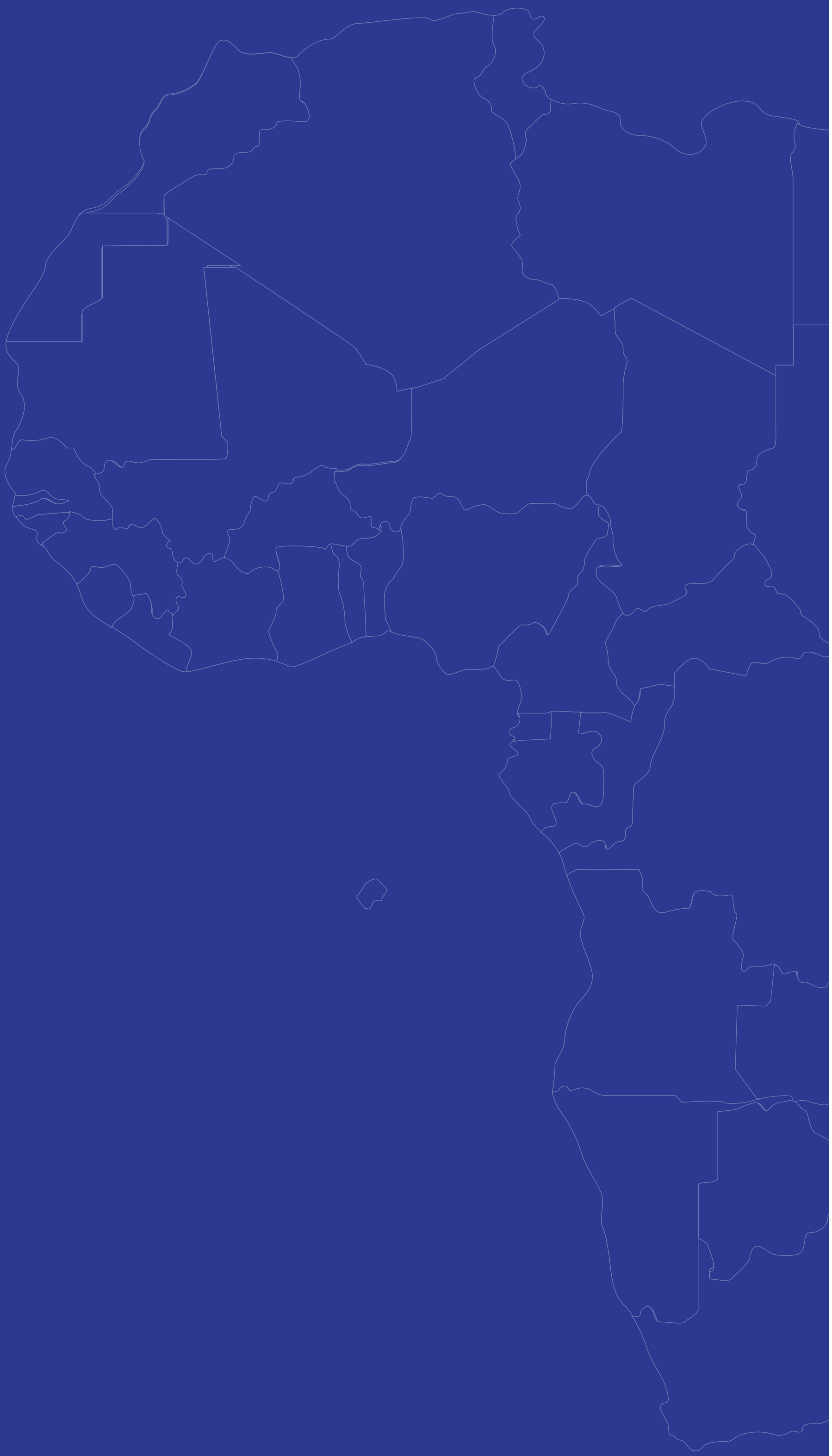
UNCDF | MM4P

Labour Pains:

Discovering the Financial Lives of Zambian Mothers



The Zambian mothers research project was commissioned and designed by the UNCDF MM4P programme, in partnership with the Mastercard Foundation and conducted by Afriqinsights and Tyroler & Associates.

