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# OPPORTUNITIES TO FOSTER DIGITAL FINANCIAL SERVICES MARKET DEVELOPMENT IN GUATEMALA

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# Acronyms and abbreviations

<b>CCX</b>	ConsumerCentriX Inclusive Business
<b>DFS</b>	Digital financial services
<b>G2P</b>	Government-to-person
<b>GDP</b>	Gross domestic product
<b>e-KYC</b>	Electronic Know-Your-Customer
<b>ID</b>	Identification
<b>IPI</b>	Bureau of Inclusive Growth, Partnerships, and Innovation
<b>ITC</b>	Information, technology, & communications
<b>ITR</b>	Innovation, Technology, and Research Hub
<b>MFI</b>	Microfinance institution
<b>MSME</b>	Micro, small, and medium enterprise
<b>OTC</b>	Over-the-counter
<b>QTZ</b>	Guatemala Quetzal (national currency)
<b>USAID</b>	United States Agency for International Development
<b>USD</b>	United States Dollar

# Executive Summary

This report, *Opportunities to Foster Digital Financial Services Market Development in Guatemala*, aims to provide an overview of the Guatemalan digital financial services (DFS) market, the financial lives and needs of some low-income and marginalized populations, especially women, and offer recommendations on how to better serve these populations and grow the DFS market in the country. It is the final output of phase one of the project *Fostering Digital Financial Services Market Development in Guatemala*, an initiative developed and funded by USAID through DAI's Digital Frontiers program and implemented with partner institution ConsumerCentriX Inclusive Business (CCX).

Despite its rich culture and economic standing in the region, Guatemala has high social inequity, including a poverty rate of 52.4 percent,<sup>1</sup> which has been further exacerbated by factors such as climate change and COVID-19-induced economic shocks. The country's economy benefits from significant remittance inflows, which make up 18 percent of its gross domestic product (GDP),<sup>2</sup> but this has yet to translate into significant reductions in poverty. In terms of financial access, less than half of adults have access to formal bank accounts,<sup>3</sup> and many do not rely on formal lending sources for loans despite significant needs for capital. Women, Indigenous Peoples, and youth face disproportionately high levels of poverty, low levels of financial inclusion, and segment-specific barriers to accessing finance.

## An Overview of Program Activities

*The program consisted of five main activities:*

- 1** Desk research to inform the segmentation of the addressable market of financially un- and underserved Guatemalan adults;
- 2** Key informant interviews to understand financial services currently offered or under development for low-income and marginalized populations in Guatemala along with perspectives on these segments from key financial services stakeholders;
- 3** Qualitative field research to develop original, in-depth insights into viable solutions or services to increase digitally-enabled financial inclusion, including prototype testing;
- 4** Development of a monitoring and evaluation plan for an identified value proposition that can be implemented by financial service providers in Guatemala to increase digitally enabled financial inclusion among the target segments; and
- 5** Final report development and knowledge sharing to promote interest among financial service providers in serving low-income and marginalized populations in Guatemala.

1 World Bank. (2020). <https://data.worldbank.org/country/GT>

2 Superintendencia de Bancos de Guatemala. (2022). [https://www.sib.gob.gt/web/sib/Boletin-Trimestral-de-Inclusion-Financiera?p\\_p\\_id=110\\_INSTANCE\\_QUh1&p\\_p\\_action=0&p\\_p\\_state=maximized&p\\_p\\_mode=view&p\\_p\\_col\\_id=&p\\_p\\_col\\_pos=0&p\\_p\\_col\\_count=0&\\_110\\_INSTANCE\\_QUh1\\_struts\\_action=%2Fdocument\\_library\\_display%2Fview&\\_110\\_INSTANCE\\_QUh1\\_folderId=9932168](https://www.sib.gob.gt/web/sib/Boletin-Trimestral-de-Inclusion-Financiera?p_p_id=110_INSTANCE_QUh1&p_p_action=0&p_p_state=maximized&p_p_mode=view&p_p_col_id=&p_p_col_pos=0&p_p_col_count=0&_110_INSTANCE_QUh1_struts_action=%2Fdocument_library_display%2Fview&_110_INSTANCE_QUh1_folderId=9932168)

3 Global Findex. (2017). <https://microdata.worldbank.org/index.php/catalog/3355>



To break the poverty cycle in Guatemala, low-income segments of the population need access to financial services that will build and protect their wealth, enabling them to be more resilient in the face of climate-induced economic shocks and other unanticipated crises. Presently, low-income earners primarily interact with formal financial service providers, including banks, in an over-the-counter (OTC) manner. They do this mainly to cash out remittances, without accessing the full suite of benefits that formal financial services can offer such as a secure place to save money and the ability to build a credit history to access loans.

Reasons for these are manifold. The research undertaken for this program indicates that the enabling environment for a viable DFS ecosystem to support low-income and marginalized populations in Guatemala is very much a work in progress. Compared to other countries in Latin America, Guatemala's DFS ecosystem lags; the market underperforms significantly in terms of the percentage of adults aged 15+ with mobile money accounts and those having made or received a digital payment in the last year as per Global Findex data from 2022.

Conditions that foster DFS growth in other markets include a clear enabling environment enacted by regulators and public sector DFS initiatives, a broad and diverse set of financial services providers including FinTech that foster competition, and a large number of access points (i.e., ATMs, banking or mobile money agents). In markets like Brazil and Colombia, early digitization of government-to-person (G2P) payments also helped drive activity. Guatemala's financial sector would benefit from efforts by financial service providers as well as the public sector to build a more enabling environment for DFS-driven financial inclusion. Specific recommendations are discussed below.

On the supply side, financial service providers recognize that there is an opportunity to serve low-income and marginalized populations, but few have moved beyond serving these segments with remittances or at most, a very limited set of remittance-linked products. Instead, top banks like Banco Industrial and Banco G&T serve higher income earners (those earning more than 260 USD per month), microfinance institutions and cooperatives focus on more middle-income earners (those earning between 65 USD and 260 USD per month), and lower income earners tend toward Banrural for OTC services given its tremendous footprint across the country. Providers see challenges in serving low-income earners and marginalized populations, citing low levels of education (especially literacy) and confidence in using financial products as well as fear of or an aversion to formal providers as key barriers. They see the opportunity in offering digital financial products and services but fear low digital literacy and mobile access present significant barriers.

The regulatory environment aims to support an inclusive financial sector, but more can be done to promote access to and usage of financial products and services by these underserved segments. Importantly, a National Financial Inclusion Strategy is in place and currently being updated for a new strategy period spanning 2024-2027 with an added focus on digital technology as an enabling factor. In addition, many important foundational regulations exist (i.e., agent banking regulation, interoperability of most ATMs) to support DFS solutions. On the other hand, significant gaps are present and must be addressed by the public sector to support development in this space and facilitate financial inclusion. First and foremost, over one-quarter of the population of adults 18 years of age and older does not have a national identification document, an entry requirement to accessing financial products and services in the absence of more flexible account opening requirements for low and medium value account holders (along with other important programs offered by the government and private sector).<sup>4</sup> Other important gaps include the need for regulation related to mobile money and FinTech, data governance, and the interoperability of agents; the need to address infrastructural issues related to connectivity in rural areas; and the need for regular, open private-public sector dialogue to foster the development of innovative digital solutions for un- and underserved segments of the population.

