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5. Author(s)
1. Carlos E. Cuevas
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**INFORMAL FINANCIAL MARKETS IN AFRICA:
MAIN ISSUES AND SELECTED CASE STUDIES**

by

Carlos E. Cuevas

December, 1989

**Lecture prepared for the Workshop on
"The Role of Informal Institutions and
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**Agricultural Finance Program
Department of Agricultural Economics
and
Rural Sociology
The Ohio State University
2120 Fyffe Road
Columbus, Ohio 43210-1099**

Abstract

This lecture (delivered in French at the Workshop) presents a synthesis and highlights of a seminar on informal financial markets held in Washington, D.C., in October 1989.

INFORMAL FINANCIAL MARKETS IN AFRICA: MAIN ISSUES AND SELECTED CASE STUDIES

by

Carlos E. Cuevas*

INTRODUCTION

This presentation attempts to provide the participants in this workshop with a synthesis and highlights of a recent seminar on informal financial markets held in Washington, D.C., under the sponsorship of The Ohio State University, the Agency for International Development of the United States and the World Bank¹. The seminar brought together individuals doing research on informal finance around the world who reported their most recent findings, and succeeded in establishing priorities for future research in this area.

The major objective of that seminar was to discuss and explain the apparent success of informal finance in servicing the poor, alongside the generalized failure and serious limitations shown by formal financial institutions when trying to do the same. Some of the questions addressed by the participants in the seminar were:

- Why is it that specialized agricultural banks (e.g., the CNCAs of many West African countries) hold asset portfolios dominated by overdue loans, while informal lenders and merchants operating at the village level manage to recover practically all loans granted?,
- why is it possible to observe formal financial institutions unable to effectively mobilize deposits, while in the same environment informal savings groups intermediate large amounts of funds?

In Africa, an additional element highlighting the importance and potential of informal financial markets needs to be pointed out: of particular relevance here is the overall under-development of the formal (institutional) financial system. Countries in Sub-Saharan Africa are at a great disadvantage with respect to other third-world countries in terms of the state of the development of their financial institutions. While developing economies in Latin America and Asia show bank density ratios of 8 to 30 thousand inhabitants per bank branch, typical ratios in Sub-Saharan Africa are in the order of 100

* Participation in this workshop was funded by the Economic Development Institute of the World Bank. Views expressed in this paper are solely those of the author and should not be attributed to the World Bank or its affiliated organizations.

to 420 thousand inhabitants per bank branch². Hence, access to formal financial services by the general population is extremely limited in the continent and/or is obtained at very high transaction costs.

The foregoing limitation is accentuated in rural areas, given the urban bias of existing bank networks, and the usually poor conditions of communications, rural infrastructure and transportation in African countries. Macroeconomic constraints and financial regulations often compound these limitations making it infeasible for established banks to directly provide financial services to rural households and enterprises. The potential role for informal financial intermediation in Africa appears, therefore, even more clear here than in other developing areas of the world. In what follows, I will attempt to summarize the major recent findings of research on informal finance and present a few case studies in African countries which illustrate the importance and potential of informal financial intermediation in the continent.

MAIN ISSUES AND RECENT FINDINGS IN INFORMAL FINANCE

The numerous papers presented at the Washington Seminar covered several key issues in informal finance and, in doing so, challenged a number of traditional views and stereotypes associated with informal financial intermediation³.

Diversity of Informal Financial Intermediaries

First of all, it has become clear that informal financial intermediation is not a closed profession or occupation practiced and dominated by usurious and exploitative individuals. As Professor Dale Adams of Ohio State points out, "too many discussions of informal lending include racial and ethnic undertones reflecting the dark side of human nature"⁴ alluding to the common association of usury with particular ethnic groups (Jews, Chinese, Middle-Easterners) in different parts of the world (Europe, East Asia, Africa, Latin America). Certainly, there is a number of individual forms of informal financial intermediation, but only a small proportion of them could be considered full-time professional moneylenders⁵. Furthermore, it appears that the financial activity of informal groups is significantly more important in terms of people involved and funds mobilized than that of individual intermediaries.

