP or internet is K0 for the same bank and K5 for a different bank. Together, these charges form revenue units for FSP's.

Access to bank credit

Data on credit products for MSME's are gathered from bank websites and brochures. Figure 4.7 gives a description of the main characteristics associated with the credit products offered in Zambia. It is important to note that the fees and costs are taken as averages, as observed in banking institutions that offer SME loans.

Figure 4.7: Credit product description

Type of credit product	Documentation and requirements	Fees and costs	Channel of distribution
Credit product description	Certificate of registration Proof of ID Audited financial statements. 6months bank statement Collateral requirement for secured credit Payslip (unsecured)	Commercial bank average interest rate for 2021: 26%/annum Monthly repayment Processing average fees: 5% of the loan amount Minimum loan K5000 Unsecured backed by salary. Minimum period 6months to 5 years	Must be banked (bank statements required to apply) and the loan is collected via direct debit

Source (Author, 2022)

Figure 4.7 shows the design aspects of the credit facilities offered by FSPs in Zambia. For a bank account, identification documents are a part of the requirements for loan products. This is important for addressing information-asymmetry problems. According to figure 8, a bank account is a stepping stone to accessing credit. It forms the only delivery channel for credit facilities because a loan is supposed to be credited to the account. These documentation and requirements play an important role in the screening process for borrowers. These documents, as shown in figure 5.8, include the certificate of registration, audited financial statements, proof of identity, six-month bank statements, payslips for unsecured credit, and collateral for secured credit. Such requirements form part of the risk assessment procedures for the bank, while being regulatory requirements, according to BFSA (2017). Figure 4.7 in the column for fees and costs also shows that the average lending rate is 26% per year. This also comes with a 5% loan-processing fee, which is an administrative cost. In addition, the minimum loan amount for SME credit facilities is K5000, which has a minimum repayment period of six months to five years with monthly repayments. Further, the FSP’s demand is either collateral for unsecured credit, or the credit is backed by a monthly salary.

This section explores supply side data on the provision of financial services in Zambia. It highlights the institutional environment through which FSPs operate, including the structure of the Zambian financial sector, financial inclusion policies, and regulations, and offers an analysis of the primary banking products. Overall, this reveals that while youth entrepreneurs present a huge market for financial products, the provision of financial services remains challenging for FSP’s.

4.3 Demand for financial services: what are the levels of financial access among the youth and what are the financial access constraints?

This section presents micro-data relating to youth demand for financial services. It starts by exploring the extent of the financial access challenge among the participants. Section 4.3.1 discusses the financial access challenges for youth. Section 4.3.2 highlights who this youth are and the type of entrepreneurship activities they are engaged while section 4.3.3 assesses the levels of formal financial access by the participants and the financial access constraints. In addition, this section examines the suitability of the formal financial products and services offered in Zambia to this social group. Section 4.3.1 considers gender dynamics in financial access and highlights how cultural factors are barriers for women 's youth entrepreneurs.

4.3.1 The financial access challenge: why is financial access important?

Researchers and policymakers have recognised the importance of access to financial services in fostering economic growth and sustainable development has been recognised by researchers and policy makers (Beck, et al 2015; Sumberg, 2016). In Zambia, financial inclusion is increasingly becoming an important policy goal, as reflected in the National Development Goals (NDP) 2017-

2021 and 2022-2026, respectively. At the micro-level, there is increasing recognition that access to financial services is critical for the creation, expansion, and development of micro-entrepreneurs, while providing opportunities for better livelihoods (NFIS, 2017; Ministry of SMEs 2021). Therefore, there is an emphasis on expanding financial access to youth as a way to promote entrepreneurship to address youth unemployment (8NDP 2022-2026). Therefore, Micro, Small, and Medium Enterprises (MSMEs) are seen as drivers of Zambia's economy. In September 2021, the Zambian government created a new Ministry of SMEs to support MSMEs. This development reflects the increasing attention been given to entrepreneurship in Zambia.

Despite the recognition of the importance of MSMEs in Zambia's development and evidence of strong policies and support for financial access, this chapter reveals that financial access remains a major barrier to youth entrepreneurs. During the FGD's, all participants pointed to the lack of financial access as their major challenge, which constrains their business growth and expansion. Among the participants, there was a general view and recognition of entrepreneurship as a fundamental livelihood source and means of survival for youth in Kankoyo. As a result, youth increasingly engage in entrepreneurship as an income-generating activity. However, one major concern raised by the participants as an obstacle to their entrepreneurial livelihoods was the lack of capital despite their ambitions, experiences, and aspirations about entrepreneurship. See the quotes in figure 4.8.

Figure 4.8: Lack of capital illustrative quotes

Participant	Gender	Type of business	Illustrative quote
Mary	F	Vegetable shop	*"… I would want to grow my business as I now have the experience. Also, there is demand for tomatoes and charcoal in the community, but I face a challenge of lack of capital. I would want to venture into something bigger and more profitable which I'm still thinking about. Also, I would want to go back to my grocery business, but I face funding challenges, the K500 capital I was empowered with is not enough."*
Dorcas			*". I have been doing this business for 2 years now. The business is generally okay, though I would want it to grow. I face financial challenges as I must use the same profit and sometimes eat into the capital to look after kids. I even risk going out of business as I must sacrifice my business profits for children education and food. Given more capital things can improve."*
Alex		Block making	*"… access to finance has been a major hindrance to the growth of the business. Applying for loans is difficult as they require collateral. There is less capital in the business, so we cannot purchase equipment that can make our work easy."*
Gabby	M	Photographer	*"… I do not have money to buy a well-functioning camera and a working computer. The lack of a working camera which has a flashlight and a computer to edit and produce quality photos negatively affects my cashflow as it leads to loss of customers and ability to conduct business. I face challenges of attracting customers…all these challenges have been caused by lack of capital to purchase a well-functioning camera and computer. Given the financial support, I can buy the equipment – camera and computer as this will help improve my business."*

These illustrative quotes reveal how access to finance is crucial to the growth of youth entrepreneurship but also highlight how capital is a challenge for young people in the study area. When asked about difficulties with financial access, the FGDs highlighted several factors related to the youth's experiences and perceptions of financial access. First, there was a view from the participants that banking was for the elite and wealthy. The participants argued that they do not have sufficient money to engage with formal FSPs as their businesses generate minimal profits. Second, youth raised concerns about the lack of collateral that banks demand as a requirement for credit facilities. Third, the youth mentioned bank charges and fees, which they argued are high when compared to other alternatives, like mobile money services. As a result, young people seek financial access from informal sources, such as family and friends.

Here, I share views of participant Loveness, a female youth entrepreneur who runs a grocery shop.

"… I have not tried to borrow from the bank because I feel I do not have enough money. I just run a small business which generates little daily incomes like K20, how can I surely go the bank? I have heard that banks only give loans to big businesses. And rich people, now us in Kankoyo, we are poor. Then also, the bank require collateral which I do not have. So, I just ask for support from family, or the community savings groups which helps with small loans as working capital. For savings, I just use a piggy bank which I have created at home where I put a K5/day then break it at the beginning of the school term. This is how I save for my children's school fees."

Another participant, Mirriam, a female youth, stated that she had not applied for a loan because of the information that banks require collateral. I share her reflections here.

"… I have not tried to apply for a loan … I would want to apply, but I hear banks require collateral which I don't have."

Therefore, the quotes have illustrated that youth are self-excluded from formal banking because of perceptions of the lack of income, collateral, and bank charges. Therefore, it is important to examine the characteristics of youth in order to understand their needs and constraints. The next section provides the profiles of these young entrepreneurs.

4.3.2 Characteristics of youth-led businesses

In this section, data are gathered from the survey, FGDs, and a survey to create a profile of youth entrepreneurs, as shown in figure 4.9. The characterisation of youth is important to understand who these youth entrepreneurs are, what entrepreneurship activities they are engaged in, and the implications of capital, income, and business environment in the choice of these activities. Profile analysis aims to provide demand-based information that is critical to understanding both the financing needs of the youth and their constraints.

Figure 4.9: Youth entrepreneurs' profile (N=220)

Characteristic	Youth entrepreneurs	
Gender	• Male:	28%
	• Female:	72%
Age of owner	• 18-24:	28%
	• 25-29:	35%
	• 30-35:	37%
How the business was launched	• Own initiative:	72%
	• Family and friends:	25%
	• Government initiative:	1%
	• Church:	1 %
	• Microfinance:	1%
Monthly business income	• Less than K500:	34%
	• K500-K1000:	32%
	• K1000-K5000:	30%
	• Above K5000:	4%
Capital	• Less than K500:	45%
	• K500-K1000:	25%
	• K1000-K5000	24%
	• Above K5000	6%
Markets/customers/location	• Local(community):	99%
	• Other:	1%
Age of the business	• Less than 1 year:	23%
	• 1-3 years:	42%

	• 4-5 years:	15%
	• Above 6 years:	20%
Business Formalisation	• Yes:	3%
	• No:	97%
Economic activities	• Micro-trading:	61%
	• Agriculture:	5%
	• Barbershop and saloon:	12%
	• Mobile Money services:	8%
	• Beverages and food:	8%
	• Media, and stationary:	4%
	• Others:	2%

Source: Survey questionnaire (April 2021 – September 2021

According to figure 4.9, young people in the study area engage in entrepreneurship activities that are largely unskilled and informal. These activities include micro-trading, agriculture, barbershops and saloons, mobile money services, food and beverages, media, and stationery. However, micro-trading in the form of home vegetables and grocery shops appears to be dominant because of the available demand for food-related items in the community, as people must eat naturally. Figure 5 shows that 97% of these businesses are not registered with government authorities, particularly the Patents and Company Registration Authority (PACRA). These businesses have been launched using entrepreneurs' own initiatives, with capital sourced from family and friends. Figure 4.9 shows that 72% of these businesses were initiated by the youth themselves because of the unemployment challenge in the community. This may also indicate a lack of support from the government, as government initiatives form only 1% of support in terms of youth business initiation. According to figure 5, 65% of these businesses are in the start-up phase when they are less than three years old. Start-up capital to launch, grow, and expand their businesses remains the biggest constraint, as 70% of the businesses have injected minimal capital ranging between K5 and K1000. Low entry costs are one of the reasons why youths are engaged in these activities.

Young people ran small informal businesses that provided minimal income returns. Figure 4.9 shows that 66% of youth-led businesses earn a monthly income between K0 and K1000. Businesses are subsistence-driven and associated with very limited growth potential. These entrepreneurship activities provide low incomes due to the extremely small sales generated from the local customer base, as youth lack access to wider markets. Generally, participants stated that they were motivated to engage in these entrepreneurship activities due to a lack of employment. However, for youth age range–18-24, they venture into entrepreneurship either after dropping out of school or do not have financial support to go to tertiary education. Thus, they engaged in these activities to pass time while remaining hopeful of going to university or back to school. For example, participant Mwansa, a female youth aged 20 years who is involved in mobile money services, stated this during the interview. She explained that she was in entrepreneurship because of a lack of financial support for tertiary education. I share her reflections here.

"My goal is to get an education so that I can be able to support my struggling mother and family. But I face the challenge of securing scholarship/funding. I have tried to apply for 2 years now, but no success. I have these results (10 points) and University admission letters as I want to study medicine, but I lack financial support as my mother is just a small-scale farmer who just farms so that we can eat at home. She struggled paying for my secondary education and can't manage to pay for university education. Given sponsorship, I would rather go to school than doing the Mobile Money business."

Within the youth cohort, the youth have different characteristics, experiences, and aspirations to enter entrepreneurship. It is important to emphasise that while the youth are regarded as a single youth group, this study has illustrated that they are not homogeneous. Youth had different profiles, as shown in figure 4.9. This has implications for how youth are supported and highlights the importance of a needs analysis in designing interventions when supporting young people. Youths need to be supported differently. However, it is worth noting that although youth are heterogeneous, their businesses are associated with similar features, as shown in figure 4.10.

Figure 4.10: Key features of youth-led businesses

Youth entrepreneurship	Key features: (N= 220)
Key features	• Sole trader • Informal • Ease of entry • Low capital requirements • Home based location. • Small returns • Limited growth potential

Source: Survey questionnaire, FGDs and KII (April 2021 – September 202

So far, this section has provided an assessment of demand-side factors that confirm the views of the youth during FGD's that the financial access challenge is due to insufficient income. Across the main social, entrepreneurship, and demographic characteristics, the demand-side data strongly show that the low-income level among youth significantly impacts their financial access.

The analysis presented a financial needs analysis of youth; however, some questions remain. Do the financial products offered in Zambia meet the identified needs? What are the levels of access to financial services and their constraints? The next section examines these questions and the suitability of financial products for young entrepreneurs.

4.3.4 Uptake of formal financial products among the youth

This section presents an analysis of youths' levels of access to financial products and services. Financial products and services include bank accounts, savings, and credit. Figure 4.11 shows the participants' levels of uptake of these financial products and services.

Figure 4.11: Levels of uptake for financial products

Type of financial product	Uptake in %
Bank account (personal, savings, business, transactional)	19.5%
Business account	0.04%
Savings	0.8%
Credit	5.9%

Source: Survey questionnaire (April 2021 – September 2021)

Uptake of bank account

An analysis of formal financial products and services shows that formal financial uptake is extremely low among youth. Figure 4.11 above illustrates that 80.5% of the participants did not have a bank account. Moreover, even for the 19.5% banked, less than 1% have bank accounts for business purposes. This suggests that participants with bank accounts use them for personal reasons rather than for business reasons. Another explanation for this trend is that these personal accounts opened when the youth were in formal employment before venturing into entrepreneurship. Discussions from FGD's indicated that some of the youth were once in employment, but had been retrenched due to mine closures. This suggests that employment increases the likelihood of being financially included. Moreover, FSP increasingly targets people in employment because of low risk and a guaranteed income street, a situation different from youth undertaking entrepreneurship or self-employment.

Given the significance of a bank account as a determinant of financial inclusion, it is critical to examine the product features in relation to the youth profile to determine the suitability of the product. Answering the question, what are the product features that may be unsuitable for the youth given their profile? Matching the product features in figure 4.11 with the profile of the youth in figure 4.9 provides important insights into whether and how a bank account meets the needs of the youth. Following this, the three design features–bank account opening requirements, account opening-related charges, and delivery channels–are now discussed.

Figure 4.12: Matching bank account features with profile of youth

Bank account features	**Selected variables**
Documentation requirements/business formalization • Formal registration, Tax documents, current trading license, identification	Formalization: Yes 2.7% No 97.3%
Bank account related fees • Average opening balance K200-K1000 • Average maintenance fees K150/month	Monthly income • Less than K500: 34% • K500-K1000: 32% • K1000-K5000: 30% • Above K5000: 4%

Survey questionnaire (2023)

Documentation requirements: According to figure 4.12, one of the key requirements for opening a bank account is that the business must be formalized through registration with government authorities, which, according to the survey data, is not the case for 97.3% of the participants. As shown in figure 4.12, formal FSPs demand business registration documents, including tax identification numbers and current trading licenses. These documents reflect not only business formalization but also a key source of information about the borrower and business. Furthermore, as a way of determining the ability to repay the loan, FSPs require audited financial statements, which again is undoubtedly unlikely for youth. Financial statements provide information about the profitability and viability of a business. Despite the importance of financial statements, the youth have been reported to be associated with poor record keeping, as noted by Key informant Evelyn, who shared the view that they cannot provide basic business records such as receipts, adding that this makes it difficult to extend credit to the youth. I share her reflections here:

"*A lot of poor record keeping with youth entrepreneurs and so you find that we might streamline the fact that we might not be looking for financial statements or some financial documentation, but you will find that you might just look for receipts and even those are not available as well. So, there is no basis in which we can give access to financing to the entrepreneurs."*

Although these requirements are critical for making informed financial decisions and are often seen as risk management tools by the FSP, they also deter the youth from accessing financial services. Therefore, this lack of these business registration documents makes the bank account product unsuitable for youth and clearly explains the low accessibility rate for bank accounts. Because a bank account is a stepping stone to the expansion of other financing opportunities, its lack constrains financial access among the youth in the informal sector space. Key informant Evelyn further argued that the informal nature of youth contributes to wider financial exclusion for entrepreneurs in the informal sector. *"There is lack of opportunities for financial inclusion, especially in the in the informal sector space where several young people fall."*

Therefore, informality among young entrepreneurs further explains the low uptake of bank account products. Clearly, the bank account product, as shown in figure 4.12, is not targeted at youth in the informal sector, given the information challenges associated with youth. Certainly, there is a mismatch between the bank account product and the informality profile of young entrepreneurs. The information asymmetry challenge contributes to this mismatch (Brealey 1977 et al; Slitz, 1989). By suggesting that information is a key factor in the provision of financial services, the theory of information asymmetry (section 2.3.1 in the literature review) helps explain that financial inclusion challenges for the youth lie in information gaps that exist between financial service providers and the youth, as well as other marginalised groups.

Affordability: During FGDs, the participants mentioned high bank charges as one of the reasons that youths do not engage with formal financial products. During the FGD, participants were asked about their experiences and perceptions about opening a bank account; the majority mentioned bank charges as the reason they do not have bank accounts. There was a perception among the participants that bank charges were high. Youth participants shared the view that bank account-related costs deter them from opening bank accounts. Figure 4.12 above shows the average bank account-related fees in Zambia. The business bank account fees include opening balance requirements, which averages between K200 and K1000, and account maintenance fees, which averages K150/month. Furthermore, there are costs associated with the use of bank technological facilities, such as ATMS and Internet banking. These charges are not surprising given the profitable nature of the FSP in Zambia. From a business perspective, a bank account is a product that generates income for FSPs. Together, these bank account-related costs have been described as high by the youth when compared to other alternatives, in particular, Mobile Money Services (MMS). MMS is an innovation offering relatively cheaper formal basic financial services such as savings, money transfer, and small credits delivered via mobile phones. For youth, the affordability nature of MMS appears to be one of the reasons they do not have bank accounts with FSPs. During FGDs, youth shared their views on the affordability of a bank account. The youth pointed to high bank charges, as illustrated by participant Loveness, who did not have a bank account because of bank charges. *"I do not have a bank account because I hear there are bank charges. For mobile money it is less costly. I use mobile money because I'm only charged upon withdrawing and it's only a minimal charge. I feel Mobile Money has fewer charges when compared to a bank account… Also, Mobile money helps me to help people and family members by making money transfers within a short period"* another participant by the name of Bonface a male youth who runs a barber shop stated that he has made decision never open a bank account because of charges. He explained that because of bank charges, his bank account, which he closed, went negative. ".... *I once had a bank account which I closed, and I have vowed not to open it again because of charges. When I had my bank account, I had left a K200 in the account. When I went to withdraw, I had found my account in a negative. I will just be using mobile money services as has proved to be ideal for me."*

Bank-related fees, particularly opening and maintenance fees, as shown in figure 5.6, may be constraining the youth to engage with financial services. This is particularly true for the youth in the study who, according to survey data, figure 5.8 shows that most of the youth make on average K500 monthly income. In addition, youth have basic needs such as food, shelter, clothing, etc. Account maintenance fees are, on average, K200 in addition to other costs such as ATM withdrawal fees. Matching the account-related costs with the average monthly income clearly shows a mismatch between the financial needs of the youth and the bank account product, rendering the bank account product inappropriate for youth. Therefore, fewer account-related charges increase the likelihood of opening a bank account. For instance, this is reflected in the increasing use of MMS by youth because MMS is affordable. This finding clearly indicates how bank charges contribute to financial exclusion, particularly for marginalized and low-income populations.

In addition, the unsuitability of the bank account, as reflected by the mismatch between the product features and the youth profile, financial illiteracy also contributes to the financial exclusion of the youth. Key informant Rose linked youth financial exclusion to a lack of financial education among youth, adding that because of financial illiteracy, the youth cannot be trusted by FSPs. I share her reflections here.

"… Then also even just access to financial services like bank account, there are very few young people who have opened bank accounts. like I said there are very few banking banks or financial services products that are designed for young people but for the young people themselves its lack of financial education… the young people are still left behind due to lack of financial education which brings about financial indiscipline. And that's one of the major reasons why most of these youths cannot be trusted even by financial service providers."

Reflecting on financial literacy, key informant Evelyn, explained that because of financial illiteracy, people get into obligations that they do not understand and that present a challenge in broadening access by FSPs as she emphasised the importance of financial literacy in financial services provision. "… *We realised as a financial institution that there needed to be some sort of financial literacy that came with the loan product that we were providing just because I think there was not an understanding of what it meant to get into such and obligation. So, and I think the usual perspective in communities is that, if you borrow money, you can pay back in 90 days eventually and that will be it. A loan product is normally tailored for 30 days then you should be paying back the money so that's the big challenge number one people getting into obligations and didn't understand."*

This view was also shared by the youth during FGD's. Many youths pointed not only to the lack of awareness of financial products but also the process of access. Some participants explained that they do not have idea of applying for financial products, such as credit. "*I have not tried to apply for a loan. I would want to apply, but I don't know how. And I hear banks require collateral which I don't have.*" Mary, a female youth entrepreneur aged 33 years, narrated. Accordingly, another participant, Gabby, echoed the lack of knowledge about the process, as he explained that he did not know where to start from. "*No. I have never tried to apply for a loan. Where do I even start from? I don't even know how to go about it.*"

The data shows the role of financial literacy in the provision of financial services. In addition to the unsuitability of the bank product, the low uptake of bank account access among youth can be explained by the lack of awareness of financial products. This contributes to a wider financial inclusion. Furthermore, the data have provided insights into the importance of financial education from the perspective of financial service providers. Financial education among young people has the potential to unlock financing opportunities and accelerate efforts towards an inclusive system. However, it remains a barrier among young people given the importance attached to financial education. This finding confirms the argument that limited financial literacy is a major obstacle to the demand for financial products and services (Van Rooji et al, 2007)

Uptake of credit product

Data on access to credit show extremely low access among young entrepreneurs. According to figure 4.11, only 5.9% of young entrepreneurs accessed credit. Not surprisingly, none of the young entrepreneurs in the survey accessed credit from a commercial bank, as shown in figure 4.13. The credit product features shown in figure 5.12 may explain the low uptake.

Figure 4.13: Matching credit product features with profile of youth

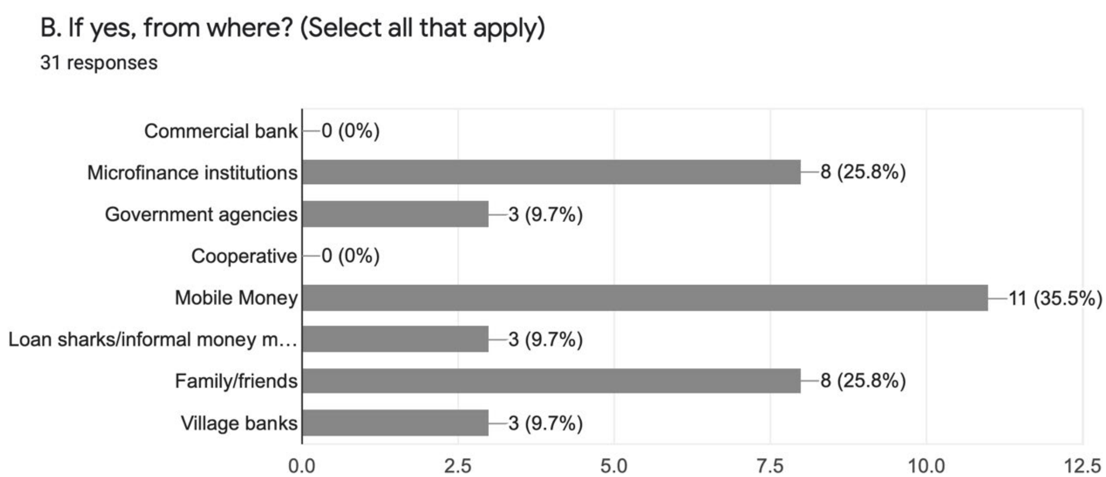
Bank account features	**Selected variables**
Documentation requirements • Formal registration, Tax documents, current trading license, identification, banks statement for the past 6 months	Formalisation: Yes 3% No 97% Bank account:
Loan associated costs. Minimum amount K5000 Interest rates: 26% (past 5year average)	Monthly income • Less than K500: 34% • K500-K1000: 32% • K1000-K5000: 30%

	• Above K5000: 4%
Channel of distribution • Direct debit via bank account	

Source: generated from KII, Survey and secondary sources

Channel of distribution: Part of the requirement for accessing loans from the bank is to have a bank account of which less than 1% of the participants have business accounts. As discussed in the bank account product above, a bank account is a steppingstone to other financial products, like credit. For credit facilities, a bank account serves both as a primary delivery channel, as shown in figure 4.13, in the distribution channel sections. In addition to this important role, a bank account is a key source of information about a borrower's financial standing. Without a bank account, a potential customer cannot borrow from the bank, and this is the case for participants with extremely low bank account uptake. Therefore, there is a strong link between bank accounts and access to credit.

Figure 4.14 Youth entrepreneurs' sources of credit



Source (survey questionnaire, 2022)

Documentation requirements: Like a bank account and as part of the screening process for borrowers, banks require documentation that provides information about the borrower. These documents, as shown in figure 5.8, include the certificate of registration, audited financial statements, proof of identity, 6 months bank statement, pay slips for unsecured credit, and collateral for secured credit. Such requirements form part of the risk assessment procedures for banks, while being regulatory requirements, according to BFSA (2017). Based on the survey data in figure 5.1, 97.3% of the participants were informal, as they were not registered with government authorities. Therefore, it is unlikely that the young entrepreneurs in this study will meet documentation requirements. Although documentation requirements are important, the 0% uptake of credit from commercial sources strongly shows that the constraints on credit access are wider among the youth and extend beyond formalisation, as even those who have their business registered are equally excluded. A plausible explanation for this situation is the lack of income and assets that youth can use to access credit. Key informant Rose stated that youth do not have financial banking, which can incentivize FSPs to consider them as potential clients. I share her reflections here.

"The youth do not have what it would take for the financial service providers would look at as a solid foundation for them to actually engage young people; they do not have assets, they apart from the brains and the motivation, the number of young people do not own any assets that you know they can use to borrow money in the formal financial sector and because of that they are really excluded. So, from the banks point of view they are interested in people that are stable, where they know that the risks are few and you know but for when you look at the number of young people in Zambia there are very few who own assets that they can use to access financial services."

The Lack of financial backing and assets among youth makes it difficult for FSPs to engage with youth. As shown in figure 5.1, 70% of youth entrepreneurs make less than K1000 per month, and within this same amount, they have other business and household expenses to pay. According to figure 5.8, the minimum average loan amount offered to MSMEs by most formal FSPs in Zambia was K5000. This amount, when compared to monthly income, clearly makes the credit product unsuitable for the youth. In fact, during FGDs, the youth raised the concern that they fear getting loans from financial institutions because of the realization that they do not have sufficient money to repay the loan. The youth added that the declining business environment and limited customers due to job losses make it challenging for them to generate enough income that they can use to repay the loan. In the absence of sufficient income, entering a loan obligation has potential has potential to make their life which is already hard, and more stressful. I share a reflection with Mirriam, a female youth entrepreneur running a mobile money business:

"I feel if I get a loan, it will make my life worse. Whatever money I will be making in the business if I get a loan will mean I will first be servicing the loan at the same time I have to buy relish and

take my kids to school. Therefore, a loan can just add so much unnecessary pressure on me. The challenge is that this community depends on mining for livelihood and in the recent past a lot of people are out of employment in the mines, hence business has gone down. And given a loan, it be so much pressure and I can find myself in a worse off position. I can only consider going to the bank if business improves."

Therefore, the lack of income among youth explains voluntary formal financial exclusion. The realisation of the inability to repay breeds fear among youth not to engage in loan obligations. This is further compounded by the high borrowing interest rates in Zambia, which, according to figure 5.8, average 26%. The poor business environment in Kankoyo contributes significantly to the low-income characteristics of the youth entrepreneurs in this study. The unconducive business environment results not only in small profits for the youth but also in irregular flow income. This situation may make it difficult for youth to repay the loan, as the repayment terms are fixed monthly rather than to the flow of income. Insufficient income, high interest rates, and monthly repayment terms make credit products unsuitable for young entrepreneurs. Therefore, it is crucial to develop credit products that are skewed towards the needs of youth living in disadvantaged communities with low and irregular incomes.

4.3.5 Gender and access to financial services: how do social and cultural norms impact financial inclusion for youth?

Key informant Rose identified gender and social norms as reasons for the exclusion of young women. During interviews, key informant Rose described cultural norms as a persistent barrier limiting women's access to productive resources and thus contributing to the gender financial access gap. I share her reflections here:

"… from gender aspect, the stories are well known. I have worked the gender sector for over 20 years in Zambia and one of the most talked about issues emerging and existing is lack of access to productive resources, in this case, access to financial products and services available out there. So, I think women in this regard have really been excluded. I think we are a country traditionally that this is coming from a place where women were not allowed to open bank accounts you know so there's just this culture where very few women open bank accounts especially those are not in informal employment."

