



The Influence of Al-Amal Microfinance Bank's Humanitarian and Economic Empowerment Initiatives on FX Market and Network in Yemen

2017-2023



Republic of Yemen
Central Bank of Yemen
Al-Amal Microfinance Bank
Head office



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(2017-2023)

By

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A Study Conducted by the International Partnerships and Cooperation Department in
Al-Amal Microfinance Bank (AMB)

2024

ABSTRACT

This study is conducted to investigate the impact of Al-Amal Microfinance Bank's humanitarian and economic empowerment initiatives on the FX market and network in Yemen. Building on a solid theoretical framework that addresses relevant aspects, this research extends to cover the aforementioned gap of knowledge. Employing a mixed-methods research design, the study combined quantitative and qualitative data analysis to provide a comprehensive understanding of AMB's initiative influence. Through a text-based, desk review, analysis, and questionnaire-based data collection, the study examines AMB's humanitarian and economic empowerment initiatives/projects and FX market dynamics, alongside its impact. The findings reveal that AMB's initiatives have positively influenced the FX market by enhancing the foreign balance of payments and availability of local currency, contributing to boosting national GDP by promoting financial inclusion, job creation, and economic empowerment. Similarly, the findings illustrate the profound positive impact on the FX network by more FX network participants utilizing formal FX channels for humanitarian cash assistance projects, despite challenges in accessing foreign currency. AMB's initiatives also have facilitated transactions and expanded activity over the past 7 years. These efforts have reduced poverty, inequality, and promoted economic stability. However, there are potential risks and challenges associated with AMB's continued involvement in the FX market and network. This has contributed to a more stable FX market and network. The study's implications for policymakers and practitioners are significant. By understanding the interconnectedness between microfinance, humanitarian assistance, and economic development, policymakers can design more effective interventions to support economic recovery and stability in conflict-affected regions like Yemen.

ACKNOWLEDGEMENTS

First and foremost, I would like to begin by expressing my deepest gratitude to Allah (SWT), the Most High, the Most Compassionate, for His infinite blessings and guidance throughout this research journey. His unwavering support and strength allowed me to persevere and ultimately achieve success.

My sincere appreciation extends to Mr. Mohammed S. Al-Lai, the esteemed CEO of Al-Amal Microfinance Bank. His constant inspiration and unwavering belief in this research project were instrumental in its realization. His leadership and dedication to facilitating every possible hardship, along with offering valuable courses and making all necessary resources readily available, were invaluable contributions to the completion of this study.

I am also deeply grateful to Assoc. Prof. Abdulhameed Ashuja'a for his invaluable guidance and mentoring. His expertise and insights were essential in shaping this research and ensuring it adhered to a sound academic structure. His support in navigating the complexities of academic research proved invaluable.

Finally, I express my deepest appreciation and gratitude to all those who, in any way, contributed to the completion of this study. I am particularly grateful for the inspiring environment provided by Al-Amal Microfinance Bank, which fostered the development of this research.

May Allah (SWT) reward everyone abundantly for their contributions.

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List of Abbreviations

| | |
|--------------------|---|
| AMB | Al-Amal Microfinance Bank |
| BNFs | Beneficiaries; people who benefit from projects |
| BoP | Balance of Payment |
| CBY | Central Bank of Yemen |
| Cash | Cash amounts provided to beneficiaries, which are deposited in e-accounts, current accounts, ...etc. or paid through a remittance to cover cash needs |
| FDI | Foreign Direct Investment |
| FSP | Financial Service Provider |
| FX | Foreign Exchange |
| GDP | Gross Domestic Product |
| INGO | International Non-governmental Organization |
| IMF | International Monetary Fund |
| KYC | Know Your Customer |
| LPG | Liquefied Petroleum Gass |
| MENA | Middle East and North Africa |
| MFI | Microfinance Institution |
| MSME/s | Micro, Small, and Medium Enterprise/s |
| NGO | Non-governmental Organization |
| NPO | Non-Profit Organization |
| PC | Payment Cycle |
| PoS | Points of Sale |
| Reyadah | Al-Amal Foundation for Training & Entrepreneurship, which is known as Reyadah |
| SDRs | Special Drawing Rights |
| SFD | Social Fund for Development |
| SMED | The Small and Microenterprise Development Unit |
| UN | United Nations |
| UN Agencies | United Nations Agencies |
| UNCTAD | United Nations Disaster Assessment and Coordination |
| UN OCHA | United Nations Office for the Coordination of Humanitarian Affairs |
| USD | United States Dollars |
| WB | World Bank |
| YBA | Yemeni Banking Association |
| YER | Yemeni Rial |

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Yemen has a long history of economic fragility, characterized by limited diversification, dependence on oil exports, and a high poverty rate (WB, 2022). Prior to 2010, these vulnerabilities exposed the Yemeni economy to external shocks. The 2011 and subsequent 2015 events further exacerbated the situation, plunging Yemen into a deep economic crisis (WB, 2023).

The conflict has had a devastating impact on Yemen's foreign exchange (FX) market and network. Disrupted exports coupled with a surge in imports due to humanitarian needs created a significant hard currency scarcity (UNCTAD, 2022). This scarcity, along with a dysfunctional central bank, led to hyperinflation and a sharp depreciation of the Yemeni Rial (YER) (IMF, 2023). The formal FX market channels became paralyzed, with currency exchange often happening through informal networks at highly volatile rates.

In response to the dire humanitarian situation, international aid agencies significantly increased their presence in Yemen starting in 2013 (UN OCHA, 2023). This influx of foreign currency, primarily in the form of humanitarian assistance, provided some temporary relief to the FX market. However, aid dependency raised concerns about long-term sustainability.

Recognizing the limitations of purely humanitarian interventions, microfinance institutions (MFIs) emerged as potential agents for economic empowerment (Matin, 2016). By providing access to financial services for Yemeni entrepreneurs, MFIs aimed to stimulate economic activity, create jobs, and foster financial inclusion (Ledgerwood et al., 2013).

While the impact of humanitarian assistance on the Yemeni FX market has received some attention, a research gap exists regarding the specific effects of microfinance interventions, particularly those offered by Al-Amal Microfinance Bank (AMB). This study seeks to address this gap by investigating how AMB's humanitarian and economic empowerment initiatives influence the stability and expansion of the FX market and network in Yemen.

1.2 Problem Statement

For Yemen, which has aspects of limited diversification and dependency on oil exports, aggregated by 2011 and 2015 events that resulted in high poverty and economic fragility, the implication of these has resulted in scarcity of hard currency, high inflation rates, and a drastic depreciation of the Yemeni rial. In response, international government organizations (INGOs) and donor organizations enhanced their operations in Yemen and delivered humanitarian assistance as well as economic empowerment projects through financial services providers (FSPs) and/or microfinance institutions (MFIs), which were presented in the full capacity of key players in the provision of financing products to Yemeni MSMEs and individuals, which is assumed to stabilize the situation for some time.

This research endeavors to meticulously examine the multifaceted effects engendered by Al-Amal Microfinance Bank's humanitarian and economic empowerment initiatives on the stability, expansion, and overall functionality of Yemen's foreign exchange (FX) market and network. This investigation will delve into how these initiatives implemented in a seven-year-long (2017-2023), encompassing both humanitarian emergency relief and entrepreneurial support programs, influence currency fluctuations, broaden access points for legitimate FX transactions, and potentially contribute to the revitalization of the formal FX market infrastructure within the strife-torn Yemeni economy.

1.3 Research Questions

Given the multifaceted nature of Al-Amal Microfinance Bank's interventions, this study seeks to illuminate the precise influence these initiatives exert on both the stability of Yemen's FX market and the expansion of its network. Specifically, the study explores the following research questions:

- What is the influence of Al-Amal Microfinance Bank's humanitarian and economic empowerment initiatives on the stability of the fluctuating FX market?
- What is the impact of Al-Amal Microfinance Bank's humanitarian and economic empowerment initiatives on keeping the expansion of the FX network?

1.4 Research Objectives

To elucidate the multifaceted contributions of Al-Amal Microfinance Bank's (AMB's) interventions, this study aims at the following:

- Investigating the influence of AMB's humanitarian and economic empowerment initiatives on the stability of the fluctuating FX market.
- Exploring the impact of AMB's humanitarian and economic empowerment initiatives on keeping the expansion of the FX network.

1.5 Scope and Limitations of the Study

While this study strives to shed light on the influence of Al-Amal Microfinance Bank's (AMB) initiatives on Yemen's FX market and network, it is essential to acknowledge certain limitations that may influence the generalizability and interpretation of the findings.

- **Time Frame:** The study focuses on the period between 2017 and 2023. While this timeframe encompasses a significant portion of the ongoing conflict in Yemen, it is important to recognize that AMB's initiatives and their potential effects on the FX market might have started as early as 2013. Ideally, a longer time frame could provide a more comprehensive picture of the evolving relationship between AMB's interventions and the FX market dynamics.
- **Data Availability:** Obtaining comprehensive data on the Yemeni FX market, particularly during a period of conflict, presents significant challenges. This study primarily relies on data from AMB reports and CBY-Aden. Accessing additional data sources, such as reports from other financial institutions or comprehensive surveys of the FX network and exchange shops, could have provided a more holistic perspective. Additionally, limitations in obtaining historical data from the CBY might restrict the ability to fully assess changes in the FX market before and after AMB's initiative implementation.
- **Data Source:** Relying solely on data from AMB, WB, and CBY-Aden reports along with selective samples of the FX network and exchange shops introduces potential biases. AMB reports might primarily highlight the positive impacts of their initiatives, while CBY-Aden data might be limited due to the ongoing conflict. Utilizing a wider range of data sources and triangulation techniques could enhance the validity and reliability of the findings.

- **Scope of Analysis:** This research focuses specifically on the impact of AMB's humanitarian and economic empowerment initiatives. Other factors, such as international transfers, trade-related FX transactions, and the influence of regional or global economic developments, are not explicitly addressed within the scope of this study. A broader examination that incorporates these additional elements could offer a more nuanced understanding of the forces shaping the Yemeni FX market.

Despite these limitations, this study offers valuable insights into the potential role of microfinance interventions in supporting the FX market during times of crisis. By acknowledging these limitations, the study encourages further research that can build upon these initial findings and contribute to a more comprehensive understanding of the complex dynamics at play in the Yemeni FX market.

1.6 Significance of the Study

Understanding the impact of Al-Amal Microfinance Bank's (AMB) initiatives on Yemen's FX market and network holds significant value for multiple stakeholders. By investigating the influence of AMB's programs on FX market stability and network expansion (as outlined in the research questions), this study can contribute to the field of the Yemeni FX market and network in several ways:

- **Advancing Knowledge:** The findings can shed light on the effectiveness of microfinance interventions in mitigating the negative effects of conflict on FX markets. This can contribute to a more nuanced understanding of how financial inclusion strategies can be tailored to support post-conflict economic recovery.
- **Challenging Assumptions:** Existing research might primarily focus on the role of humanitarian assistance in the Yemeni FX market. This study has the potential to challenge assumptions by demonstrating the specific contributions of microfinance initiatives toward FX market stability and network expansion.
- **Informing Policy:** The results can provide valuable information for policymakers and development agencies seeking to design targeted interventions that support both humanitarian assistance and long-term economic empowerment in Yemen.
- **Guiding AMB Practices:** Based on the study's findings, AMB can refine its humanitarian and economic empowerment initiatives to maximize their positive impact on the Yemeni FX market and network. This could involve optimizing program design, resource allocation, or targeting specific geographic areas or beneficiary groups.

In essence, investigating AMB's impact on Yemen's FX market (as outlined in the research questions) offers valuable insights. This study can illuminate microfinance's role in FX market stability during conflict, challenge assumptions about humanitarian assistance's dominance, and inform policy decisions for both immediate and long-term Yemeni economic well-being. Moreover, the findings can guide AMB in optimizing its programs for a more robust Yemeni financial future. This research holds the potential to strengthen financial inclusion strategies in post-conflict environments.

1.7 Definitions of Terms

Al-Amal Microfinance Bank (AMB): A non-dividend financial institution established in Yemen in 2002 and operational since 2009. It is considered the first microfinance bank in the MENA region. AMB provides a range of financial services, including microloans, savings accounts, social cash transfers, and money transfer services, to low-income clients. Additionally, AMB offers non-financial services through its affiliate organization, Reyadah, a non-profit organization (NPO).

Currency Depreciation: A decrease in the value of a currency relative to another currency. This means that it takes more units of the depreciated currency to purchase the same amount of goods or services denominated in another currency.

Currency Fluctuation: Variations in the exchange rate between two currencies. These fluctuations can be caused by a variety of factors, including supply and demand for currencies, interest rate differentials, inflation rates, and political or economic events.

Econometric Models: Statistical models used to analyze economic relationships. These models can be used to test hypotheses about the impact of different factors on economic outcomes, such as the influence of microfinance interventions on FX market stability.

Economic Empowerment: The process of enabling individuals and communities to improve their economic status and achieve greater control over their financial resources. This can involve various strategies such as access to financial services, education and training opportunities, job creation initiatives, and market access for small businesses. Economic empowerment aims to promote self-sufficiency and reduce dependence on external aid.

Economic Recovery: The process of rebuilding Yemen's economy after conflict, including restoring infrastructure, promoting livelihoods, and stabilizing finances. This study analyzes AMB's contribution to recovery through microfinance, particularly its impact on FX market stability and accessibility.

Foreign Direct Investment (FDI): An investment made by a company or individual in one country into a business or project in another country, with the intent of establishing a lasting interest (Musibah, 2015). FDI can involve capital, technology, or expertise transfer, and plays a significant role in economic growth (Musibah, 2015).

Foreign Exchange (FX) Market: A marketplace where participants can buy, sell, exchange, and speculate on currencies. This market determines the foreign exchange rate, which is the price of one currency in terms of another.

Foreign Exchange (FX) Network: The infrastructure that facilitates FX transactions. This network includes banks, exchange houses (also known as bureaux de change), money transfer operators, brokers, exchange companies, and other financial institutions. These institutions play a crucial role in channeling foreign currency into and out of a country, impacting everything from international trade to individual remittances.

Formal FX Market: The regulated market where FX transactions are conducted through licensed financial institutions. These institutions operate under the supervision of central banks and adhere to established regulations regarding exchange rates, reporting requirements, and anti-money laundering measures.

Humanitarian Assistance: Assistance provided to alleviate human suffering in crisis situations. This can include a variety of resources such as food, shelter, medical care, educational supplies, and psychosocial support. Humanitarian aid is often delivered by international organizations, non-governmental organizations (NGOs), and government agencies.

Hyperinflation: A situation of extremely rapid and persistent price increases. Hyperinflation typically occurs when the money supply grows much faster than the production of goods and services. This leads to a significant devaluation of the currency, as people need increasingly large amounts of money to purchase the same goods.

Informal FX Market: The unregulated market where FX transactions occur outside the formal financial system. This market often operates through money changers, street vendors, or peer-to-peer networks. Transactions in the informal market may be subject to higher exchange rates and carry greater risks due to the lack of regulation and oversight.

Microfinance: A type of financial service that provides loans, savings products, and other financial services to low-income clients, typically those lacking access to traditional banking services (Ali, 2023). Microfinance aims to empower individuals and communities by promoting self-employment and income generation, ultimately contributing to economic development (Ali, 2023).

Microfinance Institutions (MFIs): Financial institutions that provide financial services to low-income clients who typically lack access to traditional banking services. MFI services may include microloans, savings accounts, money transfer services, and financial literacy training. The aim of microfinance is to empower individuals and communities to overcome poverty by promoting self-employment and income generation.

Policymaker: Individuals and institutions, including AMBs', government officials, and central bank authorities, are responsible for creating and implementing economic and financial policies in Yemen.

Reyadah: Al-Amal Foundation for Training and Entrepreneurship (**Reyadah**) is a non-profit organization (NPO) affiliated with Al-Amal Microfinance Bank (AMB). Reyadah provides non-financial services that complement AMB's financial inclusion efforts.

Stability (in the Context of FX Market): A relative lack of significant fluctuations in the exchange rate. A stable FX market is essential for facilitating international trade and investment, as it reduces uncertainty and risk for businesses and individuals.

USD (United States Dollar): The US dollar, a major international reserve currency, is crucial in Yemen for international trade, cash assistance, and as a store of value during instability. Its exchange rate against the YER significantly impacts the economy, and AMB's use of USD transactions is a key focus of this study.

Yemeni Rial (YER): The official currency of Yemen. The Yemeni Rial has been significantly devalued due to the ongoing conflict and economic instability.

1.8 Organization of the Study

This research paper is divided into five chapters, each of which focuses on a different area of the study. The findings and analysis can be presented in a logical and consistent manner thanks to this structure.

The first chapter, Introduction, provides the framework for the investigation. A thorough synopsis of the study issue is given, together with definitions of important terms and information on the background, problem statement, research questions, objectives, scope, and constraints. The definitions of terms that provide a clear context of the impact of the Al-Amal Microfinance Bank on Yemen's FX market and network are established in this chapter.

The second chapter, the literature review, explores the corpus of knowledge already available on the subject of the study. It highlights the research needs that this study attempts to fill, evaluates empirical findings, and proposes a theoretical framework. This chapter presents the research's contribution to the field and sets the research's context.

The research design, tools for collecting data, and strategies for data analysis are described in the third chapter entitled "Research Methodology." In order to guarantee the legitimacy and dependability of the results, it offers a thorough description of how the data was collected and processed. The methodological rigor and reliability of the research are established in this chapter.

The data analysis findings are presented in the fourth chapter, "Research Findings." It contains a thorough explanation of the results, backed up with facts and supporting evidence. This chapter presents the main findings and insights from the study, which is the basis of the research.

In the fifth chapter, the wrap-up and suggestions outline the main conclusions of the research and make suggestions in light of the findings. It offers a final viewpoint on the study and its consequences for future researchers, practitioners, and policymakers. The research overall is succinctly concluded in this chapter, which also emphasizes its importance.

The information is presented in a straightforward and logical manner thanks to this organizational framework, which makes it possible for readers to follow the study project from start to finish. It also offers a strong foundation for delivering conclusions and suggestions in a clear and effective manner.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a comprehensive literature review of the factors influencing Yemen's economy, with a particular focus on microfinance, humanitarian assistance, and foreign direct investment (FDI). While existing research provides valuable insights into these areas, a significant gap remains in understanding the specific effects of AMB's interventions.

Previous studies have explored the link between microfinance and economic growth (Ali, 2023), the challenges of using aid for currency stabilization (Harper et al., 2023), and the determinants of FDI in Yemen (Musibah, 2015). However, none of these studies directly investigate the combined impact of AMB's humanitarian and economic empowerment initiatives on the stability and expansion of Yemen's FX market and network.

This literature review aims to address this gap by examining the existing knowledge base and identifying the key research questions that this study will explore. By analyzing the existing literature, we can establish a solid foundation for understanding the complex factors influencing Yemen's economy and the potential role of AMB in promoting the stability of the Yemeni FX market and the expansion of the Yemeni FX network.

The literature review chapter is organized into five sections: introduction, theoretical framework, empirical research, research gap, and conclusion. The introduction provides a concise overview of the chapter's purpose and scope. The theoretical Framework discusses the theoretical foundations of the study, drawing on terms related to microfinance, economic development, and FX markets. The empirical research section reviews relevant empirical studies on AMB's impact on FX markets and network, or similar contexts. The research gap identifies the specific gap in the existing literature that this study aims to address. Finally, the conclusion summarizes the key topics disclosed through this chapter.

By examining the existing literature, this chapter establishes the context for the study and demonstrates its contribution to the field. It also provides a solid foundation for the subsequent chapters, which will delve into the research methodology, findings, and recommendations.

2.2 Theoretical Framework

The theoretical framework for this research provides a conceptual lens through which to analyze the complex interplay of microfinance, humanitarian assistance, and foreign direct investment (FDI) in the context of Yemen's economic development. This framework is essential for understanding the potential role of Al-Amal Microfinance Bank (AMB) in promoting FX market stability, and network expansion.

By drawing on established theories from various fields, this framework offers a structured and comprehensive view of the interconnected factors influencing Yemen's economy. It provides a theoretical foundation for the subsequent analysis of the literature review and the interpretation of the findings. It will delve into the specific theoretical frameworks that underpin this research. These frameworks will be presented to highlight their interconnectedness and their relevance to the study's objectives.

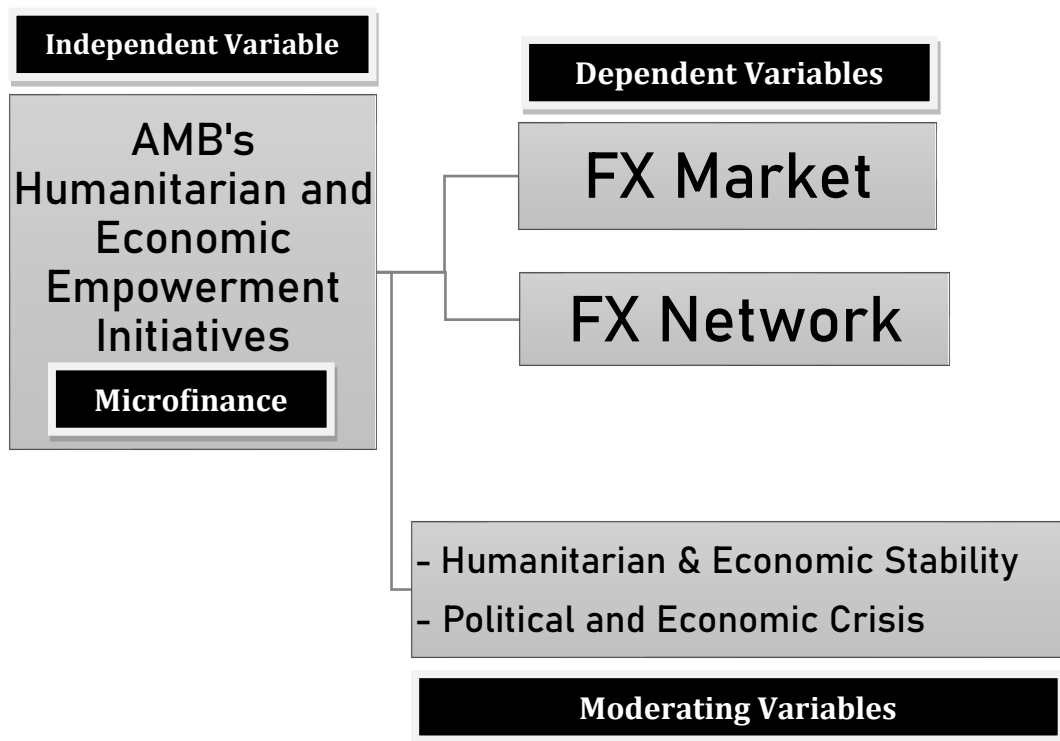


Figure (1): Theoretical Framework

2.2.1 Economic Development

As highlighted by IMF reports (2016), economic development can be defined as a process of sustained improvement in the living standards of the Yemeni population, characterized by increased economic growth, reduced poverty, and greater social inclusion. This definition aligns with the broader understanding of economic development, which emphasizes the importance of improving the quality of life for all citizens, not just economic growth.

As highlighted by Ali (2023), microfinance plays a crucial role in promoting economic development in Yemen by providing financial services to low-income individuals and small businesses. By increasing access to credit, improving financial literacy, and reducing poverty and inequality, microfinance can contribute to a more inclusive and sustainable economic growth path.

This study focuses on the potential impact of AMB's initiatives on the FX market and network in Yemen. By examining how microfinance can influence the FX market, this study contributes to a broader understanding of the interconnectedness between economic development, microfinance, and the financial sector in Yemen.

In conclusion, economic development in Yemen is a multifaceted process that involves improving the living standards of the population, reducing poverty, and promoting social inclusion. Microfinance plays a vital role in this process by providing financial services to underserved populations and contributing to economic growth and stability.

2.2.2 FX Market and Network

In Yemen, the foreign exchange (FX) market plays a crucial role in facilitating economic activity and supporting the country's development. However, the FX market in Yemen has been significantly impacted by the ongoing conflict and instability, as highlighted by Musibah (2015). The FX market in Yemen is characterized by a complex network of institutions and individuals involved in currency exchange. Commercial banks, money exchange houses, and informal channels all play a role in facilitating FX transactions. However, the limited control of the CBY over the financial system and the prevalence of the black market have made it difficult to maintain a stable and transparent FX market, according to Harper and Sana'a Center Economic Unit (2023).

Microfinance institutions (MFIs) can play a significant role in influencing the FX market in Yemen. By providing financial services to low-income individuals and MSMEs, MFIs can contribute to economic growth. This, in turn, can increase demand for foreign currency and promote the use of formal FX channels, as noted by the IMF (2016).

AMB's initiatives have the potential to impact the FX market in Yemen. By providing financial services to underserved populations, AMB can empower individuals and businesses to participate more fully in the economy, leading to increased demand for foreign currency. Additionally, AMB's focus on promoting economic growth and transparency can help to reduce the reliance on informal FX channels and strengthen the formal FX market, as evidenced by AMB's Annual Report (2023).

In conclusion, the FX market in Yemen is a complex and challenging environment. MFIs like AMB can play a significant role in influencing the FX market by promoting economic growth. By understanding the interconnectedness between microfinance and the FX market, this study can develop more effective strategies to support the development of a stable and resilient economy in Yemen.

2.2.3 Microfinance

Microfinance has emerged as a powerful tool for promoting economic development in developing countries, including Yemen. By providing financial services to low-income individuals and MSMEs, microfinance can help to stimulate economic growth.

As highlighted by Ali (2023), microfinance can have a significant impact on economic growth in Yemen. By increasing access to capital, microfinance can enable entrepreneurs to start and expand their businesses, leading to increased productivity and job creation. This, in turn, can boost economic activity and generate demand for goods and services, which can increase the need for foreign currency.

Furthermore, microfinance can help to reduce capital flight by providing individuals and businesses with alternative investment opportunities within Yemen. This can help to stabilize the FX market and reduce pressure on the Yemeni Rial (YER). In addition to its economic benefits, microfinance can also contribute to the development of a more diversified and resilient financial system. By providing financial services to underserved people, MFIs can help reduce the concentration of financial resources in a few large banks and MFIs.

However, according to AMB's annual report (2023), the impact of microfinance on the FX market can also be influenced by other factors, such as the overall economic conditions in Yemen, the availability of foreign exchange, and government policies. It is important to consider these factors when analyzing the relationship between microfinance and the FX market and network.

In conclusion, microfinance can have an impact on Yemen's FX market by increasing demand for foreign currency and strengthening the financial system as assumed by the researcher. However, the specific effects of microfinance will depend on a variety of factors, and further research is to be conducted, in this study, to fully understand its impact on the FX market in Yemen.

2.2.4 Humanitarian Assistance Initiatives

Humanitarian assistance projects play a crucial role in supporting vulnerable people in Yemen, particularly during times of crisis. These projects majorly involve the distribution of cash assistance. While humanitarian assistance is primarily focused on addressing immediate needs, it can also have indirect effects on the economy, including the foreign exchange (FX) market, as evidenced by Al-Amal Microfinance Bank's Annual Report (2023).

According to AMB's annual report (2023), humanitarian assistance projects can contribute to the development of a more stable and resilient economy, which can also have a positive impact on the FX market. By addressing the root causes of poverty and inequality, humanitarian assistance can create a more favorable environment for economic growth and development. However, the impact of humanitarian assistance projects on the FX market can also be influenced by other factors such as foreign Balance of Payments (BoPs), currency availability, and purchase power, so it might be important to consider those factors when analyzing the relationship between humanitarian aid and the FX market.

In conclusion, humanitarian assistance projects can have a significant impact on the FX market in Yemen. By stimulating economic activity, reducing reliance on informal currency exchange, and contributing to economic stability, humanitarian aid can help to create a more favorable environment for the FX market.

2.2.5 Economic Empowerment Initiatives

Economic empowerment initiatives play a crucial role in fostering long-term economic growth and stability, particularly in developing countries like Yemen. These initiatives equip individuals and small businesses with the tools and resources necessary to participate more actively in the economy, moving beyond simply providing financial assistance. This essay will examine the economic empowerment initiatives undertaken by Al-Amal Microfinance Bank (AMB) in Yemen and their potential impact on the country's foreign exchange (FX) market.

This study examines how AMB's economic empowerment initiatives, in conjunction with Humanitarian initiatives, influence the FX market and network in Yemen. By analyzing the impact of these initiatives on business growth, job creation, and financial inclusion, the study aims to understand if and how AMB contributes to a more robust and formalized FX environment.

According to AMB's annual report (2023), economic empowerment initiatives, as implemented by AMB, represent a strategic approach to promoting long-term economic growth in Yemen. By fostering financial literacy, providing access to capital, and encouraging business development, AMB empowers individuals and businesses, which can have a positive ripple effect on the FX market and network. Examining these initiatives highlights the interconnectedness between microfinance, economic development, and FX stability in a country like Yemen.

2.2.6 The Humanitarian Aid Interconnectedness to this Study

As highlighted by Harper et al. (2023), the effectiveness of humanitarian aid in Yemen can be hampered by conflict and instability, as well as the limited control of the Central Bank over the financial system. However, by increasing transparency in aid transfers and linking them to importers, humanitarian aid can help stabilize the FX market and reduce capital flight. Microfinance institutions (MFIs) can play a complementary role to humanitarian aid by providing financial services to individuals and businesses affected by crises. By supporting economic recovery and job creation, MFIs can help to reduce the need for humanitarian assistance and promote long-term economic development.

The interconnectedness of humanitarian aid and microfinance can be achieved by creating a more stable environment for microfinance to operate by addressing immediate needs and reducing vulnerability. In turn, microfinance can contribute to economic recovery and job creation, which can reduce the need for further humanitarian assistance.

Both humanitarian assistance and microfinance can also help keep the expansion of the FX market as well as stabilize the foreign exchange market by reducing capital flight and promoting economic growth according to AMB's annual report (2023).

By understanding the interconnectedness of these two factors, we can gain a more comprehensive understanding of the potential impact of AMB's initiatives on Yemen's FX market and network. This study's findings can contribute to the development of more effective strategies for promoting economic recovery and stability in Yemen.

2.2.7 The FDI Interconnectedness to this Study

Foreign direct investment (FDI) is a critical driver of economic growth and development, but it can be sensitive to political and economic instability. In Yemen, the challenging security environment has hindered the country's ability to attract significant foreign investment.

Microfinance institutions (MFIs) can play a complementary role to FDI by creating a more favorable environment for foreign investors. By promoting financial inclusion, reducing poverty, and stimulating economic activity, microfinance can help to improve the business climate and reduce risks for foreign investors.

The interconnectedness of FDI and microfinance in Yemen is evident in their mutual benefits. Microfinance can contribute to a more stable economic environment and improved business climate, making Yemen more attractive to foreign investors. In turn, FDI can provide capital and technology that support microfinance institutions and their clients, further strengthening the financial sector. Both FDI and microfinance can contribute to job creation and economic growth, creating a positive feedback loop that enhances Yemen's attractiveness as an investment destination.

By understanding the interconnectedness of FDI and microfinance, we can gain a more comprehensive understanding of the potential impact of Al-Amal Microfinance Bank's initiatives on Yemen's FX market and network. This study's findings can inform policy decisions and contribute to the development of more effective strategies for promoting economic recovery and stability in Yemen.

2.3 Empirical Research

Microfinance plays a crucial role in development by providing financial services to low-income populations. The study by Ali (2023) investigates the impact of microfinance on economic growth in Yemen, addressing the problem of limited access to financial services for low-income populations and its implications for economic development. The research aims to analyze the relationship between microfinance loans disbursed and Yemen's Gross Domestic Product (GDP) to understand the role of microfinance as a tool for poverty alleviation and economic growth. A quantitative methodology was employed, utilizing secondary data from the World Bank and Yemen's Social Fund for Development over a 33-year period (1990–2022). Through statistical analyses, including correlation and regression using SPSS, the findings reveal a positive and statistically significant relationship between microfinance loans and GDP growth, with a more pronounced effect in rural areas compared to urban centers (Ali, 2023). These findings highlight the potential of microfinance as a tool to promote economic development, especially in underserved regions. The study recommends that the Yemeni government and stakeholders support microfinance programs by providing financial and regulatory assistance, increasing public awareness, and tailoring services to diverse populations to enhance economic growth and reduce poverty sustainably (Ali, 2023). However, while Ali's research sheds light on the broader economic impact of microfinance in Yemen, it does not delve into the specific influence of microfinance institutions, like AMB, on the intricate dynamics of the country's FX market and network. This study aims to bridge this gap by examining AMB's initiatives and their targeted effects on FX stability and network expansion.

On the other hand, humanitarian assistance plays a vital role in alleviating suffering during crises. However, its effectiveness can be hampered by conflict and instability. Harper et al. (2023) examine the challenges of delivering humanitarian assistance in Yemen, where CBY's limited control over the financial system hinders efforts to stabilize the currency through aid-funded imports. The research by Harper and the Sana'a Center Economic Unit (2023) also addresses Yemen's economic fragility exacerbated by the ongoing conflict, focusing on the challenge of stabilizing commodity prices amid declining FX reserves and aid inefficiencies. The study aims to explore how humanitarian aid transfers can be leveraged to support FX availability for critical commodity imports, thereby mitigating price inflation and economic instability. The methodology includes six key informant interviews with experts and aid officials and a comprehensive desk review of relevant literature. Findings reveal that aid funds, often held in foreign accounts, contribute marginally to Yemen's financial institutions and are

inefficiently linked to critical imports. They propose increased transparency in assistance transfers as a solution. By disclosing assistance deposits and linking them to importers through a neutral reporting mechanism, this approach can reduce capital flight, lower foreign exchange costs, and stabilize markets (Harper et al., 2023). This research emphasizes the importance of innovative solutions for utilizing assistance effectively to achieve both humanitarian and economic objectives. Recommendations include implementing a transparent, neutral system to direct aid transfers toward essential commodity imports, enhancing coordination between stakeholders, and fostering data transparency to build confidence in Yemen's economic recovery efforts. While Harper et al. (2023) focus on improving assistance distribution to strengthen YER, there remains a gap in understanding how AMB's initiatives can influence the broader FX market and networks in Yemen.

Furthermore, foreign direct investment (FDI) is critical for economic growth. Musibah (2015) investigates the challenges hindering FDI in Yemen, particularly focusing on the influence of macroeconomic variables, business environment factors, political stability, and economic stability. The study aims to determine the extent to which these factors affect FDI inflows, providing insights into strategies to improve Yemen's attractiveness to foreign investors. Using a quantitative methodology, the research analyzes secondary data from reputable sources, such as WB and IMF, applying econometric models to assess relationships between variables. Findings indicate that political and economic instability, coupled with an unfavorable business environment, significantly deter FDI in Yemen. To address these issues, the study recommends policy reforms to enhance economic stability, improve governance, and create a more investor-friendly regulatory framework, emphasizing the need for political stabilization as a critical precursor to sustainable FDI growth (Musibah, 2015). His research employs a comprehensive analysis to identify several determinants, including macroeconomic variables like GDP growth rate and exchange rate stability, as well as business environment factors like political stability and infrastructure development. The study highlights the negative impact of economic instability on FDI inflows, underscoring the importance of a stable economic climate for attracting foreign investment (Musibah, 2015).

Additionally, these findings highlight the complex interplay between various factors that shape the investment landscape in a country. While Musibah (2015) identifies economic stability as a key factor influencing FDI, there remains a gap in understanding how AMB's initiatives can influence currency stability in Yemen. Shedding light on AMB's impact on these factors could inform strategies to promote long-term economic growth.

2.4 Research Gap

The existing literature provides valuable insights into various factors influencing the Yemeni economy. Ali (2023) examines the link between microfinance and economic growth, while Harper et al. (2023) analyze the complexities of using aid for currency stabilization. Musibah (2015) focuses on the determinants of foreign direct investment (FDI) in Yemen. However, a crucial gap remains: none of these studies directly investigate the specific effects of microfinance interventions undertaken by AMB. While these studies explore relevant variables, they do not comprehensively address the combined impact of AMB's implemented initiatives. This study aims to bridge this gap by examining how AMB's unique approach, encompassing both humanitarian and economic empowerment initiatives, influences the stability and expansion of Yemen's FX market and network. By analyzing data on AMB's programs alongside key economic indicators and conducting surveys with FX network participants, this study will shed light on the potential of a comprehensive microfinance approach in a conflict-ridden economy. This research has the potential to contribute to a more nuanced understanding of how microfinance can foster economic recovery, financial inclusion, and a more robust FX market in Yemen.