Individual Financial Intermediaries⁶

Full-time moneylenders, pawnbrokers and landlords acting as informal lenders are relatively more common in Asia and Latin America than they are in Africa. Traders (merchants), money-keepers, relatives and friends appear to be predominant among individual financial intermediaries in Africa.

Moneylenders typically extend short-term, unsecured loans to well-known clients. They tend to operate in localized markets, charging high interest rates relative to other lenders while imposing low transaction costs on their borrowers.

Pawnbrokers, fairly common in Asia, make small loans secured by collateral physically deposited with the lender. Thus, their need for information regarding the borrower is minimal. The value of the pawned items is normally higher than the loan amount, hence, in case of default, the pawnbroker still realizes a net revenue from the sale of the items.

Given the particular nature of land tenancy and land property rights in Africa, loans from typical "landowners" to "tenants" are rather uncommon. However, the temporary transfer of usufruct rights over land or plantations to a lender has been documented in several African countries⁷.

Relatives and friends are probably the most common source of informal finance in Africa and elsewhere. Loans among relatives and friends are typically based on reciprocity, rather than on conventional financial conditions such as interest or collateral. Moreover, sometimes even regardless of repayment performance, these loans are considered an obligation in the extended-family structures of many cultures.

Merchants engaging in lending as secondary activity typically extend loans linked to the sale or purchase of commodities (inputs, consumer goods, farm products). Interest charges in these financial transactions are usually disguised under the form of price markups (or "markdowns") on the commodity traded.

Finally, money-keepers appear to be a widespread form of financial intermediation in African countries, as well as in other parts of the world. Security is the major reason for depositing funds with money-keepers, who normally do not pay interest on these deposits nor they charge fees for their services. Implicit forms of payments however usually exist, and it is not uncommon to find that money-keepers also perform lending functions⁸.

Informal Financial Groups

There is a large diversity of informal financial groups operating in rural and urban areas of African countries. Savings associations, savings and credit associations (rotating or non-rotating) and credit associations have been identified in several recent studies⁹.

Savings associations are based on regular contributions of fixed or variable amounts from members to the group's fund. This fund is either kept by the treasurer at home, deposited in a savings account, lent as "emergency" fund, or a combination of these. At the end of a given period, the group members receive their savings back. Interest revenues, accrued from the group's savings account or from loans granted out of the "emergency" fund might be allocated to the members or recycled into the emergency fund or the savings account.

Savings and credit associations work like savings associations and, in addition, the group's savings fund is also used to allocate loans to members and eventually to non-members. An emergency fund might complement the savings fund. All debtors of the emergency fund have to pay interest on their loans. Debtors of the main savings fund might or might not have to pay interest. Money that is not lent out, is kept by the treasurer at home and/or deposited in a savings account.

In contrast to the savings association, in which a time period of operation is specified, the participants in a credit association (money-lending group) agree to subscribe variable amounts of money for an unspecified time period. Normally, the group participants subscribe once at the foundation of the group or at their entry, however, individual members might subscribe additional funds to their group share. A money lending group uses its fund exclusively for short term loans to non-members. Interest on these loans is usually higher than that charged by other lenders and is collected in advance.

A very common form of financial group is the rotating savings and credit association (ROSCA), known as "tontine" in many African countries or otherwise designated with a local (native language) term. Participants in these rotating associations make regular contributions to a fund which is allocated to each contributor in rotation. ROSCAs may or may not charge interest on the primary fund taken out by the members, and may or may not allocate part of the funds to a reserve for emergency loans to the participants.

There is an explicit tie between loans and deposits in rotating savings and credit associations. Also, collateral and information problems are minimal since the members enrolled are only people who have mutual confidence in each other. The existence of both economic and social sanctions for defaulters in the group makes loan default unlikely. The case studies in Cameroon and Niger provide further details on the functioning of tontines.