Therefore, although financial products and services may be available, cultural norms continue to exclude women from financial access to Zambia. This is particularly true for most female entrepreneurs in the informal sector. This gender financial access gap has been deeply rooted in cultural beliefs and historical practices, where women continue to depend on their spouses for their survival. This presents a situation in which women do their own assets, and hence do not have control over those assets. This lack of asset ownership makes it difficult for women to engage in financial services. Commenting on this issue, Key Informant Rose described the lack of control over assets among women as constraining access to financial services. I share her reflections here:

In most Zambian homes, women are forced to depend on their spouses or partners for economic survival. I can tell you for a fact that the very few women who access insurance services. This is because most of the women do not own vehicles. Most of these vehicles are bought for them. Even for those that you know have, cars most of them are bought for them by their spouses and they are in the names of their spouses, so you know how it is when you needed something is not in your name simply means we don't have control and yeah."

Similarly, key informant Josephine, a key informant who is a branch manager at Zambia National Commercial Bank, noted this challenge as she described women as not homeowners, a situation that discourages FSPs from engaging with them. *"...Most of the women in Zambia are not homeowners...This makes it difficult for financial institutions to engage with them and particularly for purposes of collateral requirements."*

Because women are generally constructed as caregivers and pillars of households in Zambia, a reflection of Zambian culture, they are burdened with caregiver responsibilities, a situation that compromises their ability to meet financial access obligations.

Key informant Evelyn explained that because women do a lot in their homes, they are faced with the risk of diverting funds from the intended purposes. I share her reflections here.

"... and for women in Zambia, the extra layer will always be the cultural barriers. I think women do a little bit more basically in the community, in their homes and so many more, money not going for the intended purpose and so we came in to finance a business, half the money went to the business, half the money went to personal use and so we realise that will offer a service that wasn't helping women but was just make was leaving them in is in a similar position that we came in or even worse because there now they had to pay off the loans and money not used for the intended purpose."

Therefore, gender and cultural norms are barriers limiting women's access to financial services in Zambia. In fact, survey data show that, despite young women being most of the youth engaging in entrepreneurship among participants, they are less likely to access financial services relative to their male youth. Figure 4.15 shows the gender access gap between the female and male youths.

Figure 4.15: Gender access gap (N=220)

Gender	Female	male	Total
Survey participants composition	72.2%	27.8%	100
Bank account	Yes:8.64% No:63.64%	Yes:10.91 No:16.82	19.5% 80.5%
Access to a loan	Yes: 2.73% No:69.5%	Yes:3.18% No:24.55%	5.91% 94.1%

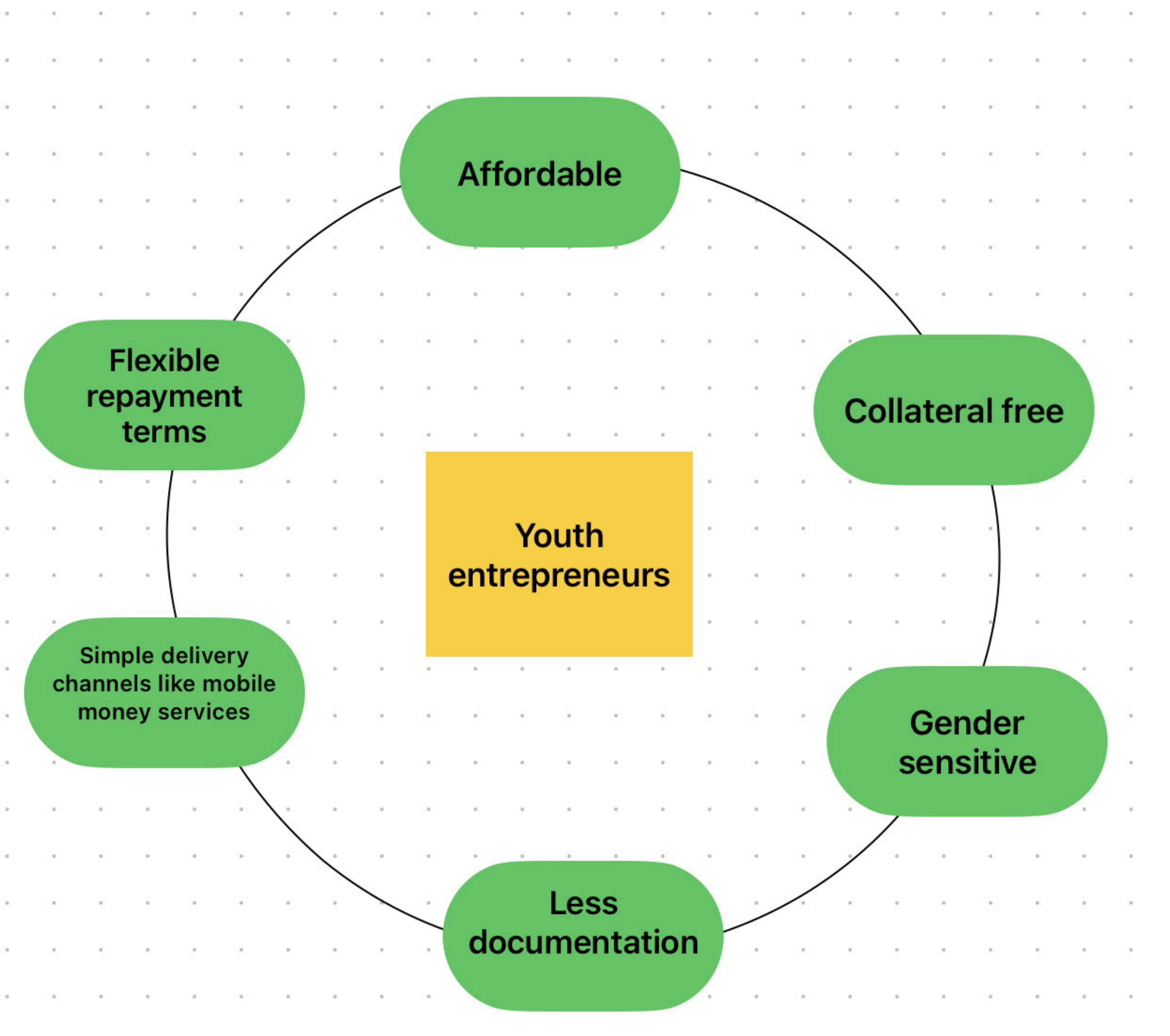
Source (survey questionnaire, April 2021 – September 2021)

The gender gap in financial access, as shown in figure 4.15, is not surprising. In fact, it reflects the trend at the national level, where, according to the Finscope National Financial Inclusion survey report of 2020, formal financial inclusion for men stood at 71.2%, while women at 67.9%. This shows that women are 3% less likely to access financial services than are men. This suggests that males are more likely to access financial services than female. This finding agrees with Muhamad et al. (2016), who showed that financial exclusion is more acute for women in developing countries with underlying constraints relating to limited mobility, low education levels, and limited power decision-making within the household. However, young women are less likely to face access barriers than elderly women because of predetermined constraints, including age, lack of experience, limited networks, and lack of assets (Chigunta, 2005; Cho and Honorati, 2013; Sykes, 2015). Therefore, the financial exclusion gap is likely to be higher for women's youth than for elderly women. This means that young women may be more vulnerable because of a lack of access to productive resources. In bridging the gender gap, a way of achieving an inclusive financial system, and promoting women's economic empowerment, there is a need for policies and initiatives that recognize and address gender and cultural norms. This finding is consistent with those of RBI (2008), Ghosh and Vinod (2016), and Allen et al. (2016), who found that female-headed households are less likely to access formal financial services.

4.4 Framework for financial product design for youth

Based on the analysis, this study proposes a framework of financial product design for young entrepreneurs in the study context as shown in figure 4.16 below. This framework captures aspects of financial product design that can enhance financial inclusion. It shows how financial product design for youth should look.

Figure 4.16: Youth financial inclusion framework-considerations for design



4.5 Summary

In summary, this financial inclusion landscape analysis identified both supply- and demand-side challenges in financial service delivery to youth micro-entrepreneurs in Zambia.
that influences financial inclusion for young people. Figure 4.16 shows a summary of the barriers to financial inclusion among young people.

Figure 4.16: Summary of financial access barriers young people face.

Supply-side barriers	Demand-side barriers
• Lack of information on the locations of youth entrepreneurs and their business conditions. • FSPs perception that youth-led micro-enterprises are risky clients. • Lack of appropriate financial products and services for the youth micro-enterprises. • Financial sector policies that do not recognise the needs and constraints of the youth entrepreneurs in the informal sector. • Regulatory requirements, particularly the Know Your Customer (KYC) rules, which are applied universally and thus, that do not recognise the limitations of youth to engage with financial services.	• Perception among youth that formal FSPs are for wealthy people. • Lack of income to engage with formal FSPs. • Lack of knowledge of financial products and understanding of how youth can engage with FSPs. • Lack of income and assets to engage with formal FSPs. • Unaffordable financial products and services • Existing gender and cultural practices that limit young women to engage with financial services. • Lack of collateral to access financial services.

4.4 Discussion

This chapter provides an account of the formal financial inclusion landscape in relation to youth entrepreneurs in Zambia. It has critically examined the financial inclusion landscape and unpack the factors that influence youth financial inclusion. The analysis focuses on the supply- and demand-side factors affecting youth financial inclusion. Understanding the supply and demand-side determinants is critical for developing inclusive financial systems. The supply side analysis involved analysing the institutional environment that influences the supply of financial services, including individual financial institutions, the structure of the Zambian banking sector, the characteristics of financial products (product design), financial inclusion policies, and regulations. The demand-side factors involved an analysis of the individual socioeconomic, cultural, and entrepreneurship characteristics of the youth that affect access to financial services and products.

This chapter has shown that, despite the growth of Zambia's financial sector over the last 30 years, youth entrepreneurs have limited access to formal financial services. For instance, this is reflected in 5.9% access to credit (with a 0% uptake of bank credit), 19.5% of bank accounts, and 0.8% of savings accounts. This finding is consistent with previous research showing that the formal financial sector disproportionately excludes youth in developing countries (Global Findex, 2017; UNCDF, 2018). However, young females were 3% less likely to have formal financial access as compared to their male counterparts. This finding suggests that despite progress, more needs to be done to build inclusive financial systems.

The chapter found that the limited access to formal finance among young entrepreneurs was due to the supply and demand factors. The supply-side included market failures that hindered the provision of financial services to youth in the informal sector. First, there was a lack of supply of appropriate financial products for youth-led micro-enterprises by FSPs. Product analysis revealed a mismatch between the financial products and services offered and the needs of young entrepreneurs. Specifically, the documentation requirements, account-related fees, interest rates, collateral, and delivery channels are not aligned with the needs of the youth. Young people in the study area needed specialised financial products that responded to the context challenges. This suggests a weak understanding of the youth micro-enterprises' informal sector on the part of FSPs. According to the analysis, this was due to a lack of information on the business conditions of these young entrepreneurs in the mining community. This underscores the critical importance of demand-side data in building inclusive financial systems to gain a better understanding of excluded populations.

According to the analysis in this chapter, the product design challenge in providing financial services for youth is due to institutional constraints. A structural analysis of the financial sector reveals that profit-oriented foreign private banks dominate the Zambian financial sector. While foreign banks bring capital, technology, know-how, and competition, debates on whether that improves financial access continue (Beck et al., 2007; Demirgüç-Kunt et al., 2008). Additionally, financial sector development is controversial, as some researchers question whether financial sector growth expands financial access (Becker et., all, 2007; Mader, 2016). Therefore, the low uptake of financial services among youth entrepreneurs vis-à-vis the growth of the Zambian banking sector speaks to this debate. This research has provided evidence that although financial sector growth increases financing opportunities, it may not lead to financial inclusion for youth.

Second, the chapter reveals that FSPs in the Zambian formal banking sector perceive youth entrepreneurs as risky clients. Thus, when providing financial services, FSPs target profitable segments other than young people. As Chiyumia (2004) points out, financial sector growth gives rise to financial systems that provide financial services targeted at elite and wealthy clients, rather than low-income populations. Ledgerhood (2013) made a similar observation and pointed out that because of sustainability concerns, financial service providers are more likely to provide financial services to clients with a low-risk profile and who have the financial capacity to repay. These results match those observed in earlier studies, which found that income at the individual and country levels influences financial inclusion (Beck & Demirguc-Kunt, 2007; Sarma & Pais, 2011; Musamali 2013; Cull et al., 2014). Yangdol and Sarma (2019) established that individual characteristics and economic circumstances significantly influence financial inclusion. These studies found that financially excluded people are mainly marginalized in society- people with low income, unemployed, and rural areas.

This chapter provides evidence that, although financial sector growth reflects availability, more is needed to improve financial inclusion outcomes for youth. The World Bank (2014) links financial inclusion to a country's financial sector growth (World Bank, 2014). Without a developed financial system, it is debatable whether they can be innovation, entrepreneurship, competition, or a diverse range of financial products linked to financial sector growth. The World Bank emphasises the clear link between financial sector growth and financial inclusion and asserts that an increase in financing opportunities is due to growth in the financial system (World Bank, 2014). These increases in financing opportunities provide young people with a platform to borrow, save, and insure themselves as a way to improve their lives (UNGSA, 2013). However, this study shows that financial sector growth does not focus on equality between individuals, and that such growth often results in widening the financial access gap between the rich and the poor. This chapter argues that availability of financial products and services, rather than benefiting everyone, can lead to unequal access to financial services. This finding has implications for the building of an inclusive financial system.

Third, this chapter identifies the transaction costs associated with providing financial services to youth in the informal sector as an obstacle faced by the FSPs in Zambia. This result is not surprising, given the nature of FSPs in Zambia. The youth profile, as shown in Figure 4.09, primarily reflects why it may be challenging for financial service providers to offer financial products to the youth. This result is strongly supported by the cost of transaction theory, as explained in Chapter 2, section 2.3.1. The cost of transaction theory helps explain why FSPs are reluctant to extend credit to borrowers in rural areas, poor households, and small-business borrowers. This finding is consistent with the argument that extending credit to poor households and small business borrowers is costly and unprofitable because of the small number of transactions, which results in financial exclusion (Beck et al. 2008; Johnston and Morduch 2011). Therefore, efforts to build inclusive financial systems should include FSPs exploring cost-effective ways to provide financial services to the youth in the informal sector. This can involve leveraging technology such as mobile money services.

Fourth, the chapter finds that regulatory requirements hinder the provision of financial services to young people. These rules include knowing the customer and capital adequacy requirements that the FSPs need to meet. This finding is consistent with studies by YFSWG (2013), Sykes et al. (2016), and UNCDF (2018), who found that regulations excluded young people. Therefore, although regulation has good intentions to protect the financial system from failure, the chapter has shown that it also contributes to excluding youth microentrepreneurs. However, this finding does not take a pessimistic view of the crucial role that regulation plays in ensuring financial system stability, nor does it ignore the fact that the regulatory requirements identified above should not be applied universally but rather be looked at in a nuanced and inclusive way, particularly for marginalised groups such as youth entrepreneurs.

In addition, this chapter has shown that while expanding financial access for all is a significant development objective in Zambia, it remains an important policy challenge. This chapter provides evidence that the challenge of expanding financial access to youth entrepreneurs is due to outdated policies that do not respond to young people's needs. This finding reflects Demirgüç-Kunt et al. (2008), who also find that policies that do not address financial access barriers contribute to wider financial exclusion gaps, particularly marginalised ones. Allen et al. (2016) also found that the effectiveness of policies that promote financial inclusion depends on the characteristics of individuals, adding that KYC policies discourage women and youth from opening bank accounts. Therefore, to broaden financial inclusion for young people, there is an urgent need for policies that focus on institutional and regulatory reforms to ensure that providers of financial services can provide simple and tailored financial services to low-income earners by leveraging technologies such as mobile money services. Furthermore, there is a need for policies that provide incentives for banks to offer products tailored to the needs of the youth.

Demand-side analysis shows that socioeconomic factors exclude young entrepreneurs from accessing formal financial services. The chapter found that young people did not engage with financial services because of unaffordable products, lack of income, collateral, knowledge, an understanding of how to access financial services, and the perception that the banking sector is wealthy. Additionally, the chapter revealed that existing gender and cultural factors impede young women's access to financial services. This finding matches previous studies that explored financial access constraints for excluded and underserved populations (Sarma & Pais, 2011; Musamali, 2013; Cull et al., 2014; Babajic et al., 2019). This suggests that appropriately designed financial products that match the identified demand constraints and financial needs of the youth can deliver better financial inclusion outcomes. This finding agrees with the growing consensus that the supply side of formal financial services is too standardized, inflexible, and inappropriate, given the diversity of financial needs among youth entrepreneurs (Cho and Honorati 2013; Sykes et al,2016).

These results support the notion that tailored financial products are critical for building inclusive financial systems.

This chapter shows that financial product and service designs are the dominant factors influencing financial inclusion for young people in the Zambian banking sector. In efforts to build inclusive financial systems, striving for tailored financial products is worth the aim. This may be true for youth in Zambia, who, despite being the majority, are financially excluded and where the government has set the goal of universal access to financial services. Moreover, at the global level, international development organisations such as the World Bank have set the goal of universal access because of its recognition as an enabler in achieving sustainable development goals (SDGs). Thus, financial inclusion remains a priority on the development agenda.

Nonetheless, designing tailored financial products and services that meet the diverse needs of young entrepreneurs in the informal sector in a mining changing economic landscape may be difficult for formal FSPs in Zambia. This chapter has revealed the complexity of providing financial services for youth in economically constrained mining environments to develop inclusive financial systems. This provides an important context for financial inclusion debates on promoting financial inclusion. In particular, this chapter highlights important market frictions that hinder formal financial access for the youth in contexts of mining transitions. This contributes new evidence on the financial inclusion of young entrepreneurs in an opportunity-constrained mining economy.

This chapter has shown that even if more attention was devoted to youth entrepreneurs in the study area, the declining economic conditions, exacerbated by the Covid-19 pandemic, would exclude them from formal financial services. This situation indicates market failure, which implies that providing financial services through interventions could lead to better financial inclusion outcomes. This brings us to an important question: What financial access interventions exist for youth and how do they overcome the challenges identified in this chapter? The next chapter delves into financial inclusion intervention initiatives for youth and offers insights into how young people can engage in financial markets

Chapter 5. Financial Inclusion Participation for the Youth: How do Young People Participate in Financial Markets?

5.1 Introduction

This chapter develops an account of financial inclusion participation mechanisms that aim to expand financial access for the youth. Chapter 5 focused on understanding the financial inclusion landscape in relation to young people within the financial system framework. Chapter 5 has shown that despite the availability of financial services in Zambia in the Zambian financial sector, young entrepreneurs face significant barriers to accessing formal financial services. This is due to market failures, which have led to a lack of tailored products designed to meet their needs. The aim of this chapter is to explore participation initiatives as interventions that support young people's access to financial services. This chapter addresses the following questions: What are the current financial inclusion participation interventions for youth? How do these mechanisms address financial access constraints faced by young people? What are the challenges faced by young people in participating in these programs? Which providers young entrepreneurs use? Are these providers in the formal or informal sectors?

By answering these questions, this chapter addresses the second objective of this thesis: to examine how young people participate in financial markets. The evidence presented in this chapter is derived from FGDs, key informant interviews, survey questionnaires, in-depth interviews, and secondary data.

Despite the importance of participation initiatives, the debate remains about whether they are inclusive. Although these mechanisms are critical in broadening financial access for the marginalised, whether these mechanisms reach the most vulnerable people in society is an issue of controversy (Fischer, 2011; Ledgerhood, 2013). Some argue that because of the political economy, government interventions may not relax credit and savings constraints for the poor (Claessens, 2006), while others criticise these interventions as inefficient and characterised by political patronage and corruption (Kattis, 2011). Additionally, debates exist around the affordability and accessibility of microfinance (Karlan, 2011; Armendez and Labie, 2011; Ledegrhood, 2013), and the extent to which technology addresses the market distortions that limit access to the excluded (Global Findex, 2021), which presents an opportunity to study financial inclusion, particularly among young people who are under-researched. The insights in this chapter provide fresh evidence of financial inclusion and contribute to the body of knowledge.

This chapter is structured around financial inclusion participation programmes and initiatives for young people. It comprises four sections: Section 5.2 explores the current participation initiatives and how they address the financial access constraints faced by youth, while Section 5.3 examines the youth's uptake of financial services. Section 5.4 considers the challenges for participation in these programs by young people, while section 5.5 discusses the key findings in relation to the literature.

5.2 Participation mechanisms: what are the current financial inclusion participation mechanisms and how do they address the access constraints for the youth?

This section explores participation initiatives aimed at promoting financial inclusion for young people in Zambia. It aims to examine specific formal and informal institutional arrangements that promote financial inclusion for the youth. By doing so, this section highlights the features of these mechanisms and how they address access barriers for young entrepreneurs.

Chapter 4 revealed the barriers to financial access faced by young entrepreneurs. To address this, key stakeholders, including the government, NGOs, and the local community, have developed mechanisms that aim to broaden financial access for the youth. These mechanisms include government schemes, microfinance programmes, digital financial services, and informal financing. Figure 5.1 shows the current intervention strategies for achieving financial inclusion for youth in the study area.

Figure 5.1: Financial inclusion participation interventions

Source: FGDs, KII, in-depth interviews, and secondary data (2022)

5.2.1 Government programmes

In Zambia, financial inclusion remains a top development priority, as reflected in 8NDP 2022–2026. Central to the 8NDP, is economic recovery by improving the livelihoods of the Zambian citizens. Financial inclusion is a critical component of the 8NDP because of its potential to transform the lives of poor people. Therefore, the government has sought to broaden financial access for youth through state-led programs. These interventions aim to bridge the financial access gaps by providing youth with cheaper and collateral-free loans. In the study area, such programs include the Youth Empowerment Funds (YEF), which is one of the pillars for Community Development Funds (CDF) under the Ministry of Local Government and Rural Development. The overall objective of YEF is to provide finance to viable businesses run by young entrepreneurs. The YEF, therefore, aims to support the development and growth of sustainable youth-led MSMEs into the private sector for wealth and employment creation. Put simply, YEF is about giving loans to youth. Figure 6.1 summarizes the basic features of the YEF loans.

Figure 5.2: Features of the youth empowerment fund

Documentation and Requirements	Product features	Delivery channel
Age: 18-35 Proof of identification: National Registration Number Registered business Business proposal	Interest rates: 5% annual Loan amount: minimum K2000 and maximum 200, 000 Repayment period: 3 months to 3 years No collateral	Local government: Ward councillors and Area Member of Parliament

Source: KII and secondary data (2022)

According to figure 5.2, despite the documentation and requirements for the loan, the YEF has removed some of the credit constraints identified in Chapter 4 as barriers to financial access for youth. For instance, the 5% annual interest rate and no collateral requirements reflect this. Additionally, regarding loan repayment terms, the YEF provides a three-month no-repayment window. During the first three months, the borrower does not make any loan repayment. This three-month repayment holiday provides relief to young entrepreneurs by allowing them to stabilize their businesses. This suggests that government loans are not only affordable but also collateral free, reflecting inclusivity, especially for young people who may lack assets to access financing. Indeed, affordability is a pillar of financial inclusion.

At the community level, the Area Member of Parliament implemented the YEF initiative with Ward Councillors. Through the YEF, the youth can access loans, inform of cash, or commodity either as an individual or as a group as a cooperative. Key informant Sofa, the ward councillor of Kankoyo Central, explained this during the interviews. I share her explanation here.

"As ward councillors, we have Youth Empowerment Programmes to help the youth start small businesses because we know there is a big problem of unemployment in Kankoyo due to mine closures. The programmes are part of the K3000 monthly budget for projects in the community. We recently empowered the youth with K500 each to start businesses. We also tell them to form cooperatives and then empower them by giving them chickens or goats which they can keep for business purposes."

Another ward councillor, key informant Chibuye, the Ward Councillor for Chibolya Ward, mentioned that a cooperative model has been used by Area MP to provide the youth with capital to start a fish farming business. I share his reflections here.

"Through the Community Development Funds, MP for Kankoyo empowered a cooperative of 30 young people of Kankoyo to start a fish farming project. This cooperative was important as it helped the youth access the necessary capital to start a fish farming business as a way of improving their lives. The capital came in form of fish fingerlings, feed, water pump and a borehole. The aim of this fish farming cooperative was to create employment for the youth and be a source of income."

One model of empowerment for youth in Kankoyo involves providing business grants to young entrepreneurs to address the financing challenges they face. *"As community leaders we empower the youth by giving them money to by cooking oil or vegetables for resale. Even the MP's themselves when they come to the community, they give the youth K200 to start for example vegetable business*." Key informant Sofa said.

It is clear from the interviews that government schemes are an important financing mechanism for the young people in the study area. Government programmes are relevant for youth given that they are affordable and collateral free.

5.2.2 Informal financing initiatives

This section highlights the informal financing systems used by the young people in the study area. These informal financing methods are especially relevant to youth in the study area as initiatives addressing the financing challenges they face. Unlike formal financial institutions, which are regulated by the Bank of Zambia, informal financial markets do not have any formal regulations, but informal providers dictate the rules.

Given the financial access barriers faced by youth in the formal financial sector, discussions with the participants during KII revealed that they increasingly relied on informal financing options. The informal financing option provides youth with simple yet essential credit and savings options that are community driven. During FGDs and in-depth interviews, the majority of participants indicated that they relied on informal financing mechanisms, which included loans from family and friends, community savings groups, and informal private lenders.

Loans from family and friends represent one of the primary sources of start-up capital for the youth in Zambia. "… *you find that most of the young people primarily rely on assistance from their parents and friends for capital because it is easy to get"* Key informant Rose who is Director Financial inclusion–Women and Youth at FSDZ an NGO promoting financial inclusion in Zambia explained. These loans were based on family relationships. Through this mechanism, youth can easily access credit from family and friends without strict requirements or repayment conditions. In some instances, this type of financing takes the form of grants, as explained by key informant Rose, who stated that capital from family and friends is like paying school fees, whose goal is to ensure that young people are independent, with the ultimate objective of securing a bright future for them. I share her reflections here.

"... Parents have realized the unemployment challenge and therefore want to empower their children to start some income-generating activities so that they can be independent rather than burdens. So, for me, I see business capital from family relations as the same as the way parents pay school fees. The idea is to secure a future."

With this financing method, there is no formal agreement between the borrower (youth) and lender (family or friends). This type of financing reflects the support mechanisms within families.

Community Savings Groups **and Credit Associations** are another informal financing method used by the youth, which is driven by the community. By building social networks, these saving groups provide a platform for youth to save and access small loans. One such example of a community saving group used by youth in the study area is the Savings Group, called SILK. Under this approach, community members undertaking entrepreneurial activities come together to form a self-selected 25-member group. However, these groups are dominated by women. First, women form a large proportion of entrepreneurs in the study area who, according to figure 4.1, account for 72% of the participants in this research. Second, as established in Chapter 4, women are disproportionately excluded from formal financial services because of sociocultural norms.

By designing the SILK approach, group members save weekly money in a community pot, which allows them to access small loans. During interviews, participant loveness, the chairperson of the savings group, explained how the SILK worked. I share her explanation here.

"... the community uses a box made of metal with three locks and keys. One key is kept by the chairperson, the second one by the secretary, while the third one is with the treasurer of the group. This is a dual mechanism for purposes of ensuring safety of funds. Witness of all group members

count and deposit all the weekly funds in this box. The group members can then borrow from this pool of funds at a 20% interest rate. The return on these loans is taken back to the box. The weekly deposits made by group members and interest returns are saved for one year. At the end of one year, each member gets a share of how much they used to save weekly as well as the interest rate payments on loans."

Participant Loveness explained the requirements and benefits of joining the SILK group. Here is what she had to say:

"The requirements to be a member of the savings group is that one must have business which generates weekly income. Membership fee is K100 annual subscription, which is used to ensure the smooth operation of the group. The group mandated each member to be making weekly savings of at least K5 which goes in the savings pot. Group members are encouraged to make bigger savings for purposes of generating high returns at the end of the one-year cycle. These weekly deposits are not supposed to be withdrawn until at the end of the year. However, group members may borrow from these savings. The loan to be borrowed depends on amount saved. The return to each member at the end of the year is the savings amount plus interest paid on borrowed funds. Members contribute a K3, which is called a social fee and goes towards funding emergencies like funerals and working capital needs. The loans from social fee contributions are short term in nature."

In addition to credit and savings facilities, the savings group allows for greater information sharing among group members. Group members share information on entrepreneurship practices. A training component was attached to the financing mechanism. *The training element involves specialized training about entrepreneurship and financial literacy. Examples of such training include poultry training, farming, and tailoring. However, to access this training component, members must pay a K5 training fee per week.* Participant Loveness was explained.

A further example of a community savings group in the study area is called Rotating, Savings and Credit Associations (ROSCAs) which is referred to us "Icilimba" by the locals. Unlike SILK, which has 25 group numbers, Icilimba has a smaller group of a maximum of six. This group of six was self-selected among the youth from the community. This approach provides a source of working capital for young entrepreneurs. Participant Gladys, a female entrepreneur who was part of Icilimba, explained the features of Icilimba. She had this to share:

"In terms of procedure through this initiative, group members make daily, weekly, or monthly contributions to one member of the group at a time then take turns until the cycle finishes to start a new cycle. There is no interest rate involved in this approach; it is a purely saving mechanism. Though it is based on mutual trust between members, each member is obliged to make their contributions when due."