2.5 Conclusion

This chapter has presented a comprehensive literature review on the factors influencing Yemen's economy, with a particular focus on microfinance, humanitarian assistance, and foreign direct investment (FDI). While existing research provides valuable insights into these areas, a significant gap remains in understanding the specific effects of AMB's interventions on the FX market and network. Furthermore, this literature review has provided a comprehensive overview of the factors influencing Yemen's economy and the potential role of AMB in promoting the stability and expansion of the FX market and network. The findings from this review highlight the need for further research to understand the specific impact of AMB's initiatives and their contribution to economic development and financial stability in Yemen. In the coming chapter, the specific research design, data collection methods, and data analysis techniques will be outlined. This will ensure that the research is conducted rigorously and that the findings are valid and reliable. By connecting the literature review to the research methodology, this study will provide a coherent and comprehensive analysis of the factors influencing Yemen's FX market and network.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This study employs a mixed-methods research design to comprehensively investigate the influence of Al-Amal Microfinance Bank's (AMB) initiatives on Yemen's foreign exchange (FX) market and network. This multifaceted approach combines quantitative and qualitative methods to leverage their respective strengths and achieve a comprehensive understanding of the research questions.

Meanwhile, the quantitative part of the study involves the collection and analysis of numerical data through a desk review of relevant reports, and a closed-ended questionnaire will be analyzed to provide a broader context for the study. On the other hand, the qualitative data of the study will involve the analysis of gray literature reports, such as AMB's annual reports. This will provide in-depth insights into the experiences and perspectives of key stakeholders in the FX market and network. In addition to that, ethical considerations will be paramount throughout the research process. Informed consent will be obtained from all survey participants, ensuring anonymity and confidentiality of their responses. Data will be securely stored for the study's duration, adhering to all relevant ethical guidelines.

This chapter will outline the specific research methods used in this study, including the research design, population and sampling, instrumentation, data collection procedures, and data analysis techniques. By providing a clear and detailed description of the methodology, this chapter will establish the credibility and validity of the research findings.

3.2 Research Design

This study employs a mixed-methods research design, combining quantitative and qualitative approaches to comprehensively investigate the influence of AMB's initiatives on Yemen's FX market and network. This multifaceted approach leverages the strengths of both methodologies to achieve a comprehensive understanding of the research questions.

The quantitative component of the study involves the collection and analysis of numerical data through a desk review of relevant reports by AMB, CBY, and WB, as well as a closed-ended questionnaire that will be analyzed to provide a broader context for the study. A questionnaire developed in English and translated into Arabic will be distributed via Google Forms to a targeted population of 50 participants from the Yemeni FX network. The collected data will be analyzed using appropriate statistical techniques, including descriptive statistics. These techniques will help to identify trends, patterns, and relationships between the variables of interest.

The qualitative component of the study will involve the analysis of gray literature reports, such as relevant reports by AMB's annual reports of the years 2017-2023, CBY-Aden, and WB. This will provide in-depth descriptive insights into the experiences and perspectives of key stakeholders in the FX market and network. Thematic analysis will be used to identify recurring themes and patterns in the qualitative data. This involves a systematic process of coding and categorizing the data, followed by identifying and interpreting key themes. Thematic analysis will help to understand the underlying meanings and motivations behind the participants' responses.

The mixed-methods approach will allow for triangulation of findings, providing a more comprehensive and robust understanding of the research questions. By combining quantitative and qualitative data, the study will be able to identify both general trends and specific case studies, providing a more nuanced picture of the relationship between AMB's initiatives and the FX market and network. The mixed-methods approach will also help address potential biases and limitations associated with either quantitative or qualitative methods alone. By using multiple methods, the study will increase its validity and reliability.

It is worth mentioning that to ensure the study's integrity and validity, ethical considerations will be prioritized throughout the investigation. All survey participants will provide informed consent to ensure their voluntary involvement and comprehension of the study objectives. The anonymity and confidentiality of participant responses will be preserved throughout the study. Data will be securely stored and accessible only to approved researchers. To ensure the security and integrity of the acquired data, robust measures will be adopted, including the use of secure data collection and storage technologies, as well as suitable access controls.

3.3 Research Population and Sampling

The population of this study is a combination of non-human “Grey Literature” and human “Questionnaire Participants (a set of FX network representatives who are included in AMB’s Agents network)” population. It employs a stratified sampling strategy to select a representative sample of FX network participants in Yemen. This approach allows for dividing the population into two distinct groups (main and sub-agents) with common characteristics, then selecting the targeted selection of individuals with specific characteristics relevant to the research questions.

The sample will consist of 50 participants, including 20 main agents and 30 sub-agents from the Yemeni FX network. This ensures a diverse representation of stakeholders from various geographical locations within Yemen, providing a broader understanding of the impact of AMB's initiatives across the country. To be included in the study, participants must be actively involved in the FX market and network in Yemen and have experience with currency exchange transactions. Additionally, they must be willing to participate in the study and provide informed consent; however, participants who do not meet these inclusion criteria will be excluded from the study.

3.4 Research Tools

This study will use a combination of text-based and questionnaire-based data-gathering approaches to acquire information about AMB's activities and their influence on Yemen's FX market and network.

3.4.1 Text-based Analysis: A comprehensive text-based analysis will be conducted to analyze existing literature on AMB's interventions, FX market dynamics, and the Yemeni economic crisis. This analysis will utilize a variety of sources, including:

- **AMB's Annual Reports (2017-2023):** Analyzing these reports will provide insights into AMB's operational activities, financial performance, and the impact of its initiatives on the target population.
- **CBY-Aden and WB Reports:** Examining the CBY-Aden report will offer a macroeconomic perspective, including data on inflation, exchange rates, monetary policies, and the overall health of the Yemeni economy, as well as reviewing reports from international organizations to gain insights into the broader economic and humanitarian context in Yemen, as well as their recommendations for addressing these issues.

- **Relevant publications, including Academic Literature:** Conducting a thorough literature review on microfinance, humanitarian assistance, economic empowerment, and their impact on the FX market in developing countries. This will involve identifying and analyzing relevant articles, seminal books, and research papers from reputable sources. Relatively, examining government documents, such as policy papers and economic reports, to understand the government's approach to economic development, financial inclusion, and currency stability. Similarly, analyzing news articles and media reports from reputable sources to gather information on recent developments in Yemen's economy, FX market, and the activities of AMB.

The text-based analysis will involve systematically collecting, analyzing, and synthesizing information from these sources to identify key trends, patterns, and insights related to AMB's interventions, the FX market, and the broader economic context in Yemen. The findings from the text-based analysis will provide a valuable foundation for the subsequent analysis of primary data collected through the questionnaire.

3.4.2 Questionnaire: Structured questionnaires will be developed in English and translated into Arabic for ease of administration. Trained research assistants will conduct the surveys, either in person or electronically, depending on feasibility and participant preferences. The questionnaires will consist of closed-ended questions to gather specific data points and to capture participants' lived experiences and nuanced perspectives on:

- **Demographics:** Basic information about the respondents, such as age, gender, occupation, and location.
- **Experience with FX Transactions:** Respondents' experience with currency exchange, including frequency, methods used, challenges faced, and the role of AMB in facilitating transactions.
- **Perception of AMB's Initiatives:** Participants' views on the effectiveness of AMB's humanitarian and economic empowerment initiatives, including their perceived impact on the FX market and network.
- **Impact on FX Network:** Respondents' perceptions of AMB's initiatives impact on the FX Network, including exchange rates, access to foreign currency, and market stability.
- **Challenges and Opportunities:** Respondents' identification of challenges and opportunities faced by businesses and individuals in accessing and using foreign currency.

3.5 Data Collection

This study will use a mixed-methods approach, using text-based and questionnaire-based data gathering. A text-based analysis will be undertaken to examine the available literature and data from diverse sources. A structured questionnaire will be delivered online to 50 individuals from the Yemeni FX network.

3.5.1 Qualitative Data Collection

A comprehensive examination of existing literature will lay the groundwork for acquiring qualitative data. This assessment will include reports from a variety of institutions, including seven-year-long annual reports of AMB, the Central Bank of Yemen (CBY-Aden), and the World Bank (WB) published on their websites. The primary goal is to get a thorough knowledge of Yemen's general economic backdrop, the specific issues that the FX market faces, and the potential consequences of the AMB's actions.

Once the relevant literature has been obtained, a descriptive analysis will be carried out to identify important themes and patterns in the qualitative data. This analysis will include summarizing and interpreting the text-based findings, as well as identifying any relevant connections to the quantitative data. By integrating the information acquired from various sources, the goal is to give a nuanced picture of the variables impacting Yemen's FX market, so addressing the study's first question and presenting the conclusions from the qualitative data analysis in a clear and lucid manner.

3.5.2 Quantitative Data Collection

A structured questionnaire consisting of closed-ended questions will be administered to a sample of 50 participants from the Yemeni FX network. The questionnaire will be designed to gather specific data points on demographics, experience with FX transactions, perception of AMB's initiatives, impact on the FX market, and challenges and opportunities faced by businesses and individuals in accessing and using foreign currency.

In addition to the questionnaire, numerical data will be extracted from the desk review process. This will include relevant data points from AMB's annual reports, the CBY-Aden reports, and the World Bank. This quantitative data will complement the qualitative data collected through the questionnaire, providing a more comprehensive understanding of the issues at hand.

3.6 Data Analysis

The qualitative and quantitative data will be integrated to provide a more comprehensive understanding of the research questions. This will involve identifying and discussing any convergence or divergence between the findings from the two types of data. The integration of qualitative and quantitative data will help to triangulate the findings and strengthen the validity of the study.

3.6.1 Qualitative Data Analysis

A comprehensive analysis of the qualitative data collected through the text-based analysis (desk review) will be conducted to gain a deeper understanding of the broader context of Yemen's economy, the challenges faced by the FX market, and the potential impact of AMB's initiatives. Once the necessary literature has been gathered, a descriptive analysis will be conducted to identify key themes and patterns in qualitative data. This analysis will consist of summarizing and interpreting the desk review results, as well as discovering any pertinent linkages to the quantitative data. By combining information from numerous sources, the purpose is to provide a nuanced picture of the elements influencing Yemen's FX market, so answering the study's first question and presenting the findings from the qualitative data analysis in a clear and unambiguous manner.

3.6.2 Quantitative Data Analysis

The quantitative data collected through the questionnaire will be analyzed utilizing SPSS software using descriptive statistics. Descriptive statistics will be used to summarize the data and identify key trends, such as the demographic characteristics of respondents, the frequency of FX transactions, and participants' perceptions of AMB's initiatives.

According. It will be employed to examine the relationship between variables and assess the impact of AMB's initiatives on the FX network. This will involve calculating frequencies and relationships between variables, including using formal channels, the realized impact of AMB's initiatives, and access to foreign currency. The findings from the quantitative analysis will be presented in a clear and concise manner, supported by relevant tables, charts, and statistical tests. The results will be interpreted in the context of the broader research questions and the qualitative findings.

By combining qualitative and quantitative data analysis, this study will provide a comprehensive and nuanced understanding of the relationship between AMB's initiatives and the FX market and network in Yemen. The findings will be presented in a clear and concise manner, supported by relevant evidence and analysis.

3.7 Conclusion

This chapter has presented a comprehensive overview of the research methodology employed in this study. The mixed-methods approach, combining quantitative and qualitative data collection and analysis, has been chosen to provide a comprehensive understanding of the relationship between AMB's initiatives and the FX market in Yemen. The data will be collected through a questionnaire and a text-based analysis. The data will be analyzed using a combination of descriptive statistics and thematic analysis to identify key trends, patterns, and themes. Notably, the ethical considerations outlined in this chapter will ensure the integrity and validity of the research findings. By adhering to these principles, the study will protect the rights and well-being of participants and ensure the credibility of the results.

Interconnectedly, the following chapter will present the findings of the research, based on the analysis of the collected data. The findings will be presented in a clear and concise manner, supported by relevant evidence and analysis. The chapter will explore the impact of AMB's initiatives on the FX market and network, including their influence on exchange rates, access to foreign currency, and the development of a more resilient and transparent FX market.

CHAPTER FOUR

RESEARCH FINDINGS

4.1 Introduction

This chapter presents the findings of the study, based on the analysis of both quantitative and qualitative data. The research focused on understanding the multifaceted impact of Al-Amal Microfinance Bank's (AMB) humanitarian and economic empowerment initiatives on Yemen's foreign exchange (FX) market and network. The findings reveal whether AMB's initiatives have had a possible positive influence on the FX market in Yemen. By meticulously analyzing the carefully selected gray literature represented by two well-trusted and official reports, “*Development of Collective Banks’ Budgets until December 2022*” and “*Yemen Economic Monitor: Navigating Increased Hardship and Growing Fragmentation*,” conducted and published by CBY-Aden and the World Bank, respectively.

The study's findings' importance lies in understanding the impact of Al-Amal Microfinance Bank's (AMB) initiatives on Yemen's FX market and network, which is crucial for several reasons. This study can contribute to a more nuanced understanding of how microfinance interventions can support post-conflict economic recovery, challenge assumptions about the role of humanitarian assistance in the FX market, inform policy decisions for economic empowerment and financial inclusion, and guide AMB in optimizing its programs for a more robust Yemeni financial future. This study also has the potential to strengthen financial inclusion strategies in post-conflict environments by investigating AMB's impact.

This chapter delves into the impact of AMB's initiatives on the Yemeni foreign exchange (FX) market and network. It begins with a descriptive analysis, examining the effects of both humanitarian and economic empowerment initiatives on the FX market. This includes analyzing their influence on the foreign balance of payments, local currency availability, purchase power, gross domestic product, and overall humanitarian and economic stability. The chapter then moves on to a statistical analysis, investigating the impact of these initiatives on the Yemeni FX market and network. This involves examining the experiences and perceptions of FX network participants, as well as the overall impact on the network, including its challenges and opportunities. Finally, the chapter summarizes the findings and draws conclusions about the effectiveness of AMB's initiatives in influencing the Yemeni FX market and network.

4.2 AMB's Initiatives' Impact on FX Market

This section of the chapter explores the multifaceted impact of AMB's initiatives on the Yemeni foreign exchange (FX) market. It begins by delving into the descriptive analysis of both humanitarian and economic empowerment initiatives, examining their influence on the FX market through various aspects such as the foreign balance of payments, local currency availability, purchase power, gross domestic product, and overall humanitarian and economic stability. The analysis further explores the impact of these initiatives on political and economic crises, fiscal and external sector development, and monetary policy and inflation. Moving on to the statistical analysis, the section investigates the quantitative impact of AMB's initiatives on the Yemeni FX market, providing insights into the overall effect on the market's performance and stability.

4.2.1 Descriptive Analysis

This part delves into the descriptive analysis of AMB's initiatives, specifically focusing on their impact on the Yemeni foreign exchange (FX) market. It begins by examining the influence of AMB's humanitarian initiatives on the FX market, exploring their effects on the foreign balance of payments and local currency availability and purchase power. The analysis then shifts to AMB's economic empowerment initiatives, investigating their impact on the FX market through various aspects such as the foreign balance of payments, gross domestic product, humanitarian and economic stability, political and economic crises, fiscal and external sector development, and monetary policy and inflation. This comprehensive analysis provides a detailed understanding of how AMB's initiatives have shaped the Yemeni FX market and its various components.

According to the Central Bank of Yemen (CBY-Aden), the Yemeni banking sector comprises 24 banks, categorized into five types based on their activity and ownership. These include 5 Islamic Banks, 3 Public Traditional Banks, 5 Private Traditional Banks, 4 Branches of Arabic and Foreign Banks, and 7 Microfinance Banks. These institutions serve approximately 5 million people across the country. The following table and figure will clearly display the Yemeni banking sector.

| N | Banks in Yemen | No. |
|---------------------------|--------------------------------------|-----------|
| 1 | Islamic Banks | 5 |
| 2 | Public Traditional Banks | 3 |
| 3 | Private Traditional Banks | 5 |
| 4 | Branches of Arabic and Foreign Banks | 4 |
| 5 | Microfinance Banks | 7 |
| Total No. of Banks | | 24 |

Table (1): The Yemeni Banking Sector

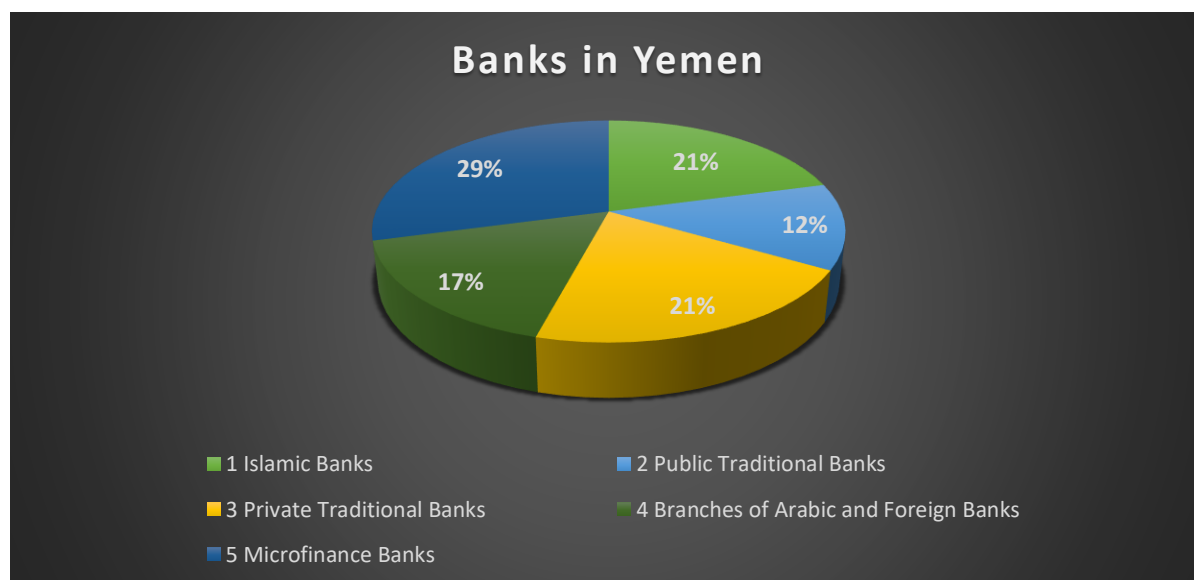


Figure (2): The Yemeni Banking Sector

Recent data indicates a 10% growth in the total assets of Yemeni banks, reaching YER 5244.3 billion in 2023 compared to YER 4769.4 billion in previous years. Microfinance banks have significantly contributed to this growth, accounting for around 12% compared to other bank types (Table 2) and (Figure 3). Notably, the microfinance sector itself has witnessed a 15.5% growth, with its assets increasing from YER 83.3 billion to YER 619.4 billion. The volume and percentage of growth will be disclosed as follows:

| N | Banks in Yemen | Market-Share |
|----------------------------------|--------------------------------------|--------------|
| 1 | Islamic Banks | 30.3% |
| 2 | Public Traditional Banks | 28.8% |
| 3 | Private Traditional Banks | 20.1% |
| 4 | Branches of Arabic and Foreign Banks | 11.8% |
| 5 | Microfinance Banks | 9.0% |
| Total Growth of all Banks | | 100% |

Table (2): The Yemeni Banks' Market-Share

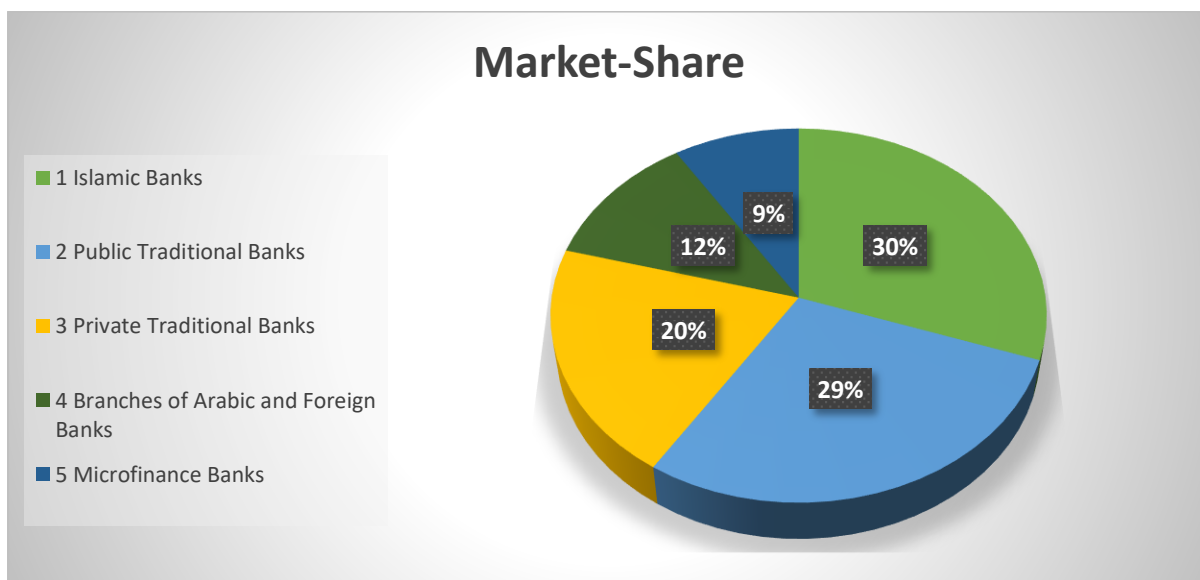


Figure (3): The Yemeni Banks' Market-Share

| Sectors Development | Past Years | Until 2023 | Growth Rate | Growth Volume |
|--|------------|------------|-------------|---------------|
| Banking Sector Development (in YER B.) | 4,769.4 | 5,244.3 | 10% | 474.9 |
| Microfinance Banks' Sector Development (in YER B.) | 536.1 | 619.4 | 15.5% | 83.3 |

Table (3): The Yemeni Banks' Growth Rate

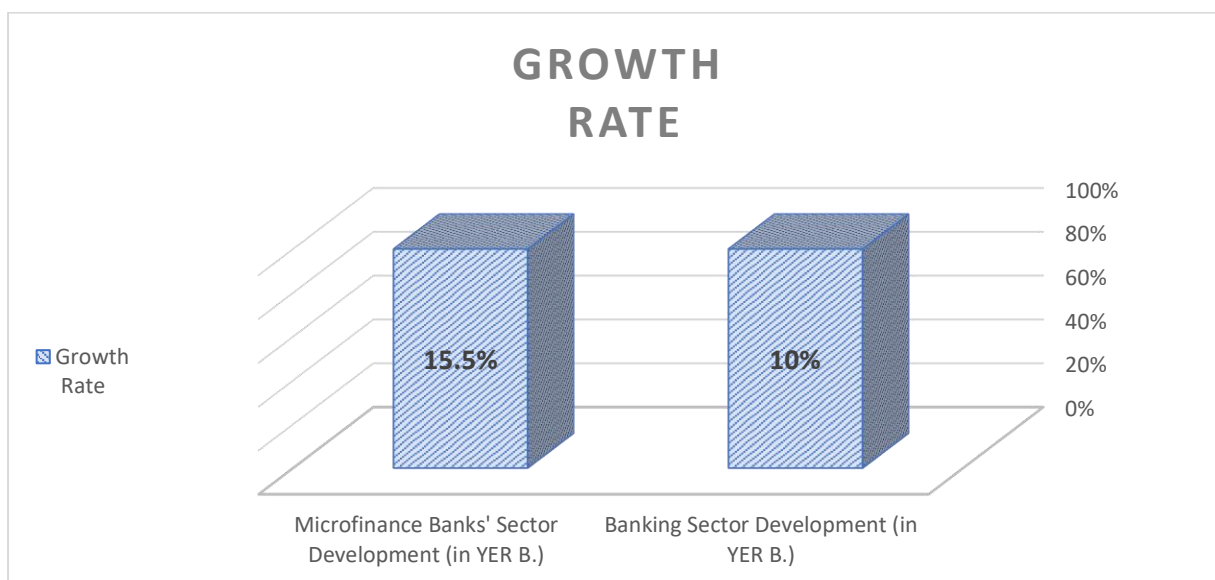


Figure (4): The Yemeni Banks' Growth Rate

Zooming in the microfinance sector, the Small and Medium Enterprises Development Unit (SMED) report of the Social Fund for Development (SFD) highlights Al-Amal Microfinance Bank (AMB) as the leading institution. AMB holds a market share exceeding 70% in terms of the number of disbursed loans and 17.5% in terms of value, placing it firmly at the forefront of the Yemeni microfinance landscape. AMB's market share will be presented in Figure (5).

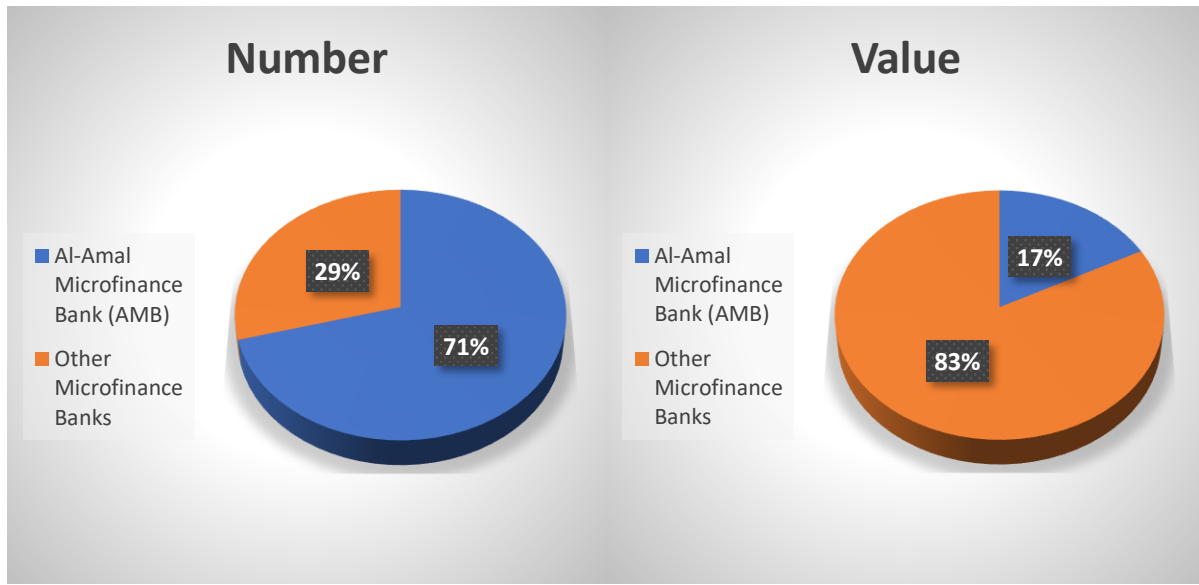


Figure (5): AMB's Market Share

These analyses and statistics demonstrate the significant presence of AMB in the local financial and banking markets. This prominent position translates into a substantial impact on the Yemeni foreign exchange (FX) market, national GDP, and overall economic development. AMB's influence on these crucial areas will be explored in detail in the subsequent sections.

On the other hand, amidst the ongoing challenges in Yemen, the inflow of funds, particularly in hard currency, plays a critical role in stabilizing the foreign exchange (FX) market. The World Bank report "Yemen Economic Monitor: Navigating Increased Hardship and Growing Fragmentation" highlights the crucial role of humanitarian and development assistance in mitigating the economic contraction. In 2023, these inflows witnessed a significant increase of 9.9%, reaching USD 3 billion. This surge bolstered Yemen's balance of payments and transfers, significantly contributing to the stability of economic activity and the FX market. Furthermore, these inflows boosted foreign exchange reserves and positively influenced the national GDP.

The report emphasizes that these inflows have been instrumental in preventing a deeper economic decline. They have also played a vital role in maintaining the stability of the Yemeni FX market, ensuring access to essential goods and services for the population. The supporting WB report's statistics and calculations are explicitly shown in Table (4).

| Economic Indicators | In Percent of GDP | | | | | | |
|--|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Total Revenue & Grants | 6.5 | 6.9 | 7.3 | 6.2 | 7.3 | 9.5 | 6.9 |
| Commodity Revenues | 3.8 | 3.3 | 3.6 | 2.2 | 2.5 | 4.8 | 1.6 |
| Overall Fiscal Balance | -4.8 | -5.5 | -5.9 | -4.5 | -0.9 | -2.7 | -3.9 |
| Financing | 5.9 | 5.9 | 5.9 | 4.5 | 0.9 | 2.7 | 3.9 |
| Remittance Inflows | 21.5 | 21.5 | 21.5 | 24.6 | 28.9 | 25.5 | 32.8 |
| Amounts presented are in USD Millions | | | | | | | |
| National GDP nominal | 21,652 | 22,800 | 21,888 | 20,220 | 19,256 | 23,540 | 18,374 |
| Gross Reserves | 1,454 | 1,584 | 1,654 | 970 | 1,688 | 1,251 | 1,519 |

Table (4): Inflow of Funds Economic Indicators

In this regard, Al-Amal Microfinance Bank (AMB) plays a pivotal role in facilitating the inflow of funds from international non-governmental organizations (INGOs), non-governmental organizations (NGOs), and international donor organizations. These funds are channeled towards humanitarian cash assistance projects and economic empowerment initiatives, contributing significantly to the stability of the Yemeni economy and the well-being of its citizens.

AMB's extensive network and expertise in microfinance make it an ideal partner for these organizations, ensuring the efficient and transparent delivery of funds to the intended beneficiaries. Through its various programs, AMB empowers individuals and communities by providing access to financial services, promoting entrepreneurship, and fostering economic development.

By facilitating the inflow of funds and supporting economic empowerment initiatives, AMB plays a crucial role in mitigating the impact of the ongoing conflict and paving the way for a more prosperous future for Yemen. Its contributions to the inflow of funds and economic empowerment efforts are instrumental in bolstering the Yemeni FX market and fostering sustainable development in the country.

4.2.1.1 AMB's Humanitarian Initiatives' Impact on FX Market

Yemen's ongoing challenges, including heightened tensions and regional conflicts, have resulted in a dire humanitarian and financing situation, as highlighted by the World Bank report (2024). To address these pressing needs, UN agencies, INGOs, NGOs, and International Donor Organizations have sought partnerships with microfinance institutions (MFIs) and banks that possess a deep understanding of the needs of vulnerable populations and the ability to reach them effectively.

In response to this call, Al-Amal Microfinance Bank (AMB) has adopted a unique approach, moving beyond the conventional "profit maximization" concept and embracing a social mission focused on alleviating the suffering of the most vulnerable communities. As the first bank in Yemen to establish close connections with the poorest segments of society and tailor its services accordingly, AMB has become a trusted partner for over 35 international organizations.

Leveraging its extensive network and outreach capabilities, AMB has expanded its reach across all 22 governorates, 333 districts, and over 40,000 villages in Yemen. Through its branches, offices, agents, Points of Sale (PoSs), and e-payment platform (PYes), AMB facilitates the efficient and transparent delivery of humanitarian cash assistance to those who need it most. The following diagram illustrates AMB's impressive growth in the volume of social cash transfers disbursed annually (in USD million):

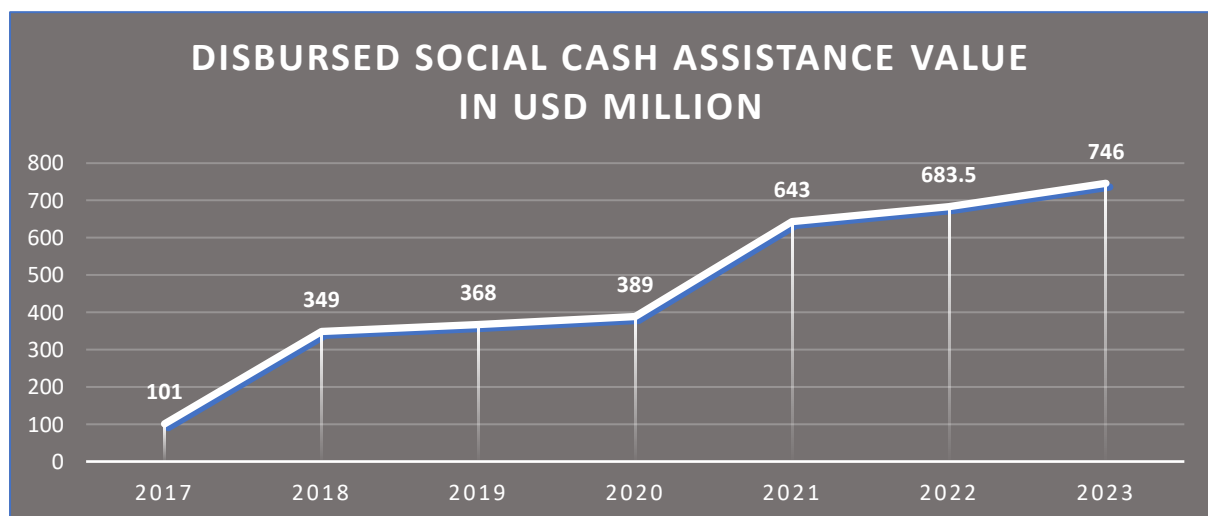


Figure (6): Disbursed Social Cash Assistance Value

These statistics underscore the significant impact of AMB's humanitarian initiatives on the Yemeni FX market. The inflow of funds (hard currency) generated by these initiatives strengthens the country's foreign balance of payments (BoP) by bolstering foreign exchange reserves. These funds are deposited into foreign and corresponding bank accounts, facilitating the import of essential goods and contributing to the stability of the local currency market.

Furthermore, AMB's initiatives play a crucial role in enhancing local currency availability in the FX market and increasing the purchasing power of Yemeni people across the country. By providing access to financial services and cash assistance, AMB empowers individuals and communities to meet their basic needs, stimulate economic activity, and contribute to the overall resilience of the Yemeni economy.

In conclusion, AMB's humanitarian initiatives have demonstrably impacted the Yemeni FX market, fostering stability, enhancing local currency availability, and empowering vulnerable populations. By prioritizing its social mission and collaborating with international organizations, AMB is playing a vital role in mitigating the humanitarian crisis and paving the way for a more prosperous future for Yemen.

4.2.1.1.1 Foreign Balance of Payments

The Foreign Balance of Payments (BoP), as defined by the International Monetary Fund (IMF), provides a comprehensive record of a country's economic transactions with the rest of the world. It encompasses all payments and receipts between residents and non-residents, including trade in goods and services, income flows, capital transfers, and financial transactions. This intricate tapestry of economic interactions offers valuable insights into a country's international trade and investment position, serving as a crucial indicator of its economic health.

A healthy BoP, characterized by a surplus or a manageable deficit, is essential for maintaining stable exchange rates, attracting foreign investment, and promoting economic growth. By understanding the sources of a country's foreign exchange earnings, its external debt obligations, and its overall competitiveness in the global economy, policymakers can formulate strategies to ensure the BoP's sustainability. This includes managing external debt, promoting exports, and attracting foreign direct investment. A well-managed BoP contributes to a stable macroeconomic environment and fosters long-term economic prosperity.

In the context of Yemen's ongoing challenges, the BoP plays a particularly critical role. The inflow of funds from international organizations, facilitated by Al-Amal Microfinance Bank (AMB), has a direct impact on the country's BoP. As these funds are deposited into foreign and corresponding bank accounts, they bolster foreign exchange reserves, facilitating the import of essential goods and contributing to the stability of the local currency market.

As illustrated in Figure (6), AMB has collected around USD 3,279.5 million, a significant portion of which has been deposited at foreign/corresponding banks. This strategic allocation of funds serves the dual purpose of supporting commercial activities, such as importing goods and making external transfers, while simultaneously contributing to the stability of Yemen's FX market.