ROSCAs show many of the strengths associated with informal finance, they reduce transaction costs, they perform true intermediation through pooling savings and lengthening the term structure of borrowed funds for ROSCA members, and they reduce risk through the use of appropriate incentives. The typical ROSCA operational formula is flexible and adjusts easily to diverse members' priorities and changes in the environment. J.D. Von Pischke (World Bank) considers this type of association a real "benchmark"..., "a starting point for strategic thinking about financial services for the poor and a test for implementation plans"¹⁰.

Are Informal Lenders Exploitative?

The common criticism that informal lenders take undue advantage of borrowers was also challenged (although not empirically) in the Washington Seminar. First, the discussion above makes it clear that this criticism would apply only to a particular class of informal intermediaries, the moneylender. Therefore, even if proof of borrower

exploitation were presented, it should not negate the numerous advantages that other forms of informal financial intermediation offer.

Moneylenders allegedly charge exorbitant interest rates, exercise monopoly power in their market areas and exploit borrowers through linking lending with unfair commodity transactions. Challenging these allegations, Professor Adams cited research documenting the high opportunity cost of funds and high risk associated with moneylenders' transactions. On the other hand, it seems unlikely that moneylenders could exercise significant monopoly power for an extended period of time, given the absence of barriers to entry and the large diversity of forms of informal finance. Finally, borrower exploitation associated with loans linked with marketing of farm products may be better explained, Adams argues, by distortions in the commodity markets rather than by monopolistic power of the merchant in the loan market.

To close the case against moneylender exploitation, Adams contends that, instead of stereotyping informal lenders as evil, "it may be more useful to think of them metaphorically as hospitals. Many of the patients (borrowers) who go there are physically (financially) stressed."... "As a result of their visit, some of these patients are cured and never return to the hospital. The health of others is improved by their visit, but some of them must return periodically for additional treatments (loans) to sustain their well-being. A few patients may perish (default) after coming to the hospital because their illnesses were too far advanced, they had afflictions that could not be treated by medicine (loans), or they refused to follow prudent health practices (were inefficient or unlucky managers)."

Hospitals (i.e., moneylenders), the metaphor continues, "are the most expensive form of medical treatment (charge the highest interest rates) because they mostly handle patients who are seriously ill (have the lowest credit ratings)."... "Blaming moneylenders for the financial difficulties encountered by a few of their borrowers is as illogical as condemning hospitals because they treat people who are ill and because some of their patients pass away." (Adams, p. 11).

Informal Savings Mobilization

In contrast with the usual emphasis on the credit side of informal finance, a number of presentations at the Seminar focused on the active and extensive savings activities taking place in informal financial markets. References were made to examples from Cameroon, Gambia, Ghana, Niger, Somalia and Zimbabwe, among other countries (see list of papers presented at the seminar in the Appendix).

Informal groups are a major vehicle for savings mobilization. Indeed, the amounts of funds mobilized through these groups may be as large as those intermediated by the banking system (Cameroon). The widespread use of money-keepers documented in several countries (Gambia, Niger)" also highlights the dynamic substitution of informal finance for ineffective formal financial intermediaries.

An important feature of informal finance is the active participation of women, primarily in group activities. Evidence from Latin America and Africa (Cameroon, Somalia) indicated the relative disadvantages of women in gaining access to formal financial markets and their active recourse to non-institutional forms of savings and credit.

Strengths and Weaknesses of Informal Finance

Before presenting some selected case studies reported at the Seminar, it is useful to summarize the strengths and weaknesses of informal finance. Flexibility of procedures and practices, convenience, low information costs and good repayment performance are some of the best known advantages of informal finance. Information advantages through direct knowledge of the participants in informal transactions reduces transaction costs. In these markets, collateral substitutes such as marketing or labor arrangements, or different forms of reciprocity substitute for the lack of physical assets that would represent acceptable collateral for institutional lenders¹².

The ties between borrowing and savings inherent in many forms of informal finance help establish mutual trust and develop creditworthiness among participants in the market. A shortcoming of informal finance, however, is that it is usually unable to provide long-term loans even to creditworthy borrowers. Also, savings kept with informal intermediaries (individuals or groups) tend to be less liquid and less secure than those held at formal institutions. Furthermore, the "informality" of informal intermediaries constrains their ability to establish links with formal intermediaries. This limitation and the relative small scale of informal intermediaries introduces difficulties in the management of their portfolios, thus making them vulnerable to seasonal fluctuations in the availability of funds they intermediate.