Finally, the enabling environment is not limited to the products and services on offer by financial service providers nor the regulations and policies mandated by the public sector; here, it is also critical to consider the broader context of economic participation, inclusion, and entrepreneurship; skills development and educational attainment; and legal, environmental, and social norms. While Guatemala demonstrates moderate performance in literacy and education, the country also demonstrates several challenges that are detrimental to inclusive economic growth, including high poverty rates and levels of violence.

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4 ID4D. (2018). [https://id4d.worldbank.org/sites/id4d.worldbank.org/files/2018\\_ID4D\\_Annual\\_Report.pdf](https://id4d.worldbank.org/sites/id4d.worldbank.org/files/2018_ID4D_Annual_Report.pdf)

Market research with un- and underserved low-income and marginalized populations completed under this program revealed findings critical to the successful design and deployment of a DFS solution from the demand perspective. The team conducted research with segments identified during the desk research and key informant interview phase of the work and deemed viable for DFS: international remittance recipients, domestic remittance senders (domestic workers and construction workers), domestic remittance recipients, and rural agri micro, small, and medium enterprise (MSME) retailers in urban, semi-urban, and semi-rural areas. These segments and areas were selected based on “viability” criteria meant to balance the potential level of impact with their readiness and likelihood for adopting a DFS solution. Research indicated that these segments have awareness of financial service providers and use credit and savings products to some degree; however, for many, experiences with providers are limited to transacting in an OTC manner to cash out remittances, whether international or domestic. They have significant, regular inflows of income and conduct financial transactions on a daily basis, but the majority of their transactions are cash-based. The reason for this is that, while there may be a strong foundation for accessing formal financial products and services and a need for them, there is limited awareness of existing products and few products in fact designed for these segments of the population.

Much more can be done on the part of financial service providers to support low-income and marginalized populations in building savings and accessing credit or learning more about a broader suite of financial products and services that can support their financial goals. Findings related to digital technology were largely positive: Despite limited usage of DFS solutions among these segments of the population, there is awareness and openness to their use when they offer savings in terms of time and money along with convenience and security. Financial service providers can leverage this existing awareness and openness while designing DFS solutions and must take into consideration the digital and financial literacy needs that exist, especially for segments of the population older than 35 years of age. Learnings, shared in this report and during a workshop held in Guatemala City in February 2023, are intended to support DFS ecosystem players in Guatemala in their efforts to serve un- and underserved segments and develop the DFS market in the country.

As a next step, the team will pilot a digital wallet with domestic workers in Guatemala City (most of whom have migrated from other parts of the country). The pilot will focus on digitizing their salary payments from employers and transfers they make back to family members in their villages of origin. With over 256,000 domestic workers in Guatemala who regularly send remittances home to family members, potentially reaching up to 1 million beneficiaries, working with this segment represents a real potential for impact for Guatemala’s un- and underserved population. The pilot will test a number of components including marketing messages and tactics, onboarding and consumer education, wallet features and design/interface, and incentives. Outcomes from this program will contribute to providing stakeholders in the Guatemalan financial sector with more insight into what it takes to bring an important segment of the population into the formal financial sector and the business case for serving this segment.



# Background

This report, *Opportunities to Foster Digital Financial Services Market Development in Guatemala*, aims to provide an overview of the Guatemalan DFS market, the financial lives and needs of viable segments among low-income and marginalized populations, especially women, and offer recommendations on how to better serve these populations and grow the DFS market in the country. It is the final output of phase one of the project *Fostering Digital Financial Services Market Development in Guatemala*, an initiative developed and funded by USAID through DAI's Digital Frontiers program and implemented with partner institution CCX. Digital Frontiers is a \$90 million buy-in mechanism available to USAID Bureaus and Missions from 2017-2024. DAI implements the Digital Frontiers project, which works closely with USAID's Technology Division in the Innovation, Technology, and Research (ITR) Hub at the Development Democracy and Innovation (DDI) Bureau, USAID Missions, the private sector, and international and local development organizations to identify successful and sustainable digital development approaches and scale their impact globally.

Low-income and marginalized populations across the developing world, especially women, are more susceptible to shocks, whether those are economic, climate or other, which could lead them to fall into poverty and sometimes migrate within or outside of their country. Oftentimes, individuals lack digital and financial literacy and skills, which prevents them from using financial services to help them increase incomes, better deal with shocks, or build their resilience. The Digital Finance team within USAID's ITR Hub identified a need among its private sector partners for data and insights on customers, and their households and businesses. Digital Frontiers asked CCX to assess market conditions and to identify gaps and opportunities in the use of financial services in Guatemala among low-income and marginalized populations, especially women.

Activities of the Fostering Digital Financial Services Market Development in Guatemala program took place between June 2022 and March 2023 and concluded with a one-day convening of financial sector stakeholders in Guatemala titled "Oportunidades y potencial de los servicios financieros digitales para atender segmentos de la población de bajos ingresos en Guatemala" (Opportunities and potential to serve low-income segments of the population in Guatemala with digital financial services). The convening included over 50 representatives from the private and public sector and has already led to tangible next steps including an invitation to present findings before the National Financial Inclusion Commission, which is currently drafting the country's next National Financial Inclusion Strategy, and requests by private sector institutions to discuss possible collaborations.

As a next step, USAID, DAI's Digital Frontiers, and CCX have launched phase two of the program, which aims to use the findings from phase one to co-design, pilot, and evaluate a DFS product together with a financial service provider to demonstrate how to bring an important segment of the population into the formal financial sector and build a business case that attracts private sector investment and attention.



Source: USAID Guatemala



# Brief country context

Guatemala has the largest economy in Central America, an achievement fueled primarily by agricultural production, as the nation produces and exports some of the highest quality coffee and spices in the world. Guatemala also has rich cultural diversity, with a population of over 18 million,<sup>5</sup> over 40 percent of whom identify as one of the country's more than 20 Indigenous communities.<sup>6</sup>

Despite its rich culture and economic standing in the region, Guatemala has high social inequity, including a poverty rate of 52.4 percent,<sup>7</sup> which has been further exacerbated by factors such as climate change and COVID-19-induced economic shocks. The country's economy benefits from significant remittance inflows, which make up 18 percent of the country's GDP,<sup>8</sup> but this has yet to translate into significant reductions in poverty. In terms of financial access, just 35 percent of the population aged 15+ has an account at a financial institution (down from 44 percent in 2017), just 10 percent saved at a financial institution, and many do not rely on formal lending sources.<sup>9</sup> As of 2022, only 11 percent of adults borrowed from a financial institution.



To break the poverty cycle in Guatemala, low-income segments of the population need access to financial services that will build and protect their wealth, enabling them to be more resilient in the face of climate-induced economic shocks and other unanticipated crises. Presently, low-income earners primarily interact with formal financial service providers, including banks, in an OTC manner, mainly to cash out remittances, without accessing the full suite of benefits that formal financial services can offer such as a secure place to save money and the ability to build a credit history to access loans.

As smartphone ownership rises in countries around the world, DFS are a more efficient way to support low-income earners in wealth creation and management by offering convenience, cost savings, economic security, and broad accessibility—and removing the need to go to a physical bank or financial institution. Unfortunately, these service offerings are nascent in Guatemala; as of 2022, just 5 percent of adults aged 15+ had a mobile money account and just 26 percent of adults aged 15+ made or received a digital payment in the last year.<sup>10</sup> Compared to countries in Latin America, Guatemala underperforms dramatically. In Brazil 27 percent of adults aged 15+ had a mobile money account in 2021, and 77 percent made or received a digital payment in the last year, and in Colombia, 22 percent had a mobile money account with 52 percent having made or received a digital payment in the last year.<sup>11</sup> Even compared to neighboring Honduras, El Salvador, and Mexico, which do not have very advanced DFS ecosystems, Guatemala still underperforms; the percentage of mobile money accounts held by adults aged 15+ is 9 percent in Honduras, 11 percent in El Salvador, and 18 percent in Mexico. In terms of digital payments, all three markets outperform Guatemala with 32 percent of adults aged 15+ in Honduras, 28 percent in El Salvador, and 44 percent in Mexico having made a digital payment in the last year. While DFS are gaining traction in Guatemala, more work needs to be done to make them accessible, practical, and useful to a broader consumer group.