Further evidence of the positive impact of AMB's initiatives on the BoP is provided by the Central Bank of Yemen (CBY). According to the CBY-Aden, the volume of foreign assets and accounts at correspondent banks reached YER 560 billion, or what is equivalent to USD, by 2023. This substantial increase is largely attributed to the inflow of funds from donors and INGOs supporting humanitarian and development sectors. Notably, microfinance banks, including AMB, hold a significant share of these foreign assets, exceeding YER 92 billion. The total value of foreign assets and accounts at the correspondent banks is shown below in detail in Figure (7):

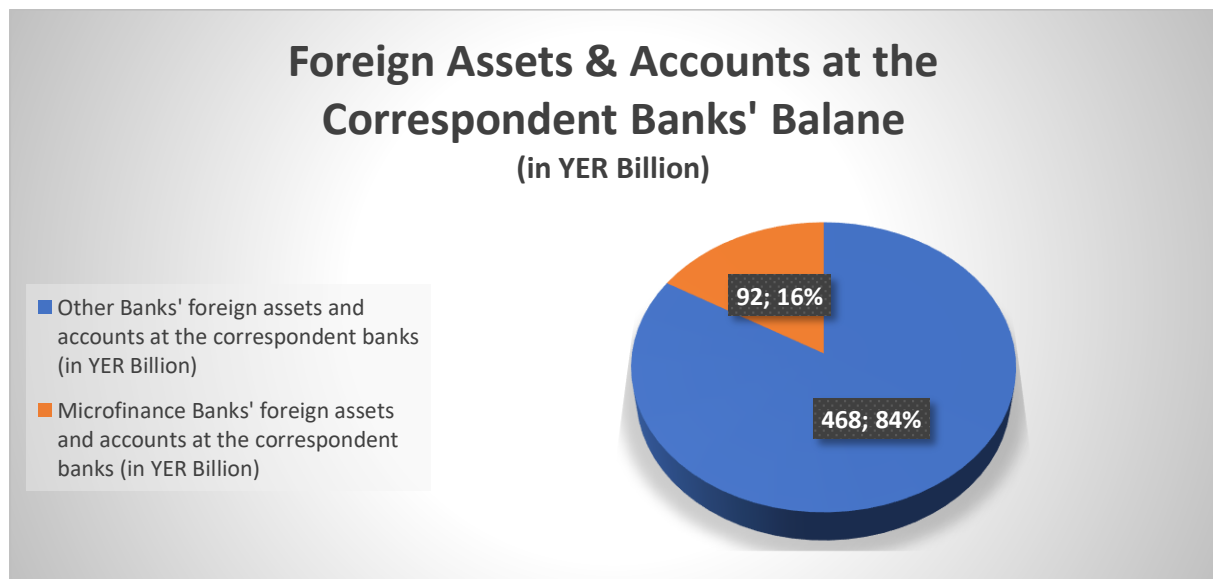


Figure (7): Foreign Assets & Accounts at the Correspondent Banks' Balane

In conclusion, the Foreign Balance of Payments serves as a critical lens for understanding the impact of AMB's humanitarian initiatives on the Yemeni economy. By facilitating the inflow of funds, AMB strengthens the country's BoP, enhances local currency availability, and empowers vulnerable populations. These initiatives contribute to the overall resilience of the Yemeni economy and pave the way for a more prosperous future.

4.2.1.1.2 Local Currency Availability in the FX Market and Purchase Power

Local currency availability in the FX market and its impact on the purchasing power of Yemeni citizens are crucial aspects of the country's economic landscape. Al-Amal Microfinance Bank (AMB) plays a significant role in enhancing local currency availability through its extensive network and commitment to serving vulnerable communities.

According to AMB's official annual reports, the bank has disbursed over YER 862 billion via more than 20 million transfers to beneficiaries across all 22 governorates of Yemen during the past seven years (2017-2023). This substantial injection of local currency into the FX market has undoubtedly contributed to increased liquidity and accessibility for Yemeni citizens. It is worth mentioning that the total number of BNFs is not predictable as a BNF can receive more than a transfer during a year due to the Payment Cycles (PCs) method and/or repeatedly on a yearly basis, as these numbers show AMB's interventions on the field of humanitarian cash assistance in the 7 past years (2017-2023) (Figure 8).

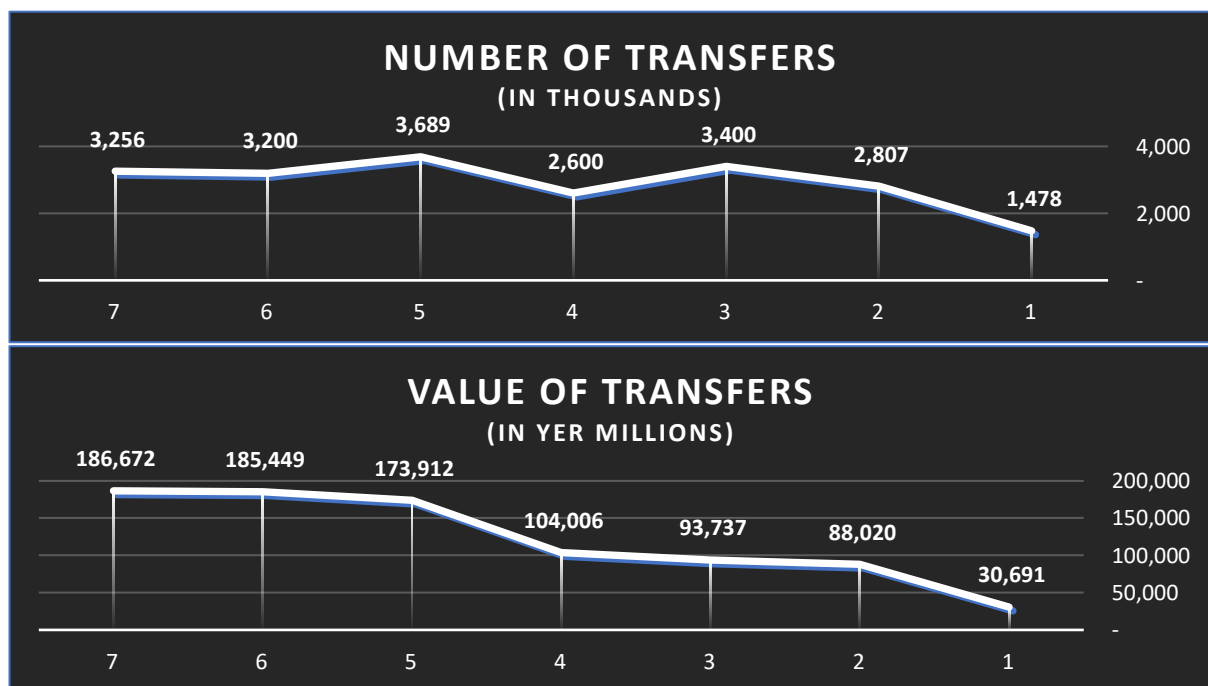


Figure (8): AMB's humanitarian cash assistance volume

The widespread reach of AMB's disbursement channels, including financial institutions (exchange shops) and non-financial agents such as bookshops and foodstuff shops, ...etc., further amplifies the impact of these initiatives. This decentralized approach ensures that even in remote areas, beneficiaries have convenient access to cash, empowering them to meet their basic needs and participate in the local economy.

However, despite AMB's significant efforts, challenges remain in translating increased local currency availability into a tangible improvement in purchasing power. A study conducted by Harper and Sana'a Center Economic Unit highlights the weak presence of official authorities, particularly the Central Bank of Yemen (CBY-Aden), and the prevalence of corruption as factors hindering positive price adjustments.

Despite these challenges, AMB's commitment to expanding its outreach and strengthening the purchasing power of vulnerable communities remains unwavering. The bank's ongoing initiatives, coupled with collaborative efforts to address the underlying structural issues, hold the potential to create a more equitable and resilient economic environment in Yemen.

In conclusion, AMB's role in enhancing local currency availability in the FX market and empowering Yemeni citizens through increased purchasing power is commendable. While challenges persist, the bank's unwavering commitment to its social mission and its collaborative approach offer a beacon of hope for a brighter economic future for Yemen.

4.2.1.2 AMB's Economic Empowerment Initiatives' Impact on FX Market

Amidst the ongoing challenges in Yemen, the World Bank report (2024) highlights a glimmer of hope with the UN-brokered truce in April 2022, which brought a temporary respite to the conflict. This truce, although informal after October 2022, provided an opportunity for a shift in focus towards economic empowerment initiatives by INGOs, NGOs, and international donor organizations.

Al-Amal Microfinance Bank (AMB), with its long-standing commitment to social responsibility and extensive experience in economic empowerment interventions, emerged as a key partner in this endeavor. AMB's proven track record of reaching vulnerable populations, coupled with its comprehensive range of financial and non-financial services through its

subsidiary Reyadah Foundation, positioned it as the ideal channel for delivering assistance to poor households in both rural and urban areas.

The table (5) provided in the study clearly demonstrates the significant volume of economic empowerment initiatives undertaken by AMB. These initiatives have had a profound impact on the Yemeni FX market, facilitating the inflow of hard currency, boosting the country's foreign balance of payments (BoP), and contributing to the development of the Micro, Small, and Medium Enterprises (MSME) sector.

| Project Name | Total BNFs | Volume of Support (in USD) | Donor |
|---|------------|----------------------------|---------------|
| Economic empowerment of women entrepreneurs | 300 | 245,848 | Care Int'l |
| Economic empowerment of the poorest communities | 1,000 | 1,500,000 | UNICEF |
| Compensation for small and micro projects affected by the war | 91 | 233,460 | SFD |
| Project Compensating Customers Impacted by the Situation | 834 | 411,303 | SFD |
| Project to Support Youth Entrepreneurship and Financial Inclusion - Phase 1 | 11,977 | 6,746,600 | EU & Silatech |
| Yemen Emergency Electricity Access Project - Phase II-IV-V | 21,539 | 1,000,000 | UNOPS |
| Resilience and Innovation Support and Empowerment Project (RISE) | 3,500 | 4,700,000 | SDC |
| Mustaqbalak Project | 25,330 | 2,899,818 | EU & Silatech |
| Project to Support Youth Entrepreneurship and Financial Inclusion - Phase Two | 16,000 | 12,000,000 | EU & Silatech |
| Yemen Emergency Electricity Access Project - Phase VI | 100,000 | 2,000,000 | UNPOS |
| Support for jobless Youth and women as Part of VOLIP. | 226 | 206,000 | VOLIP Program |
| Al-Amal Recovery Project | 1,124 | 430,866 | SFD |

Table (5): AMB's Economic Empowerment Initiative Volume

The positive impact of these initiatives can be attributed to several key factors:

- ✓ **Increased Job Opportunities:** By supporting the growth of MSMEs, AMB's economic empowerment initiatives have created directly around 181,921 job opportunities, as being direct BNFs, as well as over 636K indirect job opportunities, leading to increased income and purchasing power for individuals. This increased demand for goods and services translates into a greater need for foreign currency, strengthening the FX market.
- ✓ **MSME Development:** The growth and development of over 181K MSMEs, fostered by AMB's initiatives, contribute directly to the country's GDP. This increased economic activity further strengthens and enhances the stability of the FX market.
- ✓ **Hard Currency Inflow:** The inflow of funds from international organizations, approximately USD 32.4 Million, facilitated by AMB, provides much-needed hard currency to the Yemeni economy. These funds are deposited into foreign and corresponding bank accounts, bolstering foreign exchange reserves and facilitating essential imports.

- ✓ **Financial Inclusion:** AMB's commitment to financial inclusion ensures that even the most vulnerable populations have access to financial and non-financial services. This empowers individuals to participate in the formal economy, contributing to economic growth and stability.

In conclusion, AMB's economic empowerment initiatives have played a crucial role in bolstering the Yemeni FX market. By creating job opportunities, fostering MSME development, facilitating the inflow of hard currency, and promoting financial inclusion, AMB is contributing significantly to the country's economic recovery and long-term stability. These initiatives serve as a beacon of hope for a brighter future for Yemen, paving the way for a more resilient and prosperous economy.

4.2.1.2.1 Foreign Balance of Payments (BoP)

As previously discussed, the foreign Balance of Payments (BoP) serves as a critical indicator of a country's economic health and international trade position. In the context of Yemen's ongoing challenges, the BoP is particularly vulnerable due to the ongoing conflict and humanitarian crisis. However, Al-Amal Microfinance Bank (AMB), through its economic empowerment initiatives, has emerged as a catalyst for BoP enhancement.

Table (5) clearly demonstrates AMB's success in attracting over USD 32,373,895 million in financial support from international donor organizations. These funds, deposited at AMB's accounts at foreign and correspondent banks, serve as a vital source of hard currency for the Yemeni economy.

The strategic utilization of these funds has a direct impact on the BoP in several ways:

- ✓ **Import Facilitation:** AMB utilizes these funds to facilitate the import of essential goods and services, addressing critical needs in the Yemeni market. This reduces the reliance on foreign exchange reserves for imports, contributing to BoP stability.
- ✓ **Economic Development:** The funds are also channeled towards economic development initiatives, fostering growth in key sectors such as agriculture, MSMEs, and alternative energy. This increased economic activity generates additional foreign exchange earnings, further strengthening the BoP.
- ✓ **Debt Management:** By attracting external financing, AMB alleviates the pressure on Yemen's external debt obligations. This reduces the need for borrowing from international

institutions, preventing further accumulation of debt and its associated interest payments, which can negatively impact the BoP.

- ✓ **Foreign Investment:** The positive impact of AMB's initiatives on the BoP enhances Yemen's attractiveness to foreign investors. Increased foreign direct investment brings additional capital into the country, further boosting the BoP and promoting economic growth.

In conclusion, AMB's economic empowerment initiatives play a crucial role in enhancing Yemen's BoP. By attracting external financing, facilitating imports, promoting economic development, and managing external debt, AMB is contributing significantly to the country's economic stability and long-term prosperity. These initiatives serve as a testament to the transformative power of financial inclusion and responsible investment in bolstering a nation's economic resilience in the face of adversity.

4.2.1.2.2 Gross Domestic Product (GDP)

Despite the devastating impact of the ongoing conflict on Yemen's economy, the World Bank's definition of Gross Domestic Product (GDP) remains a crucial indicator of the country's overall economic health and development. As highlighted in the research, a strong and growing GDP signifies increased economic activity, higher incomes, and greater demand for goods and services, positively impacting the FX market. However, Yemen's GDP has experienced a staggering 54% contraction in real GDP per capita due to the conflict's devastating effects. This decline underscores the urgency of finding a path toward peace and economic recovery.

World Bank calculations offer a glimmer of hope, suggesting that a sustained peace agreement could lead to a rapid economic rebound. This rebound would be facilitated by external support, reconstruction efforts, and post-conflict reforms. However, the recent halt on Liquefied Petroleum Gas (LPG) and oil production, previously a significant contributor to the national GDP, poses an additional challenge. Here is the annual percentage change of national GDP depending on World Bank calculations in the past five years (2019-2023).

| Time-Range | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------------------|--------------------------|-------|------|------|------|
| Real Sector | Annual Percentage Change | | | | |
| Real GDP | 2.1 | -8.5 | -1.0 | 1.5 | -2.0 |
| Real GDP per Capita | -1.0 | -10.6 | -3.1 | -0.7 | -4.1 |

Table (6): Annual percentage change of National GDP

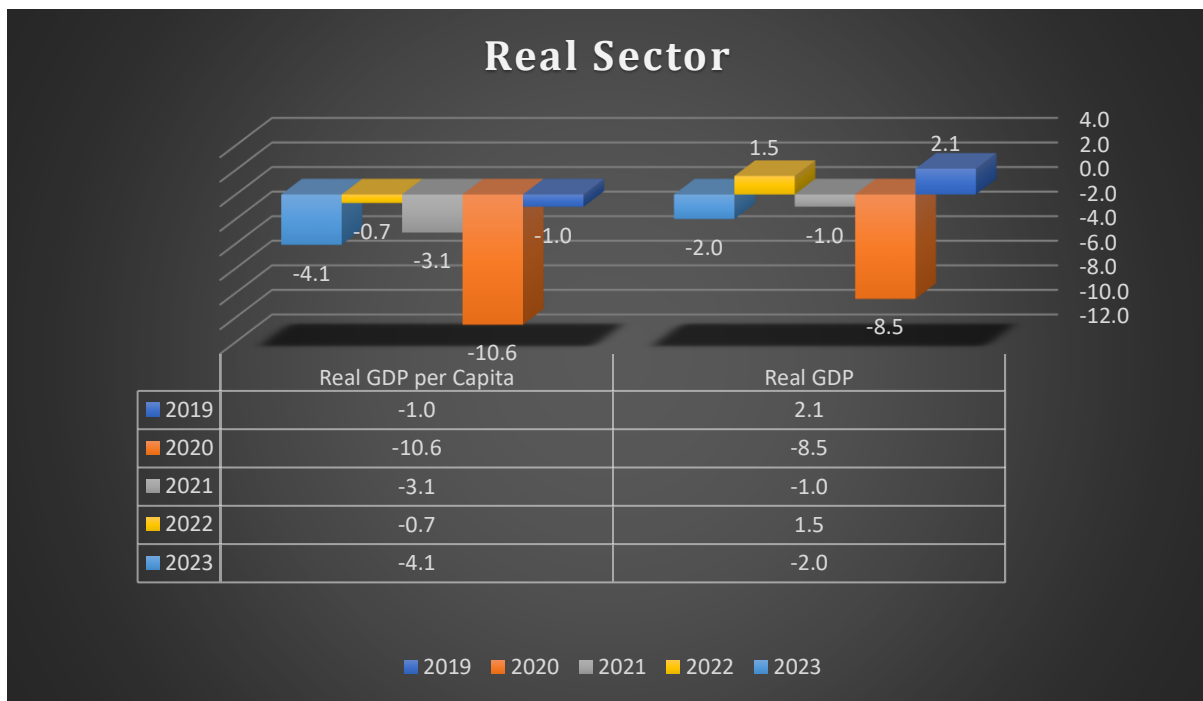


Figure (9): Annual percentage change of national GDP

Despite these obstacles, AMB's economic empowerment initiatives have emerged as a beacon of hope for Yemen's economic future. By supporting the growth of over 181K Micro, Small, and Medium-sized enterprises (MSMEs), creating around 636K jobs, increasing incomes, improving productivity, and reducing poverty and inequality, AMB is playing a crucial role in driving economic growth and promoting a more equitable and resilient economy.

The positive impact of AMB's initiatives on GDP can be attributed to several key factors:

- ✓ **MSME Development:** AMB's support for MSMEs contributes directly to GDP growth by increasing the production of goods and services. This increased output translates into a higher GDP figure, reflecting the expansion of the country's economic activity.
- ✓ **Job Creation:** The growth of MSMEs, fueled by AMB's financing, leads to job creation. More jobs mean more income for individuals, increasing consumer spending and overall economic activity, both of which contribute positively to GDP.
- ✓ **Higher Incomes and Consumption:** Increased employment and business success facilitated by AMB result in higher incomes for individuals and businesses. This increased disposable income translates into higher consumer spending, further stimulating economic activity and boosting GDP.

- ✓ **Improved Productivity and Efficiency:** AMB's support may have helped MSMEs improve their operational efficiency and productivity through training and access to resources. This leads to greater output from existing resources, contributing to GDP growth.
- ✓ **Reduced Poverty and Inequality:** AMB's focus on empowering vulnerable populations helps reduce poverty and income inequality. A more equitable distribution of income can lead to increased overall consumption and economic activity, positively impacting GDP.

In conclusion, while Yemen's economic landscape remains fragile, AMB's economic empowerment initiatives offer a compelling case study for the transformative power of responsible investment and financial inclusion. By fostering the growth of MSMEs, creating jobs, and promoting a more equitable distribution of income, AMB is contributing significantly to GDP growth and paving the way for a more resilient and prosperous future for Yemen. As the country navigates the path towards peace and reconstruction, AMB's unwavering commitment to economic empowerment will continue to play a vital role in rebuilding the nation's economy and securing a brighter future for its people.

4.2.1.2.3 Humanitarian and Economic Stability

In the context of Yemen's ongoing conflict and humanitarian crisis, understanding the intricate relationship between humanitarian and economic stability is paramount. This study's deliberate ordering of topics reflects the recognition that humanitarian assistance must take precedence over economic development, as it lays the foundation for a sustainable and prosperous future.

The devastating impact of the conflict on Yemen's population has resulted in widespread displacement, food insecurity, and a dire lack of access to essential services. Addressing these humanitarian needs is the immediate priority, as it is essential for saving lives, alleviating suffering, and creating the conditions necessary for economic recovery.

The World Bank's definition of Gross Domestic Product (GDP) as the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period highlights the importance of a stable and functioning economy for long-term development. However, in Yemen's current state, focusing solely on economic growth without addressing the underlying humanitarian crisis would be futile.

The study's focus on the Foreign Balance of Payments (BoP) and the impact of AMB's economic empowerment initiatives on the FX market underscores the importance of stabilizing the economic environment. By attracting external financing, facilitating imports, and promoting economic growth, these initiatives contribute to creating a more conducive environment for humanitarian assistance and long-term recovery.

The subsequent examination of GDP growth, driven by factors such as AMB's initiatives, provides insights into how to create a more prosperous and resilient economy. However, this economic development must be built upon a foundation of humanitarian stability, ensuring that the most vulnerable populations are not left behind.

The study's order of topics aligns with the international community's efforts to support Yemen's recovery. By prioritizing humanitarian assistance and then focusing on economic development, the study provides a comprehensive framework for addressing the challenges facing Yemen and paving the way for a brighter future.

In conclusion, the study's emphasis on humanitarian and economic stability reflects the understanding that these two aspects are inextricably linked. By prioritizing humanitarian assistance and then focusing on economic development, the study provides a roadmap for Yemen's recovery, ensuring that the country can build a more peaceful, prosperous, and resilient future for its people.

4.2.1.2.4 Political and Economic Crisis

Yemen's ongoing political and economic crisis has had a profound impact on the stability of the country's Foreign Exchange (FX) market. The events of 2011, compounded by the 2015 conflict and the recent halt on oil production, have created a perfect storm of instability, posing significant challenges to economic recovery.

The 2011 events marked the beginning of a period of political turmoil and instability. This instability created uncertainty in the business environment, leading to capital flight and a decline in foreign investment. The resulting shortage of foreign currency put immense pressure on the Yemeni rial, causing its value to depreciate significantly. The 2015 conflict further exacerbated the political and economic crisis. The ongoing fighting has caused widespread destruction, displaced millions of people, and disrupted essential services. This humanitarian crisis has led to a sharp decline in economic activity, further weakening the Yemeni rial and

exacerbating the FX market instability. The recent halt on oil production, which was previously the country's main source of foreign currency earnings, has dealt a severe blow to the economy. This loss of revenue has further depleted Yemen's foreign exchange reserves, making it even more difficult to stabilize the FX market.

The combined effects of the political and economic crisis have created a vicious cycle of instability in Yemen's FX market. The depreciation of the Yemeni rial has led to higher import costs, fueling inflation and further eroding purchasing power. This, in turn, has reduced demand for goods and services, further weakening the economy and creating a negative feedback loop.

The World Bank's dealing with Gross Domestic Product (GDP) as the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period highlights the importance of a stable FX market for economic growth. The instability in Yemen's FX market has made it difficult for businesses to operate and invest, leading to a decline in GDP and further exacerbating the economic crisis.

The study's focus on the Foreign Balance of Payments (BoP) and the impact of AMB's economic empowerment initiatives on the FX market underscores the importance of addressing the underlying causes of instability. By attracting external financing, facilitating imports, and promoting economic growth, these initiatives can help to stabilize the FX market and create a more conducive environment for economic recovery.

However, it is important to recognize that the political and economic crisis cannot be resolved solely through economic measures. A comprehensive approach is to address the root causes of the conflict and promote political stability. Without a lasting peace, it will be difficult to achieve sustainable economic recovery and stabilize the FX market.

In conclusion, Yemen's political and economic crisis has had a devastating impact on the stability of the country's FX market. The combined effects of the 2011 events, the 2015 conflict, and the recent halt on oil production have created a perfect storm of instability, posing significant challenges to economic recovery. Addressing the underlying causes of the crisis, both political and economic, is essential for stabilizing the FX market and paving the way for a brighter future for Yemen.

4.2.1.2.5 Fiscal and External Sector Development

The ongoing political and economic crisis in Yemen has had a profound impact on the country's fiscal and external sector development. The halt in oil exports, which was previously the main source of foreign currency earnings, has intensified pressures on the already large current account deficit. This deficit widened from 17.8% of GDP in 2022 to 19.3% of GDP in 2023, as illustrated in Figure 9.

However, the conversion of International Monetary Fund (IMF) Special Drawing Rights (SDRs) and financing from international partners have provided some much-needed foreign exchange support. Financial support brought by Al-Amal Microfinance Bank (AMB) has played a pivotal role in this increase. This inflow of funds has resulted in a significant increase in the financial account balance, providing some relief to the external sector.

Despite these efforts, confidence in the conventional financial sector in Yemen remains limited. In contrast, nonbank financial service providers, especially money exchangers, have experienced a rise in trust, regardless of their location. This shift in preferences highlights the need for greater financial inclusion and access to formal financial services, particularly in rural and underserved areas.

Despite the challenges, there has been a slight recovery in the fiscal and external sectors in 2023. The current account deficit narrowed to 9.4% of GDP, and the financial account balance improved. These improvements are attributed to the conversion of IMF SDRs, financing from international partners, and AMB's financial support.

Zooming out on the national GDP, which is defined as the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period, highlights the importance of a stable fiscal and external sector for economic growth. The improvements in these sectors provide a foundation for increased economic activity, higher incomes, and greater demand for goods and services.

The study's focus on the impact of AMB's economic empowerment initiatives on the FX market and the Foreign Balance of Payments (BoP) underscores the importance of addressing the underlying causes of instability. By attracting external financing, facilitating imports, and promoting economic growth, these initiatives can help to stabilize the FX market and create a more conducive environment for economic recovery.

However, it is important to recognize that the fiscal and external sector challenges cannot be resolved solely through economic measures. A comprehensive approach is needed that addresses the root causes of the conflict and promotes political stability. Without a lasting peace, it will be difficult to achieve sustainable economic recovery and stabilize the fiscal and external sectors.

In conclusion, Yemen's fiscal and external sector development has been significantly impacted by the ongoing political and economic crisis. The halt in oil exports, the widening current account deficit, and the limited confidence in the conventional financial sector pose significant challenges. However, the conversion of IMF SDRs, financing from international partners, and AMB's financial support have provided some relief. The slight recovery in 2023 offers a glimmer of hope, but a comprehensive approach that addresses both the economic and political dimensions of the crisis is essential for sustainable recovery.

4.2.1.2.6 Monetary Policy and Inflation

Amidst the ongoing compounded tensions in Yemen, these events have exacerbated the country's fragmentation, creating two distinct economic zones with competing monetary authorities and exchange rates. This fragmentation has strained the fiscal sector, disrupted government revenue collection, and increased expenditures, leading to a widening budget deficit. The government's attempts to address this deficit through reduced subsidies and increased taxes have had mixed economic consequences as appears in Figure (10).

Thus, monetary policy plays a crucial role in managing inflation and maintaining economic stability. In the context of Yemen's ongoing political and economic crises, the monetary authorities face significant challenges in balancing the need to support the government's fiscal needs with the risk of fueling inflation. According to World Bank and CBY-Aden calculations, net domestic claims on the government, which serve as a proxy for the monetized fiscal deficit, have surged by 24.6% in 2023. This increase in monetary financing has led to a 4.8% increase in currency in circulation, rebounding from a 3.8% decrease in 2022.

While monetary financing can offer short-term relief for fiscal constraints, its uncontrolled continuation can escalate the risks of inflation and erode overall economic stability. The monetary authorities have attempted to mitigate these risks by conducting foreign exchange auctions, which have helped absorb a portion of the resulting excess liquidity.

However, the impact of monetary policy on inflation is complex and depends on a variety of factors, including the level of economic activity, the exchange rate, and expectations about future inflation. In Yemen's case, the ongoing conflict and humanitarian crisis have created significant uncertainty, making it difficult for the monetary authorities to predict and manage inflation effectively.

Addressing the national GDP, which is defined as the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period, highlights the importance of a stable macroeconomic environment for economic growth. High inflation can distort relative prices, reduce investment, and erode consumer confidence, all of which can hinder economic development.

The study's focus on the impact of AMB's economic empowerment initiatives on the FX market and the Foreign BoP underscores the importance of managing inflation to maintain external stability. High inflation can make exports less competitive and increase the cost of imports, leading to a deterioration in the BoP.

AMB's humanitarian and economic empowerment initiatives have had a positive impact on the FX market by attracting external financing, facilitating imports, and promoting economic growth. This is evident in Figure (10), which shows an increase in foreign exchange reserves and a more stable exchange rate.

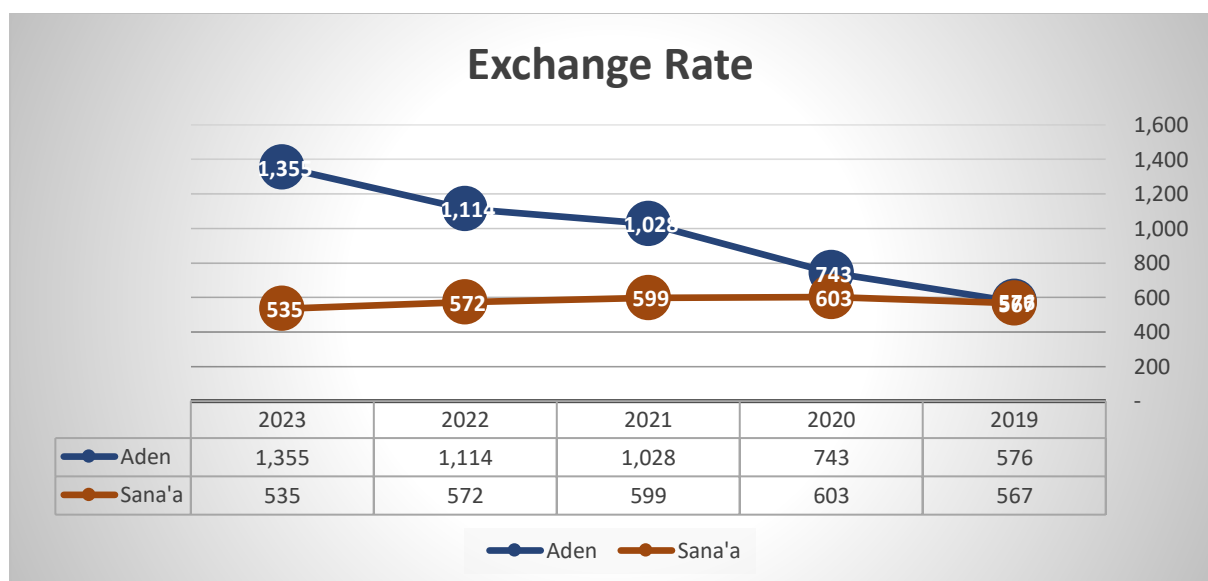


Figure (10): YER Exchange Rate against USD

| Time-Range | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|---|---------|---------|---------|---------|
| Money and Prices | (Annual percentage change, unless stated otherwise) | | | | |
| Consumer Prices (period average) | 15.7 | 21.7 | 31.5 | 29.5 | - 1.5 |
| Aden | 22.6 | 30.5 | 59.8 | 36.4 | 7.0 |
| Sana'a | 11.4 | 15.6 | 9.4 | 21.8 | - 11.8 |
| Base Money | 3,485.0 | 3,948.0 | 4,491.0 | 4,689.0 | 4,944.0 |
| Exchange rate (YER per USD 1, average) | | | | | |
| Aden | 576 | 743 | 1,028 | 1,114 | 1,355 |
| Sana'a | 567 | 603 | 599 | 572 | 535 |
| Exchange rate (YER per USD 1, eop) | | | | | |
| Aden | 612 | 669 | 952 | 1,205 | 1,518 |
| Sana'a | 581 | 591 | 600 | 560 | 528 |

Table (7): Annual Percentage Change of Money, Exchange Rate, & Prices

However, it is important to recognize that monetary policy alone cannot solve Yemen's economic challenges. A comprehensive approach is needed that addresses the root causes of the conflict, promotes political stability, and implements sound fiscal policies. Without these measures, it will be difficult to achieve sustainable economic recovery and manage inflation effectively.

In conclusion, Yemen's monetary policy faces significant challenges in balancing the need to support the government's fiscal needs with the risk of fueling inflation. The monetary authorities have taken steps to mitigate these risks, but the ongoing conflict and humanitarian crisis create significant uncertainty. A comprehensive approach that addresses both the economic and political dimensions of the crisis is essential for achieving sustainable economic recovery and managing inflation effectively. AMB's humanitarian and economic empowerment initiatives have had a positive impact on the FX market, but more needs to be done to address the underlying causes of instability and promote long-term economic growth.

4.2.2 Statistical Analysis

This section presents the statistical analysis conducted via utilizing SPSS software using descriptive statistics to assess the impact of Al-Amal Microfinance Bank's (AMB) initiatives on the Foreign Exchange (FX) market in Yemen. The data was collected through a structured questionnaire administered to a sample of FX market participants selected in a stratified manner. The questionnaire was designed to capture the perceptions of these participants regarding the impact of AMB's initiatives on various aspects of the FX market.

The data was analyzed using the Statistical Package for the Social Sciences (SPSS) software. Reliability analysis was conducted using Cronbach's Alpha to assess the internal consistency of the constructs in the study. A construct is considered reliable if the Alpha (α) value is greater than 70% (Hair et al., 2013). The results of the reliability analysis revealed that the scale measuring the impact of AMB's initiatives on the FX market had an Alpha value of 75%, indicating good internal consistency.

The following sections will present the descriptive statistics, inferential statistics, and regression analysis conducted to further explore the relationship between AMB's initiatives and the FX market. The findings of these analyses will provide valuable insights into the effectiveness of AMB's initiatives and their contribution to the stability and development of the FX market in Yemen.

4.2.2.1 Impact on the Yemeni FX Market

This section presents the findings of the statistical analysis conducted to assess the impact of AMB's initiatives on the FX market in Yemen. The analysis was based on data collected through a structured questionnaire administered to a sample of FX market participants selected in a stratified manner. The questionnaire captured the perceptions of these participants regarding the impact of AMB's initiatives on various aspects of the FX market, including stability, liquidity, and accessibility.