SELECTED CASE STUDIES

Cameroon¹³

This study documents and analyzes the activity of rotating and non-rotating informal financial groups in Cameroon, based on a field survey carried out in the Fall of 1988¹⁴. The findings highlight the active participation of rural people in informal groups and the dominant role informal finance plays in funds circulation in this country.

Several questionnaires provided information on the internal decision making process, control of group conduct, funds management, selection of beneficiaries, mechanisms of social control, the importance of women as group members, and the relative importance of financial self-help groups (SHGs) in the community. A total of 136 members and 14 group leaders were interviewed.

It was found that the degree of financial intermediation and monetization in informal groups increases from the most simple type of ROSCA (those with an interest

free rotating fund and no other financial intermediation) to the ROSCA type where the rotating fund is auctioned and the NonROSCA that operates an emergency fund and a mutual aid fund. However, all group types (with the exception of a money lending group) share several features in common:

- (a) All groups are self-selecting regarding their membership. New members must pass a period of regular savings before they are eligible for loans.
- (b) All groups keep records regarding loans, interest and deposits.
- (c) Meeting proceedings follow a specific pattern. Most meetings start with a prayer. Afterwards the secretary registers all attending members by collecting their identification cards and recording their names.
- (d) The members give their contributions to the treasurer who counts the money and reports the amount loudly to the secretary. The same procedure is used for loan payments due. Members who wish to obtain a group loan must publicly state this in front of the group.
- (e) Group participants who arrive late to a meeting, disturb the meeting, or cannot pay their contribution are charged fines. Observed fines for late arrivals and contributions were as high as an ordinary contribution or even twice as much. The accumulated fines might be used for food, entertainment, pooled together with the emergency or mutual aid fund, or disbursed at the end of the group's cycle.
- (f) In addition to the financial sanctions mentioned above, there are social sanctions that apply to the defaulters. Defaulters lose their reputation in the community and might never again be accepted in any other informal financial institution, therefore, defaults are rare.

Main Features of Informal Financial Groups

Common Bond and Membership: A majority of the groups interviewed had been founded by indigenous members of the community. Mutual trust and place of residence were most often reported as the common bond of the financial SHGs (50 percent of the groups), whereas ethnic group and gender appeared to play a less important role as a membership condition than was commonly assumed (21 percent and 14 percent of the groups respectively).

Women in Cameroon are traditionally food crop producers who sell their surplus in local markets. Due to the recent financial crises in Cameroon and the relatively low prices for cash crops - the traditional domain of the men - the financial standing of farm-women is presently better than that of male small holders. Thus, farm women seem to be more active in financial SHGs than their husbands due to their more substantial and steadier flow of cash income.

Deposits and Contributions: The most common meeting frequency was monthly. Other common frequencies were weekly, bi-weekly or every three weeks. Members' contributions are normally paid at every meeting, however, in special cases, the members' contributions are paid at once at the foundation of the group or when a new member enters the association. Thirty-six percent of the interviewees reported receiving interest revenues for their deposits, although many of them could not specify the interest rate since the rate is generally calculated at the end of the cycle. The average return on savings was about 50 percent with a range from 12 percent to 60 percent per annum for the respondents who specified an interest rate on their savings.

Six informal financial groups reported sources of funds other than the members' contributions. These other sources were a public development institution (FONADER), the Liywontse Association, an umbrella organization of 24 informal financial groups in the Nkar area (North-West Province), and a credit union.

Uses of Group Funds: About three-fourths of all groups interviewed use their funds primarily for member loans. About 46 percent of these groups also hold reserves either at the treasurer's home and/or the bank or the credit union. One group, the money lending group, granted exclusively non-member loans, while another informal financial group invested its funds in a corn mill and accumulated savings in a nearby credit union.