5 UN Population Estimates. (2023). <http://data.un.org/Data.aspx?q=guatemala&d=PopDiv&f=variableID%3A12%3BcrID%3A320>

6 International Work Group for Indigenous Affairs. (2020). <https://iwgia.org/en/>

7 World Bank. (2020). <https://data.worldbank.org/country/GT>

8 Superintendencia de Bancos de Guatemala. (2022). [https://www.sib.gob.gt/web/sib/Boletin-Trimestral-de-Inclusion-Financiera?p\\_p\\_id=110\\_INSTANCE\\_QUh1&p\\_p\\_action=0&p\\_p\\_state=maximized&p\\_p\\_mode=view&p\\_p\\_col\\_id=&p\\_p\\_col\\_pos=0&p\\_p\\_col\\_count=0&\\_110\\_INSTANCE\\_QUh1\\_struts\\_action=%2Fdocument\\_library\\_display%2Fview&\\_110\\_INSTANCE\\_QUh1\\_folderId=9932168](https://www.sib.gob.gt/web/sib/Boletin-Trimestral-de-Inclusion-Financiera?p_p_id=110_INSTANCE_QUh1&p_p_action=0&p_p_state=maximized&p_p_mode=view&p_p_col_id=&p_p_col_pos=0&p_p_col_count=0&_110_INSTANCE_QUh1_struts_action=%2Fdocument_library_display%2Fview&_110_INSTANCE_QUh1_folderId=9932168)

9 Global Findex. (2022). <https://www.worldbank.org/en/publication/globalindex>

10 Global Findex. (2022). <https://www.worldbank.org/en/publication/globalindex>

11 Global Findex. (2021-2022). <https://www.worldbank.org/en/publication/globalindex>

# Market structure and enabling environment for digital financial services

## ACCESS TO AND USAGE OF FINANCIAL PRODUCTS AND SERVICES

Across Latin America and the Caribbean, access to and usage of financial products and services has increased since 2011 even with a decline in economic activity and steep declines in income experienced during the height of the COVID-19 pandemic. Account ownership across the region grew from 39 percent in 2011 to 74 percent in 2021,<sup>12</sup> largely driven by the proliferation of digital payments. This is despite Latin America and the Caribbean experiencing a lower level of digital financial inclusion than Africa and Asia and the Pacific regions.<sup>13</sup>

Guatemala is proving to be an outlier when it comes to the increase in financial inclusion experienced in the region. **Financial inclusion in Guatemala as defined by account ownership doubled from 22 percent in 2011 to 44 percent in 2017 but then declined to 35 percent in 2022.**<sup>14</sup> From 2011 to 2017, it nearly tripled for women from 16 percent to 42 percent and among rural populations, it more than doubled from 20 percent to 41 percent, indicating strong progress in account opening among these traditionally un- and underserved segments. Unfortunately, **progress has since also declined for women with account ownership falling back to 34 percent in 2022** (data is not available for rural populations for the same year). **Comparison of account ownership in Guatemala to its regional peers in Latin America and the Caribbean demonstrates that Guatemala lags.** In 2017, account ownership in Guatemala stood at 44 percent as compared to 55 percent for the region. By 2021, the gap had widened further with 37 percent for Guatemala and 73 percent for Latin America.

**Despite the slow growth in financial inclusion in Guatemala since 2014, and the contraction that has been identified most recently, the country has experienced significant growth in deposit accounts and lines of credit affiliated with mobile devices.** A review of data made available by the country's Superintendency of Banks indicates that while the number of savings accounts and borrowers have decreased between 2017 and 2022 relative to the total population, the number of mobile financial services accounts doubled over the five-year period. In line with growth in the number of accounts and lines of credit associated with mobile devices, Guatemala saw access points (branches, agents, and ATMs) double due primarily to expansion in bank agents.<sup>15</sup> This is a positive indicator for DFS in the country.

**Indigenous Peoples, who make up between 40 percent and 60 percent of the population and have the highest levels of poverty in the country averaging at 79 percent,<sup>16</sup> have the lowest access to financial services with fewer points of access (branches, agents, and ATMs) available in areas where they are concentrated.** In the Western Highlands region of the country, where the majority of the population is Indigenous, financial access points drop to between 18.6 and 25.5 points per 10,000 adults compared to 30.6 for the rest of the country.<sup>17</sup> Since

12 Global Findex. (2011-2021). <https://www.worldbank.org/en/publication/globalfindex>

13 IMF. IMF Working Paper, Measuring Digital Financial Inclusion in Emerging Market and Developing Economies: A New Index. (2021). <https://www.imf.org/-/media/Files/Publications/WPI/2021/English/wpia2021090-print-pdf.ashx>

14 Global Findex. (2011-2022). <https://www.worldbank.org/en/publication/globalfindex>

15 Superintendencia de Bancos de Guatemala. (2017-2022). <https://www.sib.gob.gt/web/sib/Boletin-Trimestral-de-Inclusion-Financiera>

16 UN News. 2020. <https://news.un.org/en/story/2020/08/1070862>

17 Superintendencia de Bancos de Guatemala. (2022). [https://www.sib.gob.gt/web/sib/Boletin-Trimestral-de-Inclusion-Financiera?p\\_p\\_id=110\\_INSTANCE\\_QUh1&p\\_p\\_action=0&p\\_p\\_state=maximized&p\\_p\\_mode=view&p\\_p\\_col\\_id=&p\\_p\\_col\\_pos=0&p\\_p\\_col\\_count=0&\\_110\\_INSTANCE\\_QUh1\\_struts\\_action=%2Fdocument\\_library\\_display%2Fview&\\_110\\_INSTANCE\\_QUh1\\_folderId=9932168](https://www.sib.gob.gt/web/sib/Boletin-Trimestral-de-Inclusion-Financiera?p_p_id=110_INSTANCE_QUh1&p_p_action=0&p_p_state=maximized&p_p_mode=view&p_p_col_id=&p_p_col_pos=0&p_p_col_count=0&_110_INSTANCE_QUh1_struts_action=%2Fdocument_library_display%2Fview&_110_INSTANCE_QUh1_folderId=9932168)

these points are critical to ensuring access to and usage of financial products and services, the number of deposit accounts and lines of credit affiliated with accounts accessed through a mobile device, number of savings accounts, and the percentage of adults with at least one loan are overwhelmingly lower in this region. See Table 1 below.