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i. EXECUTIVE SUMMARY

While some consider the birth of a child and the beginning of motherhood a precious gift and experience, it is often more complicated. Motherhood frequently begins with labour pains and the difficulties can extend over a lifetime, as women face complex financial decisions that are pivotal not only to their own lives but to their children's and family's. Despite the important roles that mothers play in households across geographies and income levels, Zambian women are largely excluded from the formal financial system—with only 40% of them having access to any type of formal financial service. Gender barriers are deeply rooted in social and cultural norms that dictate roles and relationships, power and decision-making dynamics within households, access to resources, inheritance of assets, educational attainment and economic potential. Yet, research suggests that "the cost to poverty reduction and development of unequal access and ownership to productive resources and to the constituents of well-being—education, literacy, health, participation, legal protections—is high" (Milimo and others, 2004, p. 70). While not a panacea, it is well documented that enhancing access to and development of digital financial services (DFS)[1] plays an increasingly prominent part in smoothening gendered inequities (Gammage and others, 2017) and aiding women to realize their economic potential (Holloway, Niazi and Rouse, 2017; Sorgner and Krieger-Boden, 2017).

This report summarizes research organized by the UN Capital Development Fund (UNCDF). Based on the hypothesis that Zambian mothers constitute a unique user group (similar to farmers, refugees or small-business owners) and the facts that almost 75% of Zambian women between 15 and 49 years old are mothers and 33% of Zambian women become mothers by age 18 (Zambia with ICF International, 2014), UNCDF sought to learn more about this segment—across income levels, age groups and geographies—and to deepen its knowledge of and enhance the data on Zambian mothers' financial behaviours. The report pays particular attention to low-income mothers. This focus coincides with the mandate of UNCDF to improve access to financial services for low-income populations in its focal countries and addresses the reality in Zambia that, of the 59% of the population that is rural, 76% is considered low-income (World Bank, 2012). By better understanding Zambian mothers' specific financial and non-financial needs and challenges, providers can develop and refine DFS to better meet their unique requirements.

Key findings from the research highlighted discrepancies as well as commonalities in access, usage, behaviour, barriers and challenges between rural and urban users and among income levels and age groups. Most mothers involved in the research prioritized investments in education, used and understood simple budgets, had multiple means of income generation that were sporadic and changed over time, and aspired to improve their economic well-being. All mothers supplemented their salaried or unsalaried jobs with informal sector work like selling food or worked part-time in the formal sector. Teen pregnancy was common across all income levels, and all teen pregnancies were unplanned.

[1] The term DFS refers to a range of formal financial services accessible via digital channels, such as mobile money and agency banking, as opposed to traditional financial services accessible through a physical visit to a bank branch.

ii. BACKGROUND

Exploring the missing digital financial service market for Zambian mothers

In partnership with the Mastercard Foundation, UNCDF launched a programme in Zambia in March 2015 that aimed to increase the active adult usage of DFS from 2% in 2014 to 35% by 2019. Using a theory of change approach,[2] the programme has sought to work with all DFS providers, regulators, stakeholders and the Government to achieve this objective.

Zambia was an early African adopter of DFS, having done so in 2002, and as such has made significant gains in formal services, products and outreach in the years since. In 2014, only 2% of adults reported having an active DFS account from one of only four providers offering such services in the country. By 2017, however, 24% of adults reported having an active DFS account from one of 18 providers. To some extent, the growth observed in active DFS usage was due to increases in the coverage provided by financial access points and the number of active agents and providers, as well as efforts by the Government to create an environment more conducive to financial inclusion and outreach. While the most recent financial inclusion rate for Zambia touched 60%, the Government aspires to achieve 80% by 2022 (Zambia, 2017).