Relative Importance of Financial SHGs

In this survey, almost 80 percent of all adult-family members participate in at least one financial SHG, about 52 percent of all interviewees belonged to multiple informal financial lending and savings associations. In one-third of the cases at least one other family member also participated either in the same group as the interviewee or in some other financial SHG.

The mean value of informal loans in the sample was about 157 thousand FCFA per member. For purposes of extrapolation, it was assumed that only 70 percent of Cameroon's active population participates in informal financial groups. The active population was estimated at 3.5 million. With these assumptions, and using the average member loan from the sample data indicated above, it is possible to estimate the total amount of credit granted through informal groups in Cameroon at about 385 billion F CFA (157 thousand F CFA times 0.7 participation rate times 3.5 million active population). This amount is equivalent to 36 percent of all claims on the private sector by Cameroon's commercial banks and its development bank in March 1988. This implies that these indigenous financial groups provide 27 percent of all loan requirements in Cameroon.

A similar extrapolation for the amount of savings intermediated by informal financial groups gives an estimate of about 580 billion FCFA, an amount equivalent to 1.2 times the magnitude of all demand, time, and savings deposits in Cameroon's commercial banks and its development bank in March 1988. This analysis thus indicates

that informal voluntary savings account for about 54 percent of total financial deposits in Cameroon.

Two major remarks arise from this analysis. First, informal SHGs appear to be able to adjust their structure and operating principles to a wide variety of circumstances. These groups are capable of responding to widely different demands for financial services, a major advantage with respect to formal financial institutions.

The second major remark relates to the striking importance of informal groups in Cameroon's overall monetary circulation. The estimates reported in this paper suggest that informal groups account for more than one-fourth of total domestic private sector credit, and for more than one-half of total financial savings. These findings, for the most part consistent with previous studies on Cameroon, highlight the significance of informal finance in the country and emphasize the need to consider the likely effect on these groups of financial policy measures. For example, the current initiative of establishing a public agricultural bank in Cameroon should be evaluated in terms of the effects this institution might have on the motivations and incentives associated with the formation and functioning of informal financial groups.

Niger¹⁵

In 1985 and 1986 a team from Ohio State University surveyed a random sample of approximately 400 farm households in 22 villages in Niger and, subsequently, followed up with a field study of 38 wholesale and 58 retail merchants, 56 Tontine groups (i.e. ROSCAs in francophone Africa) and 39 active moneykeepers in these same villages. Results of these studies showed the importance of informal finance in the country and the channels through which this intermediation occurs. Each of these informal vehicles merits discussion in any consideration of finding an appropriate path of transition from informal to formal financial activity.

Merchant Finance

Wholesale merchants secured credit from urban based banks. In these transactions non-land collateral was highly associated with the amount and the term structure of the loans. These loans were then channeled to village retail merchants in the form of a consignment of consumer goods for which cash repayments were expected following the harvest. The retailers, in turn, sold the goods to villagers on credit. Following the harvest the chain of cash repayments worked itself back up through the layered informal network to the wholesale merchant and the bank.

Several conclusions emerge from these financial practices of merchants. First, whether formally pledged or not, wholesalers with a large collateral base (usually inventory holdings) clearly secured larger average sized loans and longer term loans from their urban based banks than those with a smaller collateral. Retailers, by the same token, also secured a larger consignment of goods (an implicit loan to be repaid later) for a longer period of time, the larger their collateral base. An indefinite term or open

lines of credit were evident between retailers and their village borrowers. These contracts comprised 40 percent of all retail transactions. Interest charges were admitted to by some but not by most wholesalers and retailers. This reticence to admit interest charges is not surprising in an Islamic society. It is likely that implicit interest was built into the prices of the consigned goods that were to be repaid by the villagers following harvest. The same implicit interest was likely for the cash repayment from retailer to wholesalers. These contract features could not be documented well in a short single visit interview.