The descriptive statistics presented in the table provide valuable insights into the perceptions of FX market participants regarding the impact of AMB's initiatives. The data was collected through a structured questionnaire administered to a sample of 50 participants, with no missing values reported. The standard deviations for all five items ranged from 0.73 to 0.90, indicating a relatively high level of agreement among the participants as presented in Table (8).

| | Valid | Missing | Std. Deviation |
|---|-------|---------|----------------|
| Have AMB's initiatives influenced your decision to use formal channels for foreign exchange transactions? | 50 | 0 | 0.83 |
| Have AMB's initiatives affected your access to foreign currency? | 50 | 0 | 0.73 |
| Have you observed any changes in exchange rates since the implementation of AMB's initiatives? | 50 | 0 | 0.73 |
| Do you believe AMB's initiatives have contributed to a more stable and transparent FX market? | 50 | 0 | 0.90 |
| Do you think there are positive potential long-term impacts of AMB's initiatives on the FX market in Yemen? | 50 | 0 | 0.81 |

Table (8): Impact on FX market data validity

Impact on the Decision to Use Formal Channels:

The first item assessed the extent to which AMB's initiatives have influenced participants' decisions to use formal channels for foreign exchange transactions. The results showed that 46% of participants reported that AMB's initiatives have influenced their decision to use formal channels, while 28% reported no influence, and 26% preferred not to say. This suggests that AMB's initiatives have had a positive impact on the adoption of formal channels in the FX market, potentially reducing the reliance on informal channels and promoting greater transparency, as displayed below.

| | | Frequency | Percent |
|---|-------------------|-----------|-------------|
| Have AMB's initiatives influenced your decision to use formal channels for foreign exchange transactions? | Yes | 23 | 46% |
| | No | 14 | 28% |
| | Prefer not to Say | 13 | 26% |
| | Total | 50 | 100% |

Table (9): Decision to use formal channels

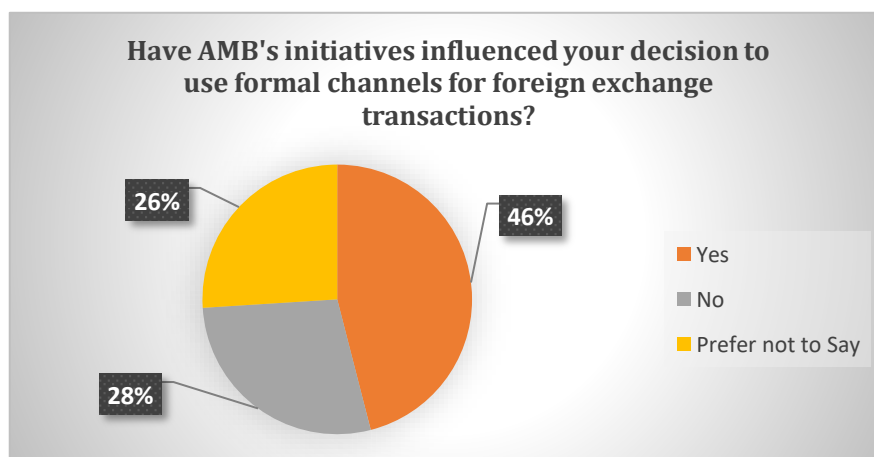


Figure (11): Decision to use formal channels

Impact on Access to Foreign Currency:

The second item examined the impact of AMB's initiatives on participants' access to foreign currency. The results showed that 56% of participants reported that AMB's initiatives have affected their access to foreign currency, while 30% reported no impact and 14% stayed neutral. This suggests that AMB's initiatives have played a role in improving access to foreign currency for FX market participants, potentially reducing volatility and facilitating trade and investment as shown in Table (10).

| | | Frequency | Percent |
|--|-------------------|-----------|-------------|
| Have AMB's initiatives affected your access to foreign currency? | Yes | 28 | 56% |
| | No | 15 | 30% |
| | Prefer not to Say | 7 | 14% |
| | Total | 50 | 100% |

Table (10): Impact on Access to Foreign Currency

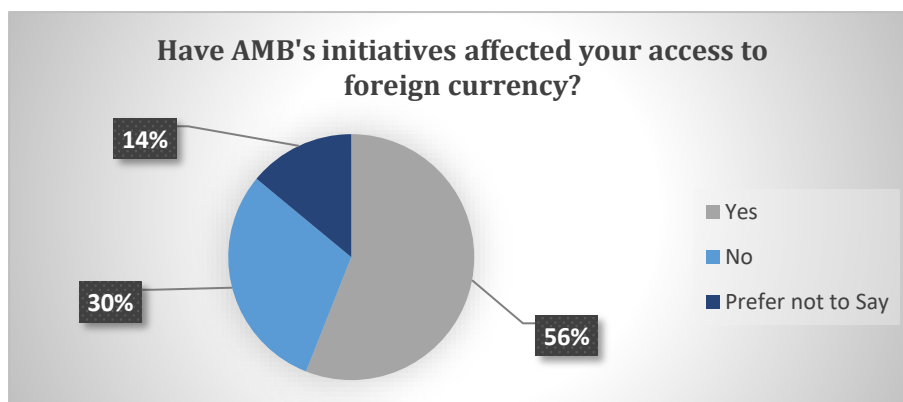


Figure (12): Impact on Access to Foreign Currency

Impact on Exchange Rates:

The third item investigated whether participants have observed any changes in exchange rates since the implementation of AMB's initiatives. The results showed that 38% of participants reported observing changes in exchange rates, while 44% reported no observed changes, and 18% preferred not to say. This suggests that AMB's initiatives may have had an impact on exchange rate stability, potentially reducing volatility and creating a more predictable environment for businesses and individuals, as disclosed in the following table.

| | | Frequency | Percent |
|--|-------------------|-----------|-------------|
| Have you observed any changes in exchange rates since the implementation of AMB's initiatives? | Yes | 19 | 38% |
| | No | 22 | 44% |
| | Prefer not to Say | 9 | 18% |
| | Total | 50 | 100% |

Table (11): Impact on Exchange Rates

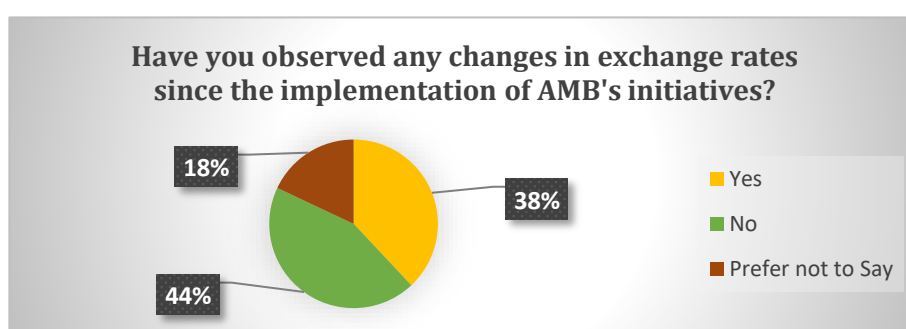


Figure (13): Impact on Exchange Rates

Impact on Market Stability and Transparency:

The fourth item assessed the participants' perceptions of whether AMB's initiatives have contributed to a more stable and transparent FX market. The results showed that 58% of participants believe that AMB's initiatives have contributed to greater stability and transparency, while 12% believe they have not, and 30% preferred not to say. This suggests that AMB's initiatives have been perceived as having a positive impact on the overall functioning of the FX market, promoting greater confidence and efficiency, Table (12).

| | | Frequency | Percent |
|---|-------------------|-----------|-------------|
| Do you believe AMB's initiatives have contributed to a more stable and transparent FX market? | Yes | 29 | 58% |
| | No | 6 | 12% |
| | Prefer not to Say | 15 | 30% |
| | Total | 50 | 100% |

Table (12): Impact on Market Stability and Transparency

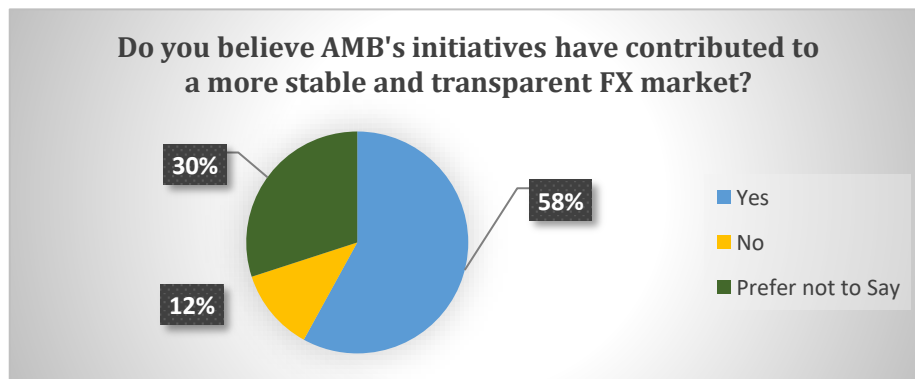


Figure (14): Impact on Market Stability and Transparency

Long-Term Impact:

The fifth item explored the participants' beliefs about the potential long-term impacts of AMB's initiatives on the FX market in Yemen. The results showed that 64% of participants believe that AMB's initiatives have positive potential long-term impacts, while 16% believe they do not, and 20% preferred not to say. This suggests that AMB's initiatives are seen as having the potential to contribute to the long-term development and sustainability of the FX market in Yemen, as illustrated in Table (13).

| | | Frequency | Percent |
|---|-------------------|-----------|-------------|
| Do you think there are positive potential long-term impacts of AMB's initiatives on the FX market in Yemen? | Yes | 32 | 64% |
| | No | 8 | 16% |
| | Prefer not to Say | 10 | 20% |
| | Total | 50 | 100% |

Table (13): Long-Term Impact

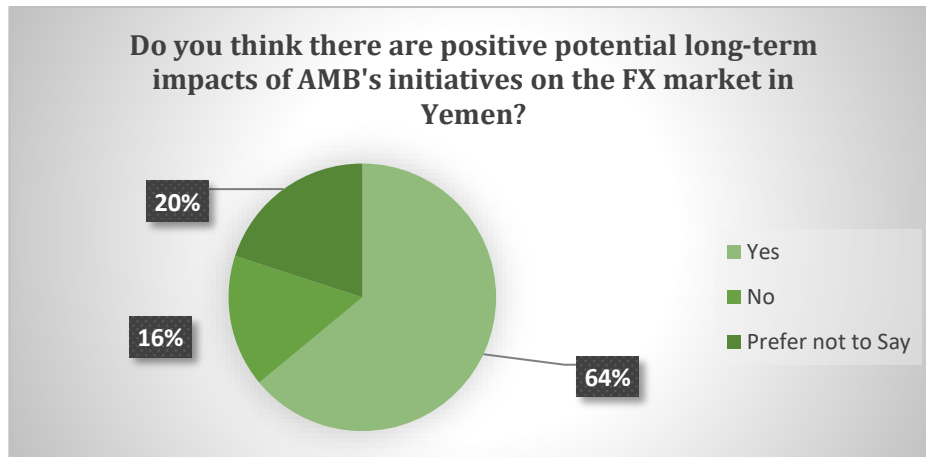


Figure (15): Long-Term Impact

Location-Based Analysis of AMB's Initiatives Impact on FX Market

The descriptive statistics presented in the table provide insights into the perceptions of FX market participants in North and South Yemen regarding the impact of Al-Amal Microfinance Bank's (AMB) initiatives. The data reveals some interesting differences in the perceptions of participants from the two regions. Participants in the North were more likely than those in the South to report that AMB's initiatives have influenced their decision to use formal channels for foreign exchange transactions (57.9% vs. 20%). This suggests that AMB's initiatives have had a greater impact on promoting the use of formal channels in the North compared to the South. Similarly, participants in the North were more likely than those in the South to report that AMB's initiatives have affected their access to foreign currency (71.1% vs. 20%). This suggests that AMB's initiatives have played a more significant role in improving access to foreign currency for participants in the North. Table (14)

However, participants in the South were more likely than those in the North to report that they believe AMB's initiatives have contributed to a more stable and transparent FX market (100% vs. 63.2%). This suggests that AMB's initiatives may have had a greater impact on promoting stability and transparency in the FX market in the South. Additionally, participants in both regions expressed positive beliefs about the potential long-term impacts of AMB's initiatives on the FX market. However, participants in the South were more likely than those in the North to express strong agreement with this statement (100% vs. 71.1%), Table (14).

| | | Location (North/South) | North | South | Total |
|-----------------------------|---|------------------------|-------|-------|-------|
| AMB's Initiatives impact on | Have AMB's initiatives influenced your decision to use formal channels for foreign exchange transactions? | Count | 22 | 1 | 23 |
| | | % within Location | 57.9% | 20% | |
| FX market | Have AMB's initiatives affected your access to foreign currency? | Count | 27 | 1 | 28 |
| | | % within Location | 71.1% | 20% | |
| | Have you observed any changes in exchange rates since the implementation of AMB's initiatives? | Count | 19 | 0 | 19 |
| | | % within Location | 50.0% | 0% | |
| | Do you believe AMB's initiatives have contributed to a more stable and transparent FX market? | Count | 24 | 5 | 29 |
| | | % within Location | 63.2% | 100% | |
| | Do you think there are positive potential long-term impacts of AMB's initiatives on the FX market in Yemen? | Count | 27 | 5 | 32 |
| | | % within Location | 71.1% | 100% | |

Percentages and totals are based on respondents.

Table (14): Location-Based Analysis of AMB's Initiatives Impact on FX Market

These findings suggest that AMB's initiatives have had a positive impact on the FX market in both North and South Yemen. However, the impact appears to be stronger in the North, particularly in terms of promoting the use of formal channels and improving access to foreign currency. The reasons behind these differences as well as why AMB's initiatives have no equitable impact on FX market participants in both regions are due to the fact that the South follows a more open monetary policy compared to the North.

4.3 AMB's Initiatives' Impact on FX Network

This section presents a comprehensive analysis of the impact of Al-Amal Microfinance Bank's (AMB) initiatives on the Yemeni FX Network, incorporating both descriptive and statistical approaches. The analysis utilizes data collected through a structured questionnaire administered to a sample of FX market participants selected in a stratified manner. The questionnaire captured the perceptions of these participants regarding various aspects of the impact of AMB's initiatives on the FX Network, including its stability, liquidity, accessibility, and transparency.

4.3.1 Descriptive Analysis

Descriptive statistics were employed to provide an overview of the participants' responses, revealing a generally positive perception of the impact of AMB's initiatives. The participants perceived AMB's initiatives to have a positive impact on the stability, liquidity, and accessibility of the FX network, as well as contributing to a more transparent and efficient market environment.

4.3.1.1 AMB's Initiatives' Impact on FX Network

This section explores the impact of Al-Amal Microfinance Bank (AMB)'s initiatives on the Yemeni FX Network, focusing on the role of AMB's extensive network of financial and non-financial agents and the empirical observations made by the researcher. Consequently, AMB's initiatives leverage an extensive network of over 7,000 financial and non-financial agents distributed across 333 Yemeni districts, along with 18 bank branches. This vast network plays a crucial role in facilitating foreign exchange transactions and promoting FX network expansion. By partnering with a wide range of agents, AMB extends its reach to underserved areas and provides convenient access to foreign exchange services for individuals and businesses. This network approach reduces reliance on informal channels, promotes transparency, and enhances market efficiency, as will be revealed later.

4.3.2 Statistical Analysis

This section presents the statistical analysis conducted to assess the impact of AMB's initiatives on the Yemeni FX Network. The analysis employed a structured questionnaire administered to a sample of FX market participants. Prior to analyzing the data, a reliability check was conducted using Cronbach's Alpha to assess the internal consistency of the constructs in the study.

Reliability is the measure of the internal consistency of the constructs in the study. A construct is reliable if the Alpha (α) value is greater than 70% (Hair et al., 2013). Construct reliability was assessed using Cronbach's Alpha. The result revealed that the FX Network Experience with Foreign Exchange Transactions scale with 5 items ($\alpha = 70\%$) and the FX Network Perception of AMB's Initiatives scale with 5 items ($\alpha = 85\%$) were found reliable. Similarly, AMB's Initiatives Impact on the FX Market, AMB's Initiatives Impact on the FX Network, and FX Network Expansion Challenges and Opportunities scale with 5 items all ($\alpha = 75\%, 90\%, 75\%$) respectfully mentioned were found reliable, Table (15).

| N | Constructs | Items No. | Alpha (α) |
|----------|--|------------------|------------------------------------|
| 1 | FX Network Experience with Foreign Exchange Transactions | 5 | 70% |
| 2 | FX Network Perception of AMB's Initiatives | 5 | 85% |
| 3 | AMB's Initiatives Impact on the FX Market | 5 | 75% |
| 4 | AMB's Initiatives Impact on the FX Network | 5 | 90% |
| 5 | FX Network Expansion Challenges and Opportunities | 5 | 75% |

Table (15): Questionnaire Reliability Test Results

This section presents a descriptive analysis of the demographic characteristics of the sample of FX market participants who responded to the questionnaire. The analysis provides insights into the age, gender, occupation, location, education, and affiliation of the participants. The demographic information of the participants was also analyzed to provide context for the findings. The analysis revealed that the sample consisted of a diverse group of participants in terms of their location, entity type (main agent or sub-agent), and level of engagement with AMB's initiatives. This diversity ensures that the findings are representative of the broader FX market participants in Yemen, as presented in Table (16).

| | Age group | Gender | Occupation | Location (North/South) | Education | Affiliate (Main / Sub-agent) |
|-----------------------|-----------|--------|------------|---------------------------|-----------|------------------------------|
| Valid | 50 | 50 | 50 | 50 | 50 | 50 |
| Std. Deviation | .614 | .141 | .990 | .303 | .396 | .495 |

Table (16): Demographic Information

Age:

The majority of the participants (54%) were in the 30-40 age group, followed by 38% in the 20-30 age group and 8% above 40 years old. This suggests that the sample is predominantly composed of younger and middle-aged adults, as shown below.

| | Age group | Frequency | Percent |
|--------------|-----------|-----------|-------------|
| | 20-30 | 19 | 38% |
| | 30-40 | 27 | 54% |
| | Above 40 | 4 | 8% |
| Total | | 50 | 100% |

Table (17): Participants' Age

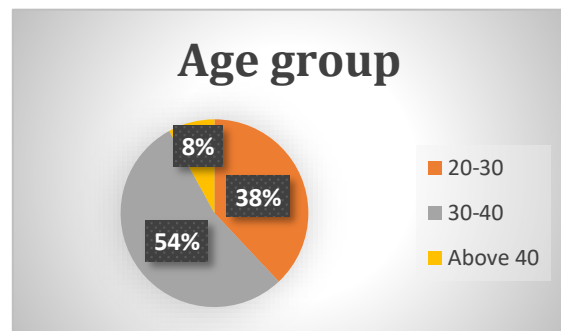


Figure (16): Participants' Age

Gender:

The sample was overwhelmingly male (98%), with only 2% female participants. This reflects the male-dominated nature of the FX network in Yemen, as shown below.

| | Gender | Frequency | Percent |
|--------------|--------|-----------|-------------|
| | Male | 49 | 98% |
| | Female | 1 | 2% |
| Total | | 50 | 100% |

Table (18): Participants' Gender

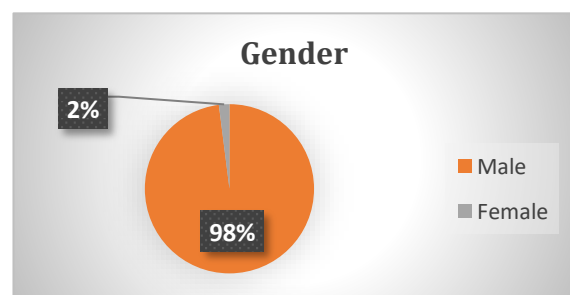


Figure (17): Participants' Gender

Occupation:

The participants represented a diverse range of occupations within the FX network, with 32% working as Specialists/Coordinators, 32% as Officers, 26% as Managers, and 10% as CEOs. This diversity ensures that the sample captures the perspectives of different levels of professionals within the FX market.

| | | Frequency | Percent |
|-------------------|--------------|-----------|-------------|
| Occupation | Sp. / Coord. | 16 | 32% |
| | Officer | 16 | 32% |
| | Manager | 13 | 26% |
| | CEO | 5 | 10% |
| Total | | 50 | 100% |

Table (19): Participants' Occupation

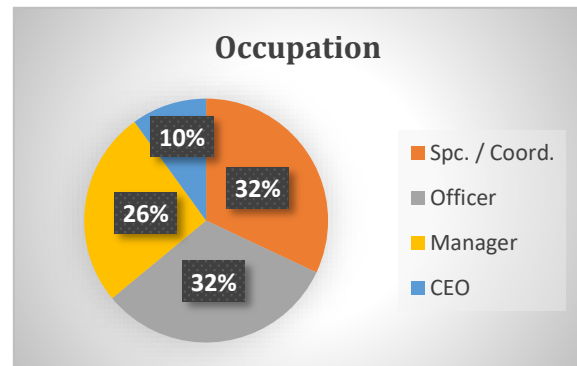


Figure (18): Participants' Occupation

Location:

The vast majority of the participants (90%) were located in the North of Yemen, with only 10% located in the South. This reflects the geographical distribution of FX market activity in Yemen, with a higher concentration in the North.

| | | Frequency | Percent |
|-------------------------------|-------|-----------|-------------|
| Location (North/South) | North | 45 | 90% |
| | South | 5 | 10% |
| Total | | 50 | 100% |

Table (20): Participants' Location

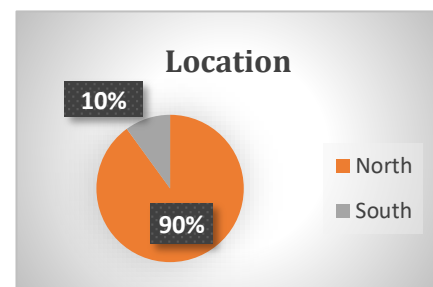


Figure (19): Participants' Location

Education:

The majority of the participants (84%) held a Bachelor's or Master's degree, while 12% had a high school diploma and 4% had a Master's degree. This suggests that the sample is well-educated and possesses the necessary knowledge and skills to participate in the FX network.

| | | Frequency | Percent |
|------------------|-------------|-----------|-------------|
| Education | High School | 6 | 12% |
| | BA/B.Sc. | 42 | 84% |
| | MA/M.Sc. | 2 | 4% |
| Total | | 50 | 100% |

Table (21): Participants' Education

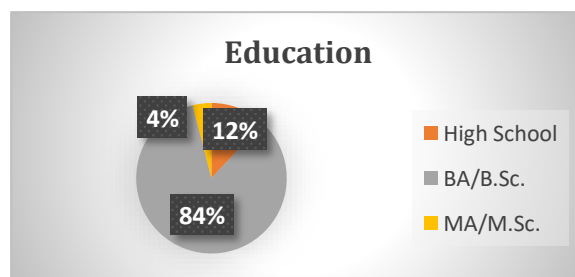


Figure (20): Participants' Education

Affiliation:

The sample was evenly split between main agents (40%) and sub-agents (60%). This ensures that the perspectives of both types of FX market participants are represented in the analysis, as shown below.

| | | Frequency | Percent |
|--------------------------|--------------|-----------|-------------|
| Affiliate (Main / | Main Agent | 20 | 40% |
| Sub-agent) | Sub-agent | 30 | 60% |
| | Total | 50 | 100% |

Table (22): Participants' Affiliation

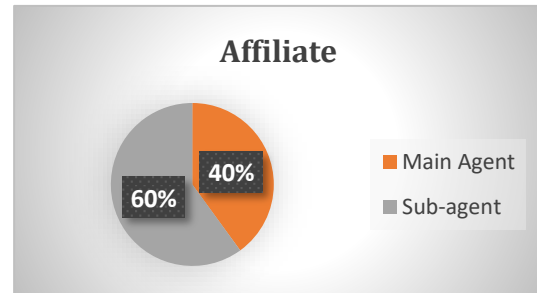


Figure (21): Participants' Affiliation

Overall, the descriptive analysis of the sample demographics reveals a diverse group of FX network participants in terms of age, gender, occupation, location, education, and affiliation. This diversity ensures that the findings of the study are representative of the broader FX market in Yemen.

4.3.2.1 FX Network Experience with FX Transactions

In regard to FX Network Experience with FX Transactions, the table shows the percentage of respondents who have experience with foreign exchange transactions. The data is broken down by region (North and South) and type of respondent (main agent and sub-agent).

For the question "Have you been engaged in the use of cash assistance projects/any transactions with AMB?" The majority of respondents in both regions (43% in the North and 29% in the South) reported having experience. When asked, "Do you typically use formal channels when exchanging currency?" the majority of respondents in both regions (42% in the North and 28% in the South) reported using formal channels.

For the question "Have you ever faced challenges in accessing foreign currency?" the majority of respondents in both regions (20% in the North and 13% in the South) reported having faced challenges. The question "Has AMB facilitated your foreign exchange transactions?" received a positive response from the majority of respondents in both regions (38% in the North and 25% in the South). Finally, the majority of respondents in both regions (38% in the North and 23% in the South) agreed that "Transactions have been facilitated and expanded in the last 7 years."

In summary, the data shows that a significant proportion of respondents in both regions have experience with foreign exchange transactions and that AMB has played a role in facilitating these transactions.

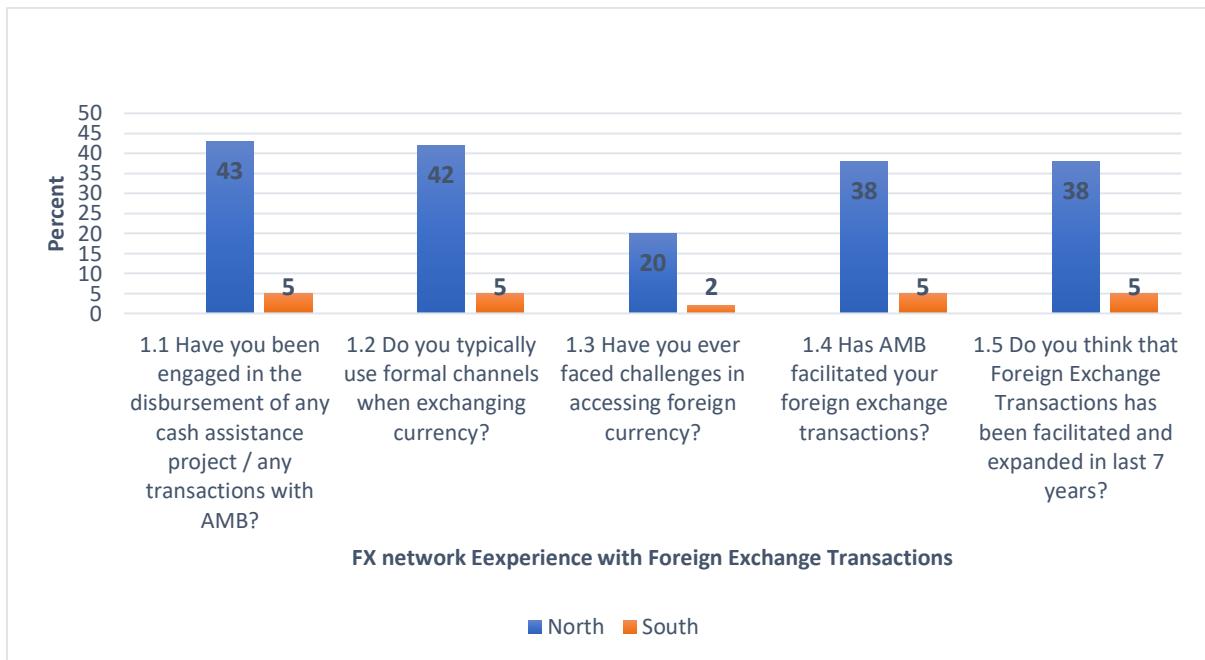


Figure (22): FX Network Experience with FX Transactions by Location

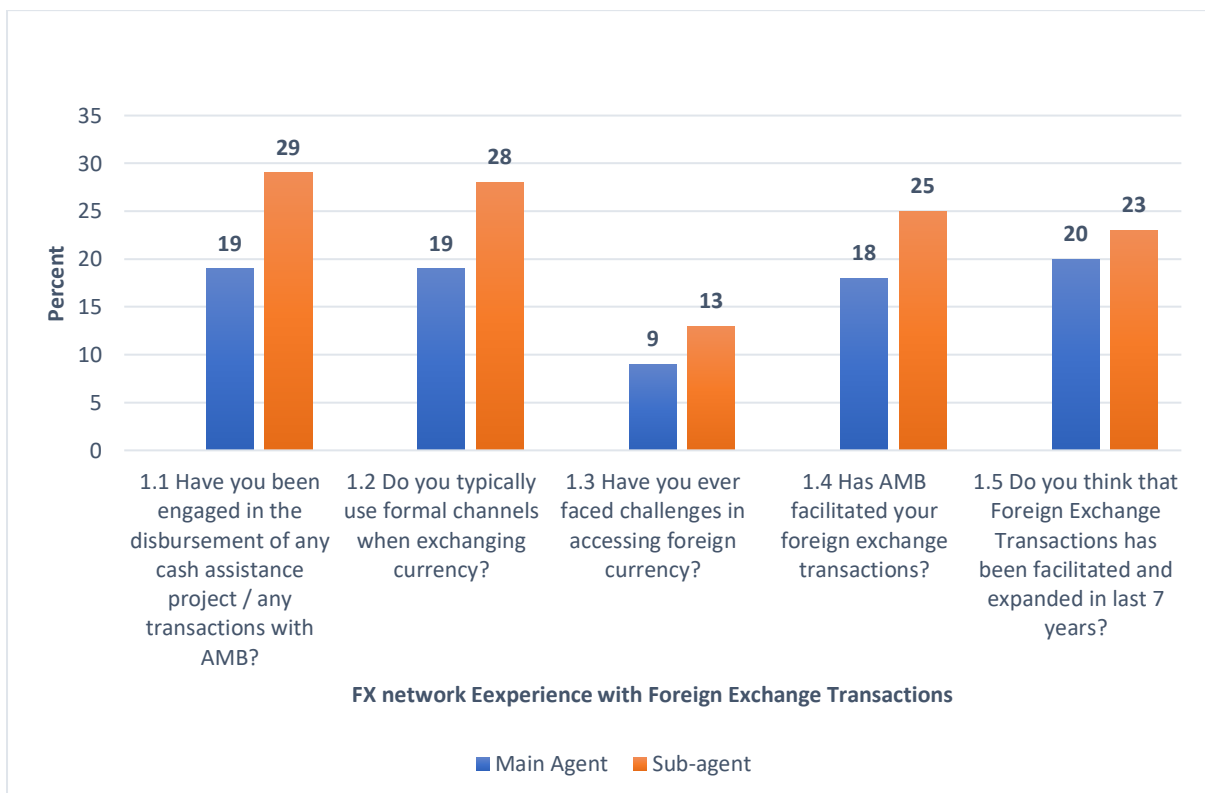


Figure (23): FX Network Experience with FX Transactions by Affiliate

This section presents a descriptive analysis of the FX network's experience with foreign exchange transactions, based on the responses of a sample of 50 participants with no missing values reported. The analysis provides insights into the participants' engagement with cash assistance projects, their use of formal channels, the challenges they face in accessing foreign currency, and the role of AMB in facilitating their transactions. The standard deviations for these items ranged from 0.31 to 0.68, indicating a relative consensus among all participants.

| Statistics | Valid | Std. Deviation |
|---|-------|----------------|
| Have you been engaged in the disbursement of any cash assistance project / any transactions with AMB? | 50 | 0.314 |
| Do you typically use formal channels when exchanging currency? | 50 | 0.416 |
| Have you ever faced challenges in accessing foreign currency? | 50 | 0.683 |
| Has AMB facilitated your foreign exchange transactions? | 50 | 0.625 |
| Do you think that Foreign Exchange Transactions has been facilitated and expanded in last 7 years? | 50 | 0.664 |

Table (23): FX Network Experience with FX Transactions

Engagement with Cash Assistance Projects/Transactions:

The vast majority of participants (96%) reported having been engaged in the disbursement of cash assistance projects or other transactions with AMB. This suggests that AMB plays a significant role in facilitating financial transactions within the FX network.

| | | Frequency | Percent |
|---|-------------------|-----------|-------------|
| Have you been engaged in the disbursement of any cash assistance project / any transactions with AMB? | Yes | 48 | 96% |
| | No | 1 | 2% |
| | Prefer not to Say | 1 | 2% |
| | Total | 50 | 100% |

Table (24): Engagement with Cash Assistance Projects

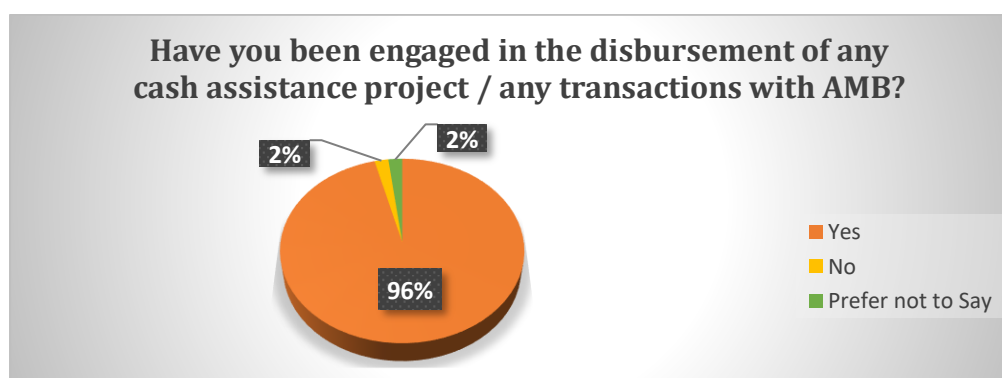


Figure (24): Engagement with Cash Assistance Projects

Use of Formal Channels:

When asked about their typical use of formal channels for exchanging currency, 94% of participants reported using formal channels, while 2% reported using informal channels, and 4% preferred not to say. This suggests that there is a dominance of formal activity within the FX network, with a full preference for formal channels.

| | | Frequency | Percent |
|--|-------------------|-----------|-------------|
| Do you typically use formal channels when exchanging currency? | Yes | 47 | 94% |
| | No | 1 | 2% |
| | Prefer not to Say | 2 | 4% |
| | Total | 50 | 100% |

Table (25): Use of Formal Channels

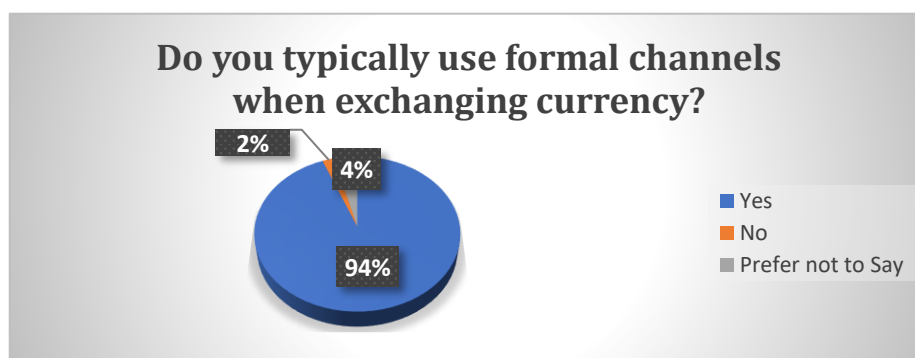


Figure (25): Use of Formal Channels

Challenges in Accessing Foreign Currency:

A significant proportion of participants (44%) reported having faced challenges in accessing foreign currency, while 44% reported that they didn't, and 12% preferred not to say. This suggests that there are obstacles to obtaining foreign currency within the FX network, which may hinder economic activity and financial inclusion, though half of the participants have denied facing such challenges.

| | | Frequency | Percent |
|---|-------------------|-----------|-------------|
| Have you ever faced challenges in accessing foreign currency? | Yes | 22 | 44% |
| | No | 22 | 44% |
| | Prefer not to Say | 6 | 12% |
| | Total | 50 | 100% |

Table (26): Challenges in Accessing Foreign Currency

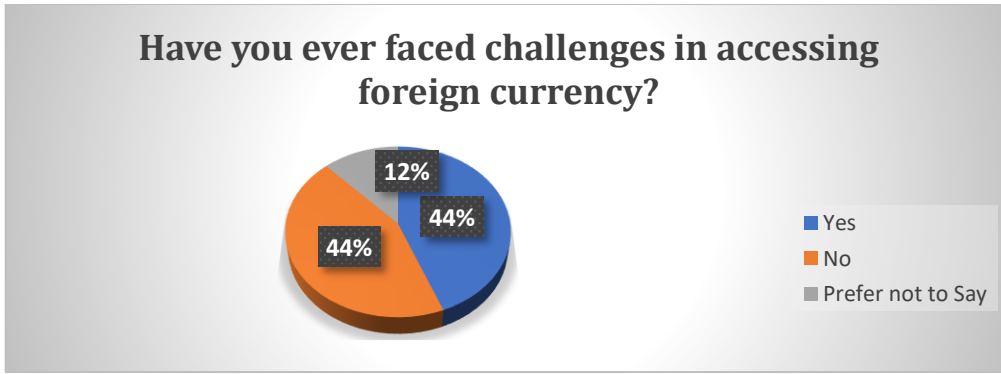


Figure (26): Challenges in Accessing Foreign Currency

Role of AMB in Facilitating Transactions:

The majority of participants (86%) agreed that AMB has facilitated their foreign exchange transactions, while 4% reported that it has not, and 10% preferred not to say. This suggests that AMB plays a positive role in supporting the FX network and enabling participants to conduct their financial activities more efficiently.

| | | Frequency | Percent |
|---|-------------------|-----------|-------------|
| Has AMB facilitated your foreign exchange transactions? | Yes | 43 | 86% |
| | No | 2 | 4% |
| | Prefer not to Say | 5 | 10% |
| | Total | 50 | 100% |

Table (27): Role of AMB in Facilitating Transactions

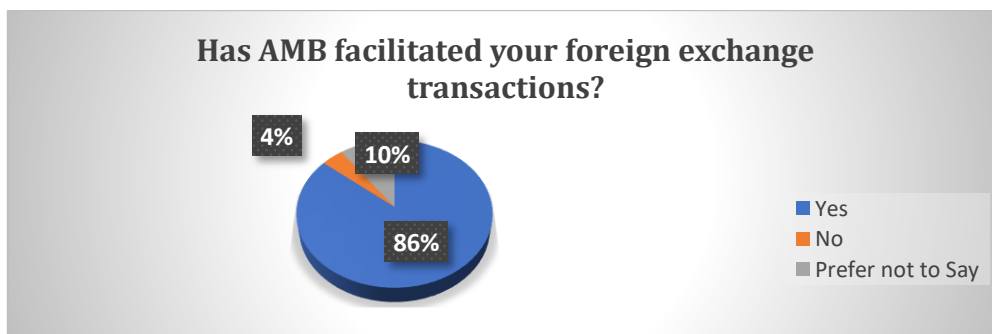


Figure (27): Role of AMB in Facilitating Transactions

Expansion of Transactions in the Last 7 Years:

A significant proportion of participants (86%) agreed that foreign exchange transactions have been facilitated and expanded in the last 7 years, while 2% reported that they have not been, and 12% preferred not to say. This suggests that there has been progress in developing the FX network and making it more accessible to participants in parallel with AMB’s initiative implementation.

| | | Frequency | Percent |
|--|-------------------|-----------|-------------|
| Do you think that Foreign Exchange Transactions has been facilitated and expanded in last 7 years? | Yes | 43 | 86% |
| | No | 1 | 2% |
| | Prefer not to Say | 6 | 12% |
| | Total | 50 | 100% |

Table (28): Expansion of Transactions in Last 7 Years

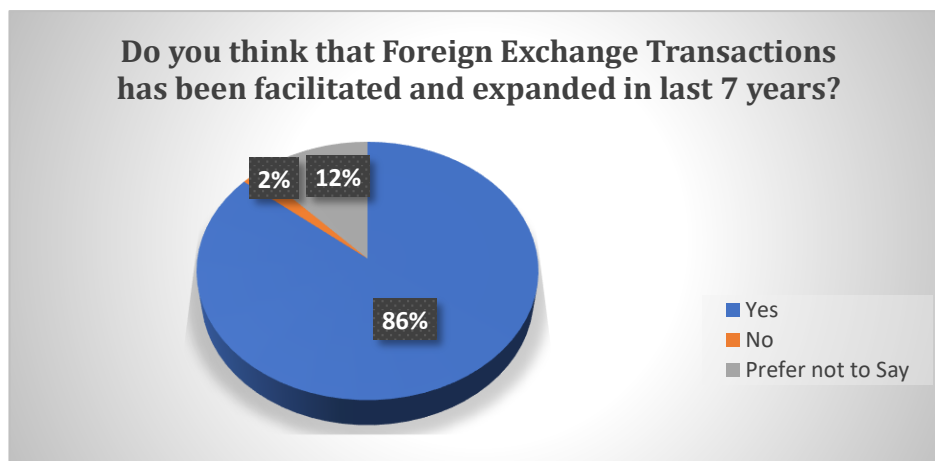


Figure (28): Expansion of Transactions in Last 7 Years

In brief, the descriptive analysis of the FX network's experience with foreign exchange transactions reveals a mixed picture. While AMB plays a significant role in facilitating transactions and there has been progress in expanding access to foreign currency, there are still challenges that need to be addressed. The continued development of the FX network and the removal of obstacles to accessing foreign currency are crucial for promoting economic growth and financial inclusion in Yemen.