Though the country has seen advancements, upon closer investigation, progress is uneven: those Zambians who are actively involved in formal DFS are mainly male and from urban middle- and higher-income levels. A FinScope study conducted in 2015 revealed that almost 41% of Zambians who are 18-years-old or older remain formally financially excluded and females, who make up 51% of the population, are more financially excluded than their male counterparts (Financial Sector Deepening Zambia, 2016), with only 40% of women having access to formal financial services (World Bank, 2017c). A more recent Global Findex survey completed in 2017 confirmed that only 40% of Zambian women are financially included, going further to expose a gender gap in financial institution account ownership of 14% and a gender gap in mobile money account ownership of 4% (Demirgüç-Kunt and others, 2018). It is also clear that women, like men, are not a homogenous group and have different needs and challenges in accessing DFS. A study by the International Financial Corporation and the Mastercard Foundation on perceptions of and attitudes towards DFS found that low-income Zambians feel that DFS advertisements are directed exclusively to upper-class society (Koblanck, Heitmann and Davico, 2017). Furthermore, the study pointed out, most DFS adverts are not in the local language and low-income people in the informal sector may not relate to the storylines. The result, the study explained, is that they do not see the available DFS as being useful or relevant to their needs.

[2] MM4P uses a theory of change approach to DFS development, which focuses on making shifts between stages of market development, moving from Inception to Start-Up to Expansion and eventually to a mature market known as Consolidation. Through each stage, MM4P uses interventions that contribute to the development of a sustainable DFS ecosystem.

Applying a gender lens in Zambia

Results of gender-sensitive research

To better understand why Zambian women are generally more financially excluded than Zambian men and to provide Zambian women—specifically mothers—with the same opportunities for inclusion, it is important to understand how their financial behaviours and financial service needs may differ from those of men and among subsets of women (see box 1 for a definition of gender-sensitive research). Within this context, one must also acknowledge that women's and men's roles and responsibilities in Zambian society are complex and dynamic, vary by region, community and household, and are affected by sociocultural norms (i.e., cultural, class, religious and ethnic factors). For a variety of reasons, the current market does not provide the wide variety of financial products and services necessary to meet Zambian women's needs; therefore, financial services must be evaluated, tailored and perfected so that they meet the actual, diverse requirements of Zambian women.

An estimated 60% of Zambians live in a rural area, where general poverty and extreme poverty are 2 percentage points and 5 percentage points higher, respectively, for women (United Nations, 2015). An online portal providing global gender data reveals numerous discrepancies in Zambia, including the following: a) women lag behind men in terms of their education and literacy levels; b) girls and women experience high levels of gender-based violence; c) women have poorer access to training events and resources than men; d) women are less likely than men to own land or hold a bank account; and, e) women in general are responsible for significant unpaid and unacknowledged responsibilities, including the preparation of food and the management of household nutrition, the collection of firewood and water, the care of children, sick and elderly, and the education of children, among others (World Bank, 2017a). These gender-specific challenges affect women's available time and mobility, their economic potential and their future.

Box 1
Gender-sensitive research - definition

Gender-sensitive research ensures that gender issues, roles and relationships are taken into account throughout an entire project and/or in all research processes. When completing gender-sensitive research, participation is critical; it must involve all actors (women, men, children and marginalized groups) and define target groups, survey samples, etc. as distinctly as possible. It is also important to understand that women and men as well as girls and boys are not homogeneous groups; rather, they are differentiated by class, ethnicity, age, sexuality, religion, etc. Therefore, strategies, interventions and results will differ by region, community, household and sex.

Source: Trbovc and Hofman (n.d.).

Statistics on women in agriculture

More than 70% of Zambians are engaged in or derive their livelihood from agriculture-related activities, with women producing 80% of local food (World Bank, 2017a). Despite their significant contribution, women are economically undervalued and face substantial constraints in the agricultural economy, which prohibits them from improving their economic welfare. Obstacles include poor integration in higher-value chains, smaller or less productive land plots, inferior access to improved tools for harvesting, processing and storage, and inadequate access to financial services such as affordable credit, savings options and relevant insurance products that might assist them to make business improvements.

From an early age, rural girls' contributions to household tasks and subsistence-agriculture activities may prevent their parents from sending them to school. In poorer families, where money for school fees is scarce, parents may prioritize the education of sons over that of daughters. Rural girls can start with a sociocultural disadvantage, reinforcing the lesser status and perpetuating the poverty lifecycle of females.