Figure 5.3: Characteristics of informal financing methods

Type of Informal financing method	Products	Requirements	Key features
SILK	Savings loans Insurance	Weekly income Be in business. K100 yearly membership fee Proof of ID: NRC	25 Group size 20% interest on principle Community-driven Based on social networks Focus on entrepreneurship activities. Weekly savings of K5 minimum Entrepreneurship training/teacher fees K5/week Insurance/social fees K3/week Loan amount depends on savings
ROSCAs	Savings	Based on social networks No collateral	Maximum of 6 group size No fees Zero interest rates Daily, weekly, or monthly ration savings Simple application procedure Rules determined by the group
Private money lenders	Credit	Collateral requirements Evidence of physical address and ID Relations with the lender	50% to 100% interest on principle simple application procedure rules determined by the lender

Source: KII and FGDs 2022)

Informal Money lenders are another form of informal financing initiatives that were identified in the study area. Basically, it is simply a loan system from private money lenders referred to us as 'Shylocks' by the community. This type of finance is commonly known as 'Kaloba' by locals. The Word Kaloba refers to interest on interest because the lender adds interest when the borrower defaults. Borrowers must pay regular interest and can be weekly or monthly. The lender sets the interest rate and, as part of the process, borrowers need to provide collateral such as household goods and TVs. The lender regulates all lending rules. Under this mechanism, informal private lenders provide financing to youth as both start-up and working capital. However, there is no protection for borrowers as the informal lending business is unregulated.

I share an extract of this financing type in Box 5.1. This is part of the interview I had with Mary, a female youth, who is a money lender in the community. The extract shows that despite private money lending being accessible through a simple lending process, it is expensive and demands collateral. Therefore, excludes young people who cannot meet the borrowing requirements.

Box 5.1: Private money lending financing method

Q: "Tell me about the money lending business you are involved in?"

A: I am a shylock who does the Kaloba business. I lend money to people within the community. People want money; sometimes I even run out of cash to give people."

Q: "Thank you for your insights. Would you mind sharing with me the process of lending money?"

A: "I'm known in the community. Therefore, people refer to people as shylocks. My procedures are simple: as a borrower, I need to know you by knowing your physical address and proof of your ID. In addition, you need to provide security, such as household goods, for example, a TV. Then, we sign on paper and give you the money."

Q: "How long does this process take? What is the size of the loans you give at what cost and for how long?"

A: "The process is instant. If a borrower comes to me, has security, and I know where they stay, I give them the money immediately. Then, the loan size depends on what the borrower wants, but I mostly give small amounts up to K2000. The loan duration also depends on the loan size and customer. Some loans are for a week, while others are for a month. Then interest, I charge 50%, sometimes when the customer is desperate, they offer 100% interest rates."

Q: "What happens if the borrower defaults?"

A: "I add 100% interest instantly as per agreement and send a warning about getting the collateral."

It is clear from the analysis that the informal financing methods discussed above have attempted to remove the financial access constraints faced by the youth. This is reflected by the ease of accessibility, simple loan procedures, no collateral requirements, less paperwork, and affordability. However, the collateral and affordability constraints associated with private informal lenders do not reflect the inclusivity of youth.

5.2.3 Microfinance institutions

This section discusses the two formal financing mechanisms identified in KII, which aim to expand financial access for youth. These initiatives include NGO microfinance programs and technological innovations.

NGO Microfinance: During the interviews, key informant Bessy, the Programme Manager for World Vision Fund Microfinance, described microfinance as an important mechanism that aimed to address the livelihood challenges of the poor through the provision of financial services to support entrepreneurship. I share her reflections here:

"… Vison fund is about the rural people, that's our Mission, its children, and rural people… Our loans are aimed at improving the lives of children by providing low-income entrepreneurs with access to sustainable and integrated financial services which unlock their potential. So, we are giving people who are already in business."

This finding suggests that microfinance focuses on the poor, with loan products designed primarily for micro-entrepreneurs. Figure 5.3 shows the key characteristics of microfinance.

Figure 5.4: Features of microfinance products

Product type	Requirements	Key features
Micro-loans Micro-savings Micro-insurance Money transfer	Proof of ID: National registration card or Passport Evidence of business/income	Loans for entrepreneurship Focus on the poor. Target women Group and individual lending models Simple application procedures Market-led interest rates (average 50% to 80% annually Both movable assets as collateral Monthly repayments

Source: Secondary data and KII (2022)

During the interview, Key informant Bessy commented that microfinance focuses on women as their target clients, owing to their gender roles. *"Women are the main caregivers. Studies have been undertaken and it has been found that women are a caregiver. So, as vision fund our loan structure is 80%women and 20% men anyone between the age of 18 to 75. Usually, you find that women are keeping a lot of children in their homes and taking them to school. So, we target women first because we know we will find the children, then second, we consider women more responsible as they pay on time."* Bessy further argued that "*women repay their loans more often adding that proceeds from their entrepreneurship directly benefits their families."* Therefore, targeting women involves meeting the social and sustainability objectives of microfinance.

Although being female remains the focus of microfinance, the target is existing female entrepreneurs who have been in business for at least six months and have the capacity to repay. This practice is important because of sustainability concerns. Key informant, Albert the Branch Manager for FINCA, a Copperbelt-based microfinance institution, shared his reflection on why the target clients were already in business. I share his reflections here:

"… Yes, our primary target is women but because we want to be in existence for the foreseeable future, we mostly focus on those entrepreneurs who have existing businesses. With such clients, there is some assurance that they are already generating returns which they can use to repay the loan. So, it's about the ability to repay."

In terms of methodology, microfinance employs both the group and individual lending models. *Group lending:* This involves the provision of loans to a group of people. The rationale for group lending is to ensure joint liability as the group plays the role of collateral. In this approach, group members core-guarantee themselves such that if one group member defaults, the entire group is liable for the default of that member. Key informant Bessy, the Programme Manager for the Vison Fund, explained the group lending model. I share her explanation here.

"… we give loans to a group of 5-persons and in this group, each group member guarantees the other members repayment. This is a self-selected group, but we encourage a mix in terms of age, gender, and type of business. Under this model, the agreement is that if any of the group member fail to repay the group loan, the other group members must repay or will suffer consequences of losing access to future credit."

Individual lending: Unlike the group-lending mechanism, individual lending is simply the provision of microfinance to individuals instead of groups. This model is particularly useful for established clients, especially salaried employees. Microfinance Institutions (MFIs) demand collateral from borrowers, such as household items with low market value but high personal value. Key informant Evelyn, the CEO of Lupiya loans, shared her reflection on individual lending and had this to say…

"We give individual loans mostly to salaried employees and we target civils servants like teachers and nurses in government. For entrepreneurs, we demand collateral in form of household goods like TV's, stoves etc. which are valuable to the borrower."

Therefore, product design for microfinance reflects some levels of inclusivity for youth entrepreneurs when compared to traditional banking products.

5.2.4. Digital financial services (DFS)

Mobile Money services: Mobile money services (MMS) involve the use of mobile phones for financial service provision. In Zambia, technological improvements, particularly the use of mobile money, are increasingly seen by the government as an important channel through which financial services can be extended to the unbanked. The three mobile network providers in Zambia are Airtel, MTN, and ZAMTEL. According to the Bank of Zambia (2020), the number of mobile network operator-based mobile money users increased by 77% from 4.5 million in 2019 to 8.6 million in 2020. Further, according to the Zambia Central Statistics Office (2018) there were 11.3 million mobile subscribers in an estimated population of 16.4%. This high mobile penetration has created opportunities for mobile money services. Through the National Financial Inclusion Strategy 2017-2022, the Zambian government has recognised mobile money services as a crucial driver of financial inclusion, especially for poor and low-income countries, and has thus pledged commitment to expand mobile money services.

The MMS offers access to payment systems, simple savings, and micro-credit facilities through the use of phones. Mobile money offers poor- and low-income customers a platform where they can save, pay bills, and transfer funds using mobile phones. During the interview, key informant Rose described mobile money services as an essential tool to drive financial inclusion in Zambia., I share her reflection here:

"Mobile money is an important tool for financial inclusion of the unbanked sections of society especially the women and youth in rural areas. I have my uncle in Isoka village, through mobile

money I easily send him money. You know there are no banks in the village. So, mobile money is important to the village people because it is easily accessible through a phone and the mobile booths are now dotted even in the remotest areas of Zambia."

Moreover, FinScope (2020) established that financial inclusion in Zambia increased by 10.5% to 69.4% in 2020 from 59.3 in 2015 because of mobile money. This development was also echoed by key informant Rose during the interview, who explained that mobile money plays a role in broadening financial access. *"... Mobile money is expanding financial services for the excluded and underserved in society."* She spoke.

Rose pointed to accessibility, a simple opening procedure, and affordability as key features that make mobile money services attractive to youth. I share her reflections here.

"... It is easy to open a mobile money account. All one needs is a phone and registered sim card you find that mobile money services are conveniently in these low-income communities. The mobile money booths are all over these communities, so people can easily access them."

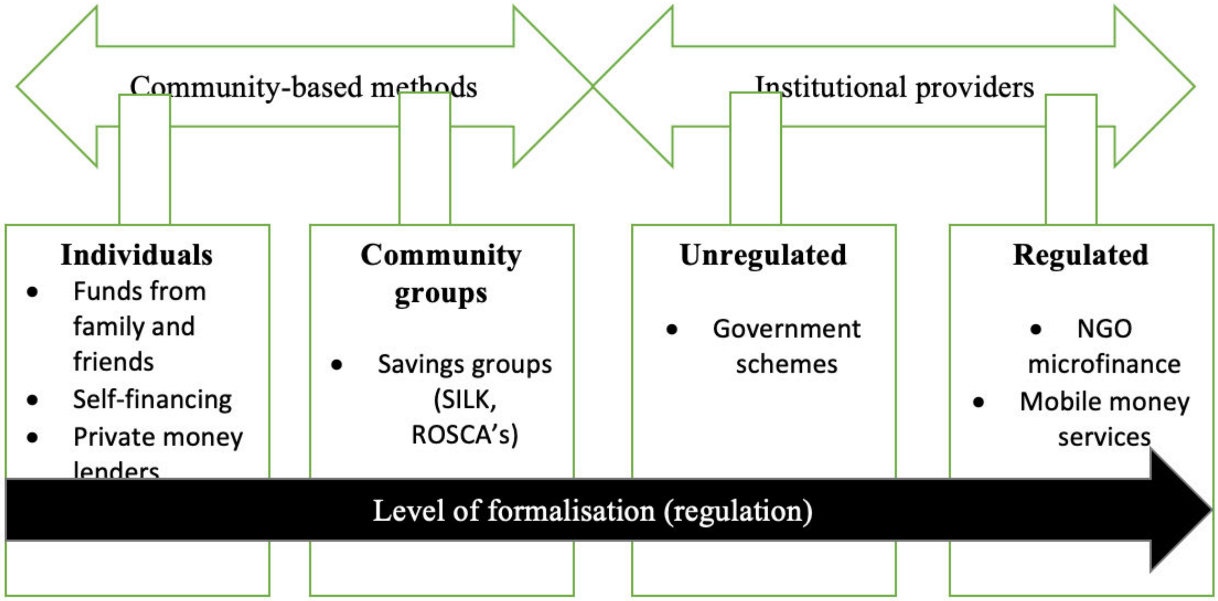
As established in Chapter 4, affordability of formal financial products is one of the barriers to formal financial inclusion for youth. Key Informant Rose explained that mobile money has the potential to address this affordability challenge because of the lower transaction costs associated with mobile money. "… *I think mobile money is affordable, and that is why it is more appealing to the low-income and self-employed… With mobile money, people can store money in their mobile accounts at no cost but are only charged a minimal fee upon withdrawing which is not the case with a bank account."* Said Rose.

Therefore, mobile money represents an important participation mechanism for youth, owing to its affordability, accessibility, and flexibility.

5.3 Financing methods used by young entrepreneurs.

As established in Chapter 4, despite the crucial role finance plays in supporting entrepreneurship, financial access remains a major obstacle for young entrepreneurs in the study area. In response to formal financial exclusion, young entrepreneurs in the study area identified and adopted alternative financing mechanisms. These strategies include community-based initiatives and institutional arrangements. As illustrated in figure 5.5, the level of formalisation increases as the financing source becomes institutionalised. This suggests that community-based approaches are informal in nature as they are less regulated.

Figure 5.5: Financing options used by young people



Source: Author (2022), generated from FGD, KII, in-depth interviews, and secondary data.

5.3.1 Community-based financing methods

These are informal financing options that young people resort to for business. Discussions from FGDs and in-depth interviews revealed that all youths used informal sources as start-up capital. Community-based group models are either individually driven, which include funds from family and friends, and self-financing or savings groups such as SHG and ROSCAs.

Funds from family and friends: When asked how the youth financed their business, the majority of participants pointed to loans or help from family and friends, which came in the form of cash, material, or equipment. Figure 5.6 shows illustrative FGDs from young entrepreneurs around the financing methods they used when starting their businesses.

Figure 5.6: financing methods illustrative quotes

Participant	Gender	Type of business	Illustrative quote
Gabby	M	Photography	*"… My sister supports my business in form of capital. Because I stay with her and children, I give her K100 every month from profit to help at home. Also, I buy grocery and food items at home."*
Mwansa	F	Mobile money services	*"… I'm into the business of providing Mobile Money services … I started this business with little amount of money which was given to me by my mother as capital."*
Mirriam	F	Vegetable shop	*"As women I have needs, I need to eat and cloth myself and because I didn't want to be a burden to the family, I asked for assistance from my uncle in form of capital so that I can start a business so that I can be making some money and look after myself. My uncle gave me capital of K3000 which I invested in the business."*
Chibia	M	Sugar cane business	*"I started this business 2 years ago with the support of my sister who gave me a K10. Though the money was little, I used this money to start a sugar cane business which helped me raise capital for my current business."*
Violet	F	Mobile money services	*"The business was financed with the help of my parents and friends. They used to give me some money, which I was saving until I opened a booth. The capital, however, is not big enough to meet the needs of all customers."*

Source: FGDs (April 2021–September 2021)

The illustrative quotes show that funds from family and friends are an important financing pathway used by young entrepreneurs in the study area. This suggests that, in the absence of family and friends' help, it may be challenging for young people to venture into entrepreneurial activities. This financing method is particularly relevant to youth, owing to its ease of access. More broadly, this reflects Zambian culture, where family and friends are expected to be supportive of struggling family members and friends. Although there are no repayment terms in this type of financing, the expectation is that those young people assisted should reciprocate by contributing to household welfare, for instance, by buying food, as illustrated by Gabby, who is a photographer. I share his reflections here:

"… My sister supports my business in form of capital. Because I stay with her and children, I give her K100 every month from profit to help at home. Also, I buy grocery and food items at home."

Self-financing is another informal financial tool used by young people through self-generated capital from employment-related benefits. This type of funding demonstrates young people's hard work and commitment to entrepreneurship because of the sacrifices involved. Figure 6.6 shows illustrative quotes highlighting the self-financing initiative of participants during FGDs.

Figure 5.7: Self-financing method illustrative quotes

Participant	Gender	Type of business	Illustrative quote
Dorcas	F	Vegetable shop	*"… life became hard, so started working for people – doing piece works which involved cleaning and washing clothe. Through this, I raised some capital which I used to start with my vegetable business."*
Glady's	F	Baker: Fritters	*"… So, I started doing some piece works such as washing clothes for a fee, sweeping and baby-sitting. After two months I saved about k1500, this was enough for me to buy the necessary ingredients and I also bought a two-plate stove that has an oven from the same money."*
Christabel	F	Saloon business	*"… I started this business by raising capital using my talent as plaited people hair. I used to save the money whenever I plat people. The capital was however inadequate."*
Mary	F	Grocery shop	*"… I used to work in a shop as a seller and it is when I developed my interest in entrepreneurship. Through the salary I used to get, I started saving some money which I used to start buying stock for my own shop as I had intention of starting a shop."*

Source: FGDs April 2021 – September 2021

The illustrative quotes suggest that agency is an important aspect of informal financing. Through their agency, youth can navigate the financial access challenge by setting their goals and taking necessary actions to achieve them.

Community Savings and Credit Associations are another community-driven financing option used by the youth in the study area. Through these savings groups, youth access and use simple savings and credit facilities. Figure 5.8 shows illustrative quotes from participants highlighting community savings group as a financing pathway used by youth.

Figure 5.8: Community savings groups illustrative quotes

Participant	Gender	Type of business	Illustrative quote
Edna	F	Vegetable shop	. *"…what keeps me going is the rotational daily savings group (icilimba) I have made with my friends. We give each other K30 every day, this helps me with working capital and offsetting losses."*
Loveness	F	Home shop	*"… I'm part of a community savings group called SILK. Through that group, we are required to make weekly savings every Friday of a minimum of K5. If you have a lot of money, you can contribute a larger amount. These weekly savings help us member to access small loans when you have a business need.*"
Mary	F	Grocery shop	*"… there was a time, there was so much demand for mealie meal, and I dint have enough money to buy to meet the increased demand. So, I got a loan from SILK which helped me buy more stock for the grocery*

FGDs April 2021 – September 2021

In addition to the credit and savings component of the savings group, there is an insurance component that aims to address unexpected financial shocks faced by the youth, as explained by Loveness, a female youth entrepreneur who runs a home shop.

"…We also have a social fee which every member must pay. The social fee is K3. This social fee plays an important role in situations where someone has a funeral or an illness at home, they can have access to these social funds so that the burden can be lifted."

It is clear from these quotes that community savings groups are an important financing option for the youth-led enterprises in the study area.

5.3.2 Institutional financing methods

Government schemes are an institutional financing option used by the youth as a source of financing. These programs include youth empowerment funds under the Community Development Funds (CDF) through the local government. Theresa, a female youth aged 28 who had a vegetable shop, shared her story of how she got a loan as part of the youth empowerment funds from the local government. She added that she was fortunate to be given a loan by the government. I share her explanation here:

"… in May 2021, I got lucky as I was among those who got empowered by the government with a loan of K500. This loan has put me back on track. I invested the whole amount in this business and restocked the shop."

Another participant, Alex, narrated how the area Member of Parliament helped him and his friends start a fish farming business as a cooperative. This was aimed at improving their lives and at addressing youth unemployment challenges. He explained that this initiative was part of government empowerment programs, adding that the requirement was to from a cooperative. I share his reflections here:

"*The fish farming project started in 2018. This was an initiative by the area Member of Parliament as a way of addressing the youth unemployment challenge in Kankoyo. This was part of the government youth empowerment mechanisms. As youths of Kankoyo, we were told to from a Co-operative of 20 – both males and females from each ward. After we formed a co-operative, we were then told to make a formal application to the council which was approved. This marked the beginning of our journey and were excited that this will transform our lives."*

Therefore, government schemes represent an important financing mechanism for youth. Such initiatives demonstrate government commitment to support youth entrepreneurship as a solution to unemployment challenges.

Mobile Money Services is another financing method increasingly used by young entrepreneurs for their savings and credit needs. It is a platform that involves the use of mobile phones to access financial services provided by telecommunications service companies. During the FGDs and in-depth interviews, participants mentioned that they used mobile money services to make small savings and access small loans. Figure 5.9 shows illustrative quotes on the use of mobile money by young people as a financing option.

Figure 5.9: Use of mobile money services illustrative quotes

Participant	Gender	Type of business	Illustrative quotes
Bonface	M	Barber shop	*"… I have developed a savings strategy. My strategy is this: 10% I put in mobile money as savings; 10% basic needs like food, clothing etc.; 10% I save in another mobile money for emergencies. I do use mobile money because, I do not have a bank account."*
Mary	F	Grocery shop	*"… When I make sales, I save in mobile money and, I used it to send and receive money, I find mobile money easy and convenient to use at the same less costly. With Mobile money, I'm only charged when withdrawing"*
Penelop	F	Vegetable shop	*"… I use MTN mobile money to save money sometimes I use to receive payments from my customers, it is efficient, easy to set up and manage plus it does not involve monthly charges."*
Gladys	F	Second handed clothes business	*"… I use MTN mobile money services, I can get a loan of up to k2500 and when I pay back ill qualify for a bigger loan next time."*

FGDs, in-depth interviews April 2021 - September 2021

It is clear from the illustrative quotes that youth are increasingly using mobile money services for their savings, credit, and money transfer needs. As illustrated by the quotes, youth use mobile money because it is easily accessible, convenient, and considered affordable when compared to commercial banks. The mobile booth facilities are deeply in the communities where the youth are found, such that they do not need to travel long distances to access financial services. Therefore, by removing accessibility and affordability constraints, mobile money appears to be appealing to youth. This suggests that mobile money addresses the financial access constraints faced by the youth.

NGO Microfinance is another financing option used by young people in the study area. Both FGDs and in-depth interviews reveal the micro-credit offered by microfinance institutions as a source of financing for the youth. Loans are provided through the group-lending model. Figure 5.10 shows illustrative quotes on youth's uptake of microfinance in the study area.

Figure 5.10: Uptake of microfinance by youth illustrative quotes

Participant	Gender	Type of business	Illustrative quotes
Loveness	F	Home shop and baking	*"... I once a got a loan from World Vision Fund for K1500 as part of the group. Vision Fund give loans to groups ... The loan helped me to grow my business as I was able to buy more stock like cooking and mealie which was on high demand."*
Penlope	F	Vegetable shop	*"...I got a loan of K3000 from World Vision Microfinance institution. This was a group loan with a duration of 6 months. I had put this loan into my business."*
Alex	M	Block making	*"We got a loan from Vision fund Microfinance institution which helped us to buy some items for the block making business. Though they only give us small amounts as group. They give us about K2000 maximum which must repaid within 6 months."*

FGDs, in-depth interviews April 2021 – September 2021

Therefore, from the illustrative quotes, microfinance is another financing pathway used by the youth in the study area.

This section provides insight into the financing strategies adopted by young people in the study area. The results clearly show that young people use a blend of informal, formal, and government financing options. The next section discusses the challenges of participation in these financial inclusion initiatives among the youth.

5.4 Financial inclusion interventions and initiatives: challenges for young people's participation

Chapter 4 identified the challenges faced by youth when accessing financial services from formal financial services. These barriers include a lack of income, collateral requirements, documentation, informality, gender norms, long application procedures, and regulatory requirements. In this current chapter, section 5.2 discusses interventions that aim to expand financial access to the young people by addressing these constraints are discussed. This section discusses the participation challenges faced by young people in these initiatives. This section addresses the question of how inclusive these programs are. Who can participate or does not participate? In doing so, the obstacles to participation in these mechanisms are identified. Figure 5.11 shows these barriers to participation faced the youth in the study area.

Figure 5.9: Summary of participation challenges young people face

Type of initiative	Barrier	Details
Government schemes	Political connections Limited funding Information asymmetry	• Political connections strongly influence participation. • Budgetary constraints faced by community leaders' limits outreach. • Information about the programmes is not clear
NGO Microfinance	Selection bias and commercialisation Collateral requirements Self-selection mechanism in the group lending model Gender norms High interest rates (60% annual average)	• Microfinance target wealth clients due to sustainability objectives • Income, gender, and collateral as qualifying criteria • The youth are less likely to be selected in groups due to low-income and limited networks. • Women are less likely to access microfinance due to cultural norms. • Microfinance is not affordable due to high interest rates
Technology advancement (Mobile money services)	Digital divide Low digital literacy	• Youth lack access to digital infrastructure such as mobile phones and internet. • Youth have limited knowledge on how to use digital services to access financial services
Community-based savings groups	Eligibility criteria Based on social networks Self-selection	• Youth may not participate because of fees associated with participation. • Youth with limited networks are less likely to participate. • Vulnerable youth are less likely to be selected.

Source: FGDs, KII, in-depth interviews, and secondary data from April 2021 to September 2021.

5.4.1 political connections associated with government schemes

Although government programs have been designed to target youth through the Youth Empowerment Fund mechanism, the analysis in this section shows that participation in these programs is strongly influenced by political connections. During the interview, key informant Rose explained that because government programmes are highly politicised, only a few young people access the funds from these initiatives. I share her reflection here:

… "also, the funds that are being given by the government as youth empowerment are highly political. So, you find that only a few categories of youths who are connected can access some of these government programmes."

This suggests that political connections play a role in accessing government intervention. As a result, young people with no political connections are excluded, as illustrated by Participant Benard, one of the youth entrepreneurs who is running a private pre-and primary school. Benard explained that political connections and family relations are key determinants of youth empowerment, adding that youth empowerment funds go to those connected to political leaders. I share his explanation here:

". Youth empowerment funds usually go to the same people that are well connected to the community leaders. Relatives usually have access to the empowerment programmes. Political connections determine the accessibility of empowerment. Those who are politically connected get empowered."

In addition to political connections, information asymmetry around government programs makes it challenging for the youth to access funds. Such a gap in information about government programs makes it increasingly challenging for the youth to participate in government programs. During FGDs, participant Edna, a female youth entrepreneur who sells vegetables, linked the difficulties associated with accessing government funds to the lack of information about government schemes. She explained that there is no clear information about empowerment funds, adding that only those connected to community leaders get this information. Here is what she had to say.

"I have tried to access capital from the government's youth empowerment funds; however, it is difficult as there is no clear information on how to access it. We are not even aware of the empowerment programmes in our community. All we hear is that the government has given some people money, but there is no information or advert about empowerment. Information about

empowerment only reaches those who support with the ruling government and those connected to community leaders."

Furthermore, the financial constraints faced by community leaders make it challenging to expand the outreach of government schemes to all youths in the community. During the interview, key informant Mukosha, the Ward councillor for one of the wards in the study area, highlighted this challenge as he explained that councillors are given a small budget to run community projects in which youth empowerment is among such activities. Key informant Mukosha added that within the small monthly allowance of K3000, there are competing demands, such as funerals in the community and, as such, the councillors struggle to support youth entrepreneurship. I share his reflections here.

"… we face challenges of, for example, finances. Because like us councillors, just a minimal amount they give us as monthly allowance, the central government give us K3000/month. Within that money, there are a lot of issues and projects in the community that must be sorted out. That's why we struggle to help the youth start businesses. We have funerals in communities and people will still want to come, so that we help them in that regard. So at least if we are given to bigger government funding as community leaders, it can help us a lot and it will be easy to support the youth programmes in the community."

These quotes demonstrate how government schemes targeting youth led to the exclusion of the most vulnerable youth due to political connections, information asymmetry, and limited funding. Clearly, participation in government interventions is linked to political connections. Furthermore, information asymmetry problems and limited funding pose an additional layer of challenges in making government schemes inclusive. Therefore, the findings suggest that politically connected people are more likely to participate in government schemes.

5.4.2 Microfinance product design related constraints

Selection bias and commercialization of microfinance represent challenges for microfinance participation among young people. Although microfinance targets the poor, the sustainability and profitability objectives demand microfinance to have a clientele selection bias towards clients with low risk and profit potential. To achieve sustainability and profitability goals, microfinance has a targeting criterion, as explained during the interview by key informant Bessy, the Program Manager for Vision Fund, Mufulira Branch. I share her explanation here.

"… Actually, for one to qualify for a loan, we have got qualifying scales or indexes. Yes, we target the rural poor, but we focus on those already in business for at least 6 months. … while the goal of microfinance is to provide financial services to the poor, the focus is only on those already in business. "… So, we provide financial services to the poor people but who are already in business."

Another key informant, Evelyn, the CEO of Lupiya Micro Loans, expressed the view that because of profitability and sustainability objectives, the focus for microfinance is increasingly shifting to potential clients with a low probability of default. She explained that it is difficult to lend to youth entrepreneurs because of default risk, adding that because of this, as microfinance institutions, they shifted their focus to salaried employees whose income is guaranteed. I share her reflections here:

"…It is difficult to lend to the youth entrepreneurs. We started with women entrepreneurs but quickly we knew that we needed to pivot into the salaried employees like civil servants whose monthly income is guaranteed. This is because we faced repayment challenges with the women entrepreneurs. At the time we were very small as a microfinance institution, and we needed to stay afloat."

Therefore, the commercialization of microfinance to achieve profitability and sustainability objectives results in the exclusion of the most vulnerable youth who do not meet the selection criteria. This also raises questions regarding the traditional view of microfinance as a *bank for the poor*. This suggests that by shifting focus to wealthy clients, microfinance is departing from the basis on which it was founded. This change in focus, although critical to the sustainability goals of microfinance institutions, contributes to the wider financial exclusion of the most vulnerable youth.

Another qualifying criterion for microfinance is being a woman. Microfinance targets women entrepreneurs because of their caregiver responsibilities. During the interview, key informant Bessy explained that women are targeted because they are at the anchor of their families, and as such, credit is provided to improve the lives of their families. I share Bessy's explanation of the emphasis on women when providing microfinance.