**TABLE 1: Penetration & Use of Financial Services Among Indigenous Populations in Comparison with the Rest of the Population<sup>18</sup>**

Indicator (per 10,000 adults)	Among Indigenous Populations	Rest of Population
Access points	Alta Verapaz — 18.6 Quiche — 24.3 Huehuetenango — 25.5	30.6
Deposit accounts & lines of credit affiliated w/ mobile financial services	Alta Verapaz — 80.6 Quiche — 94.2 Huehuetenango — 81.2	4,515.6*
No savings accounts	Alta Verapaz — 5,161.9 Quiche — 6,405.9 Huehuetenango — 7,772.5	13,418
% of adults with at least one loan	Alta Verapaz — 6% Quiche — 8.1% Huehuetenango — 5.9%	12.6%

\*Excluding Guatemala City

Source: [Superintendencia de Bancos de Guatemala. \(2022\).](#)



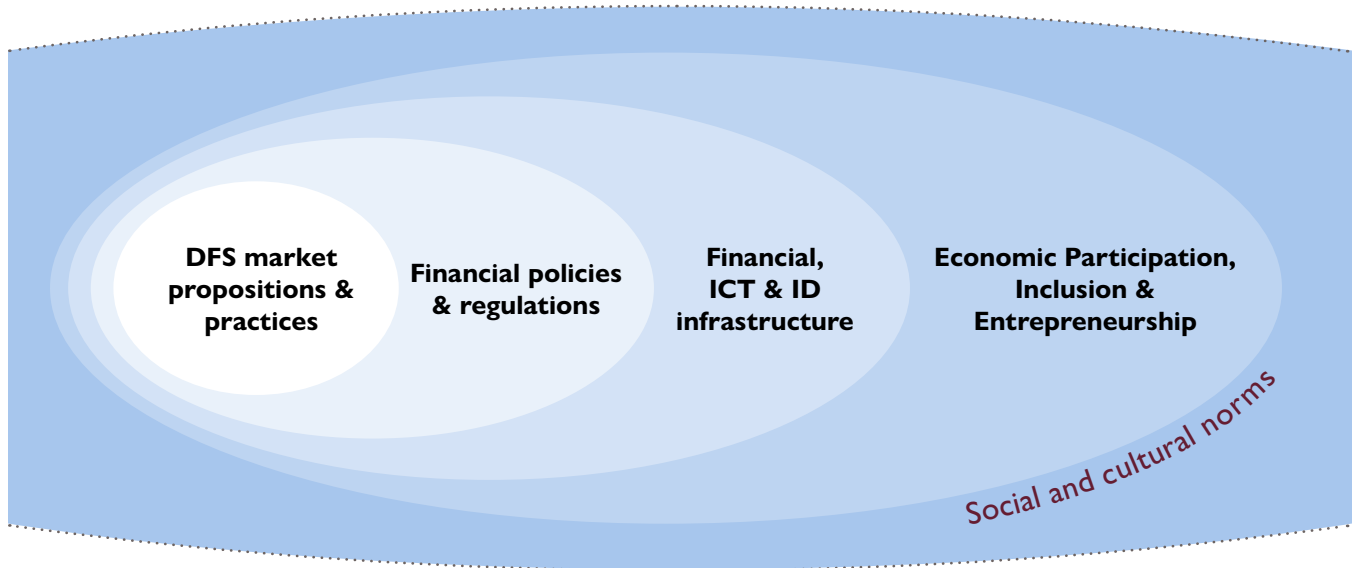
Source: USAID Guatemala

18 Ibid.

# AN OVERVIEW OF THE ENABLING ENVIRONMENT

To understand the degree to which the environment of financial services in the country supports financial inclusion among un- and underserved segments of the population, the team used an analytical framework taking into consideration four main elements: 1) Market propositions and practices, 2) Financial policies and regulations, 3) Financial, Information and Communications technology (ICT), and identification (ID) infrastructure, and 4) Economic participation, inclusion, and entrepreneurship. A fifth element, social and cultural norms, encircles the framework given the critical way that they affect how these building blocks are applied and implemented in practice. See Figure 1 below.

**FIGURE 1: Analytical Framework for Understanding the Enabling Environment**



This framework builds on one developed by CCX for a project for the Alliance for Financial Inclusion focusing on women's financial inclusion across its network members and has provided a lens through which to assess the state of the enabling environment of financial services in Guatemala.<sup>19</sup> The framework is based on previous work by the Alliance for Financial Inclusion and other organizations such as GIZ, FinEquity, and Data2x, all of which have developed frameworks for improving financial inclusion (particularly for women) in the context of the broader environment for economic participation and empowerment.

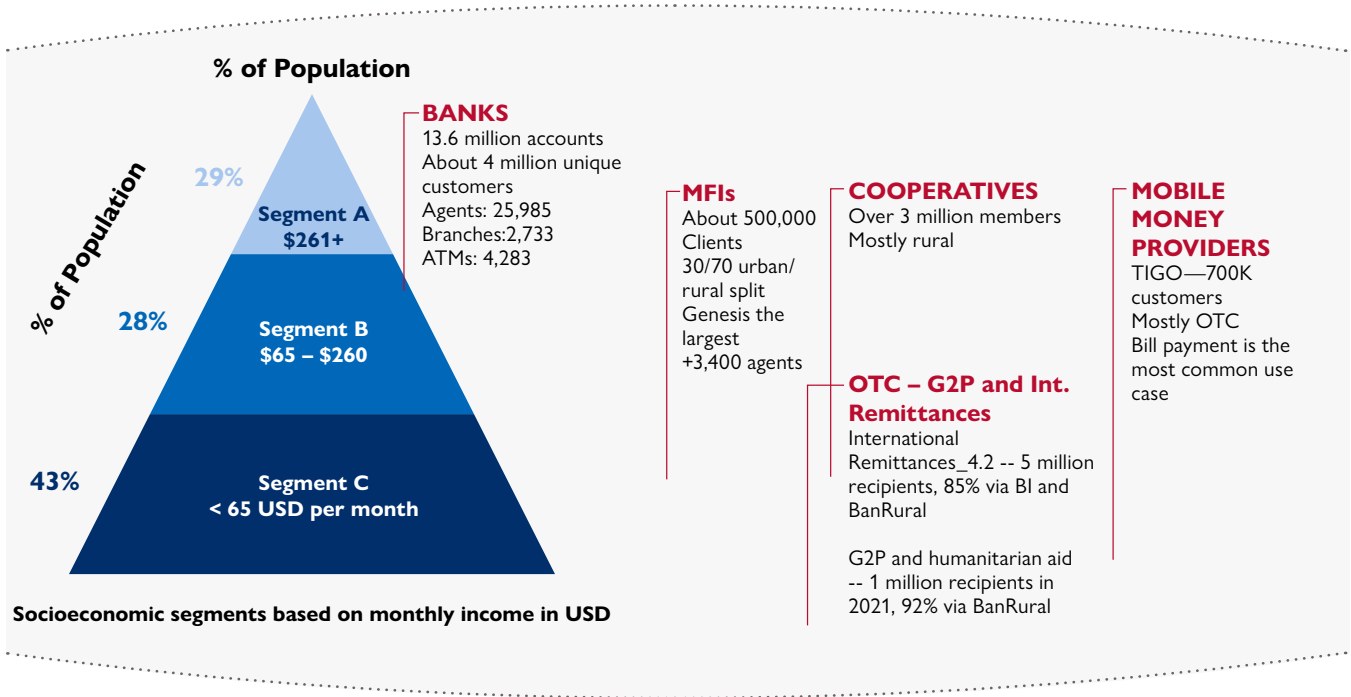
<sup>19</sup> For an example of how this was used for that project, visit: <https://www.afi-global.org/publications/the-role-regulators-play-in-closing-the-financial-inclusion-gender-gap-a-case-study-of-honduras/>.