It is common for farmers in Zambia to produce only one major crop per year, which provides their main source of cash, but they may grow and sell short-term vegetable crops (e.g., Chinese cabbage, rape, groundnuts, tomatoes, onions, cowpeas, herbs) to cushion their income during financially lean seasons. Due to climatic challenges with rainfall, farmers face significant pressure to plant crops on time and to reap significant returns. Rural Zambian men commonly raise the more profitable crops and animals, and they may also control the income from those sales.

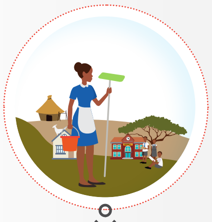
In male-headed households, this situation leaves females not only with limited resources but also with little or no voice on how income is used within the home. If women lack access to or control of income of the household overall as well as income from their own work contributions, it can affect the entire household in terms of budgeting for food and education costs and can create disincentives for women to invest in and devote labour towards increased farm productivity. In addition, unequal access to information and education and lack of relevant knowledge make women more vulnerable to poor crop results due to the heavy burden on their time as well as insufficient linkages with female farming groups and/or support mechanisms. Furthermore, due to women's limited mobility and market knowledge that result from having to stay close to home to complete household obligations, they tend to lose income and control as a product moves from the farm to the market; men commonly take over production and marketing—even of traditional 'women's crops' (e.g., groundnuts)—when it becomes financially lucrative to do so.

To empower poor rural Zambian women and to include them more fully in the digital finance world, they need to be seen as valued customers and entrepreneurs. With a better understanding of the gender nuances described above and the roles and responsibilities of Zambian women in specific value chains, financial service providers can begin to offer relevant products that meet women's needs, strengthen women's inclusion in rural value chains and engage women as long-term digital customers. In order to be successful, financial service providers need to look beyond generic products (e.g., savings, credit, insurance) and move past a one-size-fits-all perspective on products. Instead, they must design products that can assist female smallholder farmers to bridge productivity gaps by supporting them to make the most of their limited time, knowledge and resources and to increase their household's food security and income potential.

Assessing financial awareness, usage and habits of different segments of mothers in Zambia

Table 1 summarizes the differences that exist among segments of Zambian mothers in terms of knowledge of, access to and usage of DFS. With better access to relevant financial products and services, mothers can improve the livelihoods of their households, contribute to improved financial management, direct resources towards their children's needs, including their education, and better plan for emergencies, cultural and religious obligations, and times of sporadic household income.

Table 1
Awareness and usage of digital financial services by different segments of Zambian mothers

Rural low-income	Urban low-income	Urban middle-income	Urban high-income
DFS knowledge			
Are highly aware of services from mobile money and third-party providers, particularly MTN and Zoona, but have limited knowledge of traditional banks	Are aware of some formal financial institutions (notably MTN, Zanaco and Zoona) and informal services; recognize brands but do not exactly understand the services provided; have no knowledge of credit access	Have mid- to high-level awareness of DFS	Are highly aware of DFS
Financial habits			
Typically are unbanked; primarily use cash; often use MTN or Zoona to send/receive small amounts of money; have their own budgeting system, but it is often inconsistent and it is not formalized	Are unbanked; to borrow money, use family members or friends, a *chilimba* if they have a regular source of income, or a *kaloba* in worst-case scenarios; to save money, may use MTN or Zoona intermittently; have their own budgeting system, but it is often inconsistent and it is not formalized	Tend to be money conscious; often have a budget for expenses; are aware that storing cash at home is unsafe and leads to impulse buying; usually have an account at a traditional financial institution (bank) in order to receive a monthly salary; typically are active in a *chilimba*; frequently use mobile money; are likely to use Shoprite or Zoona to send/receive money	Have a chequing and savings account at a financial institution; often also save informally in a *chilimba*; use mobile banking and debit cards; are likely to use Shoprite or Zoona to send money to relatives in rural areas