"For Vision Fund, we target women. 80% of our target group is women and 20% is men. Why women? We believe women are the ones who take scare of the families – and the children. They are the main caregivers, and our loans aim at improving the lives of children to make sure there is education, food, adequate water, shelter and that their health needs are met, and we believe its

women who are in charge with these 5 goals. We believe that if women are entrepreneurs, if women are in agricultures, children will eat, children will go to school, children will have shelter. Because women prioritise children world over."

This targeting mechanism creates a barrier for male youth entrepreneurs who may be equally vulnerable.

Collateral requirements represent another obstacle limiting young entrepreneurs' participation in microfinance. *"Our loans are collateral based as we have to protect ourselves from the risk of default."* Explained key informant Evelyn, the CEO of Lupiya Loans, a private microfinance institution in Zambia. This view was further echoed by Alex, a 34-year-old male youth entrepreneur in a block-making business, as he showed the collateral requirements for accessing microfinance loans. This explanation is shared here:

"I got a K2000 loan from Vision Fund. Before given the loan, vision fund demanded collateral. They take pictures of assets you have at home and at the business premises. For example, a TV, stove, or fridge such that when you fail to pay back the loan, they come and get your assets."

Another youth entrepreneur, named Loveness aged 35, a micro-trader, shared her story about how she accessed credit from a microfinance institution. During the interview, she mentioned that she was interviewed about the type of assets she had, and was told that in the event of default, her assets would be sold. I share her narration here:

I once got a K3000 loan from Vision Fund. As part of the loan procedures, I was Interviewed by the loan officer. The interview questions ranged from what type of business, how long in business, monthly sales/income, what assets we have at home. They came to physically inspect our houses and business premises and take pictures of our assets. They also told us, if you default, they will get your assets."

For Micro-credit, collateral requirements are part of the loan qualification criterion. While on one hand collateral plays an important role in credit risk mitigation, it also results in the exclusion of youth who do not have the assets to pledge as collateral. This finding suggests that access to microfinance is strongly influenced by the ability to meet collateral requirements. This means that only young people with assets pledged as collateral can access microfinance credit.

Exclusion due to group lending mechanism self-selection mechanism: Although the group lending model helps address collateral requirements, the self-selection mechanism of the groups is not only a source of exclusion but also creates social classes within the community. The group-lending mechanism is based on the social networks, reputation, and income status of an individual in the community. During FGDs, participant Mary, a female youth entrepreneur aged 30 who owns a grocery shop, shared how she accessed a loan via group lending, adding that she was required to be part of the group to access a loan. She had this to say:

"I got a loan from World vision fund for K1500 under the group lending model. As part of the requirements, we were told to make a group 6 self-selected entrepreneur. The requirement is that you need to be in business for at least 6 months for you to qualify for a loan. We were also required to open a bank account as group and we each contributed K57 for account opening."

Another participant, Mary, shared how she accessed credit through the group-lending model. Here is what she had to say.

"We were required to come up with a group name and open a bank account as a group because the loan was supposed to be received in a bank account. Even though it was a personal business loan, it was counted as a group loan. As a group, it was also a requirement to come up with a group structure in terms of executive particularly to have a chairperson, treasurer, and secretary."

The quotes show that although group lending enables youth access to credit, the financial requirements attached to the loan requirements result in a self-selection mechanism where the youth who are financially sound choose themselves to form a group. The result is the exclusion of vulnerable and struggling youth who are considered to have a low status in the community. Furthermore, group lending based on social networks suggests that youths with wider networks are likely to access credit. As a result, youths with limited social networks were excluded.

Gender and cultural norms were also highlighted as barriers to women's participation in microfinance in the study area. During in-depth interviews, participant Loveness, a female married youth entrepreneur, explained that when accessing credit, she needed consent from her husband, adding that such a requirement was a source of tension in the house as her husband gave consent, meant him had control over the loan. I share her reflections here:

"…during the loan application process, for us who are married, our husbands needed to provide consent by signing a form. Without my husband's consent, the loan would not have been given. To get a loan, you need to agree with your husband. This presented a challenge at home, because my husband gave consent, he wanted to decide what to do with the loan. This was a source of friction at home."

This quote shows that despite microfinance focusing on women, cultural norms may limit their participation in microfinance in Zambia. In addition, the analysis reveals the power dynamics in households where men dominate women. This result illustrates the paradoxical nature of microfinance: while in one context, microfinance targets women, in another, the lending decision requires a husband's consent. This suggests that women are unlikely to access credit without their husbands' consent. Therefore, gender differences affect how women and men engage in financial service.

High interest rates in microfinance represent a financial access obstacle for youth to participate in microfinance. Compared to the commercial bank interest rates in Zambia, microfinance is relatively higher. While banks rate an average of 26% annually, microfinance rates 60% annually. *"… Yes, our interest rates are higher than banks, but we have to meet our expenses and also our customers are characterized by high risk*" explained key informant Albert Branch Manager for FINCA. Albert further added that, when compared to banks, microfinance is small in terms of economies of scale in relation to commercial banks. *"... Unlike commercial banks, microfinance institutions face a challenge of high operating costs when compared to banks due to economies of scale".*

Given the profile of youth entrepreneurs in this study, as shown in figure 4.1 (Chapter 4), particularly due to low and irregular incomes, high interest rates suggest that only a few youths can access credit through microfinance. Interest rates are therefore the reason for the exclusion of most vulnerable young people.

5.4.3 Digital financial services related constraints.

*Digital divide***:** In Zambia, digital financial services, particularly mobile money services, are increasingly providing opportunities for financial inclusion. However, the analysis in this section shows that the digital divide is a major setback for the expansion of financial services to the unbanked population. First, the lack of access to digital facilities such as mobile phones and bundles is a source of exclusion for young people. Key informant Rose, a Director of Financial Inclusion Women and Youth at FSDZ, an NGO deepening financial access, pointed to the lack of access to phones, the Internet, and expensive data bundles as challenges that may impede financial inclusion efforts for young people. She added that, in the absence of digital facilities, financial inclusion challenges for young people will continue. I share her reflections here.

"… When we talk about digitalization, I feel, little is being done looking at population that is excluded from the digital space. For the youth, things like phones and internet remain expensive. Because most of the youth are out of school, they grapple with issues of bundles. If you look at World today, everyone is going digital, but if these digital facilities are not readily available for young people, the youth will continue being excluded."

The second is digital illiteracy, which involves the lack knowledge and skills regarding digital financial services. During FGD, most of the participants believed that they faced challenges in accessing credit facilities from mobile money because they did not know how to go about it. Participant Bonface, a male youth who runs a barber shop, explained that while he can save with mobile money, he has never accessed credit facilities as he does not know the procedure for accessing credit. This is what he had to say:

"… For Mobile money, I have not gotten a loan before as I do not know how to do it. I only know how to deposit, receive, and send money."

Another participant, participant Theresa, a female youth entrepreneur who sells vegetables, expressed the view that she does not have the knowledge of getting a loan from mobile money and, as such, she only uses it for receiving money sent to her. I share her reflections here:

"… I only use Mobile Money services to receive money sent to me and not for anything else – it's just for receiving. I just do not know how to use it apart from receiving."

The quotes illustrate that while digital financial services are increasingly addressing financial inclusion challenges, young people remain excluded because of both the digital divide and digital literacy.

6.4.4 Community-based savings groups participation constraints

Eligibility criteria to participate in community savings groups: During the interviews, participant Loveness mentioned that for someone to be a member of the community savings group, they need to meet certain eligibility criteria. I share her explanation here.

"*… The individual must be generating weekly income, pay a K100 membership fee, should be saving at least K5/week in the community group and should contribute a K3/weekly as teachers fee."*

Therefore, these requirements suggest that only people with income can participate in community savings groups. Weekly income conditions pose a challenge in periods when there is no business. In fact, small and irregular income characterized most youth-led businesses in the study area (see the participant profile in Chapter 4, figure 4.1). The Covid-19 pandemic heightened this challenge as people were making losses. This resulted in youth defaulting their savings groups and credit obligations. Mary, a female youth entrepreneur who runs a grocery shop shared how Covid-19 impacted the savings group she was part of:

"I joined a village bank called SILK. I joined because I knew it will present me with an opportunity to save and access financial services like loans. Again, I encountered the non-repayment challenges with SILK which were worsened by the Covid-19 pandemic. People had difficulties repaying the loans they got from Savings group, and this negatively affected the group. With the coming of Covid-19, a lot of people defaulted as business was difficult. We only got our savings."

Participant Mary further noted that the community savings group is only good if people are committed, and the business is doing fine. She added that the savings group made people in the community highly indebted, especially with the coming of Covid-19 and gave an example of how high debt led to a suicide case for one of the community members. I share her explanation here.

"Personally, I feel SILK is good if people are committed and business is doing fine. The challenge is that it is making people more indebted and having difficulties in repaying especially with Covid-19. For example, someone in the community committed suicide as she was highly indebted in SILK."

The community savings groups are based on social networks. Youths who generally have limited or no networks are unlikely to participate. Community savings groups, though providing opportunities for financial inclusion, are therefore a source of exclusion due to youth income constraints and limited networks.

This section highlights the key benefits and limitations of current financial inclusion participation mechanisms for youth in the study area, and the following discussion contextualises these findings.

5.5 Discussion

This section highlights some of the key findings from this chapter and discusses them within the context of the broader academic literature. The research objectives and questions provide a structure to understand the financial inclusion participation mechanisms and financing methods adopted by youth, which aim to provide them with financing opportunities. This section also discusses the challenges to young people's participation in financing mechanisms.

Informal financing options: The results of this study provide important insights into youth participation in financial inclusion. The chapter found that despite the availability of formal financing methods, many young people rely on loans from family, friends, informal private lenders, and community savings groups. This finding suggests that informal finance drives financial inclusion among young entrepreneurs in mining transitions contexts with declining economic circumstances. This finding was also reported by Demirgüç-Kunt and Klapper (2012), who found that many small- and medium-sized enterprises (SMEs) in Africa use informal methods to borrow, arguing that SMEs in Africa are less likely to use traditional financing. Similarly, Harma (2014) found that in developing countries with underdeveloped financial markets, social capital is a crucial means of accessing financial resources among young people. This chapter has revealed that informal finance attracts young people because of its convenience, ease of access, no documentation requirements, and affordability. Similar observations were made by (Manzilati and Prestianawati, 2021; Demirgüç-Kunt and Klapper 2012).

This finding highlights the critical role that social networks play in informal financial markets. Putnam et al. (1993) argued that social networks are indicators of social capital, which refers to the network of relationships that individuals create for mutual benefit. This means that the wider an individual's social network, the higher is their chance of accessing informal finance. This finding is consistent with that of Chai et al. (2019), who find that social networks significantly increase the likelihood of households participating in informal markets. The GEM's (2013) report also shows that three-quarters of new entrepreneurs in developing countries rely on social relationships to access funding. However, emphasizing social capital as a pathway to accessing informal finance can exclude young people with limited networks.

Furthermore, the chapter found that although the informal savings group was affordable and accessible, participants needed to meet minimum requirements, such as subscription fees, proof of weekly income, and minimum weekly savings. This suggests that the participation criteria can potentially exclude the most vulnerable young people who cannot meet requirements.

As Armendariz (2011) noted, these requirements limit access to informal financing. Therefore, policymakers must recognise the importance of informal financing sources in bridging the financial access gaps for young people and address the challenges that limit participation in supporting the growth and success of youth entrepreneurship. These informal sources serve as important entry points for formal financial inclusion.

Government schemes: This chapter reveals that government initiatives were a source of finance for young people in the study area. The Zambian government established Community Development Funds (CDF) to provide collateral-free loans with only 5% annual interest rates and flexible repayment plans. These government programs aim to bridge the financing gaps for the youth by relaxing credit constraints and providing financial services to those who face exclusion from traditional financial systems. These government initiatives are premised on the idea that young entrepreneurs can boost their businesses by accessing funds through government programmes. This finding reinforces Stiglitz's (1993) argument that government intervention in providing financial services is critical for addressing financial market failure.

However, the analysis also revealed participation challenges associated with government intervention programs. According to the results, political connections determine the accessibility of these programmes. Consequently, government schemes excluded young people with no political affiliations from accessing government funds. This finding is consistent with Kattis (2022), who argues that government interventions in providing financial services are inefficient because of political patronage and corruption. In addition, Claessens (2006) asserted that because of the political economy, broadening financial access through government interventions may not relax credit and savings constraints for the poor when there is a selection criterion. Therefore, to make government financing programs inclusive, there is a clear need to depoliticize these interventions and ensure that they benefit all young people, regardless of political connections.

Additionally, the chapter illustrated the lack of information challenges within these programs that hindered young people's access to government initiatives. For example, some young people mentioned that they were unaware of these programs or how to access them. Brealey et al. (1977) and Slitigz (1989) argue that information asymmetry in financial markets contributes to the broader exclusion of marginalized markets. Therefore, there is a need to explore ways to make information readily available to young people, such as using social media and community groups.

Communication channels and formats must reflect modes of communication accessible to young people.

Furthermore, the chapter identified budget constraints that community leaders face as a barrier to broadening the outreach of government programs to young people. This result suggests that increasing budgetary allocations for youth empowerment programs could benefit young people more. Nonetheless, youths without political linkages can be excluded. Therefore, addressing the politics of financial access is critical to ensuring inclusivity within government schemes. Policymakers must ensure that youth programs are sufficiently funded for a wider reach.

Mobile Money services: The analysis results show that young people increasingly use mobile money services to access savings and micro-credit. As Demirgüç-Kunt and Klapper (2012) argued, new technologies such as mobile money help broaden access to financial services, including savings and payment products. Furthermore, Cohen and Nelson (2011) argued that technological innovations bring new customers, including millions of unbanked cell phone owners. According to the findings of this research in Zambia, young people used mobile money services because they found them affordable and accessible. A similar observation was made by Beck et al. (2015), who argued that mobile money allows millions of people who would otherwise be excluded from the formal financial system to perform financial transactions relatively cheaply, securely, and reliably. This suggests that mobile money services should be supported and prioritised when delivering financial services to young people.

Even with the benefits of mobile money, the results revealed that the digital divide is a significant obstacle hindering young people's access to and use of digital financial services. The chapter found that greater access to phones and data bundles could have helped young people participate fully in these innovative services. This finding aligns with a study by Commonwealth (2016) that showed that most young people do not have access to ICT. Thus, policymakers must implement policies that make digital facilities more accessible to youth.

The analysis further showed that, although young people may have access to mobile money services, the lack of digital knowledge and skills impeded their uptake of digital technologies. This finding is consistent with a study by Commonwealth (2016), which found that young people lack access to ICTs and the skills to leverage it. Similarly, Cohen and Nelson (2011) found that the effective use of technology is influenced by digital illiteracy, because financial education facilitates effective product use and is critical for driving financial inclusion. This issue speaks to debates about whether providing technology alone can address the market distortions that limit access (BIS, 2004) without capacity building and communication to allow youth to benefit.

Therefore, this chapter suggests the need for deliberate policies focusing on ICT skill development and digital education for the youth. This can include embedding local languages in mobile money platforms to cater to young people who cannot read or write English. Additionally, ICT education should be a part of the curriculum at all educational levels, from primary to tertiary, to equip young people with digital skills.

Microfinance: The analysis shows that microfinance provides youths with opportunities to access microcredit. Traditionally, microfinance was founded because like the wealthy, the poor have financial needs. Yunus (1999), a pioneer in promoting microfinance, argued that the poor could start income-generating activities, repay loans, and escape poverty by providing them with micro-credit. The results revealed that microfinance institutions provide financial services to young people in the study area. Unlike commercial banks that demand immovable assets (land, property) as collateral, this study showed that microfinance relaxed these requirements by demanding household assets such as TVs, fridges, and stoves. Though of high value to youth, these household assets are relatively low in value compared to immovable assets, such as land and property, which commercial banks demand. This suggests that microfinance can be responsive to the needs of the youth (Ledergood, 2013). In addition, the study found that microfinance uses the group-lending model to further address the collateral requirements and credit constraints faced by the youth. Through group lending, youth are jointly liable for the default of other group members. This joint liability replaces the physical collateral barriers faced by the poor who are excluded (Armenderiz and Labie 2011). At the same time, the group presents opportunities for information sharing among the youth. This allows the youth to share and learn about the best entrepreneurship practices.

Nonetheless, despite microfinance innovations that aim to remove some credit constraints, the results show that not all youth can access microfinance because of a selection criterion, such as proof of income, collateral, and focus on women and existing businesses. These requirements exclude the most vulnerable youths. This suggests that although microfinance has a pro-poor foundation, the study found that microfinance institutions' practices and methodologies reflected their commercial nature.

Furthermore, the study found that the microfinance finance targeting mechanism was exclusive. By targeting women, microfinance excludes young men, who are equally vulnerable. The selection criteria may prevent eligible young entrepreneurs from accessing loans despite their ability to repay them. This highlights that microfinance products may not cater to the specific needs of the youth. This finding agrees with those of Ledgerhood (2013), Cho and Honorati (2013), and Sykes et al. (2015), who find that young people do not have access to financial services because the financial products offered by financial institutions do not meet their needs. Therefore, to ensure young people's participation in microfinance, the focus should be on designing microfinance products that respond to young people's needs.

Additionally, the study found that high interest rates are associated with microfinance. According to the results, on average, microfinance interest rates were 60% annually, compared to 26% for commercial banks. Indeed, this is a source of exclusion for youth given the income constraints of young people in the study area. This finding is consistent with other studies that have criticised high interest rates in microfinance (Armenderiz and Labie, 2011; Ledgerhood, 2013). This suggests a need to make microfinance affordable for youth in income-constrained contexts.

However, the justification for selection bias and high interest rates in microfinance are the sustainability and profitability objectives (Armendariz & Labie, 2011; Ledgerhood, 2013). Therefore, the focus is on clients who can meet microcredit obligations rather than on the poor (Hulmes, 2011). This situation questions the relevance of microfinance and its intentions as a bank for the poor (Armendariz & Labie, 2011; Mader, 2016).

In this research context, microfinance has targeted women as potential clients. Microfinance recognizes and addresses the social and cultural barriers that impede women's access to financial services in Zambia by targeting women. This mechanism emphasises women's participation in microfinance, as argued by Ledgerhood (2013). However, the results show that despite microfinance targeting women, gendered and cultural norms remain deeply embedded in the microfinance processes in Zambia. As an illustration, the loan approval process requires the husband's agreement to be granted. This practice can potentially exclude women whose husbands do not provide their consent. Thus, gendered, and cultural factors continue to represent key barriers limiting women's access to financial services, as observed in other studies (Ranking, 2013; Aterido, 2013; Elder and King, 2016). Demirgüç-Kunt et al. (2013) also identified issues of culture and gendered norms that explain why women have difficulty accessing financial services.

This chapter has clearly shown the challenge for young people's participation in microfinance due to product design constraints, targeting mechanisms, and methodologies. The study demonstrated that despite focusing on entrepreneurs, microfinance sustainability and profitability objectives still make it difficult for young entrepreneurs to participate.

This chapter provides a detailed analysis of financial inclusion participation initiatives and programs available to the youth in the context of the declining mining economy of Zambia. This chapter argues that while current participation mechanisms aim to ensure financial access for youth, these initiatives do not reach the most vulnerable youth. This is because the initiatives have difficult financial access criteria and are politically driven; thus, they target people other than the youth to meet profit and sustainability goals. It remains challenging for young people to overcome such barriers and access financing through these mechanisms. However, those who benefit from and overcome barriers tend to establish political connections and meet financial access requirements. A critical insight emerging from these participation approaches is that, although the goal is to overcome financial access barriers and enhance financial inclusion, the initiatives, by narrow targeting, lead to the exclusion of the most vulnerable youth as an unintended consequence.

Therefore, it is crucial to expand financial inclusion initiatives to include excluded populations. These interventions must be accessible to all young people, regardless of their socioeconomic status, political connections, or financial access criteria. These issues are essential because financial inclusion approaches can deliver broader developmental objectives. It remains necessary to assess whether and how these financial inclusion opportunities have facilitated entrepreneurial livelihood transitions for the youth that help deliver Sustainable Development Goal 8. The next section explores these questions.

Chapter 6. Youth Entrepreneurship in a Declining Mining Economy: What is the Role of Financial Access?

6.1 Introduction

This chapter examines the role of financial access in facilitating youth entrepreneurial livelihoods for young people using a case study narrative from a disadvantaged mining community in Zambia. In doing so, it addresses the third objective of this thesis, which is to explore whether and how financial access supports entrepreneurial livelihood transitions among young people in the study area. Chapter 2, section 2.2 showed that entrepreneurship is a critical driver of economic growth and job creation, particularly in developing countries. However, Chapter 5, section 5.4 of this thesis revealed young entrepreneurs face significant financial access barriers. Improving financial access is important because it has the potential to open economic opportunities and transform young people's lives (IFAD 2019). Therefore, development actors, such as the World Bank, the United Nations, and national governments, promote financial inclusion because they are considered critical tools in poverty alleviation by creating jobs. The World Bank recognises financial inclusion as an integral part of inclusive growth and has thus argued that a lack of access to finance generates persistent income inequality or poverty traps, as well as lower economic growth (World Bank, 2014). Therefore, intervention programmes aimed at promoting entrepreneurship have focused on improving access to financial services among young people.

Moreover, the impact of financial inclusion on beneficiaries is an issue has sparked much debate among researchers. While some studies have shown that financial inclusion can lead to improved lives and entrepreneurial activities (Lyons et al., 2017; Frisancho and Valvida, 2020; Rusu et al., 2022, others question its effectiveness in promoting sustainable development (Banerjee, 2015; Sumberg, 2016; Mader, 2018). These differing views have led to significant discussions among researchers, with some arguing that financial access alone is not sufficient to alleviate poverty (Sumberg, 2016). According to Kabeer (2005), other factors, such as education and social capital, are also essential for improving the lives of poor people. Mader (2016) further argues that despite widespread support for financial inclusion by international development organisations, there is still a lack of evidence regarding the actual impact of financial access on the beneficiaries themselves.

Therefore, this chapter aims to provide fresh evidence of debates regarding the impact of financial access, with a focus on young people within the context of mining transitions and economic change. By so doing, it provides important new insights into the benefits of financial access and the challenges faced by young people in the entrepreneurship transition. Therefore, the question of whether financial inclusion can unlock the potential of youth entrepreneurship and drive sustainable development remains open. In this respect, this chapter delves into the critical question: finance for what? Although financial access and usage are important indicators of financial inclusion, the Consultative Group to Assist the Poor (CGAP) argues that the aim should be its impact on broader development outcomes that improve people's welfare (CGAP, 2021). This approach aligns with the Sustainable Development Goals (SDGs), which emphasise the importance of inclusive and sustainable growth. Therefore, this chapter's contribution underscores the importance of extending beyond financial inclusion measurements to consider the wider benefits of financial inclusion. By addressing the question of "finance for what?" This chapter provides a unique case study of the critical role of financial inclusion in promoting youth entrepreneurship and sustainable development.

This chapter is divided into five sections: Section 6.1 explores the sources of finance for youth entrepreneurship, while Section 6.2 highlights the benefits of financial access for young people. However, it is equally important to acknowledge the barriers young people face in their transition to entrepreneurship, which is the focus of section 6.3. Section 6.4 delves into the strategies used by the youth to navigate the challenges of entrepreneurship. By highlighting these strategies, this chapter provides insights into how financial inclusion can support young people's entrepreneurial transitions within context of economic change. Finally, Section 6.5 situates the study's key findings within the broader literature, contributing to ongoing debates on the role of financial inclusion in promoting sustainable development.

6.1 What are the sources of finance for youth entrepreneurship?

Evidence from the survey questionnaire shows that while young people use different financing options, most participants use informal financing methods. Figure 6.1 shows that 89% of the youths used informal sources of finance. This shows that despite the financial inclusion participation mechanisms examined in Chapter 5 of this thesis, there is a limited outreach of these initiatives for youth. Chapters 4 and 5 reveal the barriers to financial inclusion faced by young people. This means that young entrepreneurs in the study area depend on informal financial sources for entrepreneurship.

Figure 6.1: Sources of finance for youth

Type of finance	informal	Government financing	Private money lenders	Microfinance	Mobile money services		Total
Percentage	89.05%	1.36%	1.36%	3.64%	4.54%		100%

Source: Survey questionnaire, N=220 (April 2021 – September 2021)

6.2 Benefits of financial access on youth entrepreneurship

Since few young people use formal financial services, as shown in figure 7.1, this section focuses more on informal finance and explores how different informal financing mechanisms benefit youth entrepreneurship. This section provides evidence of the benefits of financial access to youth entrepreneurship in the study area. In the survey questionnaire, the participants were asked to indicate whether financial access increased their sales/turnover. Evidence from the survey questionnaire found that financial access is beneficial to youth, as it helps boost capital, sales, stock, and business expansion (Figure 7.2). However, regarding job creation, the survey shows that financial access did not result in job creation, with 90% of the participants stating that they did not employ anyone. This suggests that youth develop businesses that are self-employment ventures aimed at income generation and not necessarily employment creation. More broadly, this finding has implications for the promotion of youth entrepreneurship as a solution to unemployment challenges and poverty alleviation.

Figure 6.2: benefits of financial access

Indicator	**Response in percentage**
Income	Increased: 89% Not increased 11%
stock	Increased: 100% Not increased 0%
Working capital	Increased: 78% Not increased: 22%
New business line	created: 66% Not created: 34%
Employment creation	created: 10% Not created: 90%

Source: survey questionnaire N=22/220

Coincidentally, the results of the survey questionnaire matched the responses from the FGDs and in-depth interviews. During the interview, I asked the participants what changed after they accessed finance. The responses provided further explanation of the responses in the survey questionnaire on entrepreneurship indicators. The benefits include financial access as start-up capital; an increase in income, capacity building, and educational opportunities; and an increase in savings. I further analyse these types of benefits below.

Start-up capital: Participants' responses during FGDs and in-depth interviews indicated that access to finance was a source of start-up capital. The participants added that the funds they accessed helped them buy more stock for their business. Figure 6.3 illustrative quotes from thematic coding of the benefits of financial access.

Figure 6.3: Financial access as a source of capital illustrative quotes

Type of finance	Participant characteristics	Illustrative quotes
Community savings group	Loveness, 34-year female, married with 3 kids and runs a grocery shop.	*SILK is helpful to me and my family. It enables me to do business as it is a source of capital.*
	Francis 33-year-old male, married with 3 kids and runs a grocery shop.	*The SILK savings group enabled me to get small loans with a 10% interest within a space of three months. This really helped the business to float because I could get k1000 buy grocery products.*
Microfinance	Mary, 30-year-old female single mother who runs a grocery shop, a primary school and informal money lending	*The loan from vision fund helped me to grow the business as I was able to buy more stock like cooking oil and mealie.*
Mobile Money Services	Loveness, 34-year female, married with 3 kids and runs a grocery shop	*I got a K500 loan from MTN money which I invested in business.*
Government scheme	Theresa aged 30-old female who is married with 2 kids who runs a vegetable shop	*I was empowered by the government with a loan of K500. This loan has put me back on track. I invested the whole amount in this business. I ordered stock for resale.*
Loans from family and friends	Penelope aged 29-old female married and sales second hand clothes	*The source of my capital came from my husband. My husband lends me K1500 every month which I use to invest in my business, I pay him back, but I get to keep the profits this has been a huge boost to my business.*

Source: FGDs and in-depth interviews (April 2021 – September 2021)

The illustrative quotes from the above table highlight the critical importance of finance as a source of start-up capital for investment in business among young people. The full data set reinforces the idea that financial access influences youth entrepreneurship by facilitating business investment. This suggests that access to finance is crucial for driving youth entrepreneurship.

Increase in profits: Both during FGDs and in-depth interviews, participants commented that their profits increased after they accessed loans. Some added that this was because the loans increased their stock, and as a result, they were able to meet customer demand and make better sales, resulting in increased profits. For example, participant Mary, a female youth who runs a grocery shop, described how her sales increased after accessing the loan:

"The loan helped me to grow my business as I was able to buy more stock like cooking oil and mealie which were on high demand. This increased my sales. I was able to meet customer expectations, changing preferences and demands. The loan benefited the business, the sales went up, and I made a good profit."

Another participant, Francis, a male youth who runs a grocery store, shared that the loan helped his business afloat, adding that his profit margins increased, and he was able to meet his loan obligations from the profits generated. *"This really helped the business to be afloat because I could get a loan for K1000 to buy more grocery products for the shop. This increased my profit margins and part of the profits was used to pay off the loan."*

These comments highlight how financial access impacts youth-led businesses through improved cash flow. In business, this cash flow is important for meeting expenses and costs.

Entrepreneurship education opportunities: Participants during in-depth interviews and FGDs thematically also focused on the role of belonging to community savings groups to provide them with opportunities for entrepreneurship knowledge, learning, and skills development. For example, participant Francis, a male who runs a grocery shop, described how belonging to a community savings group enabled him to learn about the chicken-rearing business.