4.3.2.2 FX Network Perception of AMB's Initiatives

This section presents a comparative analysis of the experience with foreign exchange transactions based on location (North/South) and affiliation (Main Agent/Sub-agent). The analysis provides insights into the similarities and differences in the experiences of participants from different regions and affiliation types.

Location-Based Analysis:

Participants in the south reported a higher percentage of engagement with cash assistance projects/transactions with AMB (100%) compared to participants in the North (95.6%). Similarly, participants in the South reported a higher percentage of using formal

channels for exchanging currency (100%) compared to participants in the North (93.3%). However, participants in the South reported a lower percentage of facing challenges in accessing foreign currency (40%) compared to participants in the North (44.4%). Additionally, participants in the South reported a higher percentage of perceiving AMB as facilitating their foreign exchange transactions (100%) compared to participants in the North (84.4%). Finally, participants in both regions reported a high percentage of perceiving an expansion in foreign exchange transactions in the last 7 years (84.4%, 100%) as for North and South, respectfully.

| | | Location | | Total | |
|---|---|-------------------|-----------|----------|-----------|
| | | North | South | | |
| Experience with Foreign Exchange Transactions | Have you been engaged in the disbursement of any cash assistance project / any transactions with AMB? | Count | 43 | 5 | 48 |
| | | % within Location | 95.6% | 100.0% | |
| | Do you typically use formal channels when exchanging currency? | Count | 42 | 5 | 47 |
| | | % within Location | 93.3% | 100.0% | |
| | Have you ever faced challenges in accessing foreign currency? | Count | 20 | 2 | 22 |
| | | % within Location | 44.4% | 40.0% | |
| | Has AMB facilitated your foreign exchange transactions? | Count | 38 | 5 | 43 |
| | | % within Location | 84.4% | 100.0% | |
| | Do you think that Foreign Exchange Transactions has been facilitated and expanded in last 7 years? | Count | 38 | 5 | 43 |
| | | % within Location | 84.4% | 100.0% | |
| Total | | Count | 45 | 5 | 50 |

Percentages and totals are based on respondents.

Table (29): FX Network Perception of AMB’s Initiatives by location

Affiliate-Based Analysis:

Participants who are Main Agents reported a quite similar percentage of engagement with cash assistance projects/transactions with AMB (95%) compared to participants who are Sub-agents (96.7%). Similarly, participants who are Main Agents reported a quite similar percentage of using formal channels for exchanging currency (95%) compared to participants who are Sub-agents (93.3%). However, participants who are Main Agents reported a higher percentage of facing challenges in accessing foreign currency (45%) compared to participants who are Sub-agents (43.3%). Additionally, participants who are Main Agents reported a higher percentage of perceiving AMB as facilitating their foreign exchange transactions (90%) compared to participants who are Sub-agents (83.3%). Finally, participants who are Main Agents reported a higher percentage of perceiving an expansion in FX transactions in the last 7 years (100%) compared to participants who are Sub-agents (76.7%), which can be interpreted as AMB having had a direct impact on its main agents rather than its sub-agents.

| | | Affiliate | | Total | |
|---|--|-------------------|-----------|-----------|-----------|
| | | Main Agent | Sub-agent | | |
| Experience with Foreign Exchange Transactions | Have you been engaged in the disbursement of any cash assistance project / any transactions with AMB? | Count | 19 | 29 | 48 |
| | | % within Location | 95% | 96.7% | |
| | Do you typically use formal channels when exchanging currency? | Count | 19 | 28 | 47 |
| | | % within Location | 95% | 93.3% | |
| | Have you ever faced challenges in accessing foreign currency? | Count | 9 | 13 | 22 |
| | | % within Location | 45% | 43.3% | |
| | Has AMB facilitated your foreign exchange transactions? | Count | 18 | 25 | 43 |
| | | % within Location | 90% | 83.3% | |
| | Do you think that Foreign Exchange Transactions has been facilitated and expanded in the last 7 years? | Count | 20 | 23 | 43 |
| | | % within Location | 100% | 76.7% | |
| Total | | Count | 20 | 30 | 50 |

Percentages and totals are based on respondents.

Table (30): FX Network Perception of AMB's Initiatives by Affiliate

This section presents a descriptive analysis of the perceptions of FX market participants regarding the impact of AMB's initiatives on the Yemeni FX Network. The analysis is based on the responses of a sample of 50 participants who were asked to rate their agreement with a series of statements about AMB's initiatives on which they seem to reach a consensus.

| Statistics | Valid | Missing | Std. Deviation |
|---|-------|---------|----------------|
| My company is familiar with AMB's humanitarian and economic empowerment initiatives, as well as money Transactions. | 50 | 0 | 0.68 |
| I believe AMB's initiatives have been effective in promoting economic development and reducing poverty. | 50 | 0 | 0.66 |
| AMB's initiatives helped to improve access to financial services for underserved populations. | 50 | 0 | 0.69 |
| I believe AMB's initiatives have contributed to the stability and development of the Yemeni economy. | 50 | 0 | 0.72 |
| I believe that AMB's initiatives influence the overall well-being of the Yemeni population. | 50 | 0 | 0.76 |

Table (31): FX Network Perception of AMB's Initiatives

Familiarity with AMB's Initiatives:

The majority of participants (94%) reported being familiar with AMB's humanitarian and economic empowerment initiatives, as well as money transactions. This suggests that AMB has a high level of visibility and recognition among FX market participants.

| | | Frequency | Percent |
|---|----------------|-----------|-------------|
| My company is familiar with AMB's humanitarian and economic empowerment initiatives, as well as money Transactions. | Strongly Agree | 16 | 32% |
| | Agree | 31 | 62% |
| | Undecided | 1 | 2% |
| | Disagree | 2 | 4% |
| | Total | 50 | 100% |

Table (32): Familiarity with AMB's Initiatives

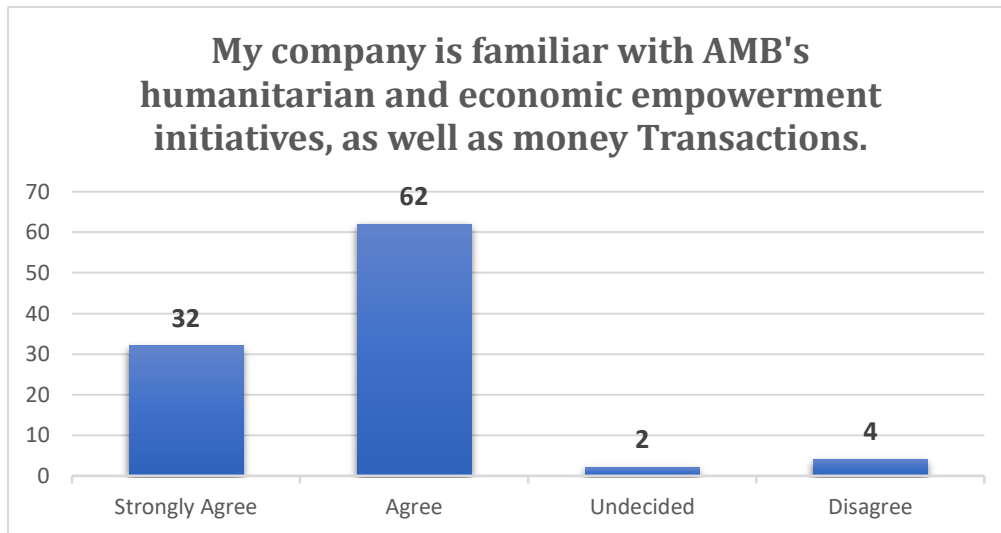


Figure (29): Familiarity with AMB's Initiatives

Effectiveness of AMB's Initiatives:

The majority of participants (90%) agreed that AMB's initiatives have been effective in promoting economic development and reducing poverty. This suggests that participants perceive AMB's initiatives as having a positive impact on the overall economy and the well-being of the Yemeni population.

| | | Frequency | Percent |
|---|----------------|-----------|-------------|
| I believe AMB's initiatives have been effective in promoting economic development and reducing poverty. | Strongly Agree | 22 | 44% |
| | Agree | 23 | 46% |
| | Undecided | 5 | 10% |
| | Total | 50 | 100% |

Table (33): Effectiveness of AMB's Initiatives

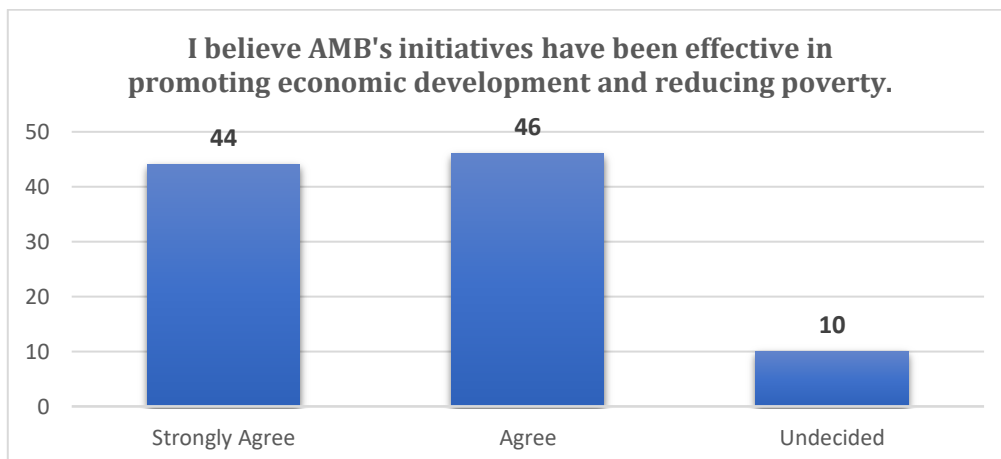


Figure (30): Effectiveness of AMB's Initiatives

Access to Financial Services:

The majority of participants (92%) agreed that AMB's initiatives have helped to improve access to financial services for underserved populations. This suggests that AMB's initiatives are playing a role in promoting financial inclusion and reducing inequality in access to financial services.

| | | Frequency | Percent |
|---|----------------|-----------|-------------|
| AMB's initiatives helped to improve access to financial services for underserved populations. | Strongly Agree | 22 | 44% |
| | Agree | 24 | 48% |
| | Undecided | 3 | 6% |
| | Disagree | 1 | 2% |
| | Total | 50 | 100% |

Table (34): Access to Financial Services

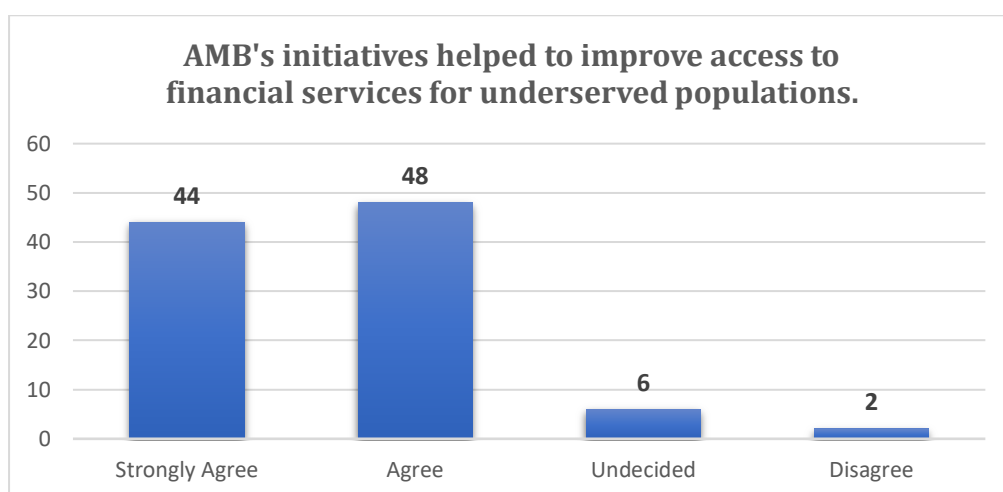


Figure (31): Access to Financial Services

Contribution to Economic Stability:

The majority of participants (84%) agreed that AMB's initiatives have contributed to the stability and development of the Yemeni economy. This suggests that participants perceive AMB's initiatives as having a positive impact on the overall macroeconomic environment.

| | | Frequency | Percent |
|--|----------------|-----------|-------------|
| I believe AMB's initiatives have contributed to the stability and development of the Yemeni economy. | Strongly Agree | 15 | 30% |
| | Agree | 27 | 54% |
| | Undecided | 7 | 14% |
| | Disagree | 1 | 2% |
| | Total | 50 | 100% |

Table (35): Contribution to Economic Stability

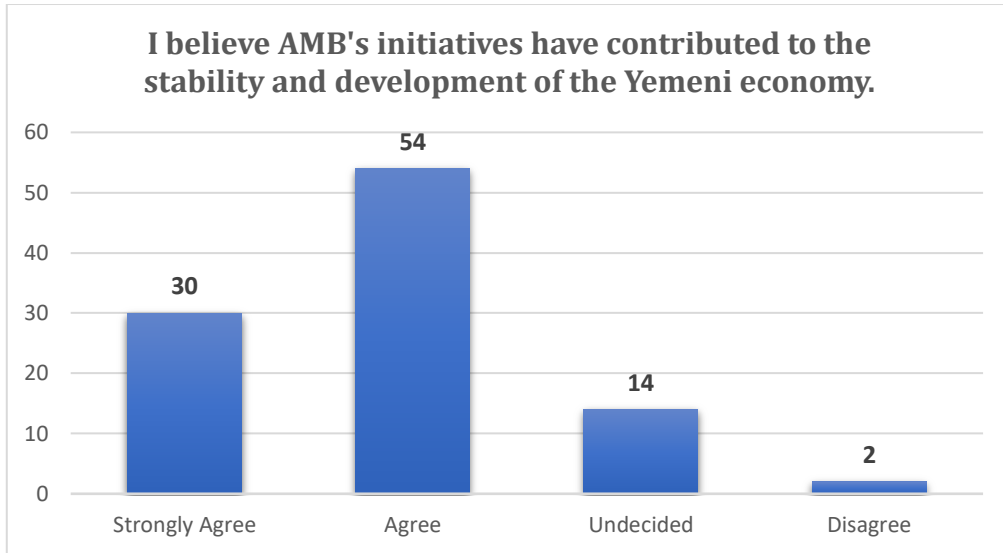


Figure (32): Contribution to Economic Stability

Overall Well-being:

The majority of participants (86%) agreed that AMB's initiatives influence the overall well-being of the Yemeni population. This suggests that participants perceive AMB's initiatives as having a positive impact on the lives of individuals and communities in Yemen.

| | | Frequency | Percent |
|---|----------------|-----------|-------------|
| I believe that AMB's initiatives influence the overall well-being of the Yemeni population. | Strongly Agree | 22 | 44% |
| | Agree | 21 | 42% |
| | Undecided | 6 | 12% |
| | Disagree | 1 | 2% |
| | Total | 50 | 100% |

Table (36): Overall Well-being

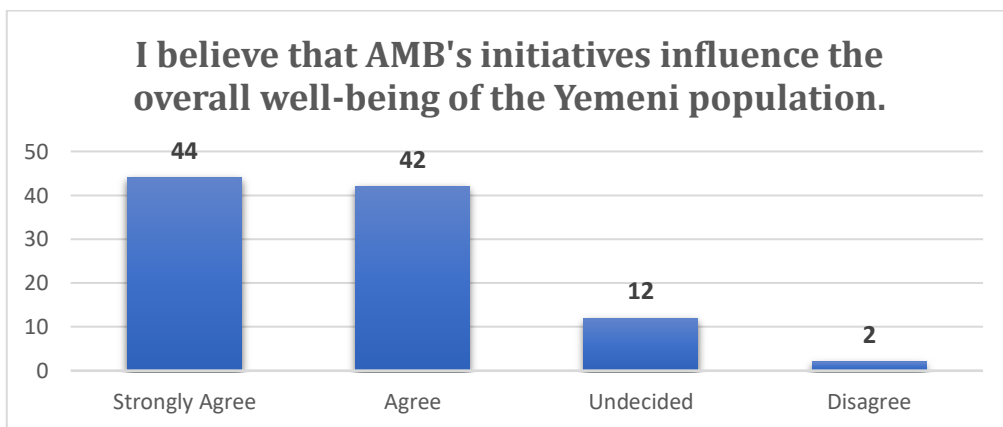


Figure (33): Overall Well-being

All in all, the descriptive analysis of the perceptions of FX market participants reveals a high level of support for AMB's initiatives. Participants perceive AMB's initiatives as being effective in promoting economic development, reducing poverty, improving access to financial services, contributing to economic stability, and enhancing the overall well-being of the Yemeni population. These findings suggest that AMB is playing a valuable role in supporting the development of the Yemeni FX Network and contributing to the economic and social progress of the country.

4.3.2.3 Impact on the Yemeni FX Network

This section presents a descriptive analysis of the perceptions of FX market participants (Network) regarding the impact of AMB's initiatives on the development of the Yemeni FX Network. The analysis is based on the responses of a sample of 50 participants with no missing values reported who were asked to rate their agreement with a series of statements about the impact of AMB's initiatives. The standard deviations for the five items ranged from 0.69 to 0.95, indicating a high level of agreement among the participants.

| Statistics | Valid | Missing | Std. Deviation |
|--|--------------|----------------|-----------------------|
| AMB's initiatives contributed to the development of a more interconnected and efficient FX network in Yemen. | 50 | 0 | 0.718 |
| There have been many changes in the availability of foreign currency exchange services in your area since the implementation of AMB's initiatives. | 50 | 0 | 0.70 |
| I believe AMB's initiatives have helped to reduce the reliance on informal currency exchange channels. | 50 | 0 | 0.707 |
| AMB's initiatives contributed to the development and expansion of my company activity. | 50 | 0 | 0.948 |
| There are potential long-term impacts of AMB's initiatives on the development and sustainability of the FX network in Yemen. | 50 | 0 | 0.691 |

Table (37): Impact on the Yemeni FX Network

Development of a More Interconnected and Efficient FX Network:

The majority of participants (88%) agreed that AMB's initiatives have contributed to the development of a more interconnected and efficient FX network in Yemen. This suggests that participants perceive AMB's initiatives as having a positive impact on the overall functioning of the FX network, making it easier for participants to connect with each other and exchange foreign currency.

| | | Frequency | Percent |
|--|----------------|-----------|-------------|
| AMB's initiatives contributed to the development of a more interconnected and efficient FX network in Yemen. | Strongly Agree | 14 | 28% |
| | Agree | 30 | 60% |
| | Undecided | 4 | 8% |
| | Disagree | 2 | 4% |
| | Total | 50 | 100% |

Table (38): Development of a More Interconnected and Efficient FX Network

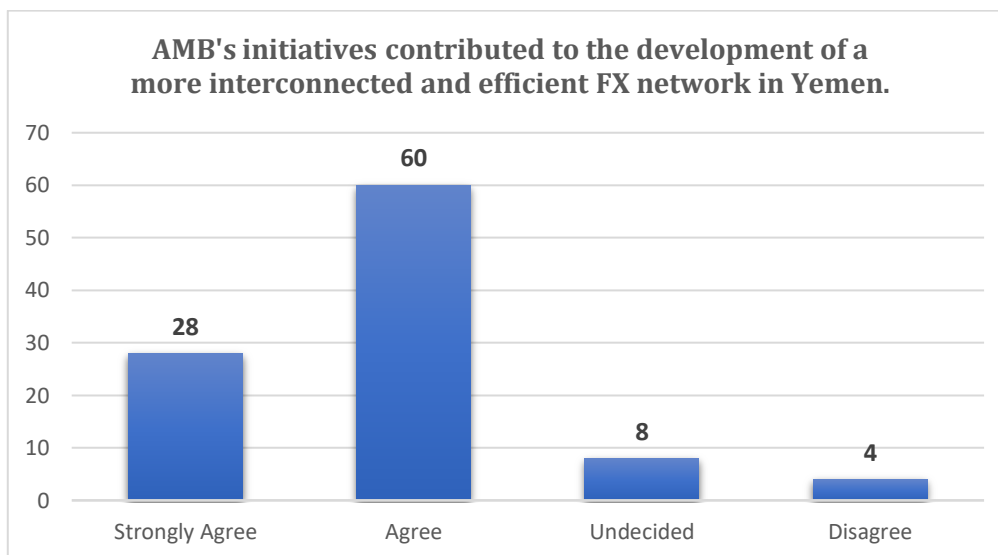


Figure (34): Development of a More Interconnected and Efficient FX Network

Changes in Availability of Foreign Currency Exchange Services:

The majority of participants (76%) reported that there have been many changes in the availability of foreign currency exchange services in their area since the implementation of AMB's initiatives. This suggests that AMB's initiatives have had a noticeable impact on the availability of foreign currency exchange services, making it easier for participants to access these services.

| | | Frequency | Percent |
|--|----------------|-----------|-------------|
| There have been many changes in the availability of foreign currency exchange services in your area since the implementation of AMB's initiatives. | Strongly Agree | 12 | 24% |
| | Agree | 26 | 52% |
| | Undecided | 12 | 24% |
| | Total | 50 | 100% |

Table (39): Changes in Availability of Foreign Currency Exchange Services

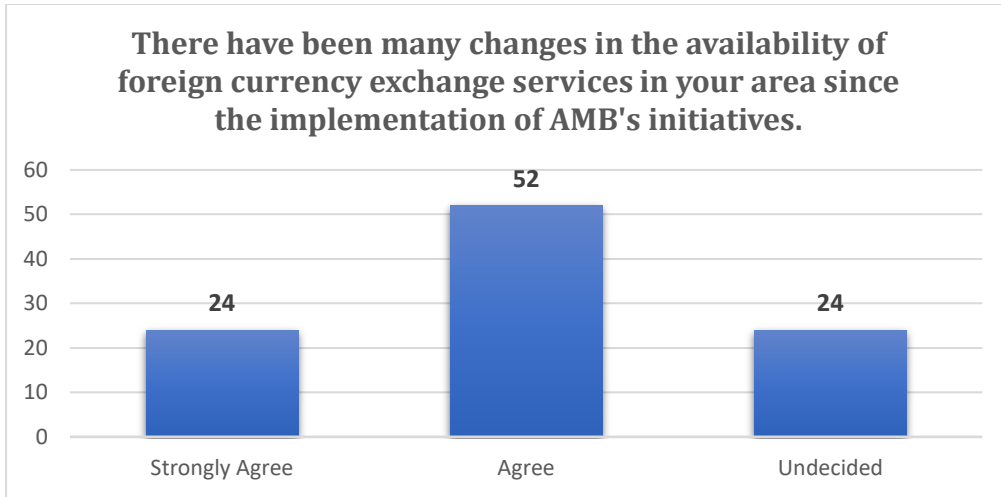


Figure (35): Changes in Availability of Foreign Currency Exchange Services

Reduction in Reliance on Informal Channels:

The majority of participants (84%) agreed that AMB's initiatives have helped to reduce the reliance on informal currency exchange channels. This suggests that participants perceive AMB's initiatives as having a positive impact on the formalization of the FX network, reducing the use of informal channels that may be less reliable and transparent.

| | | Frequency | Percent |
|--|----------------|-----------|-------------|
| AMB's initiatives contributed to the development of a more interconnected and efficient FX network in Yemen. | Strongly Agree | 14 | 28% |
| | Agree | 28 | 56% |
| | Undecided | 7 | 14% |
| | Disagree | 1 | 2% |
| | Total | 50 | 100% |

Table (40): Reduction in Reliance on Informal Channels

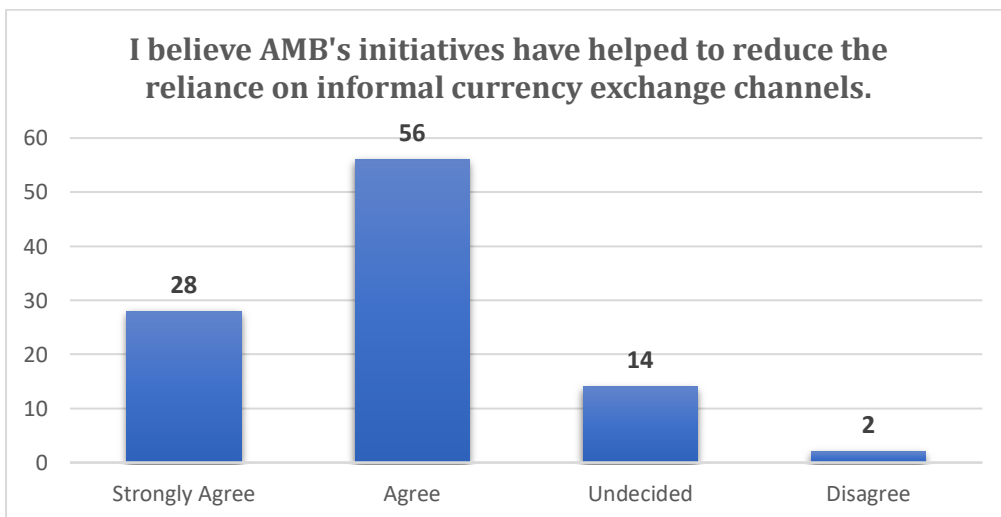


Figure (36): Reduction in Reliance on Informal Channels

Development and Expansion of Company Activity:

The majority of participants (78%) agreed that AMB's initiatives have contributed to the development and expansion of their company activity. This suggests that participants perceive AMB's initiatives as having a positive impact on their businesses, enabling them to grow and expand their operations.

| | | Frequency | Percent |
|--|-------------------|-----------|-----------|
| AMB's initiatives contributed to the development and expansion of my company activity. | Strongly Agree | 16 | 32% |
| | Agree | 23 | 46% |
| | Undecided | 7 | 14% |
| | Disagree | 3 | 6% |
| | Strongly Disagree | 1 | 2% |
| | Total | | 50 |

Table (41): Development and Expansion of Company Activity

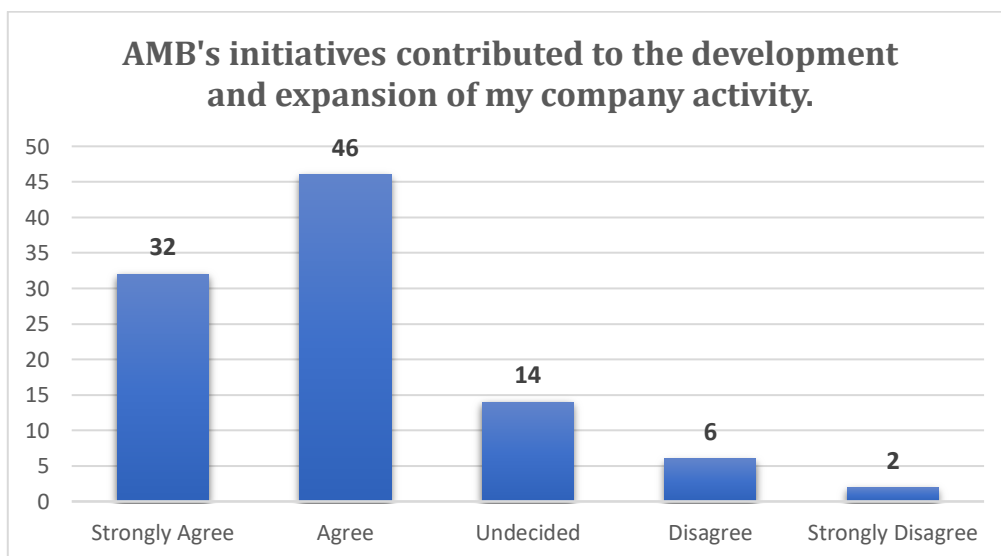


Figure (37): Development and Expansion of Company Activity

Potential Long-Term Impacts:

The vast majority of participants (92%) agreed that there are potential long-term impacts of AMB's initiatives on the development and sustainability of the FX network in Yemen. This suggests that participants perceive AMB's initiatives as having the potential to create lasting positive changes in the FX network, contributing to its long-term sustainability and growth.

| | | Frequency | Percent |
|--|----------------|-----------|-------------|
| There have been many changes in the availability of foreign currency exchange services in your area since the implementation of AMB's initiatives. | Strongly Agree | 17 | 34% |
| | Agree | 25 | 50% |
| | Undecided | 8 | 16% |
| | Total | 50 | 100% |

Table (42): Potential Long-Term Impacts

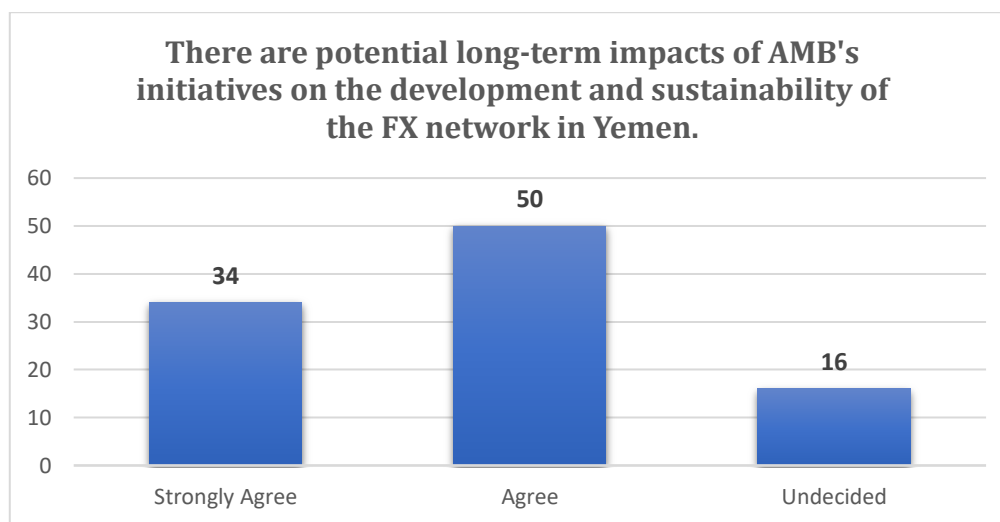


Figure (38): Potential Long-Term Impacts

To conclude, the descriptive analysis of the perceptions of FX market participants reveals a high level of support for AMB's initiatives in terms of their impact on the development of the Yemeni FX Network. Participants perceive AMB's initiatives as having a positive impact on the interconnectedness, efficiency, availability, formalization, and sustainability of the FX network, as well as on the growth and expansion of their businesses. These findings suggest that AMB is playing a valuable role in supporting the development of a more robust and sustainable FX network in Yemen, which can contribute to the overall economic growth and development of the country.

4.3.2.4 FX Network Expansion Challenges and Opportunity

This section presents a comparative analysis of the perceptions of FX market participants regarding the impact of AMB's initiatives on addressing challenges and opportunities in the Yemeni FX Network. The analysis is based on the responses of a sample of 50 participants, with 2 participants who prefer not to share their perspectives, categorized by affiliation (Main Agent/Sub-agent) and location (North/South).

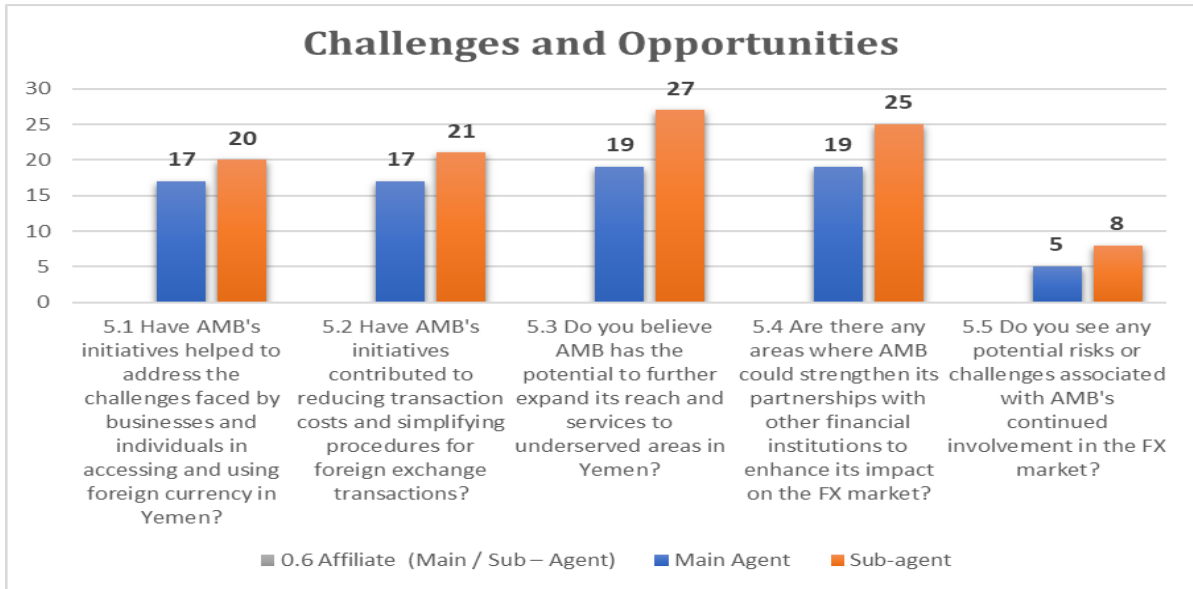
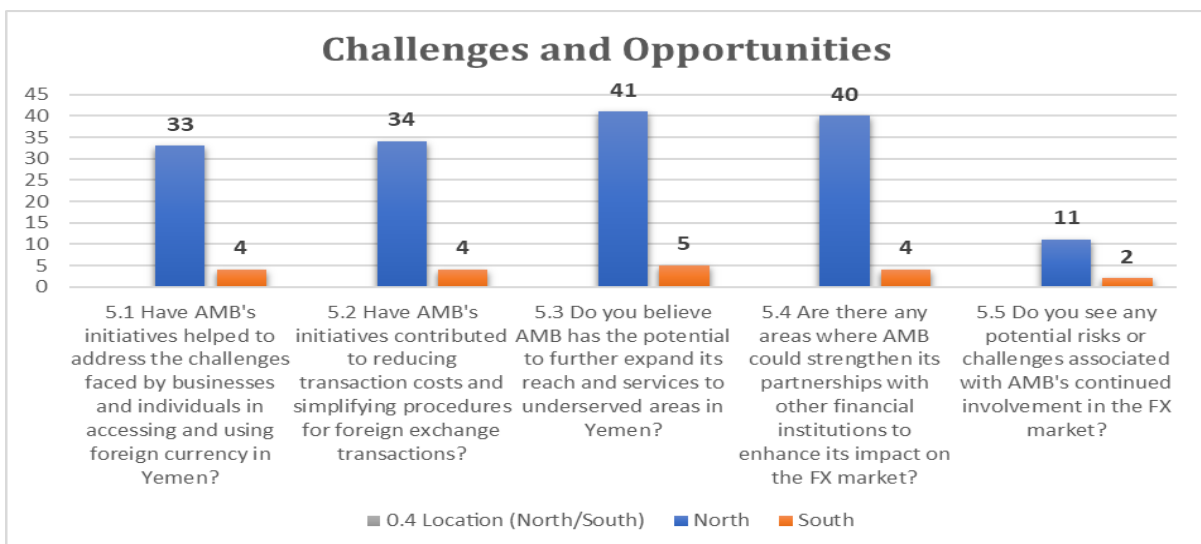


Figure (39): FX Network Expansion Challenges and Opportunity by Affiliate

Addressing Access and Usage Challenges:

Participants who are Main Agents reported a higher percentage of agreement with the statement that AMB's initiatives have helped to address the challenges faced by businesses and individuals in accessing and using foreign currency in Yemen (85%) compared to participants who are Sub-agents (71.4%). Meanwhile, participants in the North reported a pretty similar percentage of agreement with this statement compared to participants in the South. These findings suggest that AMB's initiatives may have had a more significant impact on addressing access and usage challenges for Main Agents and businesses in the North and South.



