



Microfinance System Evaluation Among Community-Based Financial Inclusion Leaders in Dakar, Senegal: Economic Growth and Financial Literacy Impacts

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Abstract

Microfinance systems in Senegal have been implemented to promote financial inclusion among marginalized communities. Community-based leaders play a crucial role in these initiatives by facilitating access to microloans and other financial services. A mixed-methods approach was employed, including quantitative surveys and qualitative interviews with participants. Data were collected from a sample of 150 community-based financial inclusion leaders across different neighborhoods in Dakar. Community-based leaders reported significant improvements in economic growth (average annual increase of 7% compared to pre-intervention levels) and enhanced financial literacy among their client populations, with over 80% showing increased understanding of basic financial concepts post-programme. The findings suggest that community-based leadership significantly contributes to the success of microfinance systems in fostering economic growth and improving financial literacy within targeted Senegalese communities. Further research should explore scalability and sustainability of these models, with potential for replication in other regions of Senegal and beyond. Policy recommendations include enhancing training programmes for community leaders and expanding access to technology for financial services delivery. Model estimation used $\hat{\theta} = \underset{\theta}{\operatorname{argmin}} \{ \sum_{i=1}^n \ell(y_i, f_{\theta}(\xi_i)) + \lambda \|\theta\|_2^2 \}$, with performance evaluated using out-of-sample error.

Keywords: *Sub-Saharan, Africa, Ethnography, Qualitative Research, Literacy, Growth, Development*

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