"I also used to belong to a SILK grow group by the name of Radio in 2019/2020. This group was a great help not only to my business but also in equipping me with knowledge about the chicken business. "

Another participant, Loveness, a female youth entrepreneur who runs a grocery shop and keeps chickens, stated that part of the benefits of belonging to the SILK community savings group is training about entrepreneurship, although it comes at a fee of K5, which goes towards the trainers.

"... Further, we are required to pay teachers' fee of K5. The teacher's fee is given to trainers who train us about entrepreneurship. For example, around how to keep layers, how to hatch eggs, take care of chickens as well as the medication."

The benefits of entrepreneurship knowledge were further highlighted by key informant Bessy, a Program Manager for Vision Fund Microfinance Institution, who explained that as part of their loan disbursement processes, they provide training about entrepreneurship and financial literacy so that the beneficiaries develop their business skills.

"We give them financial knowledge. We train them before we give them loans. So, we train them as they get the loans, we monitor them, constantly monitor, and then we train them. As we are monitoring them, we are giving them ideas, we are giving them business ideas. For example, how about you open a bank account, now that you are having so much cash, this is how you handle your cash etc. we give them that information."

This suggests a positive impact of capacity building, and that training is a key benefit for growing young people's ambition towards entrepreneurship and helps make them better entrepreneurs. Chapter 5 identified a lack of skills and knowledge as barriers to financial access, and the benefit from training will be central to improving youth's capacity to manage businesses. This increases their chances of accessing formal financial services.

Entrepreneurship for livelihood and a safety net: Responses from in-depth interviews showed that financial access is beneficial to youth for livelihood and as a safety net. For example, by reflecting on how financial access supports entrepreneurship as a livelihood source, Participant Alex, a male youth, mentioned that because of the youth empowerment funds to support a fish farming project, he could now earn income, and this supported his family through meals and school fees. He noted that *"Through the fish farming youth empowerment, we made some income, and we could afford to buy food, take our kids to school."*. Another participant, Francis, a male youth who runs a grocery shop, stated that the family could afford two meals because of the loan he accessed. He reported the following: *I got a loan of K1000 buy grocery products and the income I made enabled us to have two meals even in times of the Covid-19 crisis."* Box 6.1 provides narratives from the youth as mini case stories that illustrate how entrepreneurship is an important source of livelihood.

Box 6.1: Mini case of how entrepreneurship supports livelihoods.

Participant Susan female aged 34 a vegetable trader. "*My husband used to support me a lot when he was working, but now things have changed. But through this same business, we can survive as a family.*"
Participant Mary female aged 34 runs a grocery store. *"This business helps me to look after my kids and my siblings as I'm able to buy food and pay for their education."*
"Participant Alex aged 33 block making business accessed microfinance from NGO. *"This block making machine has helped a lot – I have been able to employ about 10 youths who would by now resorted to criminal activities which is the case for many. Such kind of initiatives can help address the many problems the youth in Kankoyo are facing. With little money that we make, I'm able to buy relish at home and pay for my children school fees. I think more support is needed."*

Source: In-depth interviews (April 2021 – September 2021)

In addition, during in-depth interviews, participants indicated that financial access from informal savings groups benefited them because they provided a safety net. For example, in times of unexpected shocks such as funerals and health emergencies, participants could access emergency funding from the savings group. For example, Mary, a female youth entrepreneur who runs a vegetable shop, described the social fee product as burden lifting, adding that it helped her when her child was ill.

"… My son was ill; we went to the clinic, and we were told that we were supposed to buy the medicine that was prescribed because the clinic didn't have. This is where I saw the importance of the belong to a community savings group. I went to see the Chairperson of the group and explained the situation. The group assisted me by providing me with funds, and I was able to buy medicines for my son."

Another participant, Theresa, a female who runs a grocery shop, explained how the social fee product component helped her restock her shop when the thieves broke in and stole grocery items.

"My life was shattered when thieves broke into my shop and stole the grocery items. The savings group came to my rescue by providing me with funds which I used to restock the shop."

These narratives reveal that financial services are particularly important for livelihood and resilience among young people. More broadly, it shows that entrepreneurship is a potential approach for fighting poverty and meeting SDGs.

Savings opportunities and the role of digital opportunities: Analysis of participants' responses revealed that community savings groups provided opportunities for savings among 60% of participants, with the majority being female. Through FGDs and in-depth interviews, the participants explained that community savings groups helped them develop a savings culture and access to credit. The participants described how the design of community savings groups compelled them to make savings by encouraging compulsory weekly savings. One example is the SILK savings group, which was designed such that a participant could only borrow if they had been saving with the group. In addition, both the amount of the loan and pay-out at the end of the one-year cycle are dependent on the participants' savings. *"On the weekly savings, we are highly encouraged to save more, because the more you save, the more the payback at the end of the one-year cycle. Then also, the more you borrow, the more the interest grows, and consequently, the more the return. For weekly savings, you get a return at the end of the year."* Participant Loveness was explained.

Further evidence on how community savings groups increased savings among youth was provided by participant Francis, who stated that at the end of one-year cycle, most of the participants got double their savings: *"When we finally broke the grow bank and share what was in the savings most of us got double the money we invested."*

In these savings processes, participants and key informants highlighted the increasing role of digital technologies. During FGDs and in-depth interviews, participants stated that mobile money services were an important channel through which they were increasingly used to save money. Figure 6.4 illustrative quotes from thematic coding of the savings opportunities presented by mobile money services.

Figure 6.4: Mobile money as a savings channel illustrative quote

Participant	Entrepreneurship activity	Illustrative quotes
Francis	Grocery shop	*"I used mobile money services to save the little money we believe has no use at the time."*
Gabby	Photography	*"I make some savings in mobile money. I do make some savings as low as K2 because I know this can help me stand future problems."*
Mary	Grocery shop	*"When I make sales, I save in my mobile money."*
Bonface	Barbershop	*"I have developed a savings strategy. My strategy is this: 10% I put in mobile money, 10% basic needs like food, clothes, another 10% I save in another mobile money for emergencies."*

Source: FGDs and in-depth interviews (April 2021 – September 2021)

The illustrative quotes above highlight the role played by digitalisation in addressing financial inclusion gaps. This is important in driving the financial inclusion agenda for marginalisation in developing countries. This result speaks to the wider debate on the role of digitalisation in financial inclusion and suggests that digitalisation presents an important entry point in expanding financial services to underserved and excluded populations.

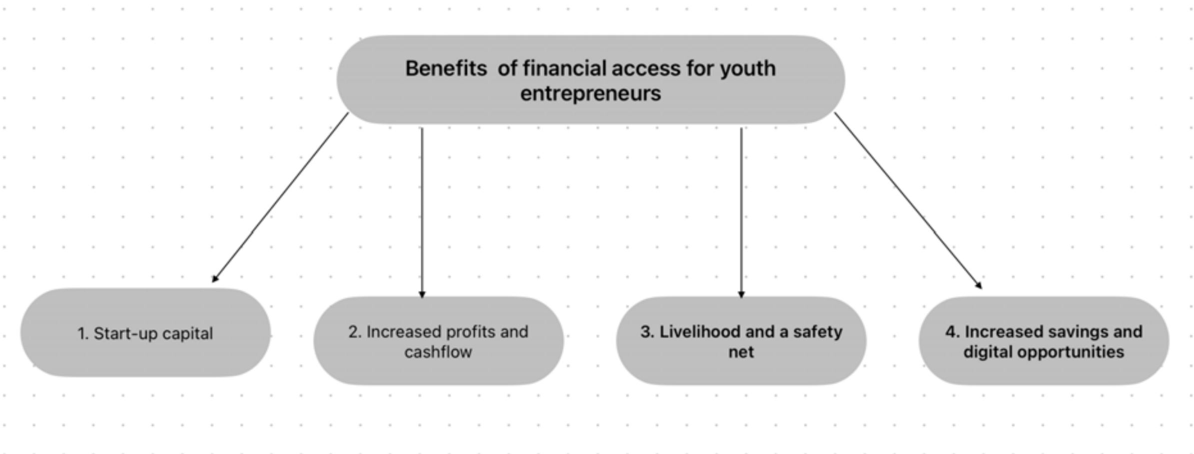
In addition, discussions from FGDs and in-depth interviews revealed how digitalisation is changing the business process through innovation. The participants stated that through mobile money services, they could make sales and receive digital payments, as well as make payments for bills. For example, participant Gladdy, a mobile money business owner, stated that she uses mobile money to send and receive money as well as pay bills and receive *"I use MTN mobile money for all financial services. I can send money, pay bills, and receive money using just my phone."* Another youth participant, Loveness, stated that she used mobile money for business transactions. *"I use mobile money services for my business transactions. Some customers pay using mobile money."*

This innovation through digitalisation of mobile payments was further highlighted by key informant Rose, from the Financial Sector Deepening Zambia, who felt that there were opportunities in the digital space for young people:

"Then also the opportunity exists in the digital financial digital financial services space where several young people you know are very tech survey and most of them are digitally driven. So, you find that most of them will start businesses and they will use the exploit the digital space."

The quotes show that digital space offers potential for stimulating business innovation among young people and suggest that digitalisation is an increasing driver of youth entrepreneurship as it presents opportunities for business growth. This reinforces the idea that digitisation is critical in driving innovation and entrepreneurship.

Figure 6.5: Summary of the benefits of financial access for youth

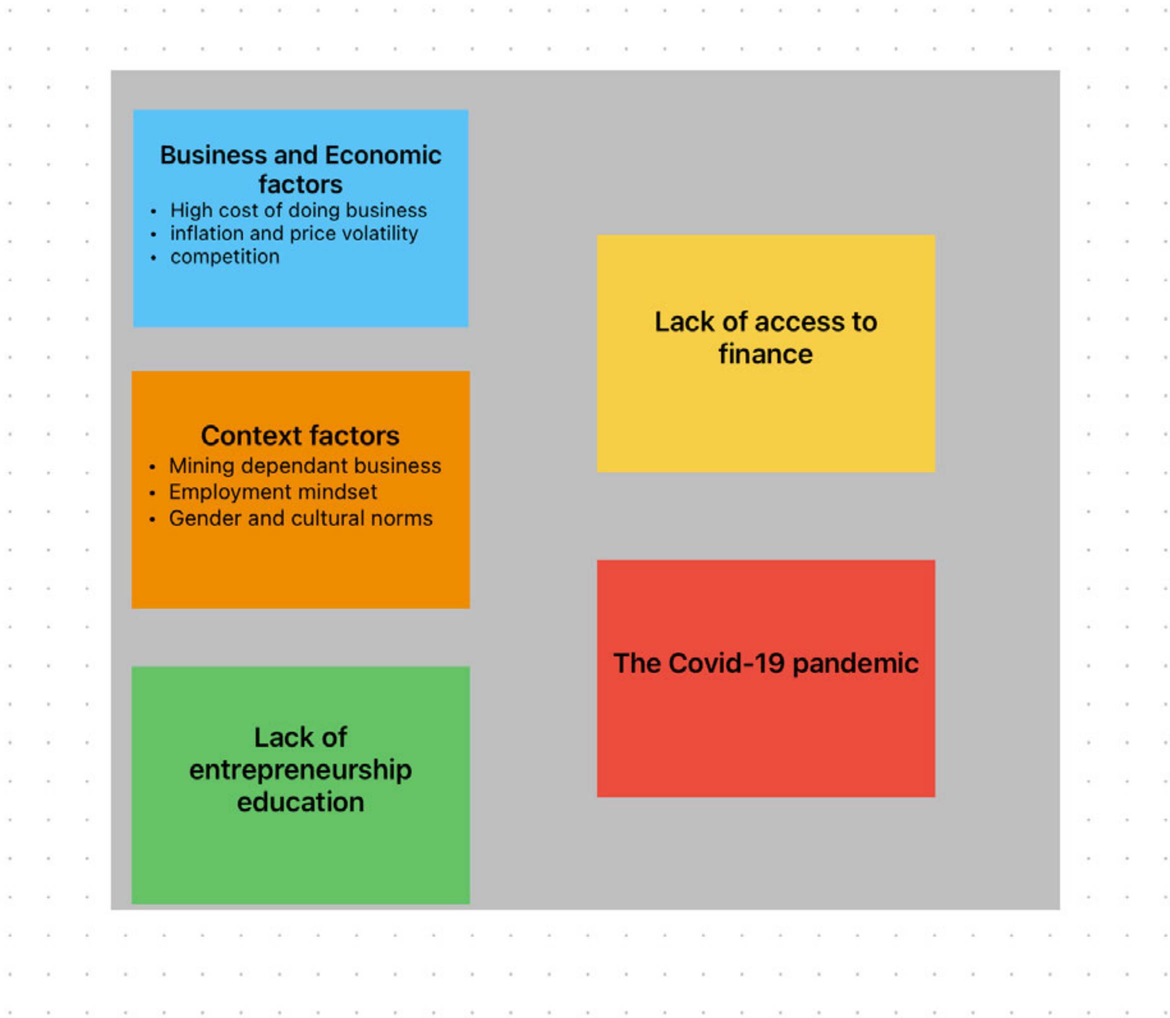


Source: Created by Author

This section highlights how financial access can benefit youth entrepreneurship by enabling them to start and expand their business and generate income. They can also leverage savings opportunities and digital innovation. However, there are still challenges faced by young entrepreneurs that have not yet been considered, and the next section explores the barriers faced by youth in the mining community in Zambia.

6.3 Barriers to entrepreneurship transition: what challenges do young people face?
This section presents an analysis of the obstacles young people face when transitioning to entrepreneurship as a livelihood source. Barriers they experience will affect their ability to grow, be resilient, and generate a sustainable business. Figure 6.4 summarizes all factors generated from the FGDs, in-depth interviews, observations, and key informant interviews.

Figure 6.5: Summary of barriers to entrepreneurship



Source: FGDs, In-depth case studies, and KII (April 2021 – September 2021)

6.3.1 Economic factors

During FGDs and in-depth case studies, all 57 participants mentioned that the high cost of doing business made it difficult for them to become resilient entrepreneurs. An increase in inflation and a depreciating exchange rate explains this situation. At the time of fieldwork, inflation reached its record high in Zambia at 24%, while the exchange was also at its lowest at $1-K26 (Bank of Zambia, 2021). These key economic indicators have implications for commodity prices, which affect the business community, including young entrepreneurs.

Figure 6.5 shows illustrative quotes from thematic coding of the cost of doing business as a barrier to youth entrepreneurship.

Figure 6.6: Cost of doing business challenge illustrative quotes

Participant	Entrepreneurship activity	Business challenge	**Illustrative quotes**
Mary	Grocery	Cost of doing business	*"The other challenge I face Is stock outages in terms of what people want for example, mealie meal and cooking oil. These have not been easy to stock up because of high prices. In the past few months, the cost of most grocery items has gone up, hence I do experience stock outages as a result."*
Bonface	Barbershop	Cost of doing business	*"The cost of machines has also gone up, imagine own machines now costs K900 due to exchange rate depreciation. Thus, the cost of doing business has gone up."*
Gladys	Home shop	Cost of commodities	*"The commodity prices have equally gone up and are changing every day. This is making it difficult to do business as the cost of business has gone up, so you will find some items, I'm unable to stock them."*
Francis	Grocery shop	Cost of commodities	*"The prices of the commodities have gone up; this makes it very difficult for us for order certain items"*

Source: FGDs and in-depth interviews (April 2021 – September 2021)

The illustrative quotes show that the high cost of doing business has a negative effect on youth-led businesses. For example, as shown in the illustrative quotes, an increase in commodity prices made it difficult for young people to purchase items for business. This limits their potential to be successful entrepreneurs as it affects profit margins. Therefore, addressing the rise in the cost of doing business is an important step toward supporting youth entrepreneurship in the study area.

Another challenge that young people stated was increasing competition. **A**lthough Zambia's Consumer Protection and Competition Commission (ZCPCC) encourages competition because it ensures quality goods and services, the responses from participants during FGDs and in-depth case studies showed a contrary view. All participants in the in-depth interviews stated that increased business competition from adult and foreign-led businesses was a threat to youth-led businesses and the ability to generate reasonable profits. The participants stated that most people in the community who lost employment in the mines resorted to entrepreneurship as a livelihood source. For example, participant Loveness described how an increase in competition affected her income and asked questions about who was going to buy from her when everyone was doing similar businesses in the community. She added that people who are potential customers have lost their jobs. *"This business problem has been compounded by many people doing businesses after being retrenched as they must find means of survival. This has increased competition and has thus significantly affected our incomes; and affected the way we live at home by making it difficult. Everyone in Kankoyo is doing businesses, so who going to buy from who?"*

A similar view was shared by participant Francis, a grocery store owner who stated that most people in the community have become entrepreneurs, and this increased competition affecting the pricing of commodities "*Competition from our rival business has been a challenge. Most people have become entrepreneurs like us which has increased the competition, which is not a good thing for a small business like mine. Our store is along the roadside and their several other bigger businesses selling the same products we are selling at a slightly cheaper price."*
This result reveals that job losses in mines have unique implications for youth-led businesses. First, the reduced income from people who lost jobs from the mines meant a reduced market for goods and services. This situation emphasises the significance of mining in driving economic activities in the study area. Second, the rise in competition means that entrepreneurship is an increasing alternative source of livelihood for the community, but it is also affected by the broader mining environment. This result highlights how entrepreneurship is not isolated from the mining industry. This is not surprising, as stated in the Chapter 3 methodology, Section 3.3.1, the study area is the mining community. The context factors section that follows sheds light on how entrepreneurship, although an alternative livelihood, depends on mining in the study area.

6.3.2: Context factors

During the FGDs and in-depth interviews, all 57 participants expressed the view that mining was the driver of entrepreneurship in the study area. See Box 6.3 for mini cases of how entrepreneurship in the study area depends on mining.

Box 6.3: Mini cases of entrepreneurship dependence on mining

Participant Susan female aged 34 a vegetable trader *"It is becoming hard to get customers as people are not working in Kankoyo – Kankoyo depends on mining and since the mines are closed, few people are employed, meaning there is no one to buy."*
Participant Mary female aged 30 grocery shop "*My grocery store depends on mineworkers for sales. The more people are working in the mines, the more the customers. If people get retrenched like it happened recently, we also get affected. Our business solely depends on mining here in Kankoyo."*
"Participant Mulenga female aged 20 a mobile money services owner. *"Due to economic challenges in Kankoyo with people losing jobs in the mines, I have faced a challenge of lack of business. People don't have money to transact here in Kankoyo. This has resulted in mu business being stagnated and I have failed to grow it."*

Source: FGDs and in-depth interviews (April 2021 to September 2021)

Furthermore, Key informant Juvencie, Coordinator of Programs at Green and Justice, which is a civil society organization, described how livelihoods in the study area depended on mining. I share reflection here:

Livelihoods in Kankoyo is mining dependent. All economic activities revolve around mining. Most people get employed in the mines, the buyers of commodities in the communities are miners – so Kankoyo is mining.

The views on how mining affects youth entrepreneurship were further pointed to by key informant Bessy, who is a program manager for Vision Fund World Vision, who narrated how entrepreneurship activities are cyclical to mining. She noted that the income entrepreneurs made in the study area came from people working in the mines, as they are the major buyers. I share the key informant Bessy's reflection here:

"In Mufulira, when it's a boom, you find that people are buying. But when the mines downsize, there is unemployment, people are not buying as much as they used to buy. It will affect their business, so they must go far and wide. Like especially, in Mufulira, many people sell clothes a lot…so clothing business, goes on the low, nobody is really buying. When people get paid,

they are not prioritising clothes, they would rather buy food and pay for fees. People are rationing, so because of that rationing, it is also slowing their business. The challenge is intermarried, the mining activities – whatever happens on the aggregate scale comes to affect them on. Their level. Whatever decision is made in the aggregate level affects them as well, because they depend on income from those people working in the mines, because they are the major buyers".

Furthermore, the key informant Mustaki, who is the branch manager of ABSA Bank, highlighted the challenge of mining dependence and its effect on youth entrepreneurship. She explained how MSMEs were struggling because of the closure of the Mopani Copper Mines, which is the only mining company in the study area. She had this to say:

"Mufulira is a mining driven economy, thus business depends on the mines. Thus, because of the closure of Mopani Copper Mines (MCM), the economy of Mufulira has negatively been impacted. This has resulted in business being tough - MSMEs are struggling."

The narrative quotes above highlight how mining, which has shaped the development of the study area, also presents a major constraint on youth entrepreneurship. The results show how significant mining activities shape young people's economic activities. This is because people's income depends on the strength of the local mining economy. Therefore, this finding reinforces the argument that the economy would benefit from diversifying away from dominant mining livelihoods to provide alternative economic opportunities in the area.

Mining, while affecting economic activities, also impacted young people's thinking about employment in the mines as a key livelihood source, as well as sociocultural dimensions. Although mining plays a critical role in the economic development of the study area, the analysis finds that it also has implications for sociocultural dimensions that shape the success of entrepreneurs. In particular, males are more fixated about employment in the mine. As stated in Chapter 3, Section 3.3.1, historically, employment in mining has been the main livelihood for the local community, especially men. During the interviews, key informants introduced the idea of males being fixated about formal employment in the mines as a barrier to youth entrepreneurship in the study area. Key informant Sofa argued that the youth in the study area had an employment mindset. Sofa explained that mining history has had a significant effect on young men's mindset to just want to be employed in mines. Key informant Sofa added that because of their employment mindset, young men have no interest in entrepreneurship. I share her reflections here.

"From inception, Kankoyo is a purely mining town, thus the youth just want to be employed in the mines. The youth have no interest and lack knowledge about entrepreneurship".

This focus on mining employment as a livelihood source among young men is attributed to local social norms and society's expectations that men should work and provide for the family. In addition, as stated in Chapter 3, Section 3.3.1, the history of mining as a primary livelihood remains true, even amidst the decline of the mining industry. This history has shaped young men's thinking about livelihood opportunities to be fixated on employment in mines.

Another key informant, Evelyn, CEO of Lupiya micro-loans, pointed to the focus on employment as a barrier to entrepreneurship.

"Every time you go to like a youth platform, the big thing and a big agenda is when is the government providing employment going to get a job and I mean that's pretty much the mindset that the youth have."

The quotes illustrate not only how mining has shaped the thinking of male youth to be employment-oriented, but also how the focus on employment hinders the development of youth entrepreneurship in the study area. Therefore, there is a need for strategies that can help shift the fixation on employment among male youth, given the changing economic landscape from mining to informal activities. This shift in focus to entrepreneurship should be a critical component of the diversification of livelihoods away from mining.

From my field observations, this focus on mining employment was the most acute among young men. Among the entrepreneurs encountered during fieldwork, young women were more actively engaged in entrepreneurship activities, and their values, ambitions, and mindsets reflected this compared to their male counterparts. This pattern is partly shaped by structural factors and the nature of mining, as young women have historically been excluded from physical work and employment in the mine. Cultural norms shape this pattern regarding the role and capacity of women and the traditional working policy at the mines. Mining is labour-intensive and involves the use of heavy equipment, of which the capacity of women to handle mining equipment has not yet been built in Zambia. As explained above, the cultural norms in the study demand that women look after their homes and children while men work. As a result, 90% of the workforce in mines are men (Action Aid, 2015). In response, young women have taken entrepreneurship as an alternative source of livelihood. This helps explain why, in this study, 73% of the participants were women compared to only 27% of men.

6.3.3: Gender and cultural norms

However, despite young women driving the local entrepreneurship agenda in the study area, the analysis shows gender and cultural norms as additional challenges for them. This challenge is more acute among young women who are married and have children. During both FGDs and in-depth interviews, married female participants stated that they had caregiver responsibilities, which resulted from traditional Zambian culture. They face the challenge of balancing the demands of being mothers and entrepreneurs. This makes it difficult for them to survive as entrepreneurs. During FGDs and in-depth interviews, there were comments that they faced challenges with household demands such as school fees, rent, and food, which affected their businesses. This was because most of the female participants, despite being married, were providing for their homes. Their husbands' loss of employment in mines explained this situation. Therefore, most married female participants explained that because of this, it was difficult for them to grow and be successful entrepreneurs. Other participants attributed the collapse of their business to their care responsibilities. Figure 6.6 shows illustrative quotes from thematic coding of gender and cultural norms as barriers to youth entrepreneurship.

Figure 6.7: Gender and culture as a barrier to women entrepreneurship illustrative quotes

Participant	Illustrative responses
Juliet, a female vegetable trader who is married with 3 children	*"Paying for my children's school fees presented a challenge for my business as I had to use both the profit and capital. This made my business to eventually collapse"*
Mary, a female micro-trader single mother	*"The daily earnings collected from this current business of selling vegetables and sweet potatoes is small at the same time it is used to pay house rentals, home consumption and paying of school fees for the children as my husband does not work."*
Erika, a female grocery store owner, not married but looks after siblings	*"I end up using use up the profits together with the capital making my business not to grow."*
Loveness a female married with 3 children has a grocery store and bakes Samosas	*"I face financial challenges as I must use the same profit and sometimes eat into the capital to look after my children. I even risk going out of business as I must sacrifice my business profits for children education and food"*

Source: FGDs and in-depth interviews (April 2021 – September 2021)

These illustrative quotes on gender and culture show that while female entrepreneurs have ambitions, gender and cultural factors limit their participation in economic activity. This has implications for achieving SDG 5, which focuses on gender equality and empowerment of women. Without addressing gender and cultural barriers, it may be difficult to promote youth entrepreneurship and alleviate poverty. Thus, policymakers need to develop policies that address these barriers.

This section highlights how start-ups happen, but businesses struggle to be maintained because of local contextual factors, and young people are unable to take up opportunities. This shows how context can play an important role in driving development outcomes. In addition, the section revealed that, although young women are increasingly taking up entrepreneurship as a livelihood income source, gender and cultural factors are significant barriers that hinder their entrepreneurship transition.

6.3.4 Lack of entrepreneurship education

Lack of entrepreneurship knowledge: During interviews, key informants stated that a lack of entrepreneurship knowledge hindered youth entrepreneurship in the study area. Figure 6.7

shows illustrative quotes illustrative quotes from thematic coding around entrepreneurship education as a barrier to youth entrepreneurship.

Figure 6.8: lack of entrepreneurship knowledge as a barrier to entrepreneurship

Key informant	Type of knowledge challenge	Illustrative quotes
Sofa, Ward councillor for Kankoyo central	Entrepreneurship education	*"What causes the youth not to survive in entrepreneurship is lack of entrepreneurship education. The youth don't know how plan, bookkeeping and marketing."*
Sofa, Ward councillor for Kankoyo central	Entrepreneurship knowledge	*". The youth have no interest and lack knowledge about entrepreneurship".*
	Historical dependence on mining	*"Here in Kankoyo, we have depended so much on the mines, so there is not much youth entrepreneurship in Kankoyo. Even just putting the youth in a corporative they fail due to lack of knowledge."*

Source: Key informant interview (April 2021 – September 2021)

The illustrative quotes from key informants show the critical importance of business education in fostering youth entrepreneurship in the study area. From the quotes, the lack of knowhow among youth, particularly in business planning, accounting, and marketing, impedes their potential to become successful entrepreneurs. Broadly, these elements are considered critical success factors for businesses. However, this lack of knowledge is attributed to the lack of entrepreneurship culture in the study area because of historical overreliance on mining livelihoods. Therefore, efforts to promote entrepreneurship in the study area should include entrepreneurship education for youth.

6.3.5 Lack of access to finance

In the FGD's and in-depth interviews, all participants stated that lack of capital was a major challenge affecting entrepreneurs. The participants commented that, because of this lack of finance, they were unable to grow. Figure 6.8 shows illustrative quotes from thematic coding of the lack of capital.

Figure 6.9: Lack of capital as a barrier to entrepreneurship illustrative quotes

Participant	**Entrepreneurship activity**	**Type of finance used**	Illustrative quotes
Gabby	Photographer	Family and friends	*Lack of capital to grow and buy a computer. This reduces cashflow, has led to loss of customers and difficulties to conduct business."*
Suzen	Vegetable shop	Family and friends	*"I have inadequate capital for my business. if I was to have more capital, I would want to venture into something bigger and more profitable."* *collapse."*
Juliet	Vegetable shop	Family and friends	*"I would want to grow my business as I now have the experience. Also, there is demand for tomatoes and charcoal in the community, but I face a challenge of lack of capital."*
Mwamba	Grocery store		*"My plan is to grow and diversify my business, but I face a challenge of capital."*

Source: FGD, in-depth interviews (April 2021 – September 2021)

The illustrative quotes in figure 6.9 shows how a lack of access to finance affects the growth of youth-led enterprises. These quotes suggest that financial access is a critical element of enterprise growth. The challenge of lack of access to finance was established in Chapter 4. Although young entrepreneurs in the study area were ambitious, they faced financial access challenges. This finding supports the notion that financial access supports entrepreneurship. However, the evidence from Chapter 4 suggests the need to provide financial services that respond to the unique needs and constraints of the study area. Evidence has shown that, while financial access is crucial in driving youth entrepreneurship, business growth is affected by economic, social, and contextual factors.

6.3.5 The Covid-19 pandemic

As expected, the participants stated that the Covid-19 pandemic presented a challenge for young people because it resulted in reduced income. This was not surprising given that Covid-19 affected all sectors of the economy around the world. The participants explained that the

Covid-19 pandemic negatively affected their businesses and their ability to generate income. Box 6.3 shows the mini cases of how the Covid-19 pandemic affected youth-led businesses.