Participants who are Main Agents reported a similar percentage of agreement with the statement that AMB's initiatives have contributed to reducing transaction costs and simplifying procedures for foreign exchange transactions (85%) compared to participants who are Sub-agents (around 75%). Similarly, participants in the North reported a slightly higher percentage of agreement with this statement (79.1%) compared to participants in the South (80%). These findings suggest that AMB's initiatives may have had a relatively consistent impact on reducing transaction costs and simplifying procedures across different affiliation types and locations.

| | | Affiliate | | Total | |
|---|---|--------------------|-----------|-----------|-----------|
| | | Main Agent | Sub-agent | | |
| FX Network Expansion Challenges and Opportunity | Have AMB's initiatives helped to address the challenges faced by businesses and individuals in accessing and using foreign currency in Yemen? | Count | 17 | 20 | 37 |
| | | % within Affiliate | 85.0% | 71.4% | |
| | Have AMB's initiatives contributed to reducing transaction costs and simplifying procedures for foreign exchange transactions? | Count | 17 | 21 | 38 |
| | | % within Affiliate | 85.0% | 75.0% | |
| | Do you believe AMB has the potential to further expand its reach and services to underserved areas in Yemen? | Count | 19 | 27 | 46 |
| | | % within Affiliate | 95.0% | 96.4% | |
| | Are there any areas where AMB could strengthen its partnerships with other financial institutions to enhance its impact on the FX market? | Count | 19 | 25 | 44 |
| | | % within Affiliate | 95.0% | 89.3% | |
| | Do you see any potential risks or challenges associated with AMB's continued involvement in the FX market? | Count | 5 | 8 | 13 |
| | | % within Affiliate | 25.0% | 28.6% | |
| Total | | Count | 20 | 28 | 48 |

Percentages and totals are based on respondents.

Table (43): FX Network Expansion Challenges and Opportunity by Affiliate

Potential for Expanding Reach and Services:

Both participants who are Main Agents and participants who are Sub-agents reported a high level of agreement with the statement that AMB has the potential to further expand its reach and services to underserved areas in Yemen (95% and 96.4%, respectively). Similarly, participants in the North and participants in the South reported a high level of agreement with this statement (95.3% and 100%, respectively). These findings suggest that there is a strong consensus among participants that AMB has the potential to play a significant role in expanding access to financial services in underserved areas of Yemen.

| | | | Location | | Total |
|---|---|--------------------|-----------|----------|-----------|
| | | | North | South | |
| FX Network Expansion Challenges and Opportunity | Have AMB's initiatives helped to address the challenges faced by businesses and individuals in accessing and using foreign currency in Yemen? | Count | 33 | 4 | 37 |
| | | % within Affiliate | 76.7% | 80% | |
| | Have AMB's initiatives contributed to reducing transaction costs and simplifying procedures for foreign exchange transactions? | Count | 34 | 4 | 38 |
| | | % within Affiliate | 79.1% | 80% | |
| | Do you believe AMB has the potential to further expand its reach and services to underserved areas in Yemen? | Count | 41 | 5 | 46 |
| | | % within Affiliate | 95.3% | 100% | |
| | Are there any areas where AMB could strengthen its partnerships with other financial institutions to enhance its impact on the FX market? | Count | 40 | 4 | 44 |
| | | % within Affiliate | 93.0% | 80% | |
| | Do you see any potential risks or challenges associated with AMB's continued involvement in the FX market? | Count | 11 | 2 | 13 |
| | | % within Affiliate | 25.6% | 40% | |
| Total | | Count | 43 | 5 | 48 |

Percentages and totals are based on respondents.

Table (44): FX Network Expansion Challenges and Opportunity by Location

Strengthening Partnerships with Financial Institutions:

Participants who are Main Agents reported a slightly higher percentage of agreement with the statement that there are areas where AMB could strengthen its partnerships with other financial institutions to enhance its impact on the FX market (95%) compared to participants who are Sub-agents (89.3%). Similarly, participants in the North reported a slightly higher percentage of agreement with this statement (93%) compared to participants in the South (80%). These findings suggest that there may be opportunities for AMB to further enhance its impact by strengthening partnerships with other financial institutions, particularly in the South and among Sub-agents.

Potential Risks and Challenges:

Participants who are Main Agents reported a lower percentage of agreement with the statement that they see potential risks or challenges associated with AMB's continued involvement in the FX market (25%) compared to participants who are Sub-agents (28.6%). Similarly, participants in the North reported a lower percentage of agreement with this statement (25.6%) compared to participants in the South (40%). These findings suggest that there may be a perception among Main Agents and participants in the North that AMB's continued involvement in the FX market poses fewer risks or challenges compared to the perceptions of Sub-agents and participants in the South.

In conclusion, the comparative analysis reveals some similarities and differences in the perceptions of FX market participants regarding the impact of AMB's initiatives on addressing challenges and opportunities in the Yemeni FX Network. While there is a general consensus that AMB's initiatives have had a positive impact on reducing transaction costs, simplifying procedures, and expanding access to financial services, there are some variations in the perceptions of participants based on their affiliation and location. These findings suggest that AMB may need to tailor its strategies and partnerships to address the specific needs and concerns of different segments of the FX market in Yemen. Further research is needed to explore the reasons behind these variations and identify effective strategies for maximizing the positive impact of AMB's initiatives across the entire FX Network.

Meanwhile, the following presents a descriptive analysis of the perceptions of FX market participants regarding the impact of AMB's initiatives on addressing challenges and opportunities in the Yemeni FX Network. The analysis is based on the responses of a sample of 50 participants who were asked to answer yes/no questions about the impact of AMB's initiatives and seem to reach a slight consensus as shown in Table (45).

| Statistics | Valid | Missing | Std. Deviation |
|---|--------------|----------------|-----------------------|
| Have AMB's initiatives helped to address the challenges faced by businesses and individuals in accessing and using foreign currency in Yemen? | 50 | 0 | 0.728 |
| Have AMB's initiatives contributed to reducing transaction costs and simplifying procedures for foreign exchange transactions? | 50 | 0 | 0.693 |
| Do you believe AMB has the potential to further expand its reach and services to underserved areas in Yemen? | 50 | 0 | 0.548 |
| Are there any areas where AMB could strengthen its partnerships with other financial institutions to enhance its impact on the FX market? | 50 | 0 | 0.523 |
| Do you see any potential risks or challenges associated with AMB's continued involvement in the FX market? | 50 | 0 | 0.56 |

Table (45): FX Network Expansion Challenges and Opportunity

Addressing Access and Usage Challenges:

The majority of participants (74%) agreed that AMB's initiatives have helped to address the challenges faced by businesses and individuals in accessing and using foreign currency in Yemen. This suggests that participants perceive AMB's initiatives as having a positive impact on improving access to foreign currency and making it easier for businesses and individuals to use it for their transactions.

| | | Frequency | Percent |
|---|-------------------|-----------|-------------|
| Have AMB's initiatives helped to address the challenges faced by businesses and individuals in accessing and using foreign currency in Yemen? | Yes | 37 | 74% |
| | No | 6 | 12% |
| | Prefer not to Say | 7 | 14% |
| | Total | 50 | 100% |

Table (46): Addressing Access and Usage Challenges



Figure (41): Addressing Access and Usage Challenges

Reducing Transaction Costs and Simplifying Procedures:

The majority of participants (76%) agreed that AMB's initiatives have contributed to reducing transaction costs and simplifying procedures for foreign exchange transactions. This suggests that participants perceive AMB's initiatives as having a positive impact on reducing the costs and complexities associated with foreign exchange transactions, making them more efficient and affordable for businesses and individuals.

| | | Frequency | Percent |
|--|-------------------|-----------|-------------|
| Have AMB's initiatives contributed to reducing transaction costs and simplifying procedures for foreign exchange transactions? | Yes | 38 | 76% |
| | No | 6 | 12% |
| | Prefer not to Say | 6 | 12% |
| | Total | 50 | 100% |

Table (47): Reducing Transaction Costs and Simplifying Procedures

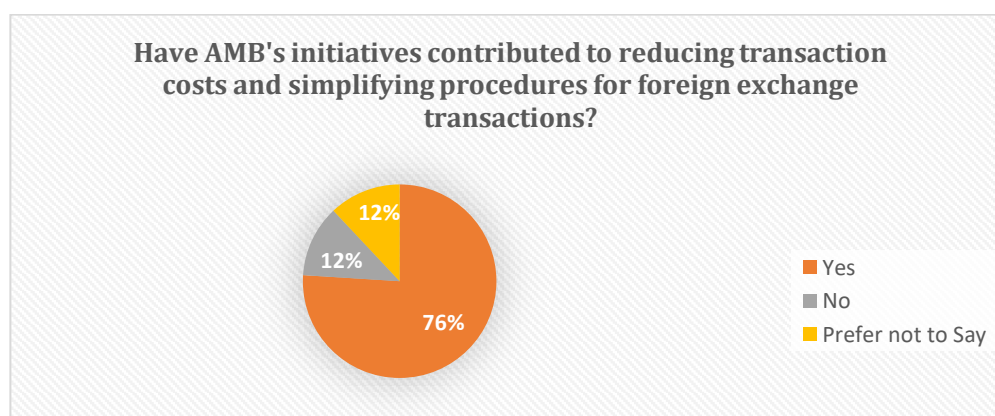


Figure (42): Reducing Transaction Costs and Simplifying Procedures

Potential for Expanding Reach and Services:

The vast majority of participants (92%) agreed that AMB has the potential to further expand its reach and services to underserved areas in Yemen. This suggests that participants perceive AMB as having the potential to play a significant role in expanding access to financial services in underserved areas of Yemen, contributing to the financial inclusion and economic development of these areas.

| | | Frequency | Percent |
|--|-------------------|-----------|-------------|
| Do you believe AMB has the potential to further expand its reach and services to underserved areas in Yemen? | Yes | 46 | 92% |
| | Prefer not to Say | 4 | 8% |
| | Total | 50 | 100% |

Table (48): Potential for Expanding Reach and Services

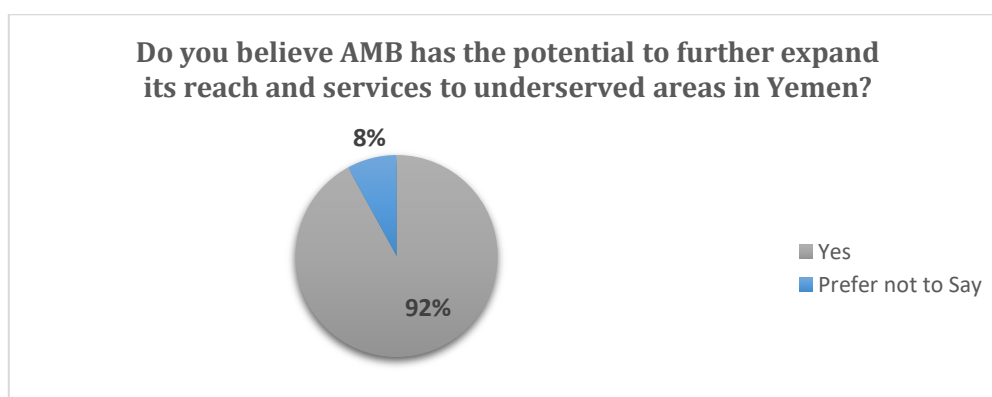


Figure (43): Potential for Expanding Reach and Services

Strengthening Partnerships with Financial Institutions:

The vast majority of participants (88%) agreed that there are areas where AMB could strengthen its partnerships with other financial institutions to enhance its impact on the FX market. This suggests that participants perceive opportunities for AMB to collaborate more effectively with other financial institutions in order to maximize its impact on the FX market and further develop the financial sector in Yemen.

| | | Frequency | Percent |
|---|-------------------|-----------|-------------|
| Are there any areas where AMB could strengthen its partnerships with other financial institutions to enhance its impact on the FX market? | Yes | 44 | 88% |
| | No | 3 | 6% |
| | Prefer not to Say | 3 | 6% |
| | Total | 50 | 100% |

Table (49): Strengthening Partnerships with Financial Institutions

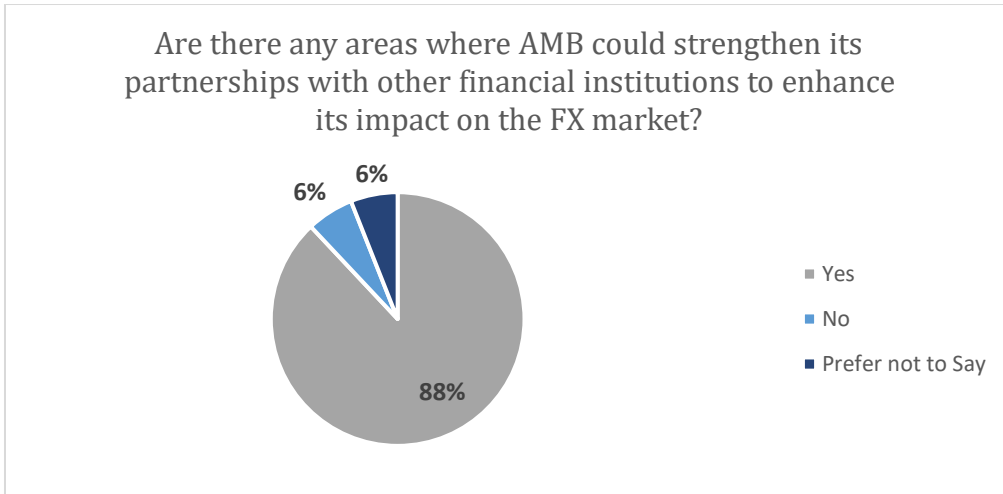


Figure (44): Strengthening Partnerships with Financial Institutions

Potential Risks and Challenges:

A minority of participants (26%) agreed that they see potential risks or challenges associated with AMB's continued involvement in the FX market. This suggests that some participants may have concerns about the potential risks or challenges associated with AMB's continued involvement in the FX market and network. However, the majority of participants (66%) disagreed with this statement, suggesting that they do not perceive significant risks or challenges associated with AMB's continued involvement in the FX market.

| | | Frequency | Percent |
|--|-------------------|-----------|-------------|
| Do you see any potential risks or challenges associated with AMB's continued involvement in the FX market? | Yes | 13 | 26% |
| | No | 33 | 66% |
| | Prefer not to Say | 4 | 8% |
| | Total | 50 | 100% |

Table (50): Potential Risks and Challenges

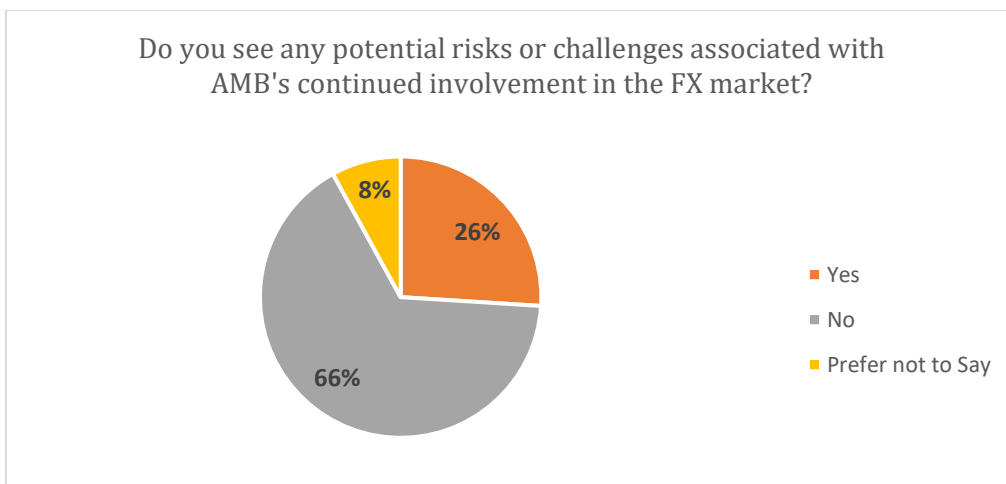


Figure (45): Potential Risks and Challenges

In conclusion, the descriptive analysis reveals a high level of support among FX market participants for AMB's initiatives in terms of their impact on addressing challenges and opportunities in the Yemeni FX Network. Participants perceive AMB's initiatives as having a positive impact on improving access to foreign currency, reducing transaction costs, simplifying procedures, and expanding reach to underserved areas. However, some participants also acknowledge the potential for risks or challenges associated with AMB's continued involvement in the FX market. These findings suggest that AMB should continue to focus on its efforts to address the challenges faced by businesses and individuals in the FX market while also being mindful of the potential risks and challenges associated with its involvement. By working collaboratively with other stakeholders in the financial sector, AMB can play a significant role in promoting the development and sustainability of the Yemeni FX Network, contributing to the overall economic growth and development of the country.

4.4 Findings Summary

The foreign exchange (FX) market plays a critical role in the Yemeni economy, facilitating international trade, investment, and remittances. Microfinance institutions, such as Al-Amal Microfinance Bank (AMB), are key players in the FX market, providing essential financial services to individuals and businesses. AMB's humanitarian and economic empowerment initiatives have had a significant positive impact on the Yemeni FX market, enhancing the foreign balance of payments, local currency availability, purchasing power, and boosting national GDP. However, the FX market and network are also heavily influenced by political and economic stability, as well as humanitarian crises. Yemen's ongoing conflict has hindered the country's development and intensified its fragmentation into two distinct economic zones. Despite these challenges, AMB's initiatives have positively impacted the FX market by promoting the use of formal FX channels, facilitating access to foreign currency, positively impacting the FX rate, and contributing to market stability and transparency. This study investigated the impact of AMB's initiatives on the Yemeni FX market and network, exploring both the positive contributions and potential risks and challenges associated with AMB's continued involvement. This study's findings can be summarized as follows:

1. The banking sector plays a key role in forming the FX market, where microfinance, including Al-Amal Microfinance Bank (AMB), represents one of its main pillars.

2. Both AMB's humanitarian and economic empowerment initiatives have a notable positive effect on enhancing the foreign balance of payments, local currency availability, purchase power, and boosting national GDP.
3. The FX market and network are absolutely dominated by humanitarian and economic stability as well as political and economic crises. For instance, successive and compounded crises have hindered the country's development and resulted in intensifying its fragmentation into two distinct economic zones.
4. AMB's initiatives have impacted positively the FX market in Yemen via pushing up the use of formal FX channels, facilitating access to foreign currency, impacting positively the FX rate, and contributing to the FX market stability and transparency along with a potential long-term impact.
5. Recently, more FX network participants have been engaged in the disbursement of humanitarian cash assistance projects using formal FX channels, still facing some challenges in accessing foreign currency. On the other hand, their transactions with AMB have become facilitated, and their transaction activity has experienced a notable expansion during the last 7 years.
6. FX network participants are more familiar with AMB's initiatives, which have been effective in reducing poverty, inequality in access to financial services, and promoting economic stability and development, financial inclusion, and overall well-being.
7. AMB's initiatives have contributed to the development of a more interconnected and efficient FX network, the availability of FX services, the reduction in reliance on informal channels of currency exchange, the development and expansion of FX network activity, along with a potential long-term impact.
8. Despite the fact that the AMB's initiatives have helped to address the challenges faced by FX network participants, reduce transaction costs, and simplify procedures with a considerable potential for further expansion in outreach and services and strengthening partnerships as well, there are still a few potential risks and challenges associated with the AMB's continued involvements in the FX market and network.

4.5 Conclusion

This chapter presented the findings of the study, which investigated the multifaceted impact of Al-Amal Microfinance Bank's (AMB) humanitarian and economic empowerment initiatives on Yemen's foreign exchange (FX) market and network. The findings were based on the analysis of both quantitative and qualitative data, including gray literature reports and a closed-ended questionnaire. The study revealed that AMB's initiatives have had a positive influence on the FX market in Yemen, contributing to an improved foreign balance of payments, increased local currency availability, enhanced purchasing power, and a boost to the national GDP. The initiatives have also promoted the use of formal FX channels, facilitated access to foreign currency, positively impacted the FX rate, and contributed to market stability and transparency. However, the study also identified potential risks and challenges associated with AMB's continued involvement in the FX market, highlighting the need for further efforts to address these concerns and ensure the long-term sustainability of AMB's positive impact.

Building upon the findings presented in this chapter, the following chapter summarizes the key insights gained from the study and offers recommendations/suggestions. The study's findings contribute to a more nuanced understanding of how microfinance interventions can support post-conflict economic recovery, inform policy decisions for economic empowerment and financial inclusion, and guide AMB in optimizing its programs for a more robust Yemeni financial future.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter commences with a concise summary of the study's objectives, research design, and key findings, providing a clear overview of the research conducted and its significant outcomes. It then delves into a discussion of the implications of these findings for AMB, policymakers, and other stakeholders in the Yemeni FX market and network, exploring the positive impact of the study's insights on various stakeholders and their decision-making processes. The recommendations presented in this chapter are directed more toward researchers to help them dive deeper into exploring this interesting field without neglecting policymakers and various stakeholders who can infer the findings' implications and the outcomes to serve the sustainable development of the Yemeni FX market and network.

The chapter concludes by highlighting the significance of this study in contributing to a deeper understanding of the role of microfinance in post-conflict economic recovery and financial inclusion, emphasizing the importance of continued research and collaboration among stakeholders to ensure the sustainable development of Yemen's FX market and network, contributing to the country's economic growth and prosperity. This chapter serves as a bridge between the findings of the study and their practical implications, providing valuable insights and recommendations for stakeholders to advance the development of the Yemeni FX market and network, contributing to a more inclusive and resilient financial system for the country.

5.2 Summary of the Study

This study investigated the impact of Al-Amal Microfinance Bank's (AMB) humanitarian and economic empowerment initiatives on Yemen's foreign exchange (FX) market and network. Employing a mixed-methods research design, the study combined quantitative and qualitative data analysis to provide a comprehensive understanding of AMB's influence. The findings reveal that AMB's initiatives have positively influenced the FX market by promoting financial inclusion, job creation, and economic empowerment, contributing to a more stable FX market.

The study employed a mixed-methods research design, integrating quantitative and qualitative approaches to gain a holistic understanding of the research questions. The quantitative component involved the collection and analysis of numerical data from relevant reports and a closed-ended questionnaire, providing a broad context for the study and allowing for the identification of trends and patterns in the FX market and network. The qualitative component involved the analysis of grey literature reports, such as AMB's annual and project reports, providing in-depth insights into the experiences and perspectives of key stakeholders in the FX market and network, complementing the quantitative findings with rich contextual understanding.

The findings revealed that AMB's initiatives have had a positive impact on the FX market and network. The banking sector, including microfinance institutions like Al-Amal Microfinance Bank (AMB), plays a crucial role in shaping the foreign exchange (FX) market. AMB's humanitarian and economic empowerment initiatives have had a significant positive impact on Yemen's FX market, contributing to a stronger foreign balance of payments, increased local currency availability, enhanced purchasing power, and a boost to the national GDP. However, the FX market and network are heavily influenced by humanitarian and economic stability, as well as political and economic crises. Yemen's ongoing conflict has hindered the country's development and intensified its fragmentation into two distinct economic zones. Despite these challenges, AMB's initiatives have positively impacted the FX market by promoting the use of formal FX channels, facilitating access to foreign currency, positively impacting the FX rate, and contributing to market stability and transparency.

Recently, more FX network participants have been involved in the disbursement of humanitarian cash assistance projects using formal FX channels, although they still face some challenges in accessing foreign currency. Their transactions with AMB have become more facilitated, and their transaction activity has experienced a notable expansion over the past seven years. FX network participants are increasingly familiar with AMB's initiatives, which have been effective in reducing poverty, financial inequality in access to financial services, and promoting economic stability and development, financial inclusion, and overall well-being. AMB's initiatives have also contributed to a more interconnected and efficient FX network, increased availability of FX services, reduced reliance on informal currency exchange channels, and the development and expansion of FX network activity.

Despite the positive impact of AMB's initiatives, there are still few potential risks and challenges associated with their continued involvement in the FX market and network. These include addressing the challenges faced by FX network participants, further expanding outreach and services, and strengthening partnerships.

The study's findings have significant implications for policymakers and practitioners. By understanding the interconnectedness between microfinance, humanitarian assistance, and economic development, policymakers can design more effective interventions to support economic recovery and stability in conflict-affected regions like Yemen. Additionally, the study provides valuable insights for AMB to optimize its programs and maximize its positive impact on the Yemeni FX market and network.

5.3 Recommendations

This section presents a series of suggestions/recommendations for further research and action based on the findings of the study investigating the impact of Al-Amal Microfinance Bank's (AMB) initiatives on Yemen's foreign exchange (FX) market and network. These recommendations aim to build upon the study's findings and contribute to a more comprehensive understanding of the role of microfinance in post-conflict economic recovery and financial inclusion.

The recommendations are divided into seven categories, each addressing a specific aspect of the study's findings or suggesting further areas of investigation. These categories include the replicability of the study's methodology for other banks and MFIs, the need for a greater focus on the role of BNFs in the Yemeni FX market, the potential for comparative analysis with other financial institutions, the value of focusing on specific AMB projects or initiatives, the use of economic modeling to quantify the impact of AMB's initiatives, the importance of studying the FX market and network in isolation, and the need to consider different timeframes in future research.

1. **Replicability for Other Banks/MFIs:** This study's methodology and findings should be applied to other banks and MFIs operating in similar contexts to assess their impact on the FX market and network. This will provide valuable insights for policymakers and practitioners seeking to promote financial inclusion and economic development in conflict-affected regions.

2. **Comparative Analysis:** A comparative study should be conducted to analyze the impact of AMB's initiatives compared to other banks or MFIs operating in Yemen. This will highlight the strengths and weaknesses of different approaches and provide valuable insights for policymakers and practitioners seeking to design effective interventions.
3. **Project-Specific Focus:** Future research should focus on the impact of a specific AMB project or initiative on the FX market and network. This will provide a more in-depth analysis of the project's design, implementation, and outcomes, allowing for a more nuanced understanding of its effectiveness.
4. **Economic Modeling:** Future research should employ economic models to quantify the impact of AMB's initiatives on the FX market and network. This will provide a more rigorous assessment of the economic benefits and potential risks associated with AMB's involvement.
5. **FX Market/Network Focus:** Future research could focus solely on the FX market or network, excluding the broader economic and humanitarian context. This would provide a more detailed analysis of the FX market dynamics and identify potential areas for improvement in market efficiency and transparency.
6. **Timeframe Analysis:** Future research could focus on different timeframes, such as periods prior to 2017, a specific year, or later to 2023. This would provide insights into the evolution of the FX market and network over time and identify potential trends and challenges.

By incorporating these suggestions/recommendations, future research can build upon the foundation established by this study and provide even more valuable insights for policymakers, practitioners, and AMB itself to enhance the impact of microfinance interventions on the Yemeni FX market and network, contributing to a more stable and inclusive financial system for the country.

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APPENDICES

Appendix 1: Study Questionnaire (English Version)

Questionnaire: Assessing the Impact of Al-Amal Microfinance Bank's Initiatives on Yemen's Foreign Exchange (FX) Market and Network



Dear Participants,

This questionnaire aims to gather information about your experiences with foreign exchange transactions, your perceptions of Al-Amal Microfinance Bank's (AMB) initiatives, and your views on the challenges and opportunities related to the foreign exchange market in Yemen.

Your responses will contribute to a research study that seeks to explore the impact of AMB's initiatives on the FX market and network in Yemen. The findings from this study will help inform policymakers and stakeholders on how to improve the stability and efficiency of the FX market and Network in Yemen.

Your participation in this survey is voluntary, and your responses will be treated with confidentiality. The information collected will be used solely for research purposes and will not be shared with any third parties.

Thank you in advance for your time and cooperation.

Best Regards,
Al-Amal Microfinance Bank

| Section A: Demographic Information | | | | | | | | | |
|--|---|---------------|-----|-------------------|-----|-------------------|-----|----------|-----|
| N | Item | Option 1 | | Option 2 | | Option 3 | | Option 4 | |
| 1 | Age | Less than 20 | () | 20 - 30 | () | 30 - 40 | () | Above 40 | () |
| 2 | Gender | Male | () | Female | () | Prefer not to say | | () | |
| 3 | Occupation | Spc. / Coord. | () | Officer | () | Manager | () | CEO | () |
| 4 | Location (City/Governorate): | | | | | | | | |
| 5 | Education | High School | () | BA/B.Sc. | () | MA/M.Sc. | () | Ph.D. | () |
| 6 | Affiliate (Main / Sub – Agent): | | | | | | | | |
| Section B: Experience with Foreign Exchange Transactions | | | | | | | | | |
| N | Item | Yes | No | Prefer not to say | | | | | |
| 1 | Have you been engaged in the disbursement of any cash assistance project / any transactions with AMB? | | | | | | | | |
| 2 | Do you typically use formal channels when exchanging currency? | | | | | | | | |
| 3 | Have you ever faced challenges in accessing foreign currency? | | | | | | | | |
| 4 | Has AMB facilitated your foreign exchange transactions? | | | | | | | | |
| 5 | Do you think that Foreign Exchange Transactions has been facilitated and expanded in last 7 years? | | | | | | | | |

| Section C: Perception of AMB's Initiatives | | | | | | |
|---|--|-----------------------|--------------|--------------------------|-----------------|--------------------------|
| N | Item | Strongly Agree | Agree | Undecided | Disagree | Strongly Disagree |
| 1 | My company is familiar with AMB's humanitarian and economic empowerment initiatives, as well as money Transactions. | | | | | |
| 2 | I believe AMB's initiatives have been effective in promoting economic development and reducing poverty. | | | | | |
| 3 | AMB's initiatives helped to improve access to financial services for underserved populations. | | | | | |
| 4 | I believe AMB's initiatives have contributed to the stability and development of the Yemeni economy. | | | | | |
| 5 | I believe that AMB's initiatives influence the overall well-being of the Yemeni population. | | | | | |
| Section D: Impact on the FX Market | | | | | | |
| N | Item | Yes | No | Prefer not to say | | |
| 1 | Have AMB's initiatives influenced your decision to use formal channels for foreign exchange transactions? | | | | | |
| 2 | Have AMB's initiatives affected your access to foreign currency? | | | | | |
| 3 | Have you observed any changes in exchange rates since the implementation of AMB's initiatives? | | | | | |
| 4 | Do you believe AMB's initiatives have contributed to a more stable and transparent FX market? | | | | | |
| 5 | Do you think there are positive potential long-term impacts of AMB's initiatives on the FX market in Yemen? | | | | | |
| Section E: Impact on the FX Network | | | | | | |
| N | Item | Strongly Agree | Agree | Undecided | Disagree | Strongly Disagree |
| 1 | AMB's initiatives contributed to the development of a more interconnected and efficient FX network in Yemen. | | | | | |
| 2 | There have been many changes in the availability of foreign currency exchange services in your area since the implementation of AMB's initiatives. | | | | | |
| 3 | I believe AMB's initiatives have helped to reduce the reliance on informal currency exchange channels. | | | | | |
| 4 | AMB's initiatives contributed to the development and expansion of my company activity. | | | | | |
| 5 | There are potential long-term impacts of AMB's initiatives on the development and sustainability of the FX network in Yemen. | | | | | |
| Section F: Challenges and Opportunities | | | | | | |

| N | Item | Yes | No | Prefer not to say |
|---|---|-----|----|-------------------|
| 1 | Have AMB's initiatives helped to address the challenges faced by businesses and individuals in accessing and using foreign currency in Yemen? | | | |
| 2 | Have AMB's initiatives contributed to reducing transaction costs and simplifying procedures for foreign exchange transactions? | | | |
| 3 | Do you believe AMB has the potential to further expand its reach and services to underserved areas in Yemen? | | | |
| 4 | Are there any areas where AMB could strengthen its partnerships with other financial institutions to enhance its impact on the FX market? | | | |
| 5 | Do you see any potential risks or challenges associated with AMB's continued involvement in the FX market? | | | |

القسم (ج): تصور عن مشاريع بنك الأمل للتمويل الأصغر الإنسانية والتنمية

| N | البند | اوافق بشدة | اوافق | محايد | لا اوافق | لا اوافق بشدة |
|---|--|------------|-------|-------|----------|---------------|
| 1 | شركتي/جهتي على دراية بمشاريع بنك الأمل للتمويل الأصغر الإنسانية والتمكين الاقتصادي والمعاملات المالية. | | | | | |
| 2 | اعتقد أن مشاريع بنك الأمل للتمويل الأصغر الإنسانية والتمكين الاقتصادي كانت فعالة في تعزيز التنمية الاقتصادية والحد من الفقر. | | | | | |
| 3 | ساعدت مشاريع بنك الأمل للتمويل الأصغر الإنسانية والتمكين الاقتصادي في تحسين الوصول إلى الخدمات المالية للفئات المهمشة/المحرومة من الخدمات المالية. | | | | | |
| 4 | اعتقد أن مشاريع بنك الأمل للتمويل الأصغر الإنسانية والتمكين الاقتصادي قد ساهمت في استقرار وتنمية الاقتصاد اليمني. | | | | | |
| 5 | أرى ان مشاريع بنك الأمل للتمويل الأصغر الإنسانية والتمكين الاقتصادي لها تأثير على تحسين سبل العيش للمستفيدين بشكل عام. | | | | | |

القسم (د): التأثير على سوق الصرف الأجنبي

| م | البند | نعم | لا | محايد |
|---|---|-----|----|-------|
| 1 | هل أثرت مشاريع البنك على قرارك باستخدام القنوات الرسمية عند تبادل العملات النقدية؟ | | | |
| 2 | هل أثرت مشاريع البنك في توفير السيولة بالعملات الأجنبية؟ | | | |
| 3 | هل لاحظت أي انخفاض في حدة تقلبات أسعار الصرف منذ بدء تنفيذ مشاريع بنك الأمل للتمويل الأصغر؟ | | | |
| 4 | هل تعتقد أن مشاريع بنك الأمل للتمويل الأصغر قد ساهمت في سوق صرف أجنبي أكثر استقرارًا وشفافية؟ | | | |
| 5 | هل تعتقد أن هناك آثارًا إيجابية محتملة طويلة الأجل لمشاريع بنك الأمل للتمويل الأصغر على سوق الصرف الأجنبي في اليمن؟ | | | |