Tontines

The village level tontines represented a wide diversity of groups from housewives and farmers to market vendors, small businessmen, school teachers, and extension agents among others. For the most part these Francophone rotating savings and credit associations had a common occupational bond though some limited crossing of groups and gender occurred. Membership size ranged from 4 to 40 individuals with the frequency of meetings and contributions and loans ranging from 5 days to one month and the lifecycle of a complete tontine round from one month to a year. Generally no payment was documented to move up in the queue for a loan. The sequential order to receive a loan was flexible with the group responding to special member problems and needs. An explicit treasurer operated in the higher income tontines, a post that generally received some form of remuneration or a privileged position in the sequential order of loans. Tontine leaders reported various problems with delinquent members, such as members migrating after receiving their loan or, at the other extreme, falling into a destitute situation. Finally it was not at all uncommon for members to be in more than one tontine at the same time.

Two findings stand out from this research on the 56 tontine groups in the 22 villages. First there was a remarkably wide income or wealth differential implicit in the average member contribution and average sized loan per tontine. Member contributions each round ranged from a low of 25 cents (in equivalent FCFA currency) in the lowest income tontine to a high of 70 dollars in the highest income group. Average tontine loans ranged from two dollars to 700 dollars in these villages. The average tontine loan size for all 56 tontines was equivalent to 111 dollars, almost twice the \$65 dollar rural per capita income figure for Niger in 1985. The lower income tontines were composed of housewives and farmers who met frequently (every week) and had a short life cycle before being renewed with a small number of members. The high income tontines were associated with market vendors, businessmen, teachers and extension agents who met less frequently and operated for longer periods of time.

The second major finding underscores the large volume of liquidity that moved through these groups. The aggregate total for the contributions for the entire life cycle of all 56 tontines (i.e. the period of time that allows each member access to a tontine loan) amounted to \$72,000 dollars. This highlights the ample base of local savings available for financial intermediation in rural Niger. These findings caught the attention of policymakers and donors alike. However, the existence of a promising potential for rural savings mobilization is one thing, the appropriate or feasible mechanism that could

transform these informal savings into a more efficient formal form of financial intermediation is another thing.

Moneykeepers

Moneykeepers round out this discussion of indigenous financial vehicles in rural Niger. Males predominate in this profession. Merchants are the most commonly chosen persons to undertake these activities. Moneykeepers offer multiple services to their clientele. Not only do they hold deposits (for which they pay no interest) but some also offer pawnbroker and general storage services, especially for textile inventories. Finally some act as purchasing agents on their trips to Nigeria, bringing back goods for their villager clientele. Finally, moneykeepers also engage in loan activities with an average loan size of 144 dollars. The term structure on loans was generally shorter than those on deposits suggesting an appropriate rudimentary matching of term structure between assets and liabilities.

The deposit services cover a wide range of customers. Some moneykeepers have only a handful of deposit accounts. Others handle as many as 150 depositors. The total volume of deposits varied from a low of 30 dollars (in equivalent FCFA) to a high of 13,000 dollars. As in the case of tontines the aggregate level of deposit activity for these 39 moneykeepers was substantial. The volume of deposits for all 39 ranged from \$34,000 dollars during the dry season to \$79,000 dollars in the immediate post harvest season. Thus there was a sharp seasonal variation, but in the end, a significant flow of funds circulated through these informal channels.

Lessons

The implications derived from the above findings for these various channels of informal finance are several. First, the scope and magnitudes of informal finance are significant. The scope was wide, the magnitudes impressive. Second, despite the rudimentary nature of some of these activities, an embryonic form of financial intermediation was clearly occurring within these informal intermediaries. Third, the organization of these activities were rational and business-like. For the most part these mechanisms are generally self-sustaining even in the face of the risky Sahelian environment that causes a delinquent clientele from time to time.

The major lessons for formal finance are that any viable financial intermediary at the village level must be prepared to offer the financial services demanded by villagers. This demand emphasizes deposit and savings services, short-term and open lines of credit and non-production loans. Also the operational type of organization is marked by constant contact and frequently changing terms and conditions of loan contracts which in effect transform short- to longer-term loans. Multiple services are widespread with not only deposits and loans but in some cases pawnbroking, inventory, and marketing services built into some of these lenders activities. The implication is clear, credit alone is not the usual focus for local financial intermediaries. Yet it is this focus that predominates in all formal attempts to reach villages with formal finance in Niger. Thus it is not surprising to note widespread failure in these attempts.