Box 6.3: Covid-19 as a barrier to entrepreneurship

Participant Loveness 35-year-old grocery store owner *"… business has gone down because of Covid-19 which has resulted in people losing jobs from the closed mines."*
Participant Bonface male aged 29 barbershop owner. "*My customer base is more of school young people and children. The closure of schools due to Covid-19, has reduced income. From a health guidelines perspective, people fear coming to the barbershop because they think, they will get Covid-19. Customers have generally reduced and consequently income. Before Covid-19 I used to make more than now. For example, I used to make K100/day, but now I make K50/day which is half of what I used to make before Covid-19."*
"Participant Mary aged 30 grocery store owner *"With the coming of Covid-19, customers have reduced because most of them have been retrenched or been affected by Covid-19 in one way or another."*
Participant Gabby male 33-year-old photographer. *"Covid has negatively affected my business. The restrictions that came with Covid resulted in the closure of businesses and functions were also stopped. So how do you take pictures when there are no functions? This has resulted in reduced profits and business has been difficult as a result. Before Covid-19, I used to take K15O/month, but after Covid-19 I take 15/month – see the difference. It is tough doing business."*
Participant Francis male aged-34-years grocery store owner.
"Covid-19 has had a huge negative impact my business. Business has also slowed down because most of the people have been laid off work."

Source: FGDs and in-depth interviews (April 2021 – September 2021)

The illustrative quotes in Box 6.3 cases make it clear that the Covid-19 pandemic negatively affected youth entrepreneurship, leading to a sharp decline in customers, reduced incomes, and substantial challenges in conducting business operations. Undoubtedly, this crisis was a major obstacle for young entrepreneurs in the study area, underscoring their vulnerability to global shocks. Therefore, it is important for policymakers and stakeholders to devise targeted policies and interventions that offer crucial support to young people during crises. For example, it may include income support for youth-led businesses. More broadly, this has implications for the poverty alleviation agenda and attainment of Sustainable Development Goals (SDGs). This highlights the need to support young entrepreneurs, especially during times of crisis, to ensure that they continue to contribute to sustainable economic growth and development.

This section highlights the barriers that affect youth entrepreneurial transition in a declining economy. This section shows that the identified challenges impede the transformative influence of financial access on youth entrepreneurship. Therefore, for financial access to facilitate youth entrepreneurship effectively and sustainably, it is crucial to address these obstacles. Having discussed the barriers to entrepreneurial transitions for young people, the next section explores how young people navigate these challenges.

6.4 How the youth navigate the challenges: what type of youth entrepreneur can navigate the challenges and how?

This section looks at the strategies that young people have developed to address the identified entrepreneurship challenges. During the FGDs and in-depth case studies, participants explained how they navigated entrepreneurship challenges. Young people developed coping strategies that included business adjustment and diversification, short-term jobs, innovation and business practices, savings, type of business, social networks, political connections, and attitudes towards entrepreneurship. I further explain each strategy below.

Business change and diversification: During FGDs and in-depth interviews, participants mentioned that they made business adjustments to overcome challenges and ensure business continuity. Figure 6.9 shows illustrative quotes from thematic coding of business change and diversification as a coping strategy.

Figure 1.10: Business change and diversification as a coping strategy

Participant	Gender	age	Years in business	Illustrative quotes
Loveness	F	34	6	*"… After my first business collapsed, I didn't just want to stay. At the same time, I needed to support my family as my husband does not work. I started a low-cost business of baking fritters and Samosa's using my baking skills."*
Mirriam	F	30	5	*"I didn't want to stay without doing anything, I therefore had to start a low capital business of selling washing powder to just make some profit so that can be supporting my family."*
Gabby	M	33	4	*Before Covid-19, I used to take K15O/month, but after Covid-19 I take 15/month – see the difference. It's tough doing business. To address these challenges, I'm looking at starting another business as a way of diversifying and address the income challenges,"*
Mary	F	30	8	*"I run three business which include a grocery store, a pre-school, and a money lending business. When one business is not doing fine, the others are there for support purposes. For example, during Covid-19, all schools were closed so I had continued with my grocery and money lending business."*

Source: FGDs and in-depth interviews (April 2021 to September 2021)

The illustrative response shows that business adjustment and diversification may help young entrepreneurs to be resilient important to ensure resilience for youth entrepreneurs, However, as shown in figure 6.9, this approach was predominantly adopted by young entrepreneurs above the age of 30 and who have been in business for over 3 years and have tried different businesses. This suggests that business experience provides lessons that young entrepreneurs can use to navigate entrepreneurship challenges.

Undertaking short-term jobs: Responses from participants during FGDs and in-depth interviews showed that they were able to raise capital by undertaking paid short-term jobs. This helped them address the financial access challenges. Figure 6.10 shows the thematic coding around short-term jobs as a coping mechanism.

Figure 6.11: Short-term jobs as a coping strategy illustrative quotes

Participant	gender	Age	Years in business	Illustrative quotes
Dorcas	F	29	6	*"After the clothes business collapsed, life became hard, so started working for people – doing piece works (cleaning, washing clothes etc) and raised some capital which I used to start with my vegetable business. This new business has made life a little better as I'm able to support my family, children, buy food and pay rent."*
Francis	M	33	9	*"Apart from the grocery store our other source of income comes from the piece works that I get to do from time to time".*
Gabby	M	33	4	*"I do some works at the local clinic which involves filling files and I'm paid something from this kind of work. This helps me raise some money for business expenses"*
Mary	F	30	8	*"Through the salary I used to get when I was working in a shop, I started saving some money which I used to start buying stock for my current business."*

Source: FGDs and in-depth interviews (April 2021 to September 2021)

The illustrative responses in figure 6.9 shows how young people use short-term jobs to cope with financial access obstacles. However, 30 years plus young entrepreneurs, with more than three years, adopted this strategy. This suggests that young people who are more advanced in age and have business experience are more likely to be financially resilient.

Business practices and innovation: During FGDs and in-depth interviews, participants believed that changing business practices and innovation helped them build resilience in their businesses. Figure 6.10 shows illustrative quotes from thematic coding around business practices and innovation as a coping mechanism used by young entrepreneurs.

Figure 6.12: Business practices and innovation illustrative quotes

Participant	Gender	age	Years in business	Illustrative quotes
Gabby	M	33	4	*"I used to take photos on credit, but people were not paying. So, I now do it on a cash basis and not credit."*
Loveness	F	34	6	*"I now buy the cheapest form of baking from the milling company nearby. Buying from the milling company is cheaper as the prices are relatively lower at a wholesale as opposed to retail shops."*
Mary	F	30	8	*"... Because now business is hard, I'm no longer stationed at one place. I do move and follow people where they are to make sales. This delivery model helps me reach to many customers and make some sales which I wouldn't have made if I was in one place."*
Alex	M	33	5	*"The price of cement is also a challenge. As you can see, we use Anti-hills to make blocks this is because we can't manage to buy cement."*
Bonface	M	29	4	*"I use Mobile Money in my business. Customers can now pay for their services using mobile money. It is an easy way of making and receiving payments."*

Source: FGDs and in-depth interview (April 2021 to September 2021)

The illustrative quotes in figure 6.10 shows the important role innovation and good business practices play in building entrepreneurship resilience. This suggests that more innovative young people are likely to be resilient during adverse times. Therefore, efforts to promote youth entrepreneurship should involve innovation support. This support can be in the form of building capacity to use digital technologies among youth for business and policies that make digital infrastructure available. For example, making the Internet affordable and easily accessible can help young people leverage social media for business. This can help young entrepreneurs reach wider markets and, in turn, address the limited market challenges identified as barriers to youth entrepreneurship.

Savings: Responses from participants during FGDs and in-depth interviews showed that savings was one of the ways that helped build resilience among youth in the study area. According to the participants, these savings helped them in times of shock, and served as a source of capital. Figure 6.11 shows illustrative quotes from thematic coding around savings and entrepreneurship resilience.

Figure 6.13: Savings as a coping strategy illustrative quotes

Participant	Gender	age	Years in business	Illustrative quotes
Bonface	M	29	4	*"In terms of savings, I have developed a savings strategy. My strategy is this: 10% I put in mobile money as savings; 10% basic needs like food, clothing etc.; 10% I save in another mobile money for emergencies."*
Gabby	M	33	4	*"I also make some savings in mobile money. I do make savings for as low as K2 because I know this can help me withstand future problems."*
Loveness	F	34	6	*"I also make some savings in mobile money. I do make savings for as low as K2 because I know this can help me withstand future problems."*
Francis	M	33	9	*"When we finally broke the grow bank and shared what was in the savings most of us got double the money we invested. This money helped us sort out a lot of problems like school fees."*

Source: FGDs and in-depth interviews (April 2021 to September 2021)

The illustrative quotes in figure 6.11 shows that savings are an important mechanism for building resilience among young people. It is clear from these quotes that young people with savings are more likely to be resilient. This suggests the need to encourage a saving culture among young people. Thus, efforts to support entrepreneurship should involve the development of saving products.

Type of business: During fieldwork, I observed that the type of business was critical for building resilience among young people in the study area. Young people who were involved in food-related businesses were doing relatively well compared to those who were involved in the clothes business. This is because regardless of the economic environment, people must eat. Therefore, there were ready-demand food items in the study area. This, to some extent, explains why most of the youth were undertaking business ventures that involve food. *(Fieldwork observation April 2021–September 2021)*

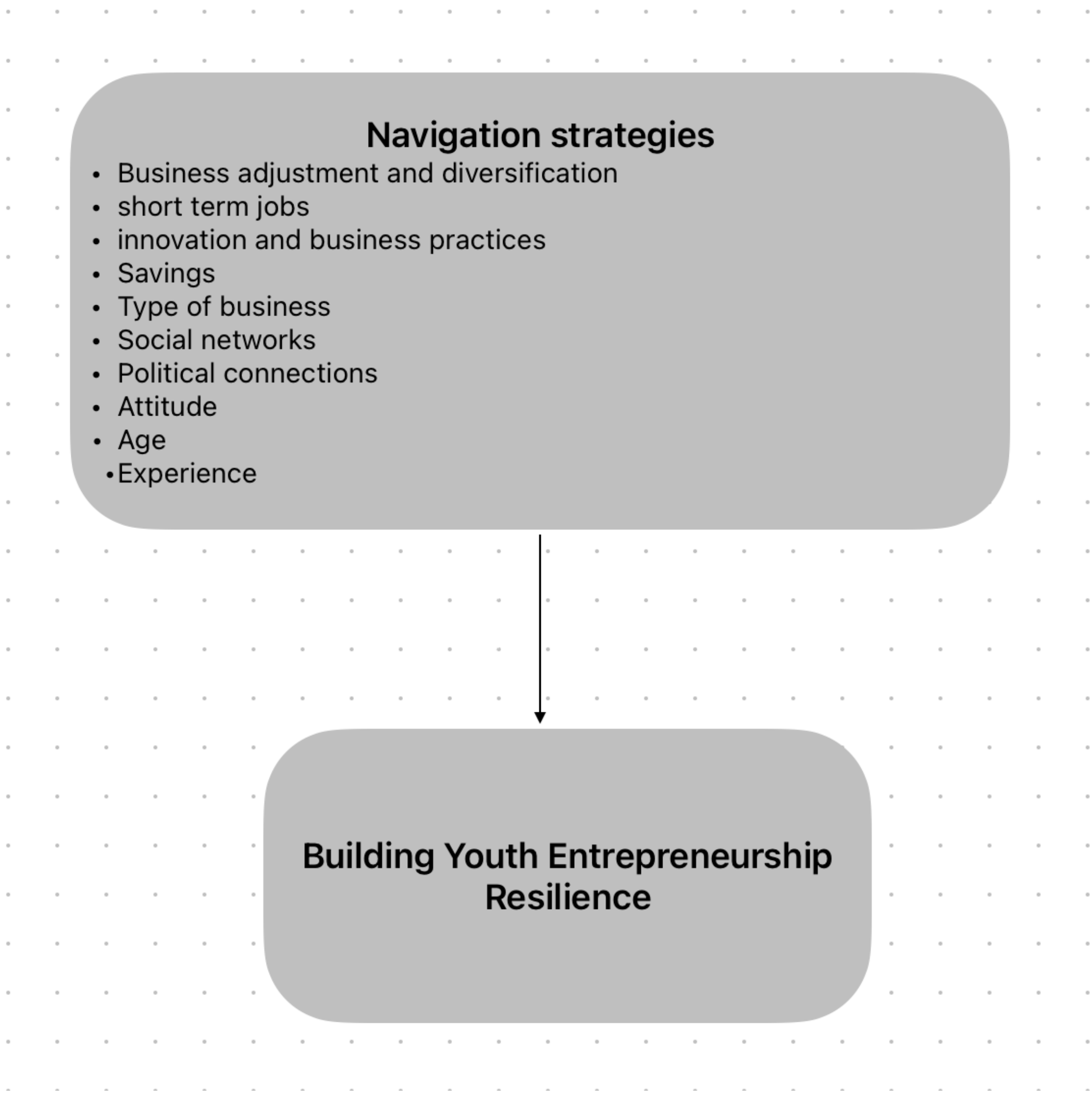
Social networks and political connections: During fieldwork, I observed that young people who had a wider network were more likely to navigate challenges than those with limited networks. This is because social networks provide financial and business opportunities. For instance, young people who were part of community savings groups and church groups had access to capital and different forms of support. For example, during in-depth interviews, Loveness, a grocery store owner, shared how the church supported her son who had passed to grade 8. She mentioned that she did not have money for school fees, but the church took up responsibility and had been paying school fees.

"When my son passed to grade 8, I didn't have money to pay for his school fees, as well as for uniforms. This was a big source of worry for me. Because I'm a committed member of the church and my son plays musical instruments in church, the church congregation offered to pay for his school fees and bought him school uniforms."

In addition, I observed that political connections were the key to providing financing opportunities. Young people who were politically connected could access government funding and business opportunities. *(Fieldwork observation April 2021–September 2021)*

Attitude: I also observed that attitude towards entrepreneurship was a critical success factor. I noticed that those youths who were hardworking, aggressive, hard-family responsibilities, and passionate were able to come up with ways that ensured business continuity. I saw these attributes in participants who, despite hardship, never gave up. *(Fieldwork observation April 2021–September 2021)*. Some examples are shown in the illustrative quotes in figure 6.9 above were, participant Loveness and Mirriam, who, at some point, experienced business failure, but because of their passion for entrepreneurship, they were able to adjust and started again. Figure 6.13 shows a summary of the coping strategies discussed in this section.

Figure 6.14: Summary of coping strategies used by young people



This analysis found that young people in the study area use a combination of different strategies to navigate the entrepreneurship challenges they face. This suggests that youth entrepreneurship is a negotiated process, and those who are more resilient can employ different approaches. However, the results show that these strategies were more likely to be developed by slightly older youths who already had some business experience. This means that age and experience are crucial factors for building resilience among young entrepreneurs.

6.5 Discussion

This section examines the link between financial inclusion and youth entrepreneurship in a declining mining economy. Despite well-intentioned financial inclusion efforts, there is still limited financial outreach for youth, which hinders their transition to entrepreneurial livelihood. Therefore, this chapter emphasises the crucial role of informal financial services in driving youth entrepreneurship. These services, although overlooked, serve as an effective means of bridging the gap and facilitating access to much-needed financial resources. This chapter further highlights the challenges young people face in their transition to entrepreneurship and how they navigate these obstacles.

This chapter found that financial inclusion supports entrepreneurial livelihood transitions for young people. It showed that financial access enables start-ups, an increase in cash flow, profits, and savings, and provides opportunities for entrepreneurship education among young people. This finding supports the argument that financial inclusion can enhance economic opportunities for the poor (Ledgerhood and Gibson, 2013) and spur entrepreneurship, as claimed by the Consultative Group to Assist the Poor (CGAP, 2021). This finding demonstrates that financial inclusion plays a critical role in providing economic opportunities for young people.

However, despite the benefits of financial access, this chapter reveals that financial inclusion may not be sufficient to transform young people's livelihoods. This suggests the limited transformational effects of financial access in income-constrained mining environments. This study found that this limited effect was largely due to the declining economic conditions that brought about mining transitions. In addition, the study revealed that limited markets, lack of entrepreneurship knowledge among youth, cultural norms and the Covid-19 crisis further made it difficult for young people to transition to entrepreneurship. As a result, youth entrepreneurship in the study area is characterised by limited growth potential, as shown in Chapter 4 and Figure 4. 10: key features of youth-led businesses.

This chapter provides evidence that in economically constrained mining contexts, financial access can have a limited transformational effect on youth entrepreneurial transitions. This finding challenges the claim that financial inclusion transforms poor people's lives, spurs entrepreneurship, and reduces poverty (Ledgerhood and Gibson, 2013; CGAP, 2021 Rusu et al. 2022). Indeed, this notion is supported by Sumberg (2016), who finds that the impact of financial access on the transformation of young people is limited because youth entrepreneurship is affected by many other factors. Similarly, Kabeer (2005) argued that credit is not the only missing piece in women's economic empowerment; there are other factors besides lack of credit. Therefore, policies and interventions targeting young people in contexts with changing economic landscapes should combine access to finance with broader structural interventions.

The chapter, therefore, argues that in declining mining contexts, financial access is only a necessary but not sufficient condition to support youth entrepreneurial transitions. The evidence from this chapter reinforces the view that financial inclusion may not be an effective tool for achieving broader developmental outcomes because it does not address the structural factors that cause poverty, as Mader (2016) argues. Thus, although entrepreneurship is increasingly seen as a solution to poverty alleviation and youth unemployment challenges by national governments and international development organizations, such as the World Bank, ILO, and UN, insights from this chapter underscore the importance of addressing the barriers young people face in unlocking youth entrepreneurship. As Sumberg (2019) argues, addressing the opportunity structure should be a priority in development interventions that promote youth entrepreneurship. The link between opportunity structure and youth entrepreneurship highlights that young people do not exist in isolation from the reality of interdependent complex environments. Indeed, the chapter has revealed that youth entrepreneurship in the study context is not isolated but intertwined with the wider mining industry. Consequently, even if young people are given access to finance, declining economic conditions may limit their ability to transition to entrepreneurial livelihood (Flynn & Sumberg, 2018). This finding suggests that there is a disconnection between financial access and youth entrepreneurship. The results of this chapter challenge Professor Muhamad Yunus, who is the pioneer of microfinance, claim that financial access is primary determinant for entrepreneurship.

This chapter provides a unique context for debates on the role of financial access in transforming the lives of the poor. The chapter concludes that, while financial access can support youth micro-enterprises, its transformational effects are limited in economically constrained environments. Therefore, initiatives targeting youth in low-opportunity post-mining environments should prioritise broader structural factors that can deliver better livelihood outcomes for young people.

Chapter 7. Conclusion

7.1 Introduction

This study investigates the role of financial inclusion in supporting youth entrepreneurship using a case study of young people in Kankoyo, a mining community in the Copperbelt Province of Zambia. Specifically, this study examines financial inclusion and youth entrepreneurship in relation to economic changes after the state-owned Zambia Consolidated Copper Mine (ZCCM) was sold in 1997 following structural adjustment policies, leading to job losses, and reduced economic activity in the Copperbelt. This situation highlights the difficulties young people in the Copperbelt region face in earning a living because of declining economic conditions. Although there is existing research on how financial inclusion can benefit those living in poverty, little attention has been paid to how it can help young people navigate economic change. Therefore, this study contributes to the literature by providing valuable insights into how financial inclusion can support young people's livelihoods in the context of mining transitions and the changing economic landscape.

This chapter concludes the study by summarising the main findings and contributions to knowledge organised by the research objectives. Following this, is a discussion on the practical and policy implications of financial inclusion. The last section considers the limitations of the study and provides recommendations for future research.

7.2 Building inclusive financial systems: what opportunities and barriers to youth financial inclusion?

To address the first objective of this thesis, Chapter 4 examined the financial inclusion landscape of youth in Zambia, focusing on the factors that influence their access to the formal financial sector. It assessed the level of financial access and identified the barriers that impede young people from fully participating in the formal financial system. I now discuss the findings of this study.

The first part of Chapter 4 (Section 4.2) focused on unpacking financing opportunities by analysing financial services supply, product design, financial inclusion policies, and regulations within the Zambian banking sector. Through a critical analysis of the financial sector, this study reveals patterns of growth and development. During the past 30 years, the Zambian banking sector has experienced a notable proliferation of financial service providers

(FSPs), diversification of financial products, and an increasing focus on technological advancement. These indicators clearly reflect the growth of the financial sector (see Figure 4.4 for illustrative evidence). The driving force behind this growth has been the liberalisation of the financial sector, which has facilitated an open market and encouraged the entry of new players. This reflects the availability of financial services within the Zambian banking sector, indicating expanded financing opportunities.

However, the subsequent section of the chapter (Section 4.3.4) highlights the limited access to financial services among youth within the formal financial system. Survey responses collected to assess their level of access revealed that only 5.9% of the respondents had access to credit, 19.5% had a bank account for transactional purposes, and 0.8% had opened a savings account. This finding highlights the gap between the availability of financial services in Zambia and the actual use of these services by young people.

This study identifies several barriers that hinder youth access to the formal financial system arising from both supply and demand. **On the supply side, the study finds the absence of tailored financial products that meet the unique needs of youth in mining communities**. Given the changing economic landscape, it is evident that young people in these communities need customised financial products and services that could effectively support their entrepreneurial livelihood transitions. Complicating this problem is the limited information possessed by FSPs about the informal sector and the specific business conditions that young entrepreneurs face, leaving them ill-equipped to address the demands of this demographic. In addition, FSPs have a cautious perception of youth as potentially risky clients, further deterring them from providing financial services. The high cost associated with providing financial services in low-income areas adds another challenge to the provision of financial services to youth. Finally, the current policy and regulatory frameworks have been found to be outdated, failing to adapt to the unique constraints faced by youth entrepreneurs in the informal sector.

On the demand side, the study identifies several barriers resulting from the experiences and perspectives of youth. First, limited knowledge of financial products and a weak understanding of how to engage with FSPs hinders their ability to navigate the formal financial landscape effectively. Additionally, the declining economic conditions in the mining industry have resulted in a lack of income and collateral among youth, further making them less desirable clients from the perspective of FSPs. The unaffordability of financial products and services further compounds the challenge of financial exclusion. The lengthy documentation requirements for opening bank accounts also impede access to the formal financial system. Moreover, the perception among the youth that the formal financial system is not intended for low-income individuals, lead to self-exclusion among youth. Lastly, the existing gender norms and cultural practices further limit young women's ability to engage with financial services and limit their economic empowerment.

These barriers, highlight the unique challenges youth face in accessing formal financial services. **Therefore, to build an inclusive financial system, policy makers and FSPs must focus on understanding the needs of young people, designing tailored products, and implementing supportive policies and regulations that respond to the needs of young people in the informal sector.**

8.2.1 Implications for understanding how to build inclusive financial systems.

This thesis makes an empirical and theoretical contribution to debates on how to build inclusive financial systems by analysing market frictions. The findings of this study contribute to the financial inclusion literature by highlighting the specific challenges young entrepreneurs face in accessing financial services during economic transitions.

Regarding the first objective, **the study found that despite the availability of financing opportunities within the formal financial system, there is limited formal financial access among the youth.** These findings reinforce the broader observation made by Global Findex (2017) on the limited access to formal financial services for young people in developing countries. This suggests that the situation in the study area is not an isolated case, but somewhat reflective of the larger challenge faced by youth in similar contexts.

The findings of this study shed light on the factors that contribute to the limited formal financial access experienced by youth, revealing both supply- and demand-side barriers**. On the supply side, the study revealed a market failure resulting from the absence of specifically designed products for young people.** Based on these findings, this deficiency can be attributed to financial service providers (FSPs) lacking an understanding of youth in the informal sector, perceptions of youth as risky clients, face high transaction costs in serving low-income populations, and regulatory requirements (Back et al., 2015; UNCDF 2017). These findings align with the work of Cho and Honorati (2013), who established a connection between youth financial exclusion and the absence of appropriate financial products within financial systems. Furthermore, this study is consistent with the growing consensus that formal financial services on the supply side tend to be overly standardised, inflexible, and not tailored to meet the diverse needs of marginalised populations (Ledgerhood, 2013; Sykes et al., 2016; IFAD, 2019). These findings underscore the critical importance of product design in the development of inclusive financial systems.

On the demand side, this study highlights the challenges in financial access faced by young people. This study revealed that these barriers include unaffordable financial products, insufficient income, lengthy documentation requirements, and cultural norms that limit young people's participation in the formal financial systems. Furthermore, the research found that the lack of financial education and limited understanding among young people about how to engage with financial service providers (FSPs) effectively impede their access to financial services. Importantly, these findings align with previous studies that have also demonstrated the financial access constraints faced by young people (Beck & Demirguc-Kunt, 2007; Sarma & Pais, 2011; Musamali, 2013; Cull et al., 2014; Sumberg, 2015).

By examining both supply and demand-side factors, this study contributes to the existing body of knowledge by providing empirical evidence specific to declining mining communities. **First, it expands our understanding of specific obstacles to financial access faced by young people within contexts of changing economic landscape.** This underscores the complex interaction between adverse economic conditions, limited livelihood opportunities, and challenges of financial access challenges that youth face. This nuanced perspective provides valuable insight into the unique challenges of financial access that youth face in declining mining communities.

Furthermore, the identification of market failure in the form of a lack of tailored products highlights the need for tailored financial products that meet the needs of young people in economically constrained mining contexts. These findings align with the broader discourse surrounding financial inclusion, further consolidating the call for inclusive financial systems that are respond to the needs of excluded populations. Ultimately, this study provides valuable insights into financial inclusion debates, directing attention to the critical role of product design in building inclusive financial systems.

7.3 Financial inclusion participation interventions: how do young people participate in financial markets and what are the challenges for participation?

The second objective was to explore how young people participate in financial markets. Chapter 5, Section 5.2, identified the current financial inclusion initiatives and programs targeted at young people as potential solutions to the financial access challenges facing young people. Given the declining economic conditions in the study area, these mechanisms have been developed to mitigate the adverse impact and foster resilience among young people.

The research found that these mechanisms include informal financing methods driven by youth, government youth empowerment schemes, and microfinance institutions run by non-governmental organisations (NGOs). Informal financing mechanisms include loans from family, friends, private informal lenders, and community savings groups. **The study found that, although young people use a combination of these financing mechanisms, a large proportion rely on informal financing methods.** Despite being unregulated, these informal alternatives are attractive to youth because they respond to the needs and constraints of the mining community, particularly declining economic conditions, and easy access. Additionally, unlike the lengthy documentation requirements associated with formal financial institutions, these initiatives do not require documentation. Furthermore, the study revealed an interesting dimension in which young people used mobile money services as a means of saving.

The youth mentioned affordability and easy access as the main factors influencing their preference for mobile money services as savings mechanisms (Chapter 5, Section 5.2.4).
However, despite these initiatives targeting the youth, the research found that these mechanisms excluded the most vulnerable young people as an unintended consequence. Despite efforts to lower access barriers, numerous challenges persist, hindering meaningful participation of youth in these initiatives. Chapter 5 (Figure 5.11) provides a comprehensive summary of these barriers, highlighting the limitations of participation interventions in mining communities.

First, the study revealed a notable aspect: both community savings groups imposed specific selection criteria, including participation fees and income requirements, which were significant barriers for the most vulnerable youth. For example, prospective members of community savings groups are required to pay an annual subscription fee of K100 and provide evidence of weekly income contributing to a minimum savings amount of K5 per week. Additionally, this study showed that participation in these community savings groups was closely related to broader social networks of individuals. Consequently, young people with limited social connections are likely to be excluded from such initiatives.

The findings of this study revealed a significant challenge for young people in accessing microfinance products. Despite microfinance institutions targeting the poor, this study found that microfinance products were not suited to the specific needs of young entrepreneurs in the mining community. The declining mining conditions and income constraints demanded adapted financial products and services (See Chapter 4, Section 4.4.2). To ensure the sustainability of the microfinance program, this study found that microfinance institutions had a selection bias towards clients with stable and consistent incomes. As a result, it was difficult for young people to participate in microfinance given the income challenges due to the reduced economic activities in the mining community.

In addition, this study highlights a critical gender disparity in microfinance interventions. Although microfinance initiatives often emphasise their focus on women, research has found that these programs failed to address the social and cultural constraints that impede women's access to financial resources. For example, one female participant shared her experience of encountering a requirement in the microfinance loan application process that demanded her husband’s consent. This finding suggests that microfinance may not be able to transform the lives of young women.