القسم (هـ): التأثير على شبكة الصرف الأجنبي/الصرافين

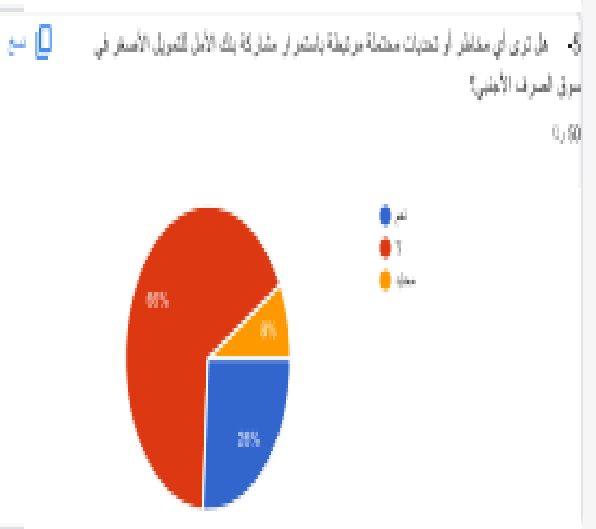
| م | البند | اوافق بشدة | اوافق | محايد | لا اوافق | لا اوافق بشدة |
|---|--|------------|-------|-------|----------|---------------|
| 1 | ساهمت مشاريع بنك الأمل للتمويل الأصغر في تطوير شبكة صرافين أكثر ترابطًا وكفاءة في اليمن. | | | | | |
| 2 | هناك توسع وانتشار في توافر خدمات تبادل/صرف العملات الأجنبية في منطقتك منذ بدء تنفيذ مشاريع بنك الأمل للتمويل الأصغر. | | | | | |
| 3 | اعتقد أن مشاريع بنك الأمل للتمويل الأصغر قد ساعدت في تقليل الاعتماد على قنوات الصرف غير الرسمية. | | | | | |
| 4 | ساهمت مشاريع بنك الأمل للتمويل الأصغر في تطوير وتوسيع نشاط شركتك. | | | | | |
| 5 | هناك آثارًا إيجابية محتملة طويلة الأجل لمشاريع بنك الأمل للتمويل الأصغر على تطوير واستدامة شبكة الصرافين في اليمن. | | | | | |

القسم (و): التحديات والفرص ذات الصلة بسوق التعاملات المصرفية وسوق النقد الأجنبي

| م | البند | نعم | لا | محايد |
|---|--|-----|----|-------|
| 1 | هل ساعدت مشاريع بنك الأمل للتمويل الأصغر في معالجة التحديات التي تواجهها الشركات والأفراد في الوصول إلى العملات المحلية/الأجنبية في اليمن؟ | | | |
| 2 | هل ساهمت مشاريع بنك الأمل للتمويل الأصغر في تقليل تكاليف المعاملات وتبسيط إجراءات المعاملات المصرفية؟ | | | |
| 3 | هل تعتقد أن لدى بنك الأمل للتمويل الأصغر القدرة على توسيع نطاق خدماته بشكل أكبر في المناطق المهمشة في اليمن؟ | | | |
| 4 | هل هناك مجالات تمكن بنك الأمل للتمويل الأصغر من تقوية شراكاته فيها مع المؤسسات المالية الأخرى لتعزيز تأثيرها على سوق الصرف الأجنبي؟ | | | |
| 5 | هل ترى أي مخاطر أو تحديات محتملة مرتبطة باستمرار مشاركة بنك الأمل للتمويل الأصغر في سوق الصرف الأجنبي؟ | | | |







لإجراء بحثنا هذا نشكر رعاةنا الموقرين Google وبنوكنا الشريفة - بنك الأمل للتمويل الأصغر



Appendix 4: SPSS Analysis Outcomes

Section (3): Impact on the FX Market

| Statistics | Valid | Missing | Std. Deviation |
|---|-------|---------|----------------|
| Have AMB's initiatives influenced your decision to use formal channels for foreign exchange transactions? | 50 | 0 | 0.83 |
| Have AMB's initiatives affected your access to foreign currency? | 50 | 0 | 0.73 |
| Have you observed any changes in exchange rates since the implementation of AMB's initiatives? | 50 | 0 | 0.73 |
| Do you believe AMB's initiatives have contributed to a more stable and transparent FX market? | 50 | 0 | 0.90 |
| Do you think there are positive potential long-term impacts of AMB's initiatives on the FX market in Yemen? | 50 | 0 | 0.81 |

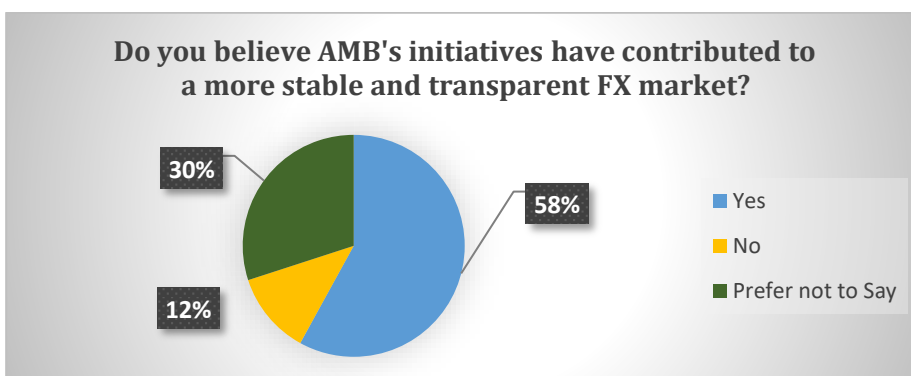
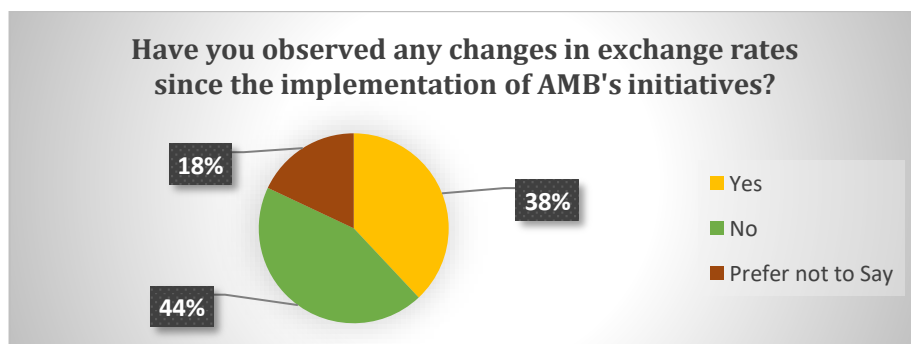
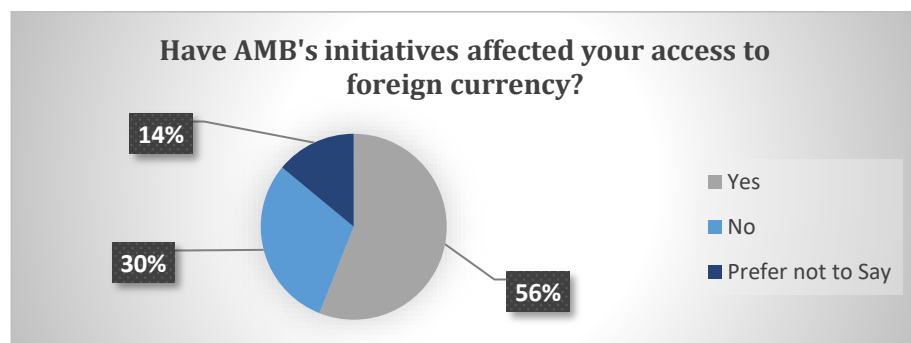
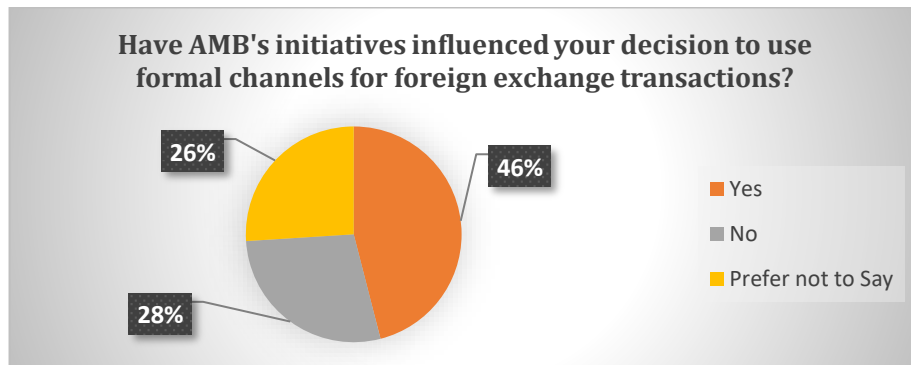
| | | Frequency | Percent |
|---|-------------------|-----------|-------------|
| Have AMB's initiatives influenced your decision to use formal channels for foreign exchange transactions? | Yes | 23 | 46% |
| | No | 14 | 28% |
| | Prefer not to Say | 13 | 26% |
| | Total | 50 | 100% |

| | | Frequency | Percent |
|--|-------------------|-----------|-------------|
| Have AMB's initiatives affected your access to foreign currency? | Yes | 28 | 56% |
| | No | 15 | 30% |
| | Prefer not to Say | 7 | 14% |
| | Total | 50 | 100% |

| | | Frequency | Percent |
|--|-------------------|-----------|-------------|
| Have you observed any changes in exchange rates since the implementation of AMB's initiatives? | Yes | 19 | 38% |
| | No | 22 | 44% |
| | Prefer not to Say | 9 | 18% |
| | Total | 50 | 100% |

| | | Frequency | Percent |
|---|-------------------|-----------|-------------|
| Do you believe AMB's initiatives have contributed to a more stable and transparent FX market? | Yes | 29 | 58% |
| | No | 6 | 12% |
| | Prefer not to Say | 15 | 30% |
| | Total | 50 | 100% |

| | | Frequency | Percent |
|---|-------------------|-----------|-------------|
| Do you think there are positive potential long-term impacts of AMB's initiatives on the FX market in Yemen? | Yes | 32 | 64% |
| | No | 8 | 16% |
| | Prefer not to Say | 10 | 20% |
| | Total | 50 | 100% |

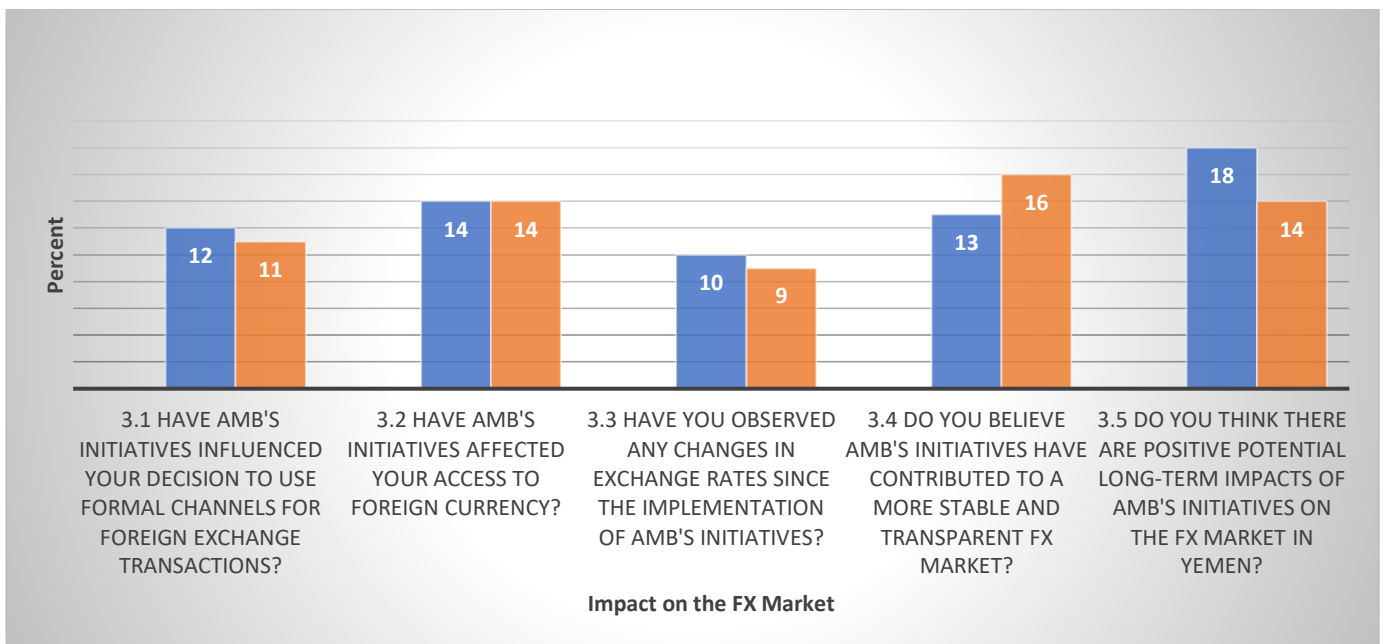


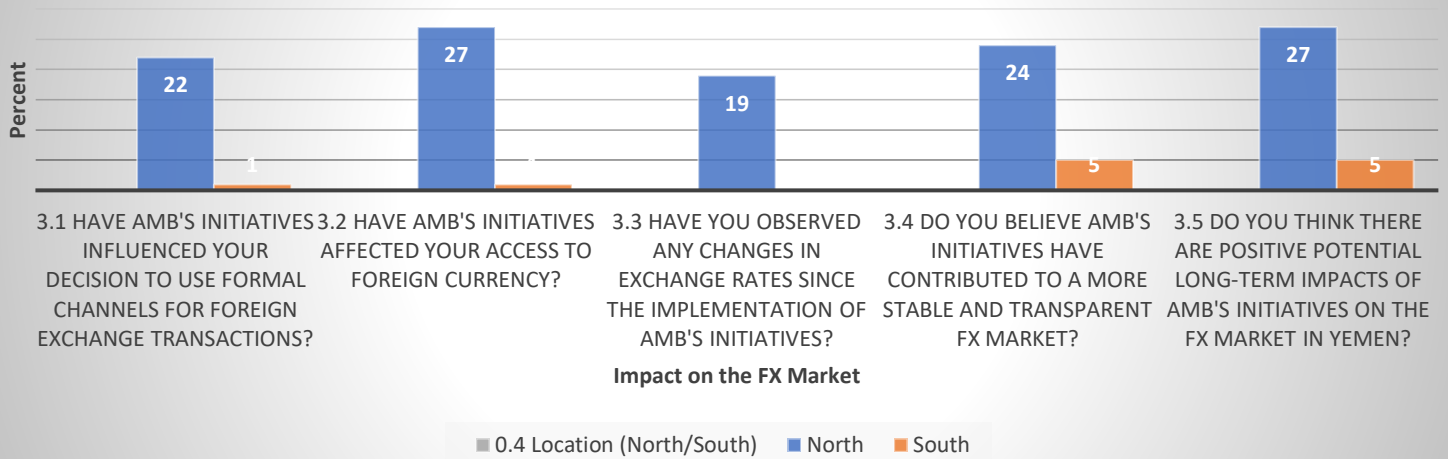
Do you think there are positive potential long-term impacts of AMB's initiatives on the FX market in Yemen?



| | | Location (North/South) | North | South | Total |
|---------------------------------------|---|------------------------|-----------|----------|-----------|
| AMB's Initiatives impact on FX market | Have AMB's initiatives influenced your decision to use formal channels for foreign exchange transactions? | Count | 22 | 1 | 23 |
| | | % within Location | 57.9% | 20% | |
| | Have AMB's initiatives affected your access to foreign currency? | Count | 27 | 1 | 28 |
| | | % within Location | 71.1% | 20% | |
| | Have you observed any changes in exchange rates since the implementation of AMB's initiatives? | Count | 19 | 0 | 19 |
| | | % within Location | 50.0% | 0% | |
| | Do you believe AMB's initiatives have contributed to a more stable and transparent FX market? | Count | 24 | 5 | 29 |
| | | % within Location | 63.2% | 100% | |
| | Do you think there are positive potential long-term impacts of AMB's initiatives on the FX market in Yemen? | Count | 27 | 5 | 32 |
| | | % within Location | 71.1% | 100% | |
| Total | | Count | 38 | 5 | 43 |

Percentages and totals are based on respondents.





Section (0): Demographic Information

| | Age group | Gender | Occupation | Location (North/South) | Education | Affiliate (Main / Sub-agent) |
|-----------------------|-----------|--------|------------|------------------------|-----------|------------------------------|
| Valid | 50 | 50 | 50 | 50 | 50 | 50 |
| Std. Deviation | .614 | .141 | .990 | .303 | .396 | .495 |

| | Frequency | Percent |
|------------------------|-----------|-------------|
| Age group 20-30 | 19 | 38% |
| 30-40 | 27 | 54% |
| Above 40 | 4 | 8% |
| Total | 50 | 100% |

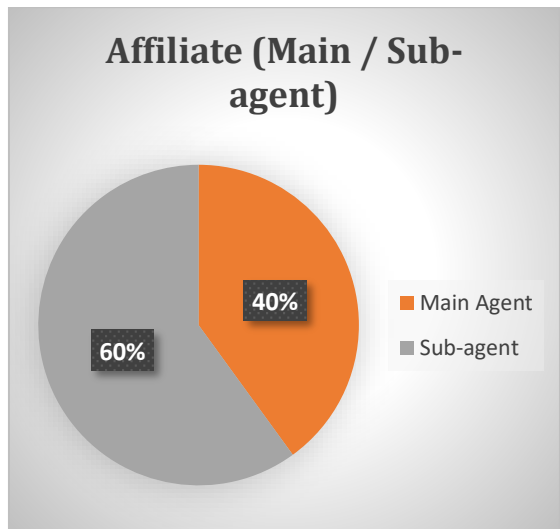
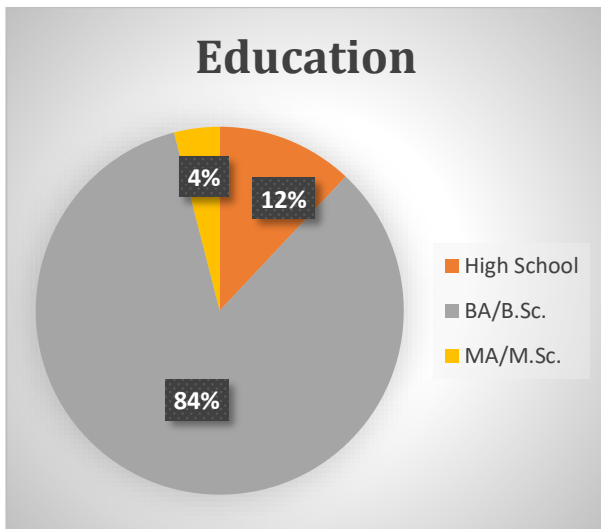
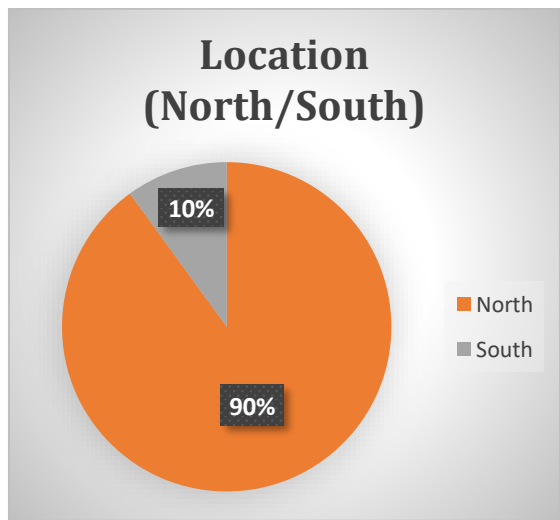
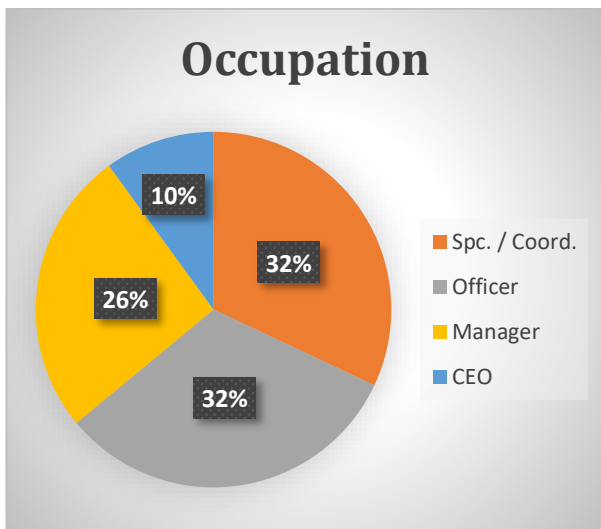
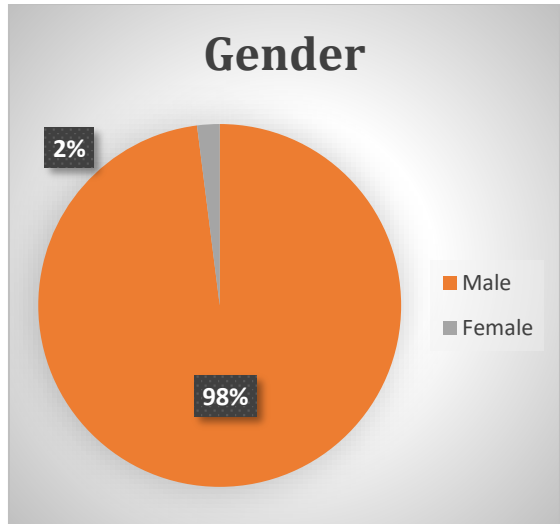
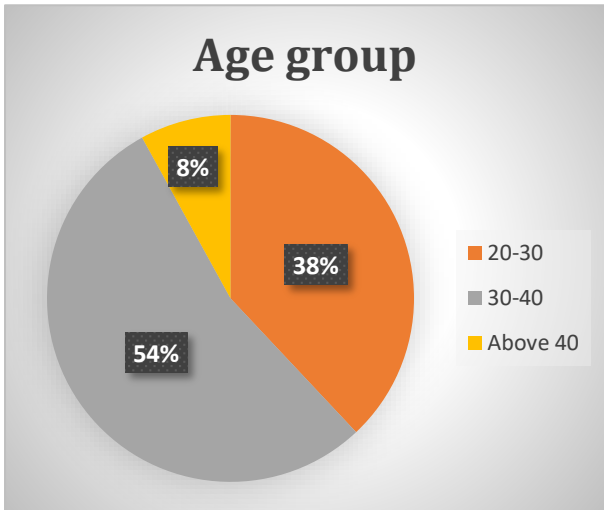
| | Frequency | Percent |
|--------------------|-----------|-------------|
| Gender Male | 49 | 98% |
| Female | 1 | 2% |
| Total | 50 | 100% |

| | Frequency | Percent |
|---------------------------------|-----------|-------------|
| Occupation Spc. / Coord. | 16 | 32% |
| Officer | 16 | 32% |
| Manager | 13 | 26% |
| CEO | 5 | 10% |
| Total | 50 | 100% |

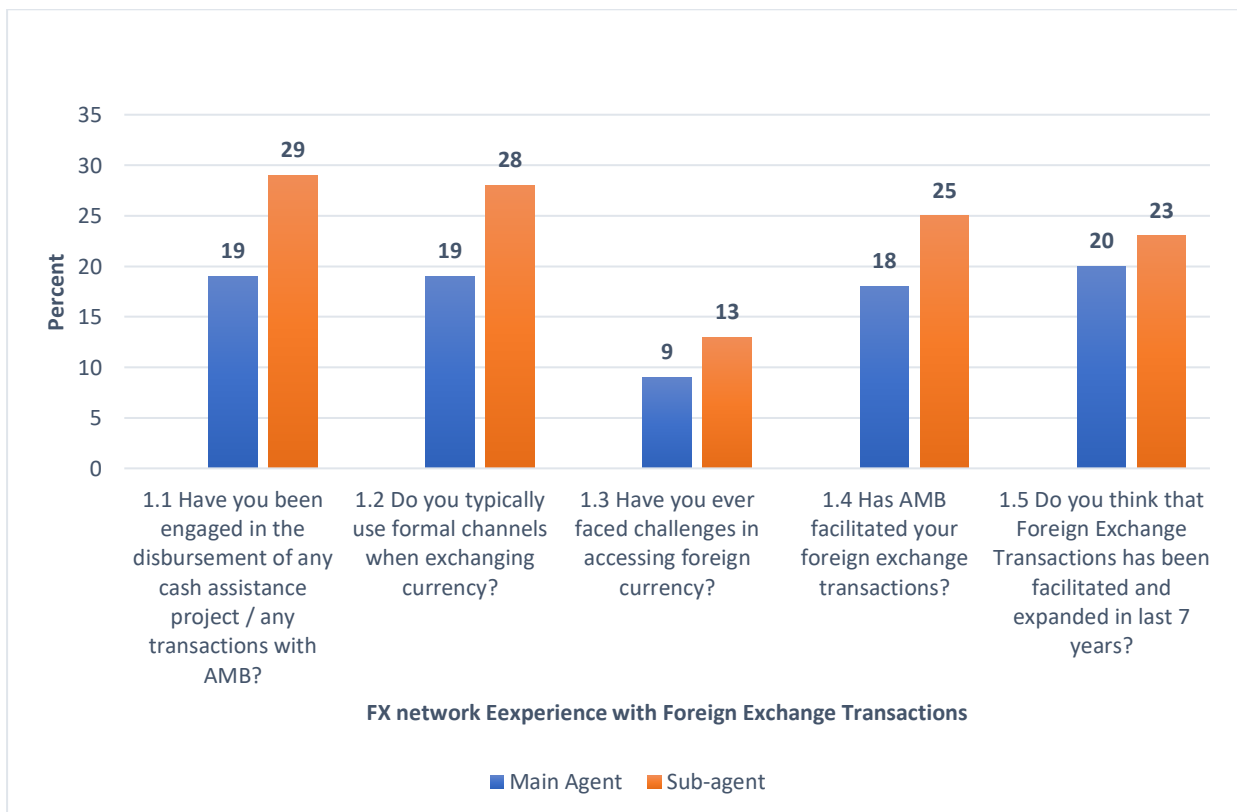
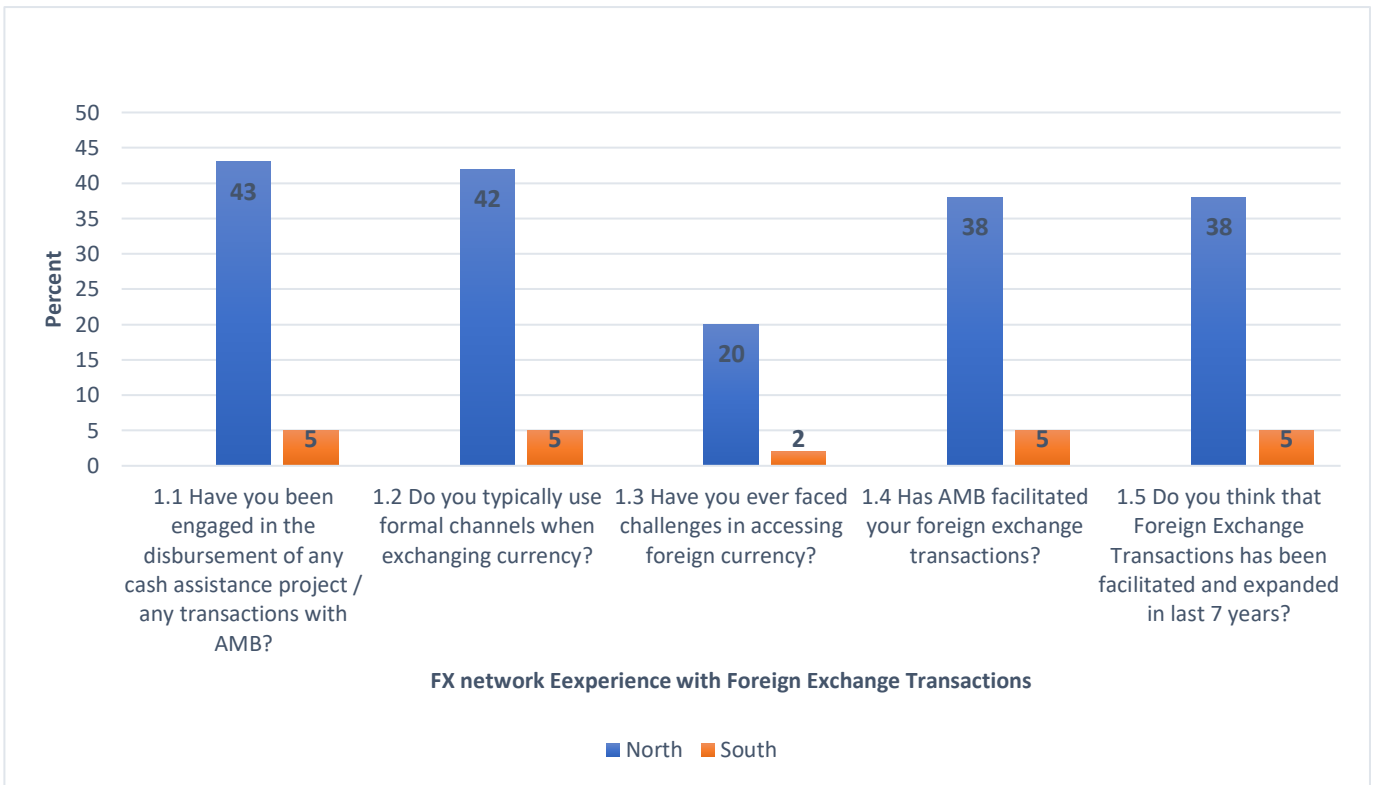
| | Frequency | Percent |
|-------------------------------------|-----------|-------------|
| Location (North/South) North | 45 | 90% |
| South | 5 | 10% |
| Total | 50 | 100% |

| | Frequency | Percent |
|------------------------------|-----------|-------------|
| Education High School | 6 | 12% |
| BA/B.Sc. | 42 | 84% |
| MA/M.Sc. | 2 | 4% |
| Total | 50 | 100% |

| | Frequency | Percent |
|--|-----------|-------------|
| Affiliate (Main / Sub-agent) Main Agent | 20 | 40% |
| Sub-agent | 30 | 60% |
| Total | 50 | 100% |



Section (1): Experience with Foreign Exchange Transactions



| Statistics | Valid | Std. Deviation |
|---|--------------|-----------------------|
| Have you been engaged in the disbursement of any cash assistance project / any transactions with AMB? | 50 | 0.314 |
| Do you typically use formal channels when exchanging currency? | 50 | 0.416 |
| Have you ever faced challenges in accessing foreign currency? | 50 | 0.683 |
| Has AMB facilitated your foreign exchange transactions? | 50 | 0.625 |
| Do you think that Foreign Exchange Transactions has been facilitated and expanded in last 7 years? | 50 | 0.664 |

| | | Frequency | Percent |
|---|-------------------|------------------|----------------|
| Have you been engaged in the disbursement of any cash assistance project / any transactions with AMB? | Yes | 48 | 96% |
| | No | 1 | 2% |
| | Prefer not to Say | 1 | 2% |
| | Total | 50 | 100% |

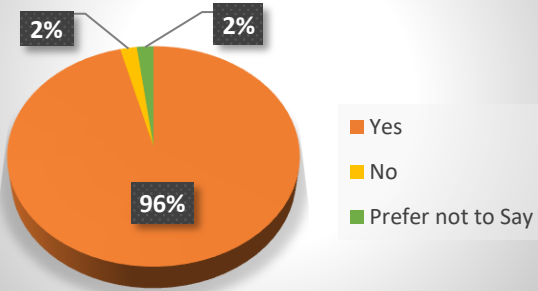
| | | Frequency | Percent |
|--|-------------------|------------------|----------------|
| Do you typically use formal channels when exchanging currency? | Yes | 47 | 94% |
| | No | 1 | 2% |
| | Prefer not to Say | 2 | 4% |
| | Total | 50 | 100% |

| | | Frequency | Percent |
|---|-------------------|------------------|----------------|
| Have you ever faced challenges in accessing foreign currency? | Yes | 22 | 44% |
| | No | 22 | 44% |
| | Prefer not to Say | 6 | 12% |
| | Total | 50 | 100% |

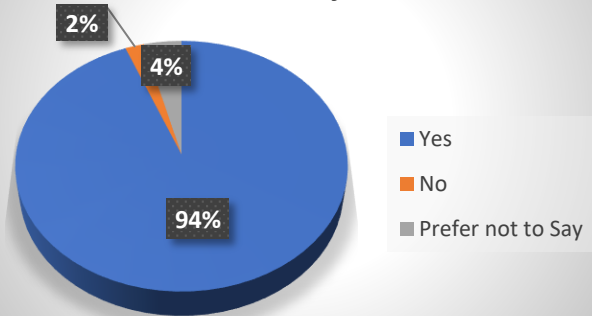
| | | Frequency | Percent |
|---|-------------------|------------------|----------------|
| Has AMB facilitated your foreign exchange transactions? | Yes | 43 | 86% |
| | No | 2 | 4% |
| | Prefer not to Say | 5 | 10% |
| | Total | 50 | 100% |

| | | Frequency | Percent |
|--|-------------------|------------------|----------------|
| Do you think that Foreign Exchange Transactions has been facilitated and expanded in last 7 years? | Yes | 43 | 86% |
| | No | 1 | 2% |
| | Prefer not to Say | 6 | 12% |
| | Total | 50 | 100% |

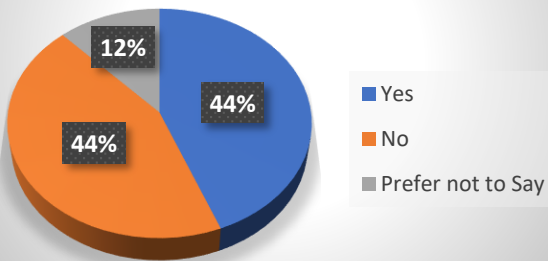
Have you been engaged in the disbursement of any cash assistance project / any transactions with AMB?



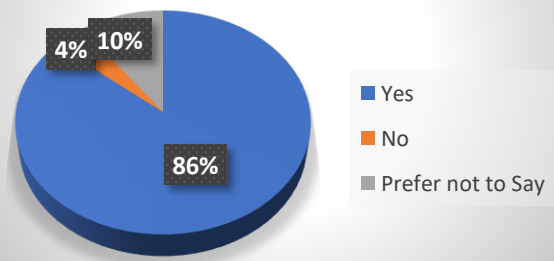
Do you typically use formal channels when exchanging currency?



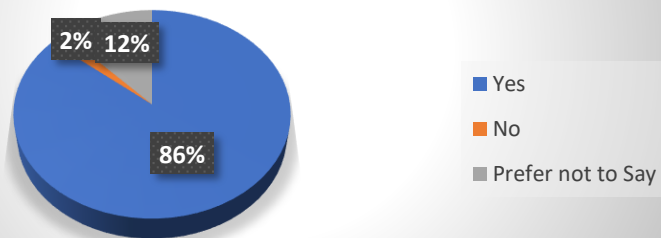
Have you ever faced challenges in accessing foreign currency?



Has AMB facilitated your foreign exchange transactions?



Do you think that Foreign Exchange Transactions has been facilitated and expanded in last 7 years?