## MARKET PROPOSITIONS & PRACTICES

The first element, Market Propositions and Practices, seeks to map out the existing financial and digital financial products and services available in the market. For this, CCX conducted key informant interviews<sup>20</sup> that undertook a review of products and services available by institution and reviewed data provided in the Superintendency of Banks's December 2022 Financial Inclusion Report. These sources indicate that **while the financial sector is made up of a large number of providers**—17 registered banks such as Banco Industrial, Banco G&T, and Banrural; 24 microfinance institutions such as Genesis Empresarial and Fundea, and nearly 1,000 cooperatives such as MICOPE—**financial institutions are primarily serving high and middle income earners** (those earning more than USD 65 per month) as outlined in the figure that follows. This means that certain segments of the population—particularly low-income earners, women and youth, Indigenous Peoples, and entrepreneurs—are largely left out of the formal financial sector with the exception of those receiving international remittances or government-to-person payments and humanitarian aid, who transact via an OTC manner, primarily via Banrural. Attempts to bank these segments of the population are still nascent, with only a few remittance-linked products on offer (i.e., MICOPE offers remittance-linked savings accounts and concessionary terms for credit products).

**FIGURE 2: Financial Service Provider Focus by Population Socioeconomic Segment**



**Key informant interviews indicate that while financial services providers recognize opportunities in expanding offerings to currently unserved and underserved populations (particularly with remittance-linked and digital products), they also see significant barriers to doing so.** Providers cited low levels of education (especially literacy) and confidence in using financial products as well as fear of or an aversion to formal providers as key barriers. Interestingly, research with low-income and marginalized segments of the population demonstrated strong awareness of financial service providers and some usage of products and services (discussed in the next section of this report), indicating that providers could benefit from a more thorough review of the addressable market.

20 Conducted by CCX in July 2022

## FINANCIAL POLICIES & REGULATIONS

The second element, Financial Policies and Regulations, is broken down into three components: foundational DFS regulations, foundational non-DFS regulations, and promotion of DFS initiatives. Across these three components, the landscape in Guatemala for advancing financial inclusion (and specifically digital financial inclusion) among un- and underserved segments of the population is one that is very much in progress. Supportive foundational digital financial services regulations already in place include interoperability of ATMs, the presence of a national switch allowing interoperability at a greater scale, the existence of electronic Know-Your-Customer<sup>21</sup>(e-KYC) regulation to support digital account opening, and agent banking regulation supported by government investment in agent network expansion. Key foundational DFS regulations that remain to be drafted or implemented include mobile money and FinTech, agent interoperability, open banking, and data use and privacy.

In terms of foundational non-digital financial services regulations, Guatemala has a National Financial Inclusion Strategy spanning 2019-2023 (currently in the process of being updated and expanded for 2024-2027), which is overseen by a Financial Inclusion Commission and covers four critical thematic areas: payments, access to finance, insurance, and savings. A Microfinance Regulatory Framework has been in place since 2016, and a movable collateral registry exists to support access to credit. Gaps in this component include the lack of a regulatory framework for cooperatives and the fact that credit bureaus are not regulated.

### Recommendations on Market Propositions & Practices

*Financial service providers can do more to serve vulnerable segments of the population by implementing the following activities:*

- **Disaggregate existing data by gender** to better understand how women are (or are not) currently served
- **Conduct market research** to better understand financial needs, barriers, and potential business case for serving vulnerable segments
- **Introduce more remittance-linked products** to capture OTC users of the financial system
- **Develop additional distribution points** outside of Guatemala City (beyond Banrural's extensive Caja Rural network)
- **Explore the opportunity around women-owned micro, small, and medium enterprises**

Promotion of DFS initiatives has been done primarily through efforts to digitize processes and procedures by the government, including legally recognizing electronic signatures under the Law for the Recognition of Communications and Electronic Signatures enacted in 2008, the implementation of electronic invoices by the Superintendency of Tax Administration, and the law for the Simplification of Administrative Procedures and Requirements enacted in 2021.

21 E-KYC is a combination of paperless customer onboarding, promptly identifying and verifying customer identity, maintaining KYC profile in a digital form and determining customer risk grading through digital means. It is a faster process of doing KYC of a customer by verifying his/her identity document or biometric data. (<https://www.bb.org.bd/mediaroom/circulars/aml/jan082020bfu25.pdf>)

## FINANCIAL, ICT & IDENTIFICATION INFRASTRUCTURE

**The third element, Financial, ICT & ID Infrastructure is largely in place with one important caveat: just 74 percent of the adult population aged 18+ was reported as having a national ID card as of 2018.**<sup>22</sup>

This means that over one quarter of the population is unable to be served by the formal financial sector due to the simple fact that they do not have a basic identification document, despite an e-KYC regulation issued in 2021 that allows for more flexible account opening requirements. See Table 2 below for data related to Financial, ICT, and ID Infrastructure.<sup>23</sup>

**TABLE 2: Financial, ICT & ID Infrastructure**

Component	Indicator	Guatemala
Financial infrastructure	Number of ATMs	4,283
	Number of bank branches	2,733
	Number of registered mobile money agent outlets	25,985
ICT infrastructure	Percent of population using the internet	29%
	Mobile ownership	78%
	Affordability of mobile services and devices	3%
	Women's phone ownership	73%
	Proxy women's access to internet	47%
	Percent population with access to electricity	96%
ID infrastructure	Percent of adult population registered	74%
	% of adult females registered	n/a
	Is there a national ID system in place that stakeholders can use to access services?	Yes
	Is there a digital ID system in place that can be used for transactions?	Yes

22 ID4D (2018). <https://id4d.worldbank.org/>.

23 IMF FAS. <https://data.imf.org/?sk=E5DCAB7E-A5CA-4892-A6EA-598B5463A34C&slid=1460043522778>; GSMA. <https://www.gsma.com/latinamerica/guatemala/>; ITU. <https://www.itu.int/en/Pages/default.aspx>; ID4D. <https://www.itu.int/en/Pages/default.aspx>; Superintendencia de Bancos de Guatemala. <https://www.sib.gob.gt/web/sib/Boletin-Trimestral-de-Inclusion-Financiera>

## ECONOMIC PARTICIPATION, INCLUSION & ENTREPRENEURSHIP

The fourth element, Economic Participation, Inclusion & Entrepreneurship, comprises three components: 1) economic participation, inclusion, and entrepreneurship; 2) skills development and educational attainment; and 3) legal, environmental, and social norms. On these, **Guatemala demonstrates moderate performance in literacy (83 percent of adults aged 15+ are literate)<sup>24</sup> and education (87 percent primary school completion rate with no gender gap)<sup>25</sup> but demonstrates several challenges that are detrimental to inclusive economic growth.** Despite its level of economic development (it has the largest economy in Central America<sup>26</sup>), Guatemala has a relatively high level of poverty. Though entrepreneurship is strong with 39.2 percent of those employed in the country self-employed,<sup>27</sup> Guatemala demonstrates a low Global Entrepreneurship Index score of 18.5, indicating issues with its entrepreneurship ecosystem.<sup>28</sup> The largest constraints to inclusive economic development, and those which are most inhibiting when it comes to financial access and usage, are gaps in economic participation, educational attainment, and legal, environmental, and social norms that affect women and Indigenous Peoples. For example, poverty is significantly higher for these segments of the population at up to 79 percent;<sup>29</sup> this is not surprising when reviewing labor force participation (37.8 percent for women compared to 83.7 percent for men),<sup>30</sup> literacy rates (88 percent for men versus 79 percent for women),<sup>31</sup> the lack of protection for women (related to the workplace, pay equality, marriage, parenthood, entrepreneurship, and pensions), and the prevalence of gender-based violence and teenage pregnancy. Specific data points for Indigenous Peoples that demonstrate the true picture of their economic participation and inclusion or skills development and educational attainment are not easily available, making it even more challenging to identify a baseline along with barriers and opportunities for serving this important segment.