LESSONS FROM INFORMAL FINANCE AND POLICY IMPLICATIONS

"Informal finance persists and often flourishes because it resolves important problems that are handled poorly or not at all by most formal financial systems" (Adams, p. 11). Informal financial arrangements are diverse and flexible, i.e., they provide the mix of services demanded by the users of these services. Informal finance educates borrowers and lenders in sound financial practices, thus developing creditworthiness before credit actually takes place. Informal finance emphasizes voluntary savings instead of relying upon government or donor funds. Informal finance adjust procedures and introduce innovations to reduce transaction costs

Formal financial systems and policy makers have some things to learn from informal financial transactions. As indicated above, however, informal finance has also limitations which cannot be ignored. Informal arrangements do not function well for large amounts of funds, do not supply long-term loans and have difficulties operating over long distances¹⁶. The policy implications derived from the Washington Seminar pointed towards preserving the advantages of informal systems while cautiously attempting to address the shortcomings of informal intermediation. Some key propositions are the following:

- Policies should attempt to enhance the performance of informal finance rather than trying to regulate it or replace it.
- The effects on informal financial markets of general financial policies should be considered and evaluated, to avoid unintended effects on these markets.
- The massive infusion of external funds into the informal financial system is likely to undermine the basic foundations of its success. Hence, use of informal financial intermediaries as "conduits" of donor funds should be gauged very carefully against the possible damage to the roots of the system these linkages can entail.

NOTES

1. Seminar on Informal Financial Markets in Development, Washington, D.C., October 18-20, 1989.
2. Bank density ratios in selected Sub-Saharan countries (thousand population per bank branch): Togo, 52; Senegal, 100; Niger, 250; Mali, 280; Zaire, 420.
3. Informal finance here refers to all financial activities that are not supervised, regulated or monitored by some central financial or monetary authority or other administrative agency.
4. Adams, Dale W. "Taking a Fresh Look at Informal Finance". Seminar on Informal Financial Markets in Development, Washington, D.C., October 18 - 20, 1989. (p. 3)
5. Adams, Dale W. "Informal Finance in Low-Income Countries: A Seminar Report". Ohio State University, November 1989.
6. This brief description relies on Adams, Dale W. "Taking a Fresh Look at Informal Finance".
7. Adams cites Adejeboye on Ghana. This practice has also been reported in Guinea (Cuevas, Carlos E. "Rural Household Finance in the Kindia and Nzérékoré Regions of Guinea." ESO 1576, The Ohio State University, March 1989).
8. Graham, Douglas H. "Informal Rural Finance in Niger: Lessons for Building more Efficient and Sustainable Formal Institutions." Seminar on Informal Financial Markets in Development, Washington, D.C., October 18 - 20, 1989.
9. Schrieder, Gertrud, and Carlos E. Cuevas. "The Structure and Importance of Informal Financial Groups in Cameroon." Seminar on Informal Financial Markets in Development, Washington, D.C., October 18 - 20, 1989.
10. Von Pischke, J. D. "ROSCAs: State-of-the-Art Financial Intermediation." Seminar on Informal Financial Markets in Development, Washington, D.C., October 18 - 20, 1989. (p. 2)
11. Graham, Douglas H. on Niger, and Parker Shipton on Gambia (Shipton, Parker. "The Rope and the Box: Gambian Savings Strategies and What They Imply for International Aid in the Sahel." Seminar on Informal Financial Markets in Development, Washington, D.C., October 18 - 20, 1989.
12. Adams, Dale W. "Informal Finance in Low-Income Countries: A Seminar Report".

13. Schrieder, G. and C.E. Cuevas.
14. Schrieder, Gertrud R. "Informal Financial Groups in Cameroon: Motivation, Organization and Linkages," M.S. Thesis, Ohio State University, 1989.
15. This section excerpts from Graham, Douglas H.
16. Adams, Dale W. "Taking a Fresh Look at Informal Finance".