Note: Chilimbas are “informal indigenous savings clubs” while *kalobas* are “informal moneylenders”.
Source: Financial Sector Deepening Zambia (2016).
Acronyms: MTN, Mobile Telephone Networks; Zanaco, Zambia National Commercial Bank


POOLESVILLE

iii. RESEARCH

Understanding the methodology and rationale underlying the approach

To support DFS providers to develop and launch improved financial products and services that meet the needs of Zambian women, mothers and other underserved groups, UNCDF partnered with the research firm Afriqinsights to collect and analyse qualitative and quantitative data on Zambian mothers' financial behaviours, needs, challenges and aspirations as well as their awareness and usage of existing financial services. In January 2018, the firm completed 25 in-depth qualitative interviews in mothers' homes in Lusaka province, Copperbelt province, Central province and Southern province. Following these interviews, in February 2018, Afriqinsights conducted 725 quantitative interviews in mothers' homes and workplaces, including 330 interviews in various parts of Lusaka city, 116 interviews in Mazabuka district, 117 interviews in Mumbwa district and 122 interviews in Ndola district. These face-to-face interviews involved mothers from different geographic, income and age brackets. Specifically, 56% of the mothers interviewed resided in a rural area and 42% were in the low-income bracket. The analysis concentrated on rural and urban low-income mothers in order to better understand their needs, challenges and opportunities for DFS inclusion.

iv. RESULTS

Mapping the financial lives of Zambian mothers

Based on the research results, UNCDF generated snapshots of Zambian mothers across rural and urban locations and high-, middle- and low-income levels (see table 2).

Table 2
Zambian mother customer segments' snapshots

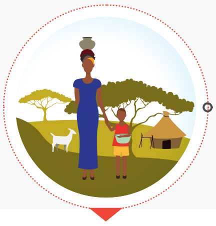
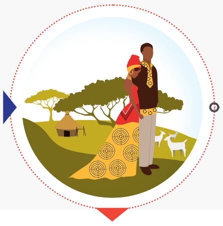
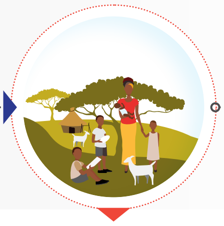
	Rural low-/ middle-income	Urban low-income	Urban middle-income	Urban high-income
Average monthly household income	US$121	US$121	US$418	US$689
Percentage that completed primary education	53%	52%	60%	68%
Percentage that completed secondary education	16%	29%	38%	52%
Average number of children	5.4	5.4	4.2	3.1
Percentage that had a teen pregnancy (first child before age 17)	30%	22%	24%	24%
Percentage with access to electricity	35.2%	75.7%	84.2%	97.5%
Percentage with access to water	36.7%	49.5%	66.2%	78.5%
Top expenditures across all income levels post-pregnancy	Baby clothes, food items, medical/health services, school fees			

UNCDF expanded the snapshots into detailed financial journey maps of Zambian mothers (see tables 3–6). Such financial journey maps are critical tools to use when developing more useful financial products that meet Zambian mothers' diverse and changing needs as they enter different life stages.

Table 3

Financial journey map of rural low- and middle-income Zambian mothers

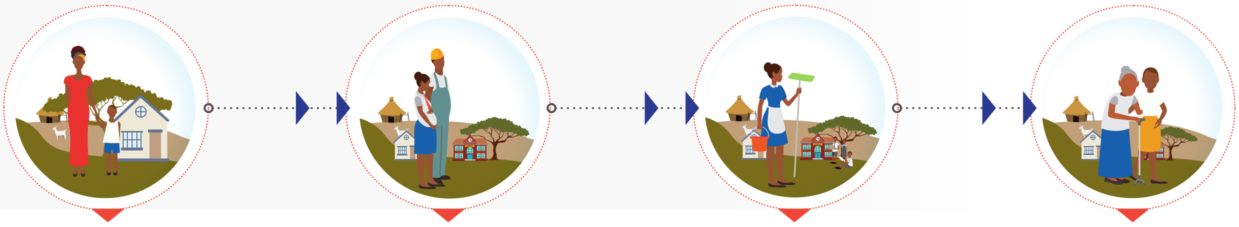
Average monthly household income = ZMW1450 (US$121)