### Recommendations on Financial Policies & Regulations

*Financial regulators can do more to serve vulnerable segments of the population by implementing the following activities:*

- **Finalize and enact mobile money regulations** to build the right conditions for providers to offer mobile money services
- **Develop and enact regulation that governs the interoperability of agents** to create more access points for end users
- **Pass a FinTech law to build confidence among FinTechs** in the country in making investments that will broaden the availability of DFS
- **Draft and issue regulation around data governance** to build user confidence in digital solutions
- **Create additional opportunities for regular, open private-public sector dialogue** to coordinate activities around financial and digital literacy and to foster the development of innovative digital solutions for un- and underserved segments of the population

24 World Bank Group. (2021). <https://data.worldbank.org/indicator/SE.ADT.LITR.ZS?locations=GT>

25 World Bank Group. (2021). <https://data.worldbank.org/indicator/SE.PRM.CMPT.ZS?locations=GT>

26 World Bank Group. (2020). <https://data.worldbank.org/country/GT>

27 World Bank Group. (2019). <https://data.worldbank.org/indicator/SL.EMP.SELF.ZS?locations=GT>

28 Global Entrepreneurship and Development Institute. (2019.) <http://thegedi.org/global-entrepreneurship-and-development-index/>

29 The Borgen Project. (2021). <https://borgenproject.org/indigenous-poverty/#:~:text=Indigenous%20groups%20make%20up%20more,35%25%20suffering%20from%20food%20insecurity>

30 World Bank Group. (2019). <https://data.worldbank.org/indicator/SL.TLF.CACT.MA.NE.ZS?locations=GT> and <https://data.worldbank.org/indicator/SL.TLF.CACT.FE.NE.ZS?locations=GT>

31 World Bank Group. (2021). <https://data.worldbank.org/indicator/SE.ADT.LITR.MA.ZS?locations=GT> and <https://data.worldbank.org/indicator/SE.ADT.LITR.FE.ZS?locations=GT>



# Understanding the financial lives of unserved and underserved Guatemalans

While low-income and marginalized individuals and households make up a significant portion of Guatemala’s population, the research conducted as part of this program focused on specific segments where the team identified a balance between potential for impact with the viability of uptake and usage of a DFS solution. This means not all vulnerable populations were included nor were the most remote areas where digital infrastructure is severely lagging considered.

To identify segments of interest, the team used the following criteria:

- Potential for scale, as identified by the approximate number of individuals in the segment and the number they reach in turn with financial transactions
- Potential for impact, including whether the segment is low-income or marginalized and therefore likely un- or underserved by the formal financial sector
- Regularity of financial transactions
- Digital readiness as defined by availability or access to mobile phones and level of digital literacy

The identified segments include international remittance recipients, domestic remittance senders (domestic workers and construction workers), domestic remittance recipients, and rural agricultural MSME retailers.

**TABLE 3: Segments Considered for DFS Intervention<sup>32</sup>**

		International Remittance Recipients	Domestic Remittance Senders (Domestic Workers)	Domestic Remittance Recipients	Rural Agri MSME Retailers
<b>Approximate size</b>	Approximate # of individuals in the segment & # they reach in turn when sending funds	4.2 M*	256k	512k	-
<b>Potential for impact</b>	Whether the segment is un- or underserved (i.e., youth, women, indigenous peoples)	✓	✓	✓	✓
<b>Regularity of income</b>	How often income is transferred	Majority monthly (>58% of recipients)	Regular, monthly	Regular, monthly	Regular
<b>Potential for aggregation</b>	Likelihood & ease of reaching a sufficient # of individuals or families with a DFS solution	High	Medium	Medium	Medium to Low
<b>Digital readiness</b>	Availability or access to mobile phones and level of digital literacy, indicating readiness to use a DFS solution	Medium to Low	Medium to Low	Medium to Low	Low

\* - 1 out of 4 Guatemalans receive remittances from abroad

32 Data from Key Informant Interviews conducted by CCX in July 2022

## RESEARCH OBJECTIVES & METHODOLOGY

To identify the financial behaviors, patterns, needs and constraints of these segments, the team conducted research in two phases. For the first phase, 112 participants were interviewed in focus groups on topics including income, financial decision-making, savings and financial goals, general awareness and knowledge of the formal financial sector, informal financial services usage, and mobile usage and digital financial services. Research was conducted in urban, semi-urban, and semi-rural geographical locations, including Guatemala City, Tecpán, Santa Cruz, Chiché, and Santa Apolonia. Locations were selected based on several factors including representation by members of Indigenous Groups, likelihood of digital infrastructure sufficient to support a DFS solution, and feasibility of research. Focus group participants were grouped together based on segment, gender, and age range. Participants were recruited by a local market research firm with extensive experience, Explico, in collaboration with local community organizations and city halls in the selected geographical locations.

The second phase of the research consisted of prototype testing of a digital wallet available in the market with 21 participants via individual interviews. The team selected a digital wallet offered by provider Fri for prototype testing based on an identified need among participants to facilitate peer-to-peer transfers. These transfers are the primary financial transaction conducted by participants and they currently cost time and money as well as pose some security issues due to carrying cash to and from a bank branch or agent location. While various potential solutions were considered, participants' limited experience with DFS beyond minor usage of mobile banking applications and existing confusion or misunderstandings about how DFS work indicated that only one solution should be tested.

Prototype testing was completed with three segments that demonstrated the most digital readiness during phase one interviews for a DFS solution, including international remittance recipients, domestic remittance senders (domestic workers) and, recognizing the opportunity to digitize domestic worker salary payments and the importance of the role of the employer in this opportunity, with domestic worker employers. All 21 participants recruited were women, given their disproportionate representation in these segments, and interviews were conducted in Guatemala City and Santa Apolonia. Interviews focused on understanding participants' existing understanding of DFS and in particular a digital wallet, openness to use, the level and kinds of onboarding and customer education necessary to support adoption and usage, messaging and communication likely to be most effective in marketing the solution and engaging users, and incentives and complementary products likely to encourage use.