Section (2): Perception of AMB's Initiatives

| | | | Location (North/South) | | Total |
|---|---|-------------------|------------------------|----------|-----------|
| | | | North | South | |
| Experience with Foreign Exchange Transactions | Have you been engaged in the disbursement of any cash assistance project / any transactions with AMB? | Count | 43 | 5 | 48 |
| | | % within Location | 95.6% | 100.0% | |
| Transactions | Do you typically use formal channels when exchanging currency? | Count | 42 | 5 | 47 |
| | | % within Location | 93.3% | 100.0% | |
| | Have you ever faced challenges in accessing foreign currency? | Count | 20 | 2 | 22 |
| | | % within Location | 44.4% | 40.0% | |
| | Has AMB facilitated your foreign exchange transactions? | Count | 38 | 5 | 43 |
| | | % within Location | 84.4% | 100.0% | |
| | Do you think that Foreign Exchange Transactions has been facilitated and expanded in last 7 years? | Count | 38 | 5 | 43 |
| | | % within Location | 84.4% | 100.0% | |
| Total | | Count | 45 | 5 | 50 |

Percentages and totals are based on respondents.

| | | | Affiliate (Main/Sub-agent) | | Total |
|---|---|-------------------|----------------------------|-----------|-----------|
| | | | Main Agent | Sub-agent | |
| Experience with Foreign Exchange Transactions | Have you been engaged in the disbursement of any cash assistance project / any transactions with AMB? | Count | 19 | 29 | 48 |
| | | % within Location | 95.0% | 96.7% | |
| Transactions | Do you typically use formal channels when exchanging currency? | Count | 19 | 28 | 47 |
| | | % within Location | 95.0% | 93.3% | |
| | Have you ever faced challenges in accessing foreign currency? | Count | 9 | 13 | 22 |
| | | % within Location | 45.0% | 43.3% | |
| | Has AMB facilitated your foreign exchange transactions? | Count | 18 | 25 | 43 |
| | | % within Location | 90.0% | 83.3% | |
| | Do you think that Foreign Exchange Transactions has been facilitated and expanded in last 7 years? | Count | 20 | 23 | 43 |
| | | % within Location | 100.0% | 76.7% | |
| Total | | Count | 20 | 30 | 50 |

Percentages and totals are based on respondents.

| Statistics | Valid | Missing | Std. Deviation |
|---|-------|---------|----------------|
| My company is familiar with AMB's humanitarian and economic empowerment initiatives, as well as money Transactions. | 50 | 0 | 0.68 |
| I believe AMB's initiatives have been effective in promoting economic development and reducing poverty. | 50 | 0 | 0.66 |
| AMB's initiatives helped to improve access to financial services for underserved populations. | 50 | 0 | 0.69 |
| I believe AMB's initiatives have contributed to the stability and development of the Yemeni economy. | 50 | 0 | 0.72 |
| I believe that AMB's initiatives influence the overall well-being of the Yemeni population. | 50 | 0 | 0.76 |

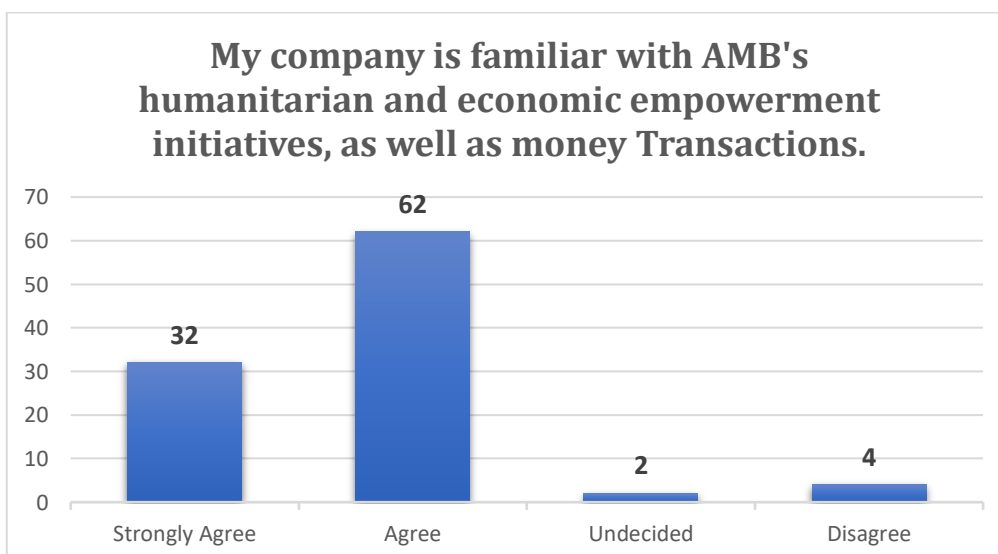
| | | Frequency | Percent |
|---|----------------|-----------|-------------|
| My company is familiar with AMB's humanitarian and economic empowerment initiatives, as well as money Transactions. | Strongly Agree | 16 | 32% |
| | Agree | 31 | 62% |
| | Undecided | 1 | 2% |
| | Disagree | 2 | 4% |
| | Total | 50 | 100% |

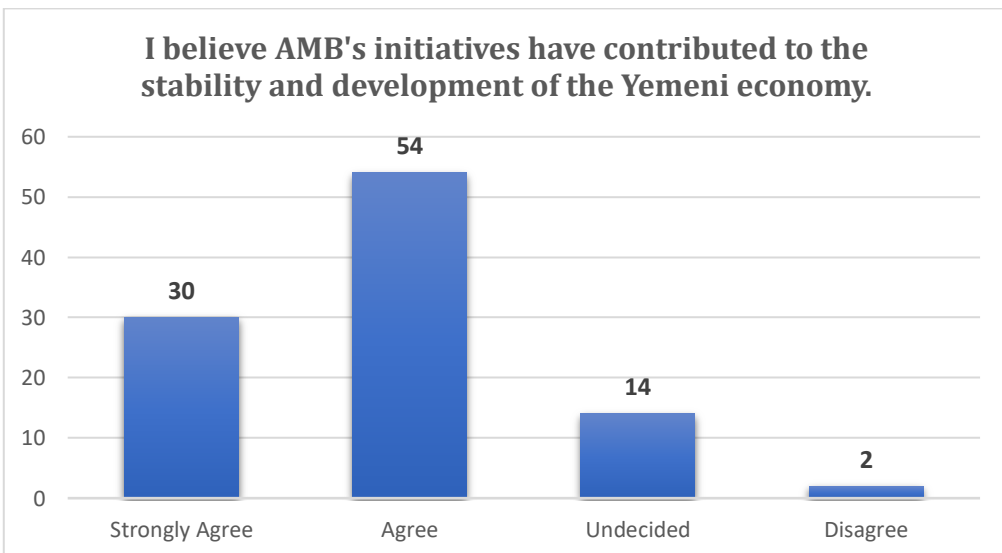
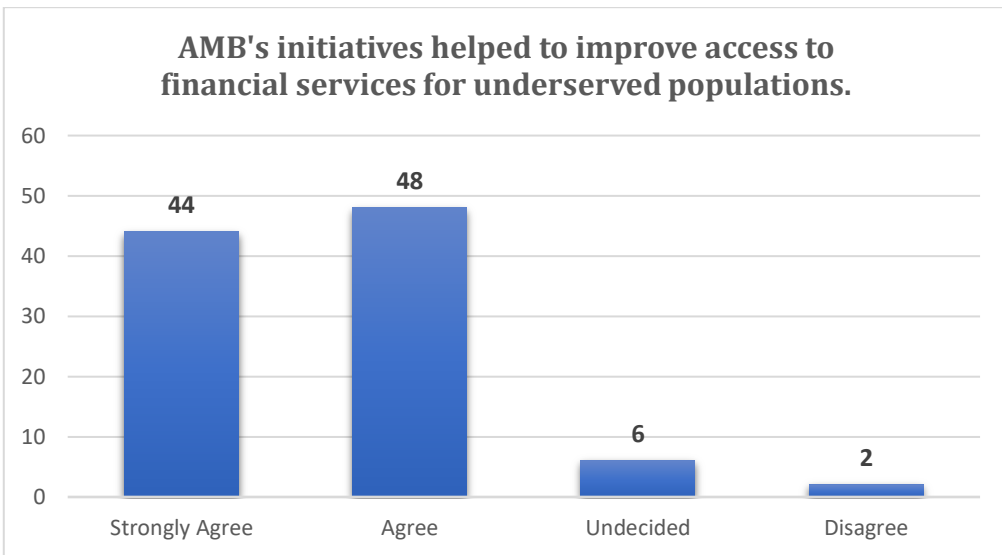
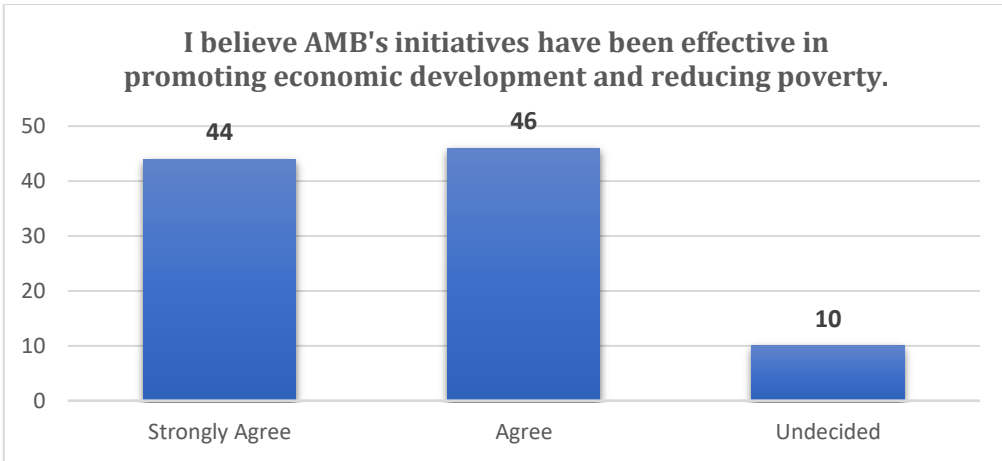
| | | Frequency | Percent |
|---|----------------|-----------|-------------|
| I believe AMB's initiatives have been effective in promoting economic development and reducing poverty. | Strongly Agree | 22 | 44% |
| | Agree | 23 | 46% |
| | Undecided | 5 | 10% |
| | Total | 50 | 100% |

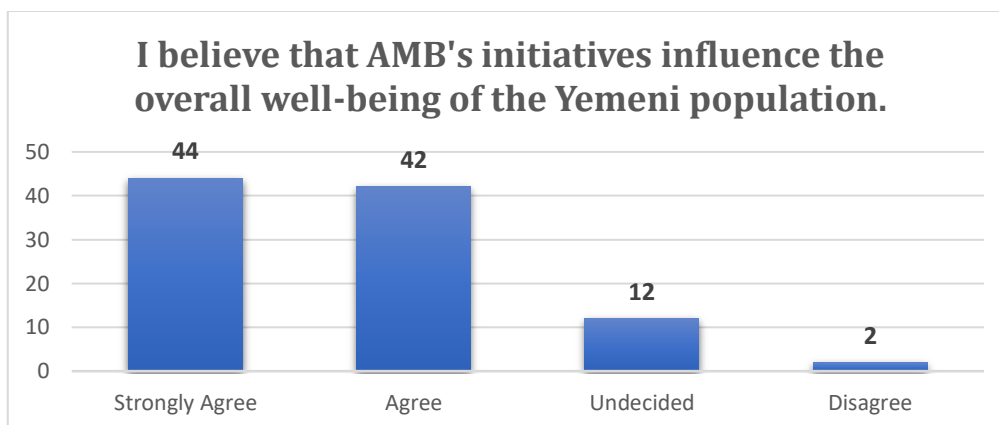
| | | Frequency | Percent |
|---|----------------|-----------|-------------|
| AMB's initiatives helped to improve access to financial services for underserved populations. | Strongly Agree | 22 | 44% |
| | Agree | 24 | 48% |
| | Undecided | 3 | 6% |
| | Disagree | 1 | 2% |
| | Total | 50 | 100% |

| | | Frequency | Percent |
|--|----------------|-----------|-------------|
| I believe AMB's initiatives have contributed to the stability and development of the Yemeni economy. | Strongly Agree | 15 | 30% |
| | Agree | 27 | 54% |
| | Undecided | 7 | 14% |
| | Disagree | 1 | 2% |
| | Total | 50 | 100% |

| | | Frequency | Percent |
|---|----------------|-----------|-------------|
| I believe that AMB's initiatives influence the overall well-being of the Yemeni population. | Strongly Agree | 22 | 44% |
| | Agree | 21 | 42% |
| | Undecided | 6 | 12% |
| | Disagree | 1 | 2% |
| | Total | 50 | 100% |







Section (4): Impact on the FX Network

| Statistics | Valid | Missing | Std. Deviation |
|--|-------|---------|----------------|
| AMB's initiatives contributed to the development of a more interconnected and efficient FX network in Yemen. | 50 | 0 | 0.718 |
| There have been many changes in the availability of foreign currency exchange services in your area since the implementation of AMB's initiatives. | 50 | 0 | 0.7 |
| I believe AMB's initiatives have helped to reduce the reliance on informal currency exchange channels. | 50 | 0 | 0.707 |
| AMB's initiatives contributed to the development and expansion of my company activity. | 50 | 0 | 0.948 |
| There are potential long-term impacts of AMB's initiatives on the development and sustainability of the FX network in Yemen. | 50 | 0 | 0.691 |

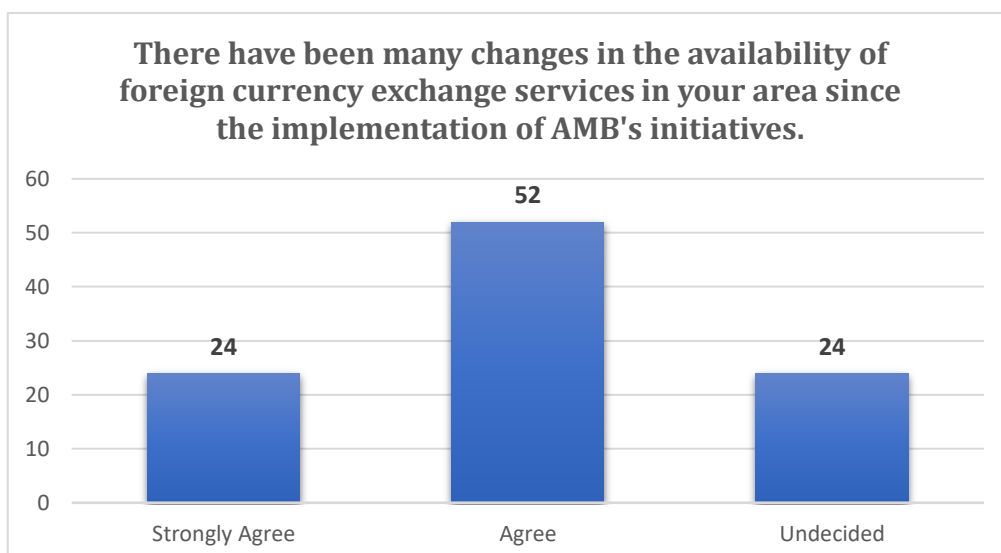
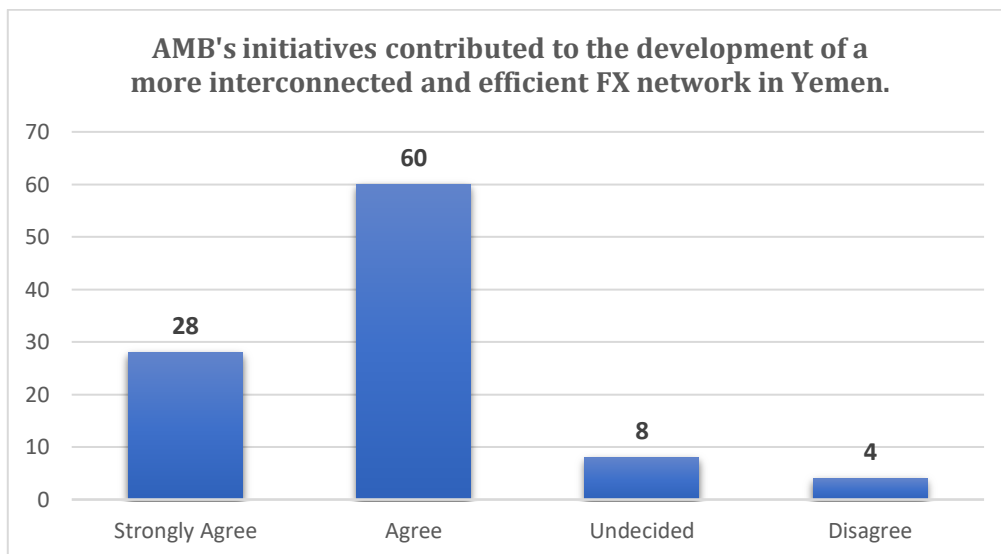
| | | Frequency | Percent |
|--|----------------|-----------|-------------|
| AMB's initiatives contributed to the development of a more interconnected and efficient FX network in Yemen. | Strongly Agree | 14 | 28% |
| | Agree | 30 | 60% |
| | Undecided | 4 | 8% |
| | Disagree | 2 | 4% |
| | Total | 50 | 100% |

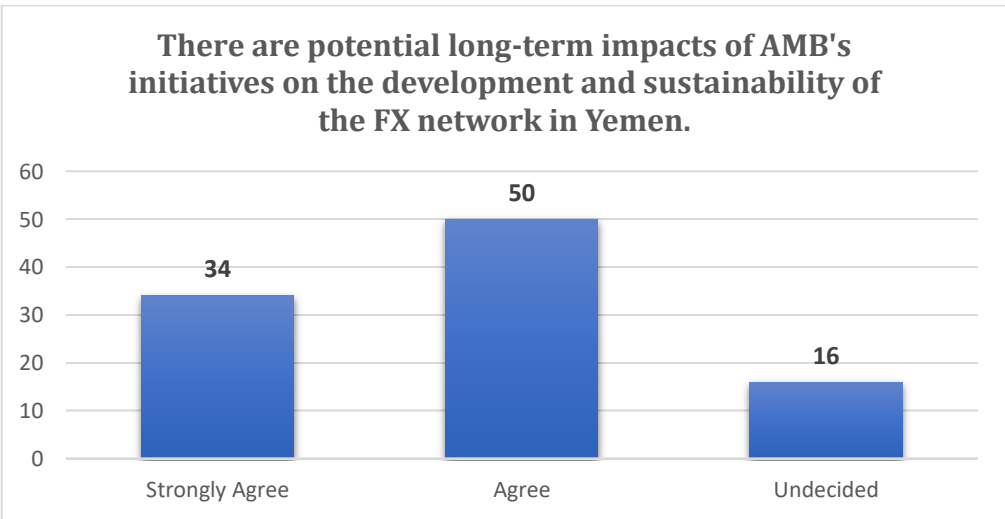
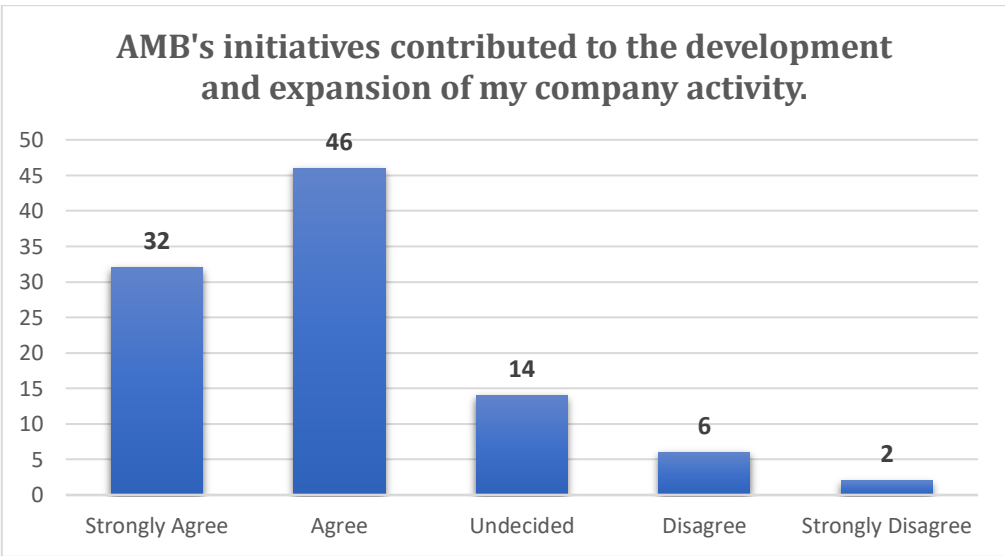
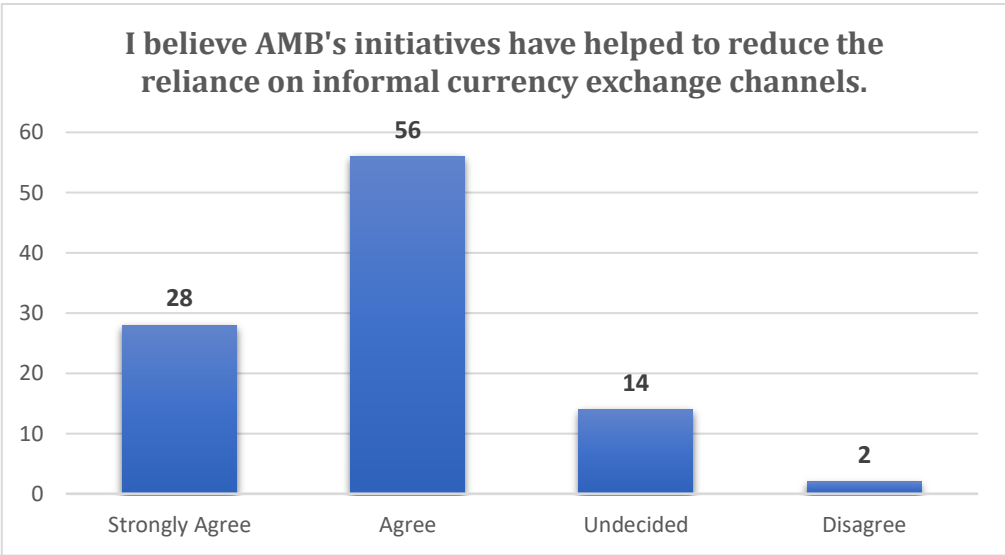
| | | Frequency | Percent |
|--|----------------|-----------|-------------|
| There have been many changes in the availability of foreign currency exchange services in your area since the implementation of AMB's initiatives. | Strongly Agree | 12 | 24% |
| | Agree | 26 | 52% |
| | Undecided | 12 | 24% |
| | Total | 50 | 100% |

| | | Frequency | Percent |
|--|----------------|-------------|---------|
| AMB's initiatives contributed to the development of a more interconnected and efficient FX network in Yemen. | Strongly Agree | 14 | 28% |
| | Agree | 28 | 56% |
| | Undecided | 7 | 14% |
| | Disagree | 1 | 2% |
| Total | 50 | 100% | |

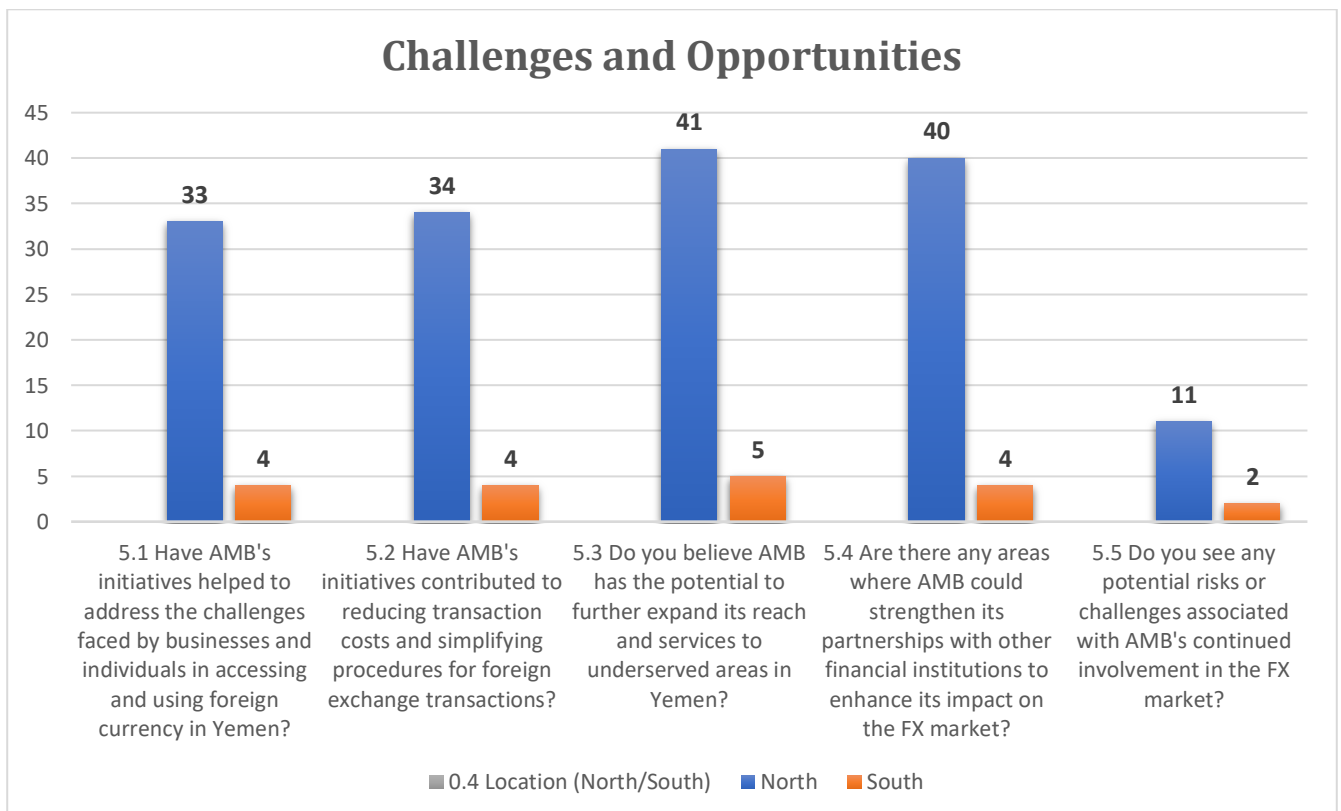
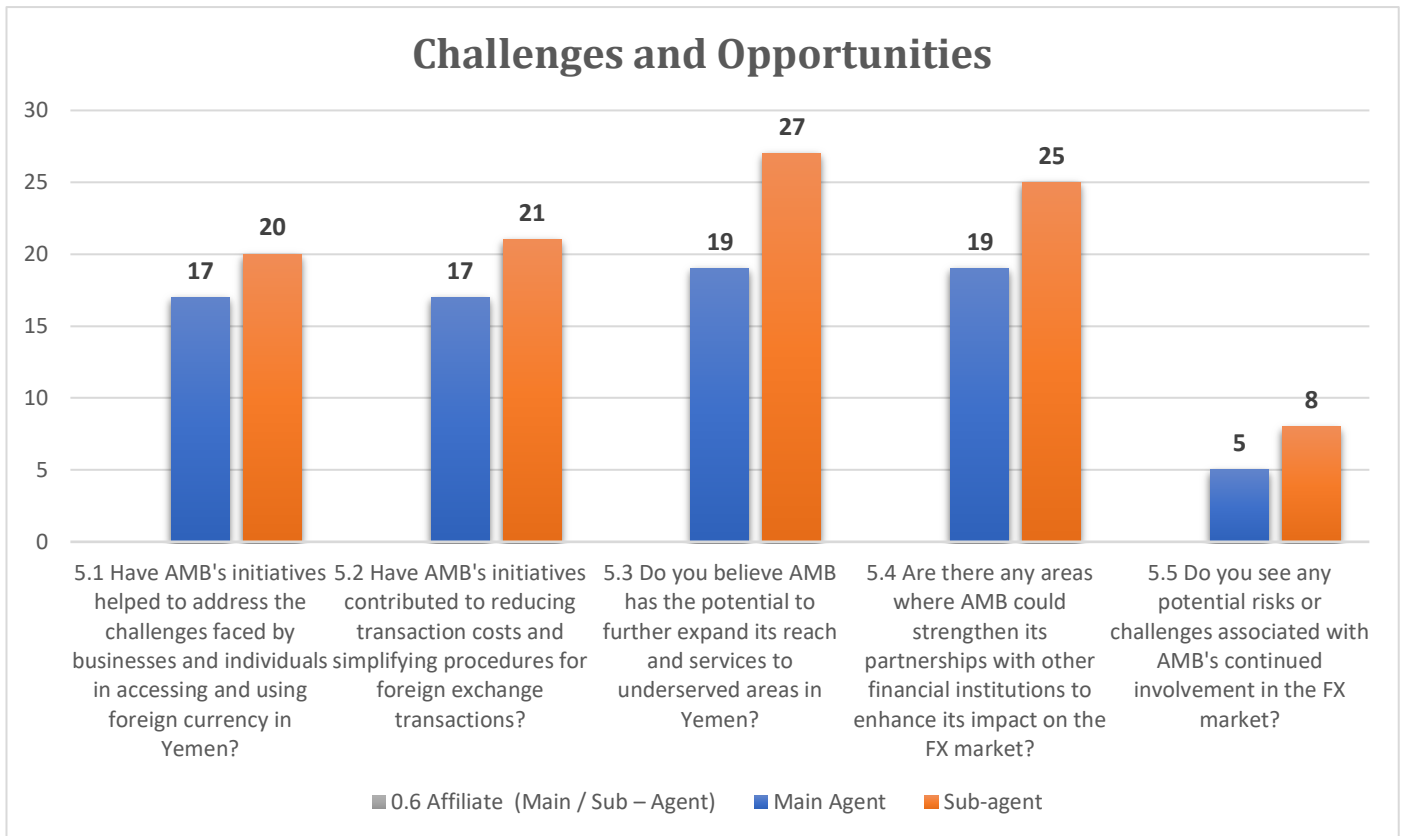
| | | Frequency | Percent |
|--|-------------------|------------------|----------------|
| AMB's initiatives contributed to the development and expansion of my company activity. | Strongly Agree | 16 | 32% |
| | Agree | 23 | 46% |
| | Undecided | 7 | 14% |
| | Disagree | 3 | 6% |
| | Strongly Disagree | 1 | 2% |
| | Total | 50 | 100% |

| | | Frequency | Percent |
|--|----------------|------------------|----------------|
| There have been many changes in the availability of foreign currency exchange services in your area since the implementation of AMB's initiatives. | Strongly Agree | 17 | 34% |
| | Agree | 25 | 50% |
| | Undecided | 8 | 16% |
| | Total | 50 | 100% |





Section (5): Challenges and Opportunities



| | | | Affiliate (Main / Sub-agent) | | Total |
|--|---|--------------------|------------------------------|-----------|-----------|
| | | | Main Agent | Sub-agent | |
| FX Network Expansion Challenges and Opportunity | Have AMB's initiatives helped to address the challenges faced by businesses and individuals in accessing and using foreign currency in Yemen? | Count | 17 | 20 | 37 |
| | | % within Affiliate | 85.0% | 71.4% | |
| | Have AMB's initiatives contributed to reducing transaction costs and simplifying procedures for foreign exchange transactions? | Count | 17 | 21 | 38 |
| | | % within Affiliate | 85.0% | 75.0% | |
| | Do you believe AMB has the potential to further expand its reach and services to underserved areas in Yemen? | Count | 19 | 27 | 46 |
| | | % within Affiliate | 95.0% | 96.4% | |
| | Are there any areas where AMB could strengthen its partnerships with other financial institutions to enhance its impact on the FX market? | Count | 19 | 25 | 44 |
| | | % within Affiliate | 95.0% | 89.3% | |
| Do you see any potential risks or challenges associated with AMB's continued involvement in the FX market? | Count | 5 | 8 | 13 | |
| | % within Affiliate | 25.0% | 28.6% | | |
| Total | | Count | 20 | 28 | 48 |

Percentages and totals are based on respondents.

| | | | Location (North/South) | | Total |
|--|---|--------------------|------------------------|----------|-----------|
| | | | North | South | |
| FX Network Expansion Challenges and Opportunity | Have AMB's initiatives helped to address the challenges faced by businesses and individuals in accessing and using foreign currency in Yemen? | Count | 33 | 4 | 37 |
| | | % within Affiliate | 76.7% | 80% | |
| | Have AMB's initiatives contributed to reducing transaction costs and simplifying procedures for foreign exchange transactions? | Count | 34 | 4 | 38 |
| | | % within Affiliate | 79.1% | 80% | |
| | Do you believe AMB has the potential to further expand its reach and services to underserved areas in Yemen? | Count | 41 | 5 | 46 |
| | | % within Affiliate | 95.3% | 100% | |
| | Are there any areas where AMB could strengthen its partnerships with other financial institutions to enhance its impact on the FX market? | Count | 40 | 4 | 44 |
| | | % within Affiliate | 93.0% | 80% | |
| Do you see any potential risks or challenges associated with AMB's continued involvement in the FX market? | Count | 11 | 2 | 13 | |
| | % within Affiliate | 25.6% | 40% | | |
| Total | | Count | 43 | 5 | 48 |

Percentages and totals are based on respondents.

| Statistics | Valid | Missing | Std. Deviation |
|---|-------|---------|----------------|
| Have AMB's initiatives helped to address the challenges faced by businesses and individuals in accessing and using foreign currency in Yemen? | 50 | 0 | 0.728 |
| Have AMB's initiatives contributed to reducing transaction costs and simplifying procedures for foreign exchange transactions? | 50 | 0 | 0.693 |
| Do you believe AMB has the potential to further expand its reach and services to underserved areas in Yemen? | 50 | 0 | 0.548 |
| Are there any areas where AMB could strengthen its partnerships with other financial institutions to enhance its impact on the FX market? | 50 | 0 | 0.523 |
| Do you see any potential risks or challenges associated with AMB's continued involvement in the FX market? | 50 | 0 | 0.56 |

| | | Frequency | Percent |
|---|-------------------|-----------|-------------|
| Have AMB's initiatives helped to address the challenges faced by businesses and individuals in accessing and using foreign currency in Yemen? | Yes | 37 | 74% |
| | No | 6 | 12% |
| | Prefer not to Say | 7 | 14% |
| | Total | 50 | 100% |

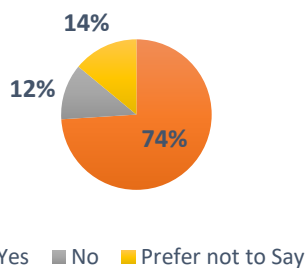
| | | Frequency | Percent |
|--|-------------------|-----------|-------------|
| Have AMB's initiatives contributed to reducing transaction costs and simplifying procedures for foreign exchange transactions? | Yes | 38 | 76% |
| | No | 6 | 12% |
| | Prefer not to Say | 6 | 12% |
| | Total | 50 | 100% |

| | | Frequency | Percent |
|--|-------------------|-----------|-------------|
| Do you believe AMB has the potential to further expand its reach and services to underserved areas in Yemen? | Yes | 46 | 92% |
| | Prefer not to Say | 4 | 8% |
| | Total | 50 | 100% |

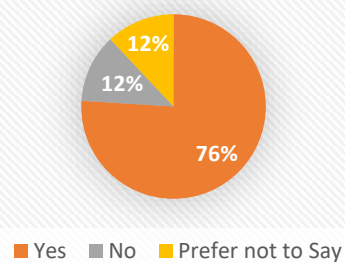
| | | Frequency | Percent |
|---|-------------------|-----------|-------------|
| Are there any areas where AMB could strengthen its partnerships with other financial institutions to enhance its impact on the FX market? | Yes | 44 | 88% |
| | No | 3 | 6% |
| | Prefer not to Say | 3 | 6% |
| | Total | 50 | 100% |

| | | Frequency | Percent |
|--|-------------------|-----------|-------------|
| Do you see any potential risks or challenges associated with AMB's continued involvement in the FX market? | Yes | 13 | 26% |
| | No | 33 | 66% |
| | Prefer not to Say | 4 | 8% |
| | Total | 50 | 100% |

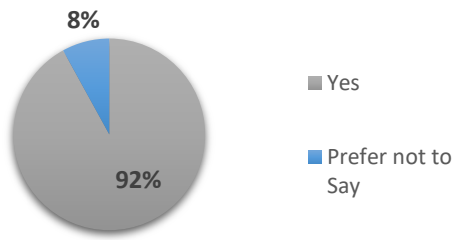
Have AMB's initiatives helped to address the challenges faced by businesses and individuals in accessing and using foreign currency in Yemen?



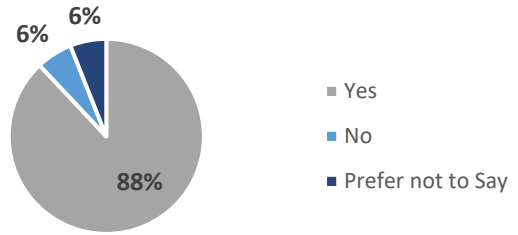
Have AMB's initiatives contributed to reducing transaction costs and simplifying procedures for foreign exchange transactions?



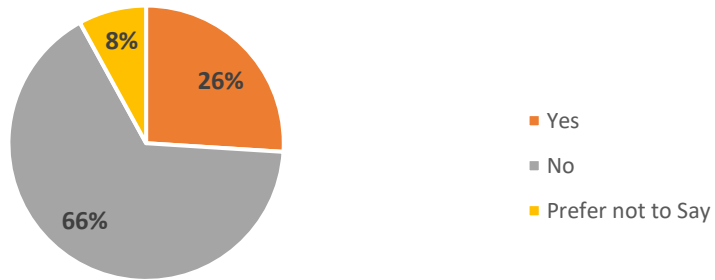
Do you believe AMB has the potential to further expand its reach and services to underserved areas in Yemen?



Are there any areas where AMB could strengthen its partnerships with other financial institutions to enhance its impact on the FX market?



Do you see any potential risks or challenges associated with AMB's continued involvement in the FX market?



..... *The End*.....