Furthermore, this study sheds light on the accessibility of government funds, revealing that access is predominantly determined by political connections (Chapter 5, Section 5.4.1). Consequently, young people lacking such connections faced difficulties accessing government programs, leading to their exclusion from government schemes. In addition, information gaps regarding government schemes and budgetary constraints further exacerbate this challenge. Responses from the FGDs provided valuable insights into these problems. For example, most of the participants expressed a lack of knowledge on financing access through government youth empowerment programmes. This lack of information hinders their ability to participate in and benefit from these initiatives. Additionally, key informants, particularly ward councillors, highlighted the limited budget allocated to their communities compared to the high demand for community projects. Consequently, they faced significant obstacles in scaling up outreach efforts to include all youth within the small budget allocation. These findings suggest that government initiatives may not effectively address the financial access barriers young people face and may unintentionally exclude the most vulnerable youth.

The study also revealed significant gaps in the digital infrastructure, including the high costs of devices and the Internet, as obstacles that impede young people's access to digital financial services. Compounding this is the issue of limited digital skills among young people and their lack of income, given the declining economic conditions.

These barriers to participation associated with digital financial services indicate a lack of inclusion in the mechanisms designed to promote financial inclusion. The digital divide and lack of digital skills further contribute to the wider exclusion of young people.

Together, these findings have profound implications for the youth in mining contexts. In these settings, where economic and job opportunities are already declining, these exclusionary practices associated with participation mechanisms contribute to their financial exclusion and hinder their potential to transition to alternative livelihoods. Consequently, the intended benefits of these initiatives may not be fully realised, leaving vulnerable youth without the necessary financial support to overcome economic challenges and pursue entrepreneurial opportunities. **A critical insight emerging from these participation approaches is that, although the goal is to overcome financial access barriers and enhance financial inclusion, the initiatives, by narrow targeting, lead to the exclusion of the most vulnerable youth as an unintended consequence**. Therefore, it is crucial to expand financial inclusion initiatives to include excluded populations. **These interventions must be accessible to all young people, regardless of their socioeconomic status, political connections, or financial access criteria.**

7.3.1 Implications for knowledge of financial inclusion participation initiatives

The second area of scholarship to which this thesis contributes is the process through which young people participate in financial markets. This section addresses the scarcity of empirical knowledge of financial inclusion approaches from the perspective of young people in the context of economic change and mining transitions. This coincides with the debates on how to expand financial access for marginalized populations. The author raises questions about whether participation mechanisms are inclusive of the marginalised. **This study highlights exclusion practices within participation mechanisms that are exacerbated by the declining economic conditions. This suggests that in the context of mining transitions, it may be challenging to broaden financial inclusion through participation mechanisms.**

Government scheme: This research revealed that participation in government youth empowerment programs is based on political connections. This resulted in the exclusion of young people who lacked these connections. Furthermore, the study showed that the limited information available to young people on government schemes and the constraints of limited budgets hinder the effective implementation and reach of these initiatives. This finding reinforces the argument that government interventions in the provision of financial services are inefficient because of political patronage and corruption (Imboden et al.,2006; Kattis, 2011). Additionally, Claessens (2006) asserted that because of the political economy, broadening financial access through government interventions may not relax credit and savings constraints for the poor when there is a selection criterion. Therefore, there is a need for reforms in the provision of government-led financial services, including promoting transparency, equal opportunities, and improved information dissemination. Addressing political influences, expanding access to information, and allocating sufficient budgets are crucial steps to ensure that government interventions effectively and inclusively support the financial needs of young people in mining communities.

Microfinance: This study found that the design of microfinance products is not suited to the specific needs and constraints of young people in the context of economic decline, leading to their exclusion from accessing financial services. This highlights a significant challenge in the design of financial products that are responsive to the unique circumstances of the unbanked, as noted by (Gasspari and Munos, 2019). However, the justification for both selection bias and high interest rates in microfinance is the sustainability and profitability objectives of microfinance (Armenderiz and Labie, 2011). This indicates a shift towards a more commercial orientation rather than a focus on serving the poor, raising questions about the relevance of microfinance (Armenderiz and Labie, 2011; Mader, 2016).

In addition, the research found that although microfinance targets women and aims to empower them, the research revealed that gender and cultural norms continue to be deeply embedded in the microfinance processes in Zambia. The requirement of the husband's consent as part of the loan approval procedure highlights potential exclusion practices. This indicates that despite efforts to target women, gender and cultural factors remain significant barriers that limit access to financial services, as observed in previous studies (Elder & King, 2016; Shihadeh, 2017; Fahmy and Gonihem, 2023).

This finding highlights the limitations of microfinance in terms of achieving inclusivity. The mismatch between product design and the needs of young people, along with the gender and cultural biases embedded in microfinance processes, raises concerns about the ability of microfinance to serve the poor and address financial exclusion effectively. These findings underscore the critical importance of re-evaluating microfinance practices to ensure that they are inclusive of the needs of young people in declining mining communities. In addition, broader efforts are needed to address the gender and cultural norms that hinder women's access to financial services, thus promoting more inclusive financial systems.

Digital Financial Services: This study found that the high costs of digital devices and the Internet impede young people's access to and use of digital financial services. This study also showed that the limited skills of young people and the lack of income exacerbate the digital divide. This study supports the findings of previous studies (e.g., Mader et al., 2019; Harnedez, 2019; Tiwari et al., 2019). Similarly, Commonwealth (2016) also found that young people not only lack access to ICTs but also lack the skills to use them. Therefore, policies are needed to make digital devices and the Internet affordable for young people in income-constrained mining environments. Additionally, the findings highlight the importance of promoting digital literacy and providing targeted support to bridge the digital skills gap among young people.

These findings contribute to the literature on financial inclusion by highlighting the key lessons in participation mechanisms for young people in the context of mining transitions. **This study shows that participation mechanisms targeting young people often exclude the most vulnerable youth as an unintended consequence. The study identified exclusion practices within participation mechanisms that are compounded by declining economic conditions.**

This study emphasises the importance of considering contextual factors in financial inclusion initiatives.

7.4 The role of financial inclusion in entrepreneurship: has financial inclusion facilitated youth entrepreneurship and how?

The last chapter examines how financial inclusion can provide economic opportunities for young people to transition to alternative livelihoods outside of mining livelihoods. Doing so addressed the third objective, which aimed at exploring whether and how financial inclusion opportunities have facilitated entrepreneurial livelihood transitions for youth in the Copperbelt Province of Zambia. **This study found that financial access enabled young people to start businesses (Chapter 6, Section 6.2). This is reflected in the benefits of financial services in the form of increased capital, cash flow, income, savings, and opportunities for entrepreneurship education.**

However, the chapter revealed that while financial access is crucial in supporting youth entrepreneurship, it may not be sufficient to bring about transformative changes in their livelihoods. This finding suggests the limited transformational effects of financial inclusion in mining-dependent communities constrained by income challenges. This study identifies various contextual challenges that hinder the transformative impact of financial inclusion. This study found that the limited effect of financial access was mainly due to the declining economic conditions caused by the shrinking mining industry. In addition, the study reveals that limited markets, a lack of knowledge of entrepreneurship among youth, cultural norms, and the Covid-19 crisis further compounded the challenges young entrepreneurs face in the study area. Consequently, within this changing economic landscape, youth entrepreneurship has emerged as a negotiated process that requires coping strategies to navigate complex challenges. The study shows that entrepreneurial success is more likely among older youth (30-35 years) with previous business experience and a positive attitude towards entrepreneurship, suggesting that resilience and experience play crucial roles in overcoming obstacles.

This chapter provides evidence that, in declining mining contexts, financial access may not transform the lives of young people. Therefore, this thesis argues that, while financial access is necessary for supporting youth entrepreneurship, it alone cannot lead to transformative entrepreneurial outcomes in the context of mining communities

undergoing economic change. Complementary measures and support mechanisms, such as targeted entrepreneurship education, addressing cultural norms, and creating opportunities for market access, are essential for effectively promoting youth entrepreneurship and livelihood transitions.

The findings suggest that policy makers and stakeholders involved in promoting youth entrepreneurship and financial inclusion in mining contexts must consider the broader economic and social challenges that facing young people. **This calls for better approaches that address unique contextual constraints and compliment financial inclusion initiatives with other forms of support and intervention, including business training, market development, and addressing gender and cultural barriers.**

7.4.1 Implications for understanding the role of financial inclusion in supporting youth entrepreneurship.

The findings of this thesis contribute to understanding the role of financial inclusion in transforming the lives of the poor. This section provides a unique context to contribute to a new understanding of financial inclusion and how it supports youth entrepreneurship. This contributes to the unresolved question of whether financial inclusion is an effective tool for achieving developmental outcomes (Mader, 2016). The research found that financial access is essential to support youth entrepreneurship by providing investment capital, income, cash flow, and opportunities for entrepreneurial education. This finding contributes to the body of research showing that financial inclusion contributes to entrepreneurship in developing countries (Schoof, 2006; Beck, 2007; Beck et., 2015; Flynn and Sumberg, 2017).

The thesis found that although financial access provides economic opportunities for young people, it may have limited transformational effects on entrepreneurial transitions of young people in the context of mining transitions. **This finding challenges the claim that financial inclusion transforms poor people's lives** (Ledgerhood, 2013; CGAP, 2021; Rusu et al., 2022). Indeed, this notion is supported by Flynn and Sumberg (2017), who found that the impact of financial access on the transformation of young people is limited because youth entrepreneurship is affected by many other factors. Similarly, Kabeer (2005) argued that credit is not the only missing piece in women's economic empowerment; there are other factors besides lack of credit. **Therefore, policies and interventions targeting young people in the**

context of changing economic landscapes should combine access to finance with interventions that addresses broader structural challenges.

The evidence from study chapter reinforces the view that financial inclusion may not be an effective tool to achieve broader developmental outcomes because it does not address the structural factors that causes poverty. Furthermore, this evidence challenges Muhamad Yunus claim that all individuals can become entrepreneurs given the right financial resources. Therefore, although entrepreneurship is increasingly seen as a solution to poverty alleviation and youth unemployment challenges by national governments and international development organisations such as the World Bank, ILO, and UN, insights from this study underscore the importance of addressing the unique barriers young people face in the context of mining transitions. As Flynn and Sumberg (2017) argues, addressing opportunity structure should be a priority in development interventions that promote youth entrepreneurship. The link between opportunity structure and youth entrepreneurship highlights the fact that young people do not exist in isolation from the reality of complex interdependent environments. In fact, the study has revealed that youth entrepreneurship in the study context is not isolated but is intertwined with the wider mining industry. Consequently, even if young people have access to finance, declining economic conditions can limit their ability to transition to entrepreneurial livelihoods.

This thesis provides a unique context for debates on the role of financial access in transforming the lives of poor people. **The study concludes that, while financial access can support youth entrepreneurship, its transformational effects are limited in economically constrained mining environments. Therefore, initiatives targeting youth in declining environments should prioritise broader structural factors that can deliver better livelihood outcomes for young people**.

7.5 Implications for policy and practice

The findings of this study have some practical and policy implications.

7.5.1 Implications for financial inclusion practice

FSPs need to be innovative when designing financial products for youth, and research has identified deficiencies in product design as barriers to youth financial inclusion. According to the findings, there is a mismatch between the financial products on offer and the needs of youth. Therefore, for financial service providers to effectively serve young entrepreneurs on the

Copperbelt and design products to better fit their livelihoods, it is crucial to understand who these youth are, their livelihood strategies, income patterns, motivations, capabilities, and ambitions. This can be achieved by collecting demand-side data. In this respect, financial service providers should consider both the geographic characteristics of the Copperbelt and demographic characteristics of the youth. This is important because youth in different geographic regions have unique needs and engage in different economic activities that determine their income patterns.

When designing financial products and services suited to youth, financial institution service providers should consider the cost, accessibility, ease of use, and flexibility. For instance, it was shown that the participants' income was meagre and inconsistent; therefore, the design of products should reflect this income dynamic. For example, a loan repayment structure should consider this issue.

Leveraging digital technologies to increase financial inclusion: This research identified transaction costs as a barrier faced by FSPs in providing financial services for youth. To address this, there is a need for FSPs to leverage digital infrastructure, such as mobile money, to deliver cost-effective financial services that meet the needs of youth. Mobile money services represent a critical entry point for formal financial services. This provides a more practical solution for those excluded from the traditional financial systems. Technology can also help to improve and accelerate the delivery of financial services.

Facilitating financial literacy initiatives: Financial illiteracy and a lack of digital skills were found to be obstacles hindering youth access and the use of financial services. There is a need to educate youth entrepreneurs in Copperbelt on financial services and how they can best utilise them. This should include the development of an understanding of the use of savings, borrowing, and planning. This can be accomplished by conducting training through workshops that take advantage of existing informal channels, such as savings groups, which present important entry points. It was also found that many youths were unaware of financial services and related benefits. Furthermore, these savings groups can be useful in creating awareness of financial products on offer and their associated benefits. Community engagement is also important for understanding the needs of the youth. In addition, it is also important to use local languages, as opposed to English, in digital technologies, training, and banking documents, such as product brochures. This is important to address the language barrier that can hinder youth access to and the use of financial products and services.

Entrepreneurship training: This study revealed that youth lack entrepreneurship education and skills as one of the factors affecting the growth of youth-led businesses. These findings highlight the need for entrepreneurship education, mentorship, and training. To achieve this, financial service providers should integrate entrepreneurship training into their financial product design. In addition, financial institutions can take advantage of existing community savings groups to reach as many youths as possible. Further, there is a need for entrepreneurship incubation centres in communities to provide entrepreneurship support for youth.

Leveraging community-based approaches: The research showed that youth developed their own informal financing mechanisms that provide simple community-driven essential financial services, such as loans, savings, and insurance. Examples include community village savings groups, informal private lenders, rotating savings, and credit associations. These informal, community-based institutions provide important entry points for formal financial inclusion. These provide the existing infrastructure and social networks that financial services can leverage to support their integration into formal financial systems.

7.6 Limitations of the study

Although this Ph.D. thesis provides novel and exciting knowledge about the role of financial inclusion in supporting youth entrepreneurship within the context of a declining mining community in Zambia, some limitations must be acknowledged. The research focused on a particular contextual narrative, but other economic sectors can be explored in Zambia to gain a comparative understanding of how access to and usage of financial services differ for youth across other industries and regions, for example, in the agriculture, tourism, and construction sectors.

Furthermore, while this study focuses on young people, it is acknowledged that the adult population also faces challenges and opportunities to access financial services. Exploring these differences between the youth and adult populations could offer dynamic insights into financial service access and usage, which are crucial for policymakers and financial service providers. However, this was beyond the scope of this study.

It is also important to acknowledge that this research used a case study approach, and some findings cannot be statistically generalised. However, insights from this research still offer important knowledge that furthers the understanding of the financial inclusion theory and offers valuable lessons on how financial service providers can design financial products and services that meet young people's unique needs within the context of mining transitions.

7.7 Further research

There are areas of further research that were not covered but remain interesting to explore, and the results raise questions. The following areas are useful for extending our understanding of financial inclusion in poverty reduction.

1. This thesis posits that financial product design is critical for building inclusive financial systems. Therefore, there is a need for continuous demand-side research on different marginalised groups. This is important for advancing knowledge of financial inclusion in different contexts.
2. Financial education is crucial to achieving better financial outcomes. Therefore, further research is required to explore the interlinkages between financial education and inclusion. This research needs to be grounded in empirical work that engages with the financial education initiatives implemented in Zambia and how they drive decision-making among the participants. This could be a potential learning area for comparing the impact of different financial education strategies on financial inclusion.
3. This study has advanced the knowledge of financial inclusion and entrepreneurship from the perspective of young people in a disadvantaged mining community. It would be interesting to advance investigations by using a broader cross-section of social categories. It would be interesting to compare the experiences and perceptions across different age groups, economic sectors, and regions.
4. There is room to explore the potential of digital technology to drive financial inclusion for youth by extensively exploring different digital financial inclusion channels, opportunities, and associated risks, and further research on gender differences in engagement with digital financial inclusion technologies.
5. This study shows that digital skills are critical in determining the access and use of financial services through digital channels. However, little research has been conducted on gendered differences in digital skill sets and how gender differences influence the access and usage of digital technologies.

6. This research highlights the increasing role of informal financial initiatives in driving financial inclusion among youth. As entry points for formal financial provisions, there is a need for research exploring how these informal networks can be integrated into the formal financial system to broaden financial inclusion.

7. The research examined the benefits and challenges of financial access for youth but did not cover the elements that support entrepreneurship growth. This leaves room to examine how youth-run businesses in Zambia can be scaled up and, in the process, to understand the aspects of financial access that support growth. Furthermore, there is scope to explore the support services available for youth entrepreneurship in Zambia.

8. Youth entrepreneurship is a relatively new concept in Sub-Saharan Africa. This has resulted in a scarcity of research on youth entrepreneurship, particularly innovation, entrepreneurship strategies, financing pathways, barriers, and opportunities for young people. Therefore, there is a need for continued research on entrepreneurship from the perspective of young people, who comprise most of sub-Saharan Africa's population.

7.8 Overall Conclusion

The study concludes that although financial inclusion is necessary for supporting youth entrepreneurship, it alone may not lead to transformative entrepreneurial outcomes in the context of declining economic conditions. Financial inclusion initiatives should be complemented by interventions that address the broader structural challenges faced by young entrepreneurs to enable meaningful and transformative effects on their livelihoods. Based on this study, these interventions could include improving the mining industry through capital injection and diversifying the local economy to include other sectors that can create employment, such as agriculture, tourism, and manufacturing industries. Additionally, providing market linkages for young people and building entrepreneurial capacity among youth can enhance the transformational effects of financial access on their entrepreneurial livelihoods. Moreover, to ensure inclusive financial systems, it is critical to address financial access barriers faced by young people.

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Appendices

Appendix A: Information sheets for participants

Unique reference number ……………….

Project tittle: ***Narratives of financial inclusion for youth entrepreneurship in a declining mining economy: The case of Kankoyo Township, Mufulira District, Copperbelt Province of Zambia***.

My name is Young Kafwembe, and I am a PhD researcher studying at the Department of International Development at the University of Reading in the United Kingdom. As part of my degree requirements for a PhD at the University of Reading, I am conducting an independent piece of research exploring the role of financial access in helping young people to develop entrepreneurial livelihoods in Kankoyo Township, Mufulira District in Zambia.

The focus of my research is to understand better the role of financial access in facilitating entrepreneurial livelihood transitions for young people who live in an area that has few opportunities employment from the mining economy, and which is a region environmental degradation making it also difficult to farm. My research is interested in exploring with young entrepreneurs themselves how they participate in financial markets, what financing opportunities are available to them, and what and why are challenges for them. There is a view in the financial sector that by participation in financial markets, young people can develop new entrepreneurial livelihood transitions in the region but there is limited research to justify or understand this process.

I am currently contacting those who are important to this study, including young people in Kankoyo who are involved in entrepreneurship activities and key stakeholders involved in enhancing the welfare of young people in Zambia as key informants.

I am inviting young entrepreneurs to participate in a short, small group discussion of 1 hour, and following that at a separate time if you were willing a 1 hour and 10 minute questionnaire at a place of your convenience. I also hope to follow up with some participants from the questionnaire for further interviews. As a young entrepreneur, you have been selected to give us your experiences with financial access, what business you are in and how you finance it; what sources of finance do you use and why, what challenges you face in financial access and whether financial access has helped you set up and grow your business; what challenges do you face when transitioning to entrepreneurship and how do you navigate them.

I am also inviting key informants to take part in a short interview of up to 40 minutes and I would be happy meet you at your office. For key informants, you are selected to provide information on the support given to young people in order to help them transition to entrepreneurship, what specific programs and policies are there to enhance financial access for young entrepreneurs, and your opinion young people's financial access and entrepreneurship transitions.

I am interested in the experiences of young people between the age of 18 and 35 who are involved in entrepreneurship activities as a source of livelihood and those who support them to share information with regard their experiences. You are encouraged to freely express your opinions and please be assured that your views are valued and that there are no right or wrong answers to the questions asked. I will not collect any names or personal details and instead you will be assigned a unique reference number. Your identity will not be revealed to anyone other than the researchers conducting this research. Please note, participation is entirely voluntary, and you are free to withdraw from the research at any time if you feel uncomfortable or become unwilling to participate, and you do not have to specify a reason. Please also note, that I would like to record the conversations to make it easier for me to participate in the discussions/questionnaire without taking notes. Please be assured that these will be anonymized transcripts of the audio recordings and will only be used by me to transcribe. Once transcribed, the original recording will be deleted. Your anonymity will not be compromised as only the reference number above will be used to identify transcript that I use for analysis. I would also like to take some photographs during data collection, if you agree.

If at any stage you wish to receive further information about this research, please feel free to contact me using the details provided below. The findings will be written up into my thesis report, included in a report to my sponsors, the Ministry of Youth in Zambia, community leaders and will be published in academic journals. This will not affect your anonymity.

All data I collect will be stored securely electronically on a password-protected computer or in hard copy version in a locked cupboard. The data will be destroyed at the end of the research project in 2023 upon completion of the degree.
The research project has been reviewed according to the procedure specified by the University Research Ethics Committee and has been given favorable ethical opinion conduct.

Thank you very much for taking time to take part in this research!

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Appendix B: Research protocols and procedures for information

Focus group discussions: Given that Kankoyo township has 8 wards, the study will use 8 focus group discussions with one group representing each ward/location. The FGDs will have a maximum of 10 participants. The groups will further be divided into the youths in Northern part of Kankoyo as well as the youths in the southern part. This is because the North is closer to the mines as compared to the south, as a result the characteristics in terms of economic activities differ. The FGDs with young people will focus on getting information from the about their experience with financial access through guided questions, participatory exercises, and photo captioning. As a researcher I will facilitate the discussions with the help of core facilitators from the groups who will volunteer. I will use local language as a way of encouraging participation from young people. The FGDs will involve the young people's experience with financial access, their financial needs, what financing opportunities are there for them, what products they access and don't access, what challenges they face in financial access.

Key informant interviews: The key informant interviews will help is getting information from the key stakeholders in the livelihoods of young people in Zambia. The key informants for this research include the Ministry of youth, Financial Sector Deepening Zambia (FSDZ), the Economics Association of Zambia (EAZ), the area Member of Parliament for Kankoyo and ward councillors. The interviews will aim to get information about the informants' opinions on the support given to young people inform of programmes and policy aimed at enhancing financial access for youth owned enterprises. Furthermore, the informants will give opinions on financial inclusion for young people and its role in youth entrepreneurship. This will involve the use of guided interviews. The researcher will visit the respective offices of key informants.

Survey questionnaire: This study will ask a similar number of young entrepreneurs in Kankoyo across each ward a questionnaire to get demographic information age range, gender, education levels, marital status, type of business or informal activity, how long they have been in business, how they finance it, if they have accessed microfinance or not, what sources of finance they use, opinions on how it has helped with establishing their business. Participants will be randomly selected.

In-depth case studies: The case studies will be generated from profiles of young people from FGDs and survey questionnaire. The data from FGDs and surveys, will be key in profiling of young entrepreneurs for case studies. This research will use case studies of young entrepreneurs who I will follow up with detailed interviews aimed in order to get detailed information about their experiences with financial services and entrepreneurship. The cases will be split across the wards. Furthermore, young entrepreneurs will be categorized into the those with access and those without access, successful and unsuccessful with or without microfinance access. The case studies will involve the use of in-depth interviews as well as observations. The interviews will involve specific questions of young entrepreneur's experience with financial access like the type and source of finance, the characteristics of institutions, what support they have received from government, how they use the accessed finance; the contribution of financial access to business development and growth, their entrepreneurial narratives, what challenges they face to transition.

Appendix C: Focus Group Discussions

Participants will be engaged through a range of participatory exercises to involve individual and collective description of the entrepreneurship images. This will be done through the sharing of photographs that the participants have taken. Narratives will be generated by looking at the similarities and differences in the descriptions in terms of what is important for the participants. Furthermore, young people will participate through discussions and exercises through guided questions as shown below.

Facilitator's welcome, introduction, and instructions to participants

Welcome and thank you for volunteering to take part in this focus group. My name is Young Kafwembe, I am a student at University of Reading and assisting me is…… I realize you are busy, and I greatly appreciate your time. We are having discussions like this with several youths in Kankoyo. You were invited because you are involved in entrepreneurship as a source of your livelihood.

Introduction: This focus group discussion is designed to get your views and experiences with financial access and entrepreneurship as an alternative livelihood for young people in Kankoyo. The focus group will take no more than 80 minutes.

You have probably noticed the recorder. We are tape recording the session because we do not want to miss any of your comments. People often say very helpful things in these discussions, and we cannot write fast enough to get them all down. We will be on a first name basis, and we will not use any names in our reports. You may be assured of complete confidentiality. I will now explain the key points of this information sheet [will explain].

Ground rules

- My role as moderator will be to guide the discussion.
- One person speaks at a time.
- There are no right or wrong answers but rather differing points of view. Please feel free to share your point of view even if it differs from what others have said. Keep in mind that we are just as interested in negative comments as positive comments, and at times the negative comments are the most helpful.
- You do not have to speak in any order
- When you do have something to say, please do so. Since you are 5 in this group, it is important that I obtain the views of each of you
- You do not have to agree with the views of other people in the group
- We ask that your turn off your phones. If you cannot and if you must respond to a call, please do so as quietly as possible and re-join us as quickly as you can
- Does anyone have any questions?
- OK, let's begin

Warm up

We have placed name cards on the table in front of you to help us remember each other's names. Let's find out some more about each other by going around the table.

Introductory question

Am just going to give you a couple of minutes to think about your experience with financial access as young entrepreneurs in Kankoyo. Is anyone happy to share his/her experience?

Guiding questions

- Think back over the years that you have been an entrepreneur and tell us the type of financial services you use and why?
- Think about how you have financed your business/activity, tell us about how you have financed in terms of sources of financial services you use and why.
- Tell us the positive experiences you have had with the types of financial services products you use.
- Tell us about the disappointments you have had with the types of financial products and services.
- What influenced your decision to use a particular product and source of financial services?
- When you decide to use financial products, what do you look for. Take a piece of paper and jot down three things that are important to why use certain financial Products.
- Think about the times you have not accessed financial services, what do you think are the reasons you were not successful (barriers to financial access)
- Tell us your thoughts about why you faced those barriers.
- Tell us how you navigated those challenges.
- Tell us about the positive impact financial access has brough in your entrepreneurship activity.

- Tell us about the negative impact financial access has brough in your entrepreneurship activity (group exercises)
- Photo caption discussion

Concluding question

- From today's discussion, what would you say are the most important issues you would like to express about financial access by young entrepreneurs?

Conclusion

- Thank you for participating. This has been a very successful discussion.
- Your opinions will play a key role to the research.
- We hope you have found the discussion interesting.
- If there is anything you are unhappy with or wish to complain about, please don't hesitate to contact me or the local research assistant.
- I would like to remind you that any comments featuring in this report will be anonymous.

Appendix D: Key informant interview guide

Introduction

My name is… [explain from the information sheet]. I will interview you based on your knowledge of the programs and policies available for young people that facilitates their financial access and entrepreneurial livelihood transitions. Your knowledge will be valuable in completing the research. This interview will not take more than 40 minutes. Do you have any questions or concerns before we begin?

Guiding questions

- Tell me about the the specific policies/programs to increase financial inclusion for enterprises owned by young people, such as specific financing schemes targeting the youth.
- Are there government funding interventions/programs specifically targeting youth-owned entrepreneurs in Zambia.
- How do these programs and policies enhance financial access for young people?
- What do you think are the outcomes of these interventions and policies for young entrepreneurs?
- Does the financial regulation, or other authorities, have set policies to foster access to finance for enterprises owned by young people entrepreneurs?
- What are challenges to increasing access to finance for enterprises owned by young people?
- How should the challenges be addressed?

Thank you very much for your time. Your knowledge and insights will be very helpful. I will be happy to share the summary of the report.

University of Reading

Appendix E: Survey questionnaire

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SURVEY QUESTIONNAIRE FOR PARTICIPANTS

Research Tittle: ***Narratives of financial inclusion for youth entrepreneurship in a declining mining economy: case of Kankoyo Township, Mufulira District, Copperbelt Province of Zambia***

Questionnaire number……… Odd N Men Ev Wome
Location by Ward name/number…………………………………………….