Source: USAID Guatemala

## RESEARCH FINDINGS

- 1 Across all segments, there is strong awareness of available financial service providers present in local communities.** Salaried workers (mostly public employees) and domestic remittance senders and recipients are most familiar with the formal financial sector across age ranges and locations, salaried workers because they tend to receive salaries automatically deposited into a bank account and domestic remittance senders and recipients because senders tend to deposit funds into a bank account for recipients to cash out (alternatively, they may also send cash via a trusted person). Entrepreneurs, on the other hand, are fully cashed unless exposed to domestic remittances. **Among providers known to and utilized by participants, Banrural was mentioned most frequently due to its extensive footprint with Cajas Rurales,** Banrural agents numbering more than 2,400 across the country.
- 2 The primary reasons for engaging with formal financial service providers are for access to credit and access to a bank account.** Participants are aware of formal credit providers and understand the advantages/disadvantages of using different types of providers for borrowing (i.e., cooperatives tend to have fewer requirements and faster turnaround times but do not support building a credit history as they do not report to registries). Those who approach a provider for a bank account tend to seek savings accounts, which they generally use to transact, avoiding ledger fees associated with current accounts, rather than to save.
- 3 Demand for credit is high across segments and formal and informal borrowing fulfill different needs.** Informal loans cover emergencies and are usually taken from friends, family members, or local moneylenders (urban areas). They tend to be around 1,000 QTZ (approximately 128 USD) for a period of three months. Loans from family and friends are typically interest-free while loans from local moneylenders come with high interest (20 to 50 percent). Borrowing from informal sources in urban areas is often associated with fear or criminal activities, while in rural areas, moneylenders tend to be someone borrowers know well. On the other hand, formal loans are used for housing or business needs. They tend to be around 140,000 QTZ (approximately 17,975 USD) for housing and 15,000 – 100,000 QTZ (approximately 1,925 to 12,839 USD) for business needs. Men tend to have easier access to credit because they are more likely to have land to use as collateral for loans while women do not (i.e., Indigenous men inherit land, but women do not). Women also face barriers because of challenges meeting other requirements such as for specific documents, high interest rates that make credit unappealing, and smaller, more variable income.
- 4 While saving is a challenge due to rising costs of living and low income, among the segments interviewed, women in particular tend to set aside some money regularly and are interested in target savings accounts for longer-term goals.** They save money at home in small increments (5 to 25 QTZ, approximately less than 1 to 3.21 USD) daily or weekly for emergencies, and they save larger amounts, often at banks, to build savings over time for housing (women aged 36 or older) or education (women 18 to 35 years of age). They make deposits weekly when they have over 25 QTZ (3.21 USD) in hand.
- 5 Participants demonstrate different experience with financial products depending upon their age.** Among segments, younger men and women tend to have more experience with transfers, and younger women have learned about a broader variety of financial products given a tendency to oversee transactions for family members unable to visit a bank or agent location. Among participants aged 36 and older, men are more likely to have significant experience with loans and savings. Women in this age range have significant experience with loans, having obtained credit from institutions including banks and microfinance institutions or cooperatives. The greatest difference among women in this age group is based upon whether they have experience with either international or domestic remittances—those with international remittance transfers incoming on a regular basis tend to have savings accounts with some capacity to save regularly, while domestic remittance recipients have a more limited capacity to save.

**6 Digital financial literacy is present – particularly among segments aged 18 to 35—and users are largely satisfied with available mobile applications.**

Participants aged 18 to 35 have experience using bank and cooperative applications, downloaded as a value-added service complementing a bank account to make payments, transfer funds between banks, and to make utility payments. Users find the applications easy to use to transact and have few complaints about existing applications.

**7 Participants across age groups have smartphones and sufficient network connectivity to access digital financial services.**

Participants have smartphones, mostly with prepaid plans, and top-up as necessary in amounts of QTZ 5 or QTZ 10 (less than 1 to 1.28 USD) per day at neighborhood stores using cash.

Network connectivity and internet plans are not an issue, even in semi-rural areas. Younger women mentioned WiFi

most frequently (with little to no mention by other segments), and domestic workers use data available at their places of work. Entrepreneurs in particular make use of their smartphones to sell products and services to others. Participants cite using WhatsApp and Facebook to advertise, with payment typically collected upon delivery.

**8 There are concerns and some misunderstandings of DFS.** Participants cite safety concerns (scams or fraud) and a fear of making mistakes (representing a lack of digital literacy) most frequently. Others express dissatisfaction around real or perceived fees—some had experience using a DFS and found the transaction cost associated too high, while others had the perception that costs were not worth the potential benefits of completing a digital transaction. Finally, auto-exclusion, the consequence of thinking DFS are only for the wealthy, is another key barrier to use of DFS among the segments with whom we conducted research.

**9 Despite concerns and misunderstandings, there is widespread awareness that DFS are “the future.” Critically, there is openness to usage.** Participants are interested in using DFS where they provide the potential to save money or time, and they understand that one gets more comfortable using new products and services only with time and practice. The COVID-19 pandemic nudged some participants to use DFS for the first time, providing an important foundation on which there is an opportunity to increase adoption and usage among these segments.

**10 Prototype testing of the Fri digital wallet revealed that there is openness to use where the wallet can save time and money without compromising security but that significant support is needed for onboarding.** Testing with three segments of women (domestic workers who send domestic remittances, employers, and international remittance recipients) indicates that in-person onboarding will be critical to ensure uptake and usage of any DFS solution. General awareness of DFS and some usage of mobile banking applications does not equate to a broader understanding of different types of DFS solutions; for example, participants may have heard of a digital wallet but even if they currently use a bank application for transfers, they do not understand the concept. Participants are clear about the need for training and tutorials that review solutions in a step-by-step manner with the ability to test transactions out before potentially making a mistake. Finally, participants usually turn to younger members of their households to support them with new technology, meaning there is an opportunity to leverage in-home “tech gurus” to serve as ambassadors for older populations. For providers, these findings mean that onboarding needs to be a critical component of solution design and implementation.



Source: USAID Guatemala



## 11 **Prototype testing highlighted that language and messaging used by digital wallets needs to be straightforward and emphasize that the various steps users are asked to complete for enrollment and to complete transactions are an important part of security features.**

Language that is prescriptive rather than descriptive, so “click here to register” rather than “registration,” for example, is important to prevent confusion among users unfamiliar with DFS solutions. Prototype testing participants had questions around different steps of the enrollment process, so applications need to provide a brief background around why some of these steps are requested to help users feel at ease. Because security is a concern when it comes to DFS, and therefore security features important to users, this is an effective way to build user confidence. Finally, while participants in prototype testing did not face language issues, a significant number of users to whom they want to send transfers would be more comfortable interacting with an application that also has Indigenous language capabilities.

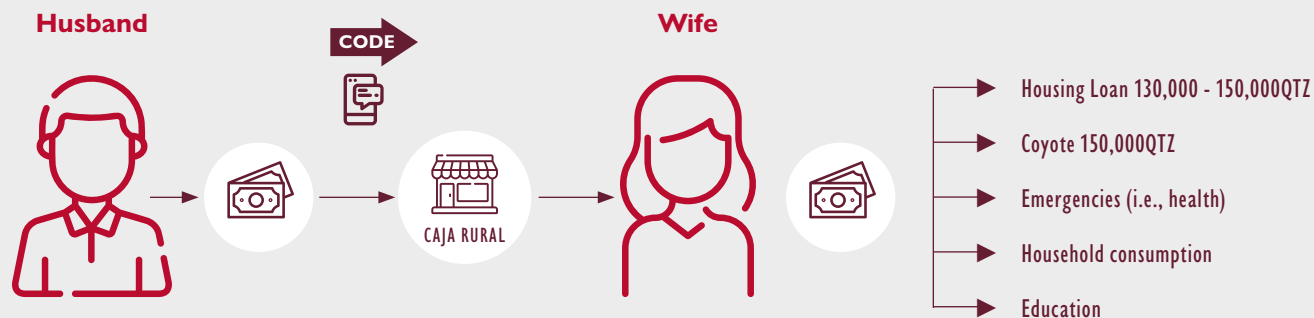
### **Meet Irene, Domestic Worker, Guatemala City**



- Woman who moved to Guatemala City to work as a domestic worker approximately five years ago; under 35 years of age; has two children living with family members back in village of origin
- Receives a regular income two times per month; approximately 2,500 QTZ (approximately 320 USD)
- Sends cash home (approximately 750 QTZ or 96 USD every 15 days) by making a trip to a bank to deposit cash into recipient’s account; sometimes employer makes deposits on her behalf
- Saves for building a future in the city
- Family members back home use remittances either for education of children, household consumption, or health and emergencies
- Identified that salary payments and domestic remittance transfers require time, have financial implications, and may pose a security risk by carrying large sums of cash

As a result of the research, the team developed profiles of several segments of remittance **senders and receivers**, outlined below. These give us only a glimpse of the diversity of users and their needs, and the importance of intersectional user segmentation. Please note that these profiles were focused on remittances and how they are used, rather than all the cash flows of a person, which add additional use cases. These profiles provide insight into users’ financial lives for the purposes of building awareness and understanding among financial service providers, the public sector, and development organizations on the kinds of remittance linked financial products and services that could be useful to each segment. Quantifying the volumes and frequencies of their incomes, major expenses, and savings also provides background data that could be used to develop the business case for serving these segments.