Childhood and upbringing (0–18 years)	Early motherhood (19–39 years)	Mature, middle-aged motherhood (40–65 years)	Motherhood and aging (>65 years)
Families are poor and live hand-to-mouth, fathers may be absent, and mothers may have limited education. Children attend primary school, but girls are also responsible for many household chores. Girls may experience pressure to marry early, in some instances as young as 10, due to social and cultural norms.	They experience pressure to marry at a young age and, when pregnant, often marry into a joint-family arrangement. They experience numerous disruptions, including to their schooling, as they work to earn money and support the baby; the father may be absent and/or unsupportive. They find work in the informal sector, likely in agriculture, and may have numerous smallscale businesses to support their family. For them, continuing education is often out of reach because of cultural and financial constraints. They are commonly unbanked but may use MTN or Zoona to save some money intermittently. If they need to borrow, they use family members/friends, *chilimbas* or *kalobas* in worstcase scenarios.	They are likely to have up to five more children through their childbearing years. They continue to have numerous, inconsistent informal jobs. They are the main caregivers (for children, the sick and the elderly) and providers of household nutrition (including collecting water) and caregiving; they have limited mobility and time restrictions. They may no longer have a husband, leaving them to manage on their own.	They may be widowed, remarried or single. They expect their children or grandchildren to look after them when they are older. They still commonly use cash and struggle to make ends meet. They likely still work in the informal sector, doing a variety of jobs in agriculture or food preparation and sales.

Table 4
Financial journey map of urban low-income Zambian mothers

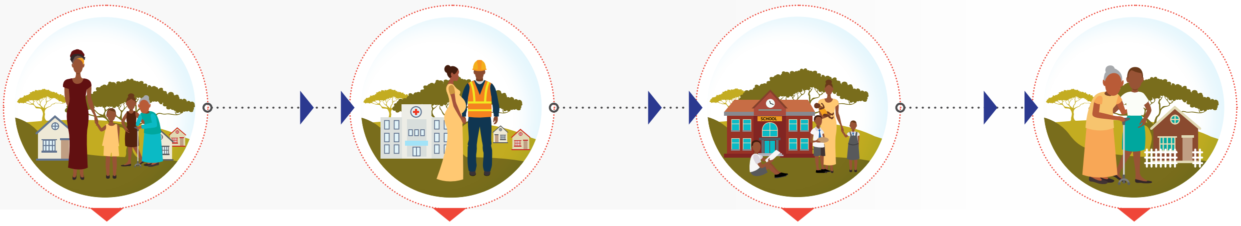
Average monthly household income = ZMW1450 (US$121)



Childhood and upbringing (0–18 years)	Early motherhood (19–39 years)	Mature, middle-aged motherhood (40–65 years)	Motherhood and aging (>65 years)
They come from humble origins. They are born in either a rural or an urban location but raised in an urban setting. They commonly live in a large family with extended family members. They attend, but may not complete, primary school. They help family members with household duties and with parents' occupations, particularly their informal businesses. They commonly have low financial literacy, lack information on reproduction and are vulnerable to becoming a teen mother. They may experience pressure to marry early due to social and cultural norms.	Early motherhood is common, as young as 11. Pregnancy typically interrupts education at the end of primary school or the beginning of secondary school. Normally fathers cannot support or contribute much unless they are employed. They often start working for the first time after a teen pregnancy. Typically they start work in an informal job (sales). They may use DFS to save small amounts (always considering the fees) or to send money to family members in rural areas. Continuing education is out of reach because of cultural and financial constraints.	They might get a full-time low-skilled job (e.g., as a domestic worker) that can provide some extra benefits (e.g., public pension scheme). They may do a variety of informal jobs to support the family. They may think about going back to a rural area (parents' or family's land) and assist with farming activities. Commonly they use cash. They have limited awareness of DFS but know saving is important. Church obligations (both social and financial) are important. They may no longer be married, leaving them to manage on their own.	They may be widowed, remarried or single. They expect their children to look after them when they are older. They still commonly