Section 1: Demographics

A. What is your gender

Male	1
Femal e	2

B. Please select the age category you belong to:

SINGLE ANSWER	
18-24	1
24 -29	2
30-35	3

C. What is your marital status?

Single	1
Married	2
Other, specify …………	3

D. Number of children you have

SINGLE ANSWER	
0	1
1-2	2
Above 3	3

E. Do you have formal education? Y

Ye s	1	
No	2	SKIP TO SECTION 2

F. What is the HIGHEST level of your formal education?

SINGLE ANSWER	
Primary School	1
Secondary School	2
College certificate	3

Diploma	4
Degree	5
Masters Degree	6
Vocational training	7
Other, please specify…………………………	8

Section 2: Entrepreneurship information

A. What is the Main activity for your business?

SINGLE ANSWER	
Retail/Wholesale trading	1
Restaurant	2
Agriculture	3
Barbershop/Hair saloon	4
Welding/Carpentry	5
Transport	6
Construction	7
Mining	8
Other services to business/individuals please specify…………………………	9

B. What statement best describes your motivation to go into entrepreneurship

SINGLE ANSWER	
I was finding it hard to find a job	1
Lack of quality and well-paying job	2
I saw a business opportunity	3
I'm passionate about entrepreneurship	4
I have always considered myself to be an entrepreneur	5
For additional source of income	6
I don't know	7

C. How was your business established?

SINGLE ANSWER	
My own initiative	1
Government imitative	2
NGO initiative	3
Family/friends	4

Church	5
Other, please specify…………………………	6

D. Have you registered your business with Patents and Companies Registration Agency (PACRA) of Zambia? (Formalizing your business)

Yes	1
No	2

E. How long has your business been in operation (in years)

SINGLE ANSWER	
Less than 1 year	1
1-3	2
3-5	3
5-10	4
10 above	5

F. How many people have you employed in your business?

SINGLE ANSWER		
None	1	SKIP TO I
1-3	2	
4-6	3	
7-9	4	
10 above	5	

G. What is the composition of your workforce?

Skilled workers	1
Unskilled workers	2
A mix of both	3
Other, specify …………………………………	4

H. Are your workers

Male	1
Female	2
A mix of both	3

I. How much was your initial invested capital in your business in Zambia Kwacha?

SINGLE ANSWER	
Less than 500	1
500 - 1000	2
1000 - 5000	3
5000 - 10000	4
10000 and above	5

J. What is your business average monthly sales (Zambian Kwacha)?

SINGLE ANSWER	
Less than 500	1
500 - 1000	2
1000 - 5000	3
5000 - 10000	4
10000 and above	5

K. What is the source of your inputs?

ALLOW FOR MULTIPLE ANSWERS	
Local	1
Foreign	2
Others, please specify ……………………………………………..	3

L. Who are the main buyers/customers for your products/services?

ALLOW FOR MULTIPLE ANSWERS	
Local people from the community	1
Local companies	2
Foreign buyers	3
Government agencies	4
Neighbouring countries	5
Others, please specify………………………………………	6

M. What statement best describes access to markets/customers

SINGLE ANSWER ONLY	
I have readily available market for my products/services	1

Finding buyers for my products is challenging	2
The buyers are seasonal i.e., depends on the period of the month/year	3
I don't know	5

N. Given the following obstacles, indicate the degree to what extent the following are obstacles to your business. 1.No obstacle 2. Minor obstacle 3. Moderate obstacle 4. Major obstacle 5. Don't know -98. Does not apply -7 (rank them according to your major obstacle)

SINGLE ANSWER PER ROW	
Access to finance	
Access to land	
Electricity challenges	
Inadequate skilled workforce	
Cost of inputs	
Transport	
Access to markets	
Business licensing and permits	

Section 3: Financial services/ finance for business

A. Since the start of your business, have you tried to get a loan for your business?

SINGLE ANSWER		
Yes once	1	
Yes, more than once	2	
No	3	SKIP TO C

B. If yes, from where?

ALLOW FOR MULTIPLE ANSWERS	
Commercial bank	1
Microfinance institutions	2
Government scheme/empowerment funds	3
Cooperative	4
Mobile Money	5
Loan sharks/informal money markets	6
Family/friends	7
Village banks	8
Others, please specify…………………………………………………	9

C. If no, how was your business financed?

ALLOW FOR MULTIPLE ANSWERS	
Founders' own funds	1
Funds from spouses/partners	2
Funds from family members	3
Government funds	4
From companies	5
From business angels/investors	6
Others, please specify…………………………………………………	7

D. Do you have a bank account?

Yes	1	
No	2	SKIP TO G

E. If yes, what type of account?

ALLOW FOR MULTIPLE ANSWERS	
Current	1
Savings	2
Business	3
Transactional	4
Others, please specify………………………………………	6

F. If no, why don't you have a bank account

ALLOW FOR MULTIPLE ANSWERS	
Because of bank charges	1
Because of bank procedures	3
Lack of documentation	4
Lack of banks nearby	5
I have other alternatives	6
Don't know	7
Other reasons, please specify………………………………………………….....	8

G. Are you using any other financial services?

Yes	1	
No	2	SKIP TO I

H. If yes, then which ones

ALLOW FOR MULTIPLE ANSWERS	
Mobile Money	1
Insurance services	2
Debit card	3
Credit card	4
ATM	5
Internet Banking services	6
Others, please specify…………………………………………	7

I. In trying to get a loan, which of these is your preferred type/source

ALLOW FOR MULTIPLE ANSWERS	
Commercial bank	1
Government scheme	2
informal money lenders/loans sharks	3
family/friends	4
Mobile Money services	5
Village banks	
Other reasons, please specify………………………………………………………....	6

J. If you were to get a loan from a financial institution (bank or microfinance institution), what is that you look for?

ALLOW FOR MULTIPLE ANSWERS	
Loan interest rates	1
Simple loan procedure	2
Non-collateral requirements	3
flexibility in loan repayments	4

Proximity to financial institution	5
Others, please specify……………………………………………………… …….	6

K. Have you ever tried to borrow from a lending institution (commercial bank/microfinance)?

Yes	1	
No	2	IF NO SKIP TO N

L. If yes, where are you successful?

Yes - obtained the full amount	1	
Yes - obtained some but the whole amount requested	2	
No	3	SKIP TO

M. If not successful to get a loan, what do you think were the reasons?

ALLOW FOR MULTIPLE ANSWERS	
Lack of complete/no documentation	1
Lack of collateral	2
Lack of credit history	3
Irregular or no income	4
Don't know	5
Others, please specify………………………………………………………… ...	6

N. If no; what are the reasons for not borrowing from a lending institution (commercial bank/microfinance)?

ALLOW FOR MULTIPLE ANSWERS	
High interest rates	1
I have no bank account	2
Collateral requirements	3
Lack of documentation	4
I'm not aware of the loan services on offer	5
Too many requirements	6
loan application procedure is complex	7
Don't know	8

Other reasons, please specify……………………………………………… …...	9

M. Effects of Access to finance on entrepreneurship (for those who have accessed microfinance). If not had access to microfinance, skip to section 4)
As a result of access to finance/loan, kindly indicate how the following variables in the table have been affected. Amounts are in Zambian Kwacha (K)

	1	2	3	4	5	6
variable						
Sales increased by	<0	0	0-500	501-1000	1001-5000	>5000
Stock increased by	<0	0	0-500	501-1000	1001-5000	>5000
Working capital increased by	<0	0	0-500	501-1000	1001-5000	>5000
Number of employs increased by	<0	0	1-2	3-5	6-10	>10
Asset value increased. by	<0	0	0-500	501-1000	1001-5000	>5000
Introduced new business lines	<0	0	1-2	3-5	6-10	>10

Section 4: Perception of young people about financial services

Please indicate your views about the following statements in relation to financial services for youth entrepreneurship in Zambia on a scale of 1 -5 (where 1 = agree strongly and 5 Strongly Disagree)

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1. The range of financial products/services have improved in recent years	1	2	3	4	5
2. Financial products are well designed to meet the needs of young people	1	2	3	4	5
3. Of all the different types of financial services providers, I do not know which is suitable for my business.	1	2	3	4	5
4. It is difficult to obtain a loan from the bank	1	2	3	4	5

5. Am aware of the type of financial services available for young people	1	2	3	4	5
6. Mobile money services help me to have easy access to financial services	1	2	3	4	5
7. Government youth empowerment funds helps me easily access financial services	1	2	3	4	5
8. I don't have knowledge of how to access loans	1	2	3	4	5
9. I am confident that I know what the different funders require for me to apply for finance	1	2	3	4	5

End of questionnaire, thank you.

Appendix F: Case study guide – this tool will be piloted and adjusted as a result of the questionnaire results.

Re-explain the information sheet here.
The participants in the case studies will be followed to their respective business locations. Prior to the actual day to the interview, I intend on spending time interacting with the participants as a way of familiarising with them and making them comfortable. The following is a guide to the in-depth interview.

Case study profile
Case No……….
Ward…………….
Type of business activity……………………………
Gender: male☐ femal☐
Category of entrepreneur: Access to microfinance or without

1. Successful with access
2. Successful without access
3. Unsuccessful with access
4. Unsuccessful without access

Case study profiles will be generated from FGDs and survey questionnaire

In-depth interview guide
The general interview guide will include

- The current pressing issues facing the business
- Income generation
- Experience with financial services – from negotiation to acquisition of finance
- Perception on the characteristics of financial services used
- Characteristics of the sector of the business, location
- Business growth potential
- How they intend to finance growth
- Types assets and form of capital used

- Market for the products
- What form of support received?
- Reasons for success/failure
- Non-financial reasons
- Household dynamics
- Attitude towards entrepreneurship
- Innovation of products

Appendix G: Research Assistants Training Manual

University of Reading

School of Agriculture, Policy and Development

RESEARCH ASSISTANTS TRAINING MANUAL: FOCUS GROUP DISCUSSIONS, SURVEY, AND IN-DEPTH CASE STUDIES

Working title: *Narratives of financial inclusion for youth entrepreneurship in a declining mining economy: the case of Kankoyo Township, Mufulira District, Copperbelt Province of Zambia*

Prepared by: Young Kafwembe

Abstract

This manual is a practical training guide for research assistants (RAs) working on the PhD research titled "***Narratives of financial inclusion for youth entrepreneurship in a declining mining economy: The case of Kankoyo Township, Mufulira District, Copperbelt Province of Zambia."*** The purpose of this manual is to train RAs on how to plan and conduct focus groups (FGDs), survey and in-depth case study to collect primary data.

Introduction

The purpose of this document is to provide information to graduate and undergraduate research assistant (RAs) on how to conduct focus groups discussions (FGDs), survey questionnaires and in-depth case studies for purpose of collecting qualitative research data for PhD research on the role of financial inclusion on youth entrepreneurship in Kankoyo Township, Mufulira District of Zambia. It also provides information on institutional requirements, such as ethics, the expectations of the roles and responsibilities of RAs. This guide has been specifically prepared for RAs working on the PhD research to help them understand the research protocols to ensure smooth collection of data.

1.1 Brief overview of the research project

The research aims to critically examine the role of financial access on entrepreneurial livelihood transitions of young people in a disadvantaged mining community which is characterized with high unemployment rates and environmental degradation. Drawing on young people's needs, constraints, perceptions and experiences with financial access, this research will provide insights and lessons that will influence policy, practice and interventions aimed at promoting youth entrepreneurship in Zambia as a solution to address the youth unemployment challenges in Zambia. The following are the research objectives:

1. To critically examine the approaches for youth financial inclusion in Zambia

2. To explore how young people participate in financial markets in Zambia
3. To explore whether financial inclusion opportunities have facilitated entrepreneurial livelihood transitions for the youth in the Copperbelt Province of Zambia

Given the research aim and objectives, the research will use different methods of data collection including FGDs, survey questionnaire, in-depth case studies and KII.

Research protocols

The study will involve the use of 8 focus group discussions (FGDs), 11 key informant interviews, 160 survey questionnaires and 16 in-depth case studies to examine the role of financial access to youth entrepreneurship livelihood transitions.

Focus group discussions: Given that Kankoyo has 8 wards as locations, thus the study will use 8 focus group discussions with one group representing each ward/location. The FGDs will have a maximum of 5 participants. The groups will further be divided into the youths in the Northern part of Kankoyo as well as the youths in the southern part. This is because the North is closer to the mines as compared to the south, as a result the characteristics in terms of economic activities differ. Hence the design of the FGDs reflects the gender differentials and locations in terms of parts of Kankoyo as shown in the table 1 below.

Table 1: FGDs by location and gender

Gender	No. of FGDs Northern part	No. of FGDs Southern part	**Total**
Male	2	2	**4**
female	2	2	**4**
Total	**4**	**4**	**8**

The FGDs with young people will focus on getting information from their experience with financial access through guided questions, participatory exercises and photo captioning. As a researcher I will facilitate the discussions with the help of core facilitators from the groups who will volunteer. I will use local language as a way of encouraging participation from young people. The FGDs will involve the young people's experience with financial access, their financial needs, what financing opportunities are there for them, what products they access and don't access, what challenges they face in financial access.

Key informant interviews: The key informant interviews will help is getting information from the key stakeholders in the livelihoods of young people in Zambia. The key informants for this research include the Ministry of youth, Financial Sector Deepening Zambia (FSDZ), the Economics Association of Zambia (EAZ), the area Member of Parliament for Kankoyo and ward councillors.

The interviews will aim to get information about the informants' opinions on the support given to young people in form of programs and policy aimed at enhancing financial access for youth owned enterprises. Furthermore, the informants will give opinions on financial inclusion for young people and its role in youth entrepreneurship. This will involve the use of guided interviews. The researcher will visit the respective offices of key informants.

Survey questionnaire: This study will use a total of 160 survey questionnaires of young entrepreneurs in Kankoyo, with 20 surveys in each ward. The survey questionnaire will get demographic information about young people such as the age range, gender, education levels, marital status, type of business or informal activity, how long they have been in business, how they finance it, if they have accessed microfinance or not, what sources of finance they use, opinions on how it has helped with establishing their business and the impact of access to finance on their business. These will be randomly selected.

In-depth case studies: The case studies will be generated from profiles of young people from FGDs and survey questionnaires. The data from FGDs and surveys, will be key in profiling of young entrepreneurs for case studies. This research will use 16 case studies of young entrepreneurs who I will follow up with detailed interviews aimed to get detailed information about their experiences with financial services and entrepreneurship. The 16 cases will be split into 2 from each ward – 1 male and 1 female. Further, young entrepreneurs will be categorized into those with access and those without access; successful and unsuccessful with or without microfinance access as shown in table 2. The information from case studies will help address the role financial access has played in entrepreneurial livelihood transitions.

Table 2: Categorization of young entrepreneurs.

Category	**With access**	**Without access**
Entrepreneurship outcome	successful	successful
	unsuccessful	unsuccessful

The case studies will involve the use of in-depth interviews as well as observations. The interviews will involve specific questions of young entrepreneurs experience with financial access like the type and source of finance, the characteristics of institutions, what support they have received from government, how they use the accessed finance; the contribution of financial access to business development and growth, their entrepreneurial narratives, what challenges they face to transition

3.0 Focus Group Discussions (FGDs): generic perspectives

3.1 What is a FGD?

Focus groups are also called “group interviews” or “group conversations”. A focus group is a group of people who engage in a discussion guided by a set of questions and moderated by a facilitator. The objective of the focus group is to gather qualitative research data from human research subjects. The kind of data collected in a focus group usually relates to the participants’:

- Beliefs
- Perceptions
- Opinions
- Views
- Values
- Experiences

A focus group is comprised of invited participants, a facilitator, and a recorder. They are scheduled and organized. Participants will be advised in advance of the date, time, and location of the focus group. The Size of FGDs vary, however, for the purposes of this research, a maximum of 5 participants will be used so that the sessions can go smoothly. The larger the group, the more challenging it can be to moderate.

A focus group is usually located in a place that lets people feel at ease, in an environment that allows people to be heard by each other, the facilitator, and the recorder. The recorder must ensure that every participant’s contribution is being captured for future data analysis. FGDs are usually recorded via a digital recording device for later transcription and data analysis.

3.2 Ethics

All projects involving human participants must be approved by the University of Reading Ethics Committee. Thus, this research will be conducted in line with the University of Reading policy on ethics. This is done to protect the participants. The Ethical Clearance form has been prepared and initiated by the Principal Researcher (PR).

3.3 Participant recruitment

Focus group participants are sometimes referred to as “informants”, “research subjects” or “research participants”. For the purposes of this research, this training manual uses the term “participants”

The criteria used to recruit participants for this research include young people between the age of 18-35, male or female, undertaking entrepreneurial activities as alternative livelihoods in Kankoyo Township.

3.4 Research Assistant Roles

Research assistants are recruited based on their ability to deliver on data collection. Duties may include, but are not limited to:

- Attend and actively participate in research team meetings.
- Assist with participant recruitment, obtain informed consent, and keep accurate records for the project. RAs **must keep data confidential and not discuss what was said in a focus** group with anyone outside the research team.
- Collaborate with the Principal Researcher (PR) and other research team members to implement and maintain protocols for secure storage of data.
- Conduct focus group discussions.
- Maintain detailed and organized project documentation, including reports, data, etc.
- Assist with clerical work as needed.
- Other duties as assigned.

For the purposes of this research, RAs might participate directly in focus group research in two ways:

1. **Assisting the PR** – In cases like this, the PR will likely moderate the focus group and the RA might assist with logistics, room-setup, arranging for refreshments, setting up the recording device(s) and possibly taking notes during the focus group.

2. **Conducting the focus group** – RAs may be called upon to run the focus groups without the PR present. This can occur for numerous reasons including scheduling conflicts for the PR or the PR deliberately not wanting to be present so as not to influence participants. Sometimes having a PR present can create tension or anxiety for participants because of that person’s role or level of authority. In the case that the PR is not present, it is preferable that RAs conduct the

focus group. One will moderate the discussion and the other will set up the recording device(s) and take notes. The RA will collaborate on logistics, room set-up and refreshments.

3.5. Planning for the Focus Group

In addition to developing FGDs questions, recruiting participants and receiving ethical approval to conduct the focus group, there are numerous logistical elements involved in planning a focus group. (See the checklists included as Appendices.)

3.6. Venue Booking

The PR may ask you to assist with securing a venue for the focus group(s). This might include obtaining information about venue availability, as well as logistical information about how the venue might need to be booked.

3.7 Payments and Purchases

There may be a need for items or services to be purchased as part of the planning process for the focus groups. There is a Research Budget in place where all items needed have been highlighted and as a RA you will be required to help facilitate the purchases.

3.8 Sharing Contact Information

You may have an important reason to contact another RA or the PR. Everyone on the research team should share contact information with one another including cell phone numbers. To this effect, a research WhatsApp group will be created specifically for purposes of sharing research information.

3.9 Communications Protocol and Cell Phone Use

If you need to communicate with a member of the research team on the day of a focus group, texting will be our first line of communication. After that we will use email and then phone calls. On the day of the focus group, be discreet and judicious with your phone. Keep your cell phone on, but at least 10 minutes before the focus group begins, turn your phone to silent mode. During the focus group, do not use your phone for any purposes not related to the focus group except in the case of an emergency. By this, we are talking about a real emergency, not social calls.

3.10 Conducting the Focus Group

There are several factors to consider while running the focus group itself, including who does what. For purposes of this research, three people will run a focus group. One person is generally called the “Facilitator”. This person will moderate the discussion with the participants. The other two will be in charge ensuring data is recorded properly and taking notes during the focus group.

3.11 Recording the Focus Group

The person assigned to the role of Recorder is in charge of ensuring that data is captured effectively and accurately. Focus groups may be recorded in one of three ways, using audio, video, or field notes. The recorder will be provided.

Note taking is usually considered a secondary or back-up way to collect data. Ideally, you want to capture data in more than one way (e.g. recording and field notes). If you are recording a session, it is not unusual to have both a primary and a back-up recording device in case one fails or a recording is accidentally erased. Thus, we will use both audio recording and note taking for this research.

Audio recording – If you are audio-recording your session, use a high-quality digital voice recorder and have a back-up- recorder available (this will be provided by the PR). Do not use your personal mobile device (e.g. phone or tablet) to audio record focus groups. Practice setting up and using the audio recording device before the focus group runs. Ensure there is a memory card or other approved data storage. Also, be sure you have extra batteries for the device. Keep any recording devices running until the last participant has left the room. That way, if there are any stragglers who want to make contributions after the main conversation has concluded, you can still capture their input with the recording device.

Field notes – A note-taker may sit in the room while the focus group is in session and take notes throughout as a secondary source for data analysis. He or she should be introduced at the beginning of the session as a member of the research team. This same person may also handle setting up any other recording devices that are used during the session. Be sure to include the following information in your field notes. A template will be generated in this regard:

- Date and time of the focus group
- Full name of research team member conducting the focus group and their role(s).
- Location of the focus group.
- Names of participants / pseudonyms

3.12 Note taking tips for RA

- Write out complete words. Avoid using short-hand or "texting" shortcuts such as "R" instead of "are".
- Write out complete sentences. Avoid bullet points and sentence fragments.
- Use quotation marks to denote direct quotations from participants.
- Use brackets or square brackets to indicate editorial or additional comments such as laughter, gestures, body language, etc. Limit the amount of editorial comments you record.

- Your primary goal is to objectively capture what the participants said during the focus group.
- Avoid vague indicators such as "he said…" and instead use names, pseudonyms or research participant numbers, as per the project protocol.
- Try to be as specific as possible with your notes. Unless you are a highly skilled and experienced note taker, do not expect to be able to write out every word that is said. Capture the main ideas in complete sentences. The more practice you get taking notes during focus groups, the easier it will become.

3.13 Room Set-Up

- Ensure the room is set up so everyone can see each other. The objective is to create an environment where people feel free to exchange ideas and have a conversation. Set out refreshments before everyone arrives.
- Ensure the trash can in the room is lined with a garbage bag. You will remove any garbage left in the room after the focus group ends and it is easier to do this if you have already lined the trash can with a bag before the focus group starts.

3.14 Facilitating the Discussion

Facilitating a focus group is also sometimes called "moderating". Regardless of the name it goes by, leading a focus group discussion requires skill and acumen. The Facilitator listens to the participants and keeps the discussion moving forward, while remaining completely neutral throughout the process. Remaining neutral does not mean being devoid of emotion. Be pleasant and warm with participants. It is up to the moderator to create a climate that is warm and welcoming for participants.

Before you start asking the focus group questions, be sure to introduce yourself and the Recorder to participants. You may also ask participants to make themselves name tags. If they have chosen a pseudonym, they should write their pseudonym on their name tag, rather than their real name. Invite participants to help themselves to water or refreshments. Tell them where the nearest public washrooms are and let them know how long you expect the focus group to take. Ask the Recorder to start the recording. Remind participants that the session is being recorded.

State the date and location of the focus group. From this point forward, refer to participants by their pseudonym if they have chosen one. Avoid referring to participants by their real names on the recording. Here are some tips to help you:

Manage the time – It is your job to ensure the focus group starts and ends on time and that there is enough time for each of the key discussion questions. Tell participants at the beginning how long the focus group is scheduled for.

Keep participants focused – Sometimes participants try to take the discussion in a direction that is not aligned with your questions. Some participants may ramble or veer off into stories or examples that are not relevant. It is your job to keep them on task and focused.

Ensure everyone participates – Some participants may be more reserved, and others may try to dominate the conversation. Ensure everyone gets a change to speak. If you notice someone has not spoken up, it is OK to turn your direction to that person and use a prompt such as, "I'm interested to know your point of view on this. What are your thoughts?" or "I noticed that [Participant] hasn't had a chance to comment on this yet. Let's give him / her a chance to contribute."

Manage those who try to dominate - If someone is dominating the conversation, do not be afraid to say, "OK, thanks for that. Now we need to hear from someone else." If a dominant participant cuts someone else off mid-sentence, you are allowed to say, "Please let (Participant) finish."

Moderating disagreement - Participants are allowed to agree or disagree with one another on their answers. Do not take sides or strive for consensus. The objective is not for everyone to agree, but rather to allow participants to exchange ideas in a candid, comfortable and safe environment. If a participant declares that someone else's opinion offends them, you can say "There are no right or wrong answers in this focus group. We respect everyone's right to have their own opinion." Then, keep the discussion moving forward. Do not allow the group to dwell on one person's dismay or indignance.

Check in with the Recorder – Be sure to treat the Recorder as a full partner in the process. Check in with him or her periodically to ask if they need clarification on anything, for example.

Probe for further details – While it is important to stick with the questions in the FGDs guide, the moderator can probe for deeper insights by using questions and phrases such as:

- Please give us an example.
- Why is this important to you?
- Does anyone have anything else to add on this point?

Pay attention to stragglers – Some people may wait until the focus group is ending to speak up. If this is the case, take the time to pay attention. You may be asked to supplement the field notes after the focus group to capture that individual's contributions.

3.15 Concluding the Focus Group

As you conclude the focus group, be sure these steps have been completed:

- All questions have been asked. Double check with the recorder that you have asked all the questions included on your list. It is easy to miss a question when you are facilitating a session. Checking in with your recorder helps to ensure you have captured all the necessary data.
- Participants have been thanked for attending.

Thank everyone for attending the focus group. Be sure to tell participants that we value their time and effort. Reinforce that research is being done for them and with them. Also, remind participants that the focus group is meant to be confidential and they should not discuss the focus group with anyone.

3.16 After the Focus Group

Vacating the venue

Ensure that you leave the venue in the same condition you found it. This includes, but is not limited to:

- Arranging tables and chairs neatly. Tuck chairs underneath the tables.
- Remove any food, drink or garbage from the room. Note that if you are hosting a focus group on campus, the garbage is not picked up from some meeting rooms daily. Tie up any garbage bags in the room and remove the garbage when you leave the room. Deposit the garbage in a trash can in a publicly accessible area (e.g. in a hallway near the elevators) so the waste will be removed that same day, or in a dumpster outside.
- Turn off the lights.
- Double-check the door to ensure it locks behind you.

3.17 Debriefing

Take some time after the focus group to debrief. This can be done at the focus group venue or some other place, provided it is private, and you cannot be overheard. The debrief includes the Facilitator and Recorder at a minimum. The PR may be asked to be involved with the debrief. If this is the case, make arrangements to include the PR (e.g., by phone). During the debrief the Facilitator and the Recorder discuss what worked and what didn't. All aspects of the focus group can be included in the debrief including the venue, the process, the recording, and any other elements that are worth noting. Some questions that you might think about for the debrief are:

- In general, what worked well?

- How was the venue?
- Could everyone see and hear each other, OK?
- Was the environment comfortable (e.g. not too cold, too hot, etc.)?
- Did the recording work?
- Did participants understand the questions?
- Was there any confusion among participants about the questions or the process?
- Did you get usable data?
- What points do you need to pay attention to for next time?

The Recorder should jot down some notes from the debrief as part of his or her field notes for that session but should also have a chance to actively contribute to the debrief through the conversation.

3.18 Preparing data for analysis

There are a few steps that need to be completed to prepare the data for analysis:

- Ensure your field notes are legible and comprehensible. Review them to ensure what you wrote down makes sense.
- Ensure data is anonymized. Participants' real names should not appear anywhere except on the consent forms unless they have specifically requested that their real names be used.
- Make a back-up of your recording. One copy will be used for transcription. The other copy will be kept in the project archive. Do not send the transcriptionist your only copy of the recorded data!
- Ensure the recording is saved in the appropriate format.

3.19 Transcribing the recording

Recordings will be transcribed by the research team.

3.20 Data analysis

Data analysis for the focus group will likely be led by the project PR, with the assistance of RAs. He or she will guide you through the data coding and analysis process. In general, focus group analysis will involve systematically identifying and summarizing:

- Themes
- Patterns
- Perspectives
- Perceptions
- Experiences

4.0 Survey questionnaires

The survey questionnaire will get demographic information about young people such as the age range, gender, education levels, marital status, type of business or informal activity, how long they have been in business, how they finance it, if they have accessed microfinance or not, what sources of finance they use, opinions on how it has helped with establishing their business and the impact of access to finance on their business. These will be randomly selected. RAs will be expected with distribution of questionnaires.

Training will be conducted so that the RAs can understand the contents of the questionnaire as well the expectations.

5.0 Case studies

The case studies will involve the use of in-depth interviews as well as observations. The interviews will involve specific questions of young entrepreneur's experience with financial access like the type and source of finance, the characteristics of institutions, what support they have received from government, how they use the accessed finance; the contribution of financial access to business development and growth, their entrepreneurial narratives, what challenges they face as the undertake entrepreneurship as alternative livelihoods.

Identified cases will be followed up in a more detailed approach to have a full understanding of each case. The research team will be required to develop that rapport with the cases and make them comfortable. One way of doing this will involve spending time with them as well spending more time in the communities, so that the research team can be considered as part of the Community.

6.0 Intellectual Property Statement for Research Assistants

The intellectual property rights for this project technically rest with the Principal Researcher. Research Assistants may not claim outputs or results from this work as their own without the explicit permission of the PR. RAs are hired to perform specific duties and tasks in relation to the project, but this does not entitle RAs to intellectual property rights.

RAs may not copy, publish, or publicly share results or any other work relating to this project without the explicit written permission of the PR.

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Appendix

Appendix A: Checklist: Supplies

- Two (2) Digital recorders
- Extra batteries
- Name tags
- Markers
- Extra pens
- Watch /clock / phone
- Attendee list
- Refreshments
- Napkins / paper plates / cups
- Garbage bags

Appendix B: Checklist: One day prior to focus group

- Ensure digital recorders are in good working order.
- Ensure you have extra batteries for digital recorders. (If not, buy extra batteries.)
- Order refreshments.
- Assemble or review the contents of your Focus Group Kit to ensure have:
    - name tags
    - markers
    - pens
    - attendee list
    - recording device(s)
    - extra batteries for recording device(s)
    - napkins
    - paper plates
    - cups
    - garbage bags
    - Find the room where the focus group will be held and print off a map, if needed.

Appendix C: Checklist: Day of focus group

- Arrive early to the venue / room.
- Set up tables and chairs so everyone can see one another.

- Set out refreshments, name tags and markers.
- Set up digital recorders.

Appendix H: NVivo Codding Process