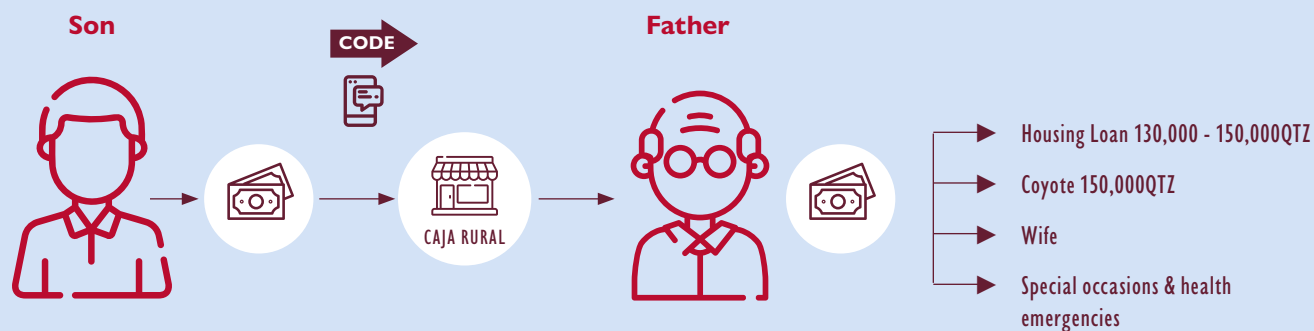
## Regular international remittance flows: Husband to wife



- 18 to 36 years old, married with children
- Migrated to the US 1 to 4 years ago
- Sends 1,500-4,500 QTZ money bi-monthly or monthly
- Decides how remittance will be spent

- 25 to 36 years old, married with a household of 3-7
- Housewife
- Owns a smart phone (mostly calls, some WhatsApp)
- Primary school education
- Administers mortgage
- Serves as guarantor for Coyote
- Saves 50 to 100 QTZ weekly at home
- Pays bills and loans, cashes out remittances via Cajas Rurales

## Regular international remittance flows: Son to father



- Migrated to the US or Canada 1 to 4 years ago
- Sends 1,500-4,500 QTZ monthly or bi-monthly
- Decides how remittance will be spent

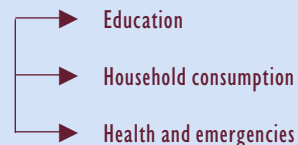
- 55+ years old, married, with a household of between 6 and 12
- Consented family decisions
- Own a smart phone (mostly calls, some WhatsApp)
- Primary school education or no formal education
- Self-employed (farm, business)
- Inherited/owns land
- Administers mortgage
- Serves as guarantor for Coyote

## Regular international remittance flows: Daughter to mother caring for daughter's children

### Daughter with children



### Mother caring for children



- Under 35 with 2-3 children
- Moved to urban area to work as a domestic worker approximately 5 years ago
- Earns approx. 2,500QTZ per month  
Sends 750 QTZ every 15 days for children's expenses
- Some primary school education
- Deposits cash into family member's bank account or sends cash back home
- Saves when she can either for building a future in the city (younger mothers) or a business back home (older mothers)

- Housewife
- Decides what to do with the remittance to meet the needs of grandchildren
- Has other sources of income
- Uses savings account to withdraw

## Regular international remittance flows: Husband to wife

### Husband



### Wife



- Leaves 2 to 3 months at a time for work elsewhere  
Sends variable amount every 15 days
- Married, with children

- Tends to live in a household of 10, including grandparents, parents, siblings, and own child
- Housewife with small projects
- Owns a smart phone (mostly calls, some WhatsApp)
- Some primary school education
- Decides how to administer remittance
- Contributes to overall household expenses
- May have a personal savings account

# Conclusion

Low-income and marginalized populations in Guatemala, which are largely underserved by the formal financial sector in the country, are viable segments for financial service providers to consider. The vulnerable segments engaged for research conducted under this project demonstrated general awareness and some usage of financial products and services, regular and significant economic inflows and outflows, and openness to engaging more deeply with financial service providers, especially through DFS. Our findings indicate that financial sector stakeholders would do well to focus on entry products to link these populations more deeply to the sector; for example, by offering products linked to government-to-person payments, remittance transfers, and salary payments for salaried employees. Segments who receive these kinds of payments have regular and significant enough inflows to be able to conduct financial transactions often enough to build their confidence and skills in engaging with the formal financial sector, and over time, financial service providers can layer in new products such as loans for entrepreneurs, commitment savings, and insurance, creating a sustainable value proposition and business case for themselves while better serving their users.



Source: USAID Guatemala



The following recommendations would support the financial inclusion of low-income and marginalized populations through DFS.

Financial sector role	Recommendations
<b>Policymakers</b>	<ul style="list-style-type: none"><li>• Enact regulations that support investment in DFS such as creating regulatory certainty for mobile money providers and Fintechs</li><li>• Enact regulations that foster interoperability among financial services providers, including among agents</li><li>• Enact regulations that support customer confidence such as data governance and privacy regulation</li><li>• Engage further with financial services providers and the development community to develop and deploy financial capability campaigns, including digital financial capability</li><li>• Drive more widespread adoption of a national ID</li><li>• Promote competition in the financial services sector to allow Fintechs and mobile money providers to better compete with incumbents</li></ul>
<b>Financial service providers</b>	<ul style="list-style-type: none"><li>• Better collect, disaggregate and analyze customer data by sex, age, income to be able to provide more relevant services to users and thus improve profitability</li><li>• Use existing market research like this report to better understand the needs and business case for serving un- and underserved segments of the population, and invest in additional research as needed</li><li>• Develop customer-centric products and services based on the cash flows and use cases of these segments, such as government-to-person, remittance, and salary payment linked products, particularly those that can be offered through DFS</li><li>• Build on payment-linked entry products over time including offering products like loans for entrepreneurs, commitment savings, and insurance</li><li>• Develop and deploy financial literacy (especially digital) campaigns and provide higher-touch onboarding processes</li><li>• Take advantage of existing remittance cash flows to decrease lending risk</li></ul>
<b>Development community</b>	<ul style="list-style-type: none"><li>• Support governmental efforts at financial capability campaigns and ID adoption</li><li>• Continue to conduct and share more regular market research to better understand the needs and business case for serving un- and underserved segments of the population</li><li>• Bring financial sector stakeholders together to co-design financial products and services for these segments</li><li>• Offer credit guarantees to lenders linked with in-depth technical assistance for product development and digital financial capabilities to ensure guaranty utilization</li><li>• Better coordinate programing and share learnings, especially among the largest players in Guatemala such as USAID, the Inter-American Development Bank, the Swiss International Development Cooperation Agency, private nonprofits, and foundations.</li></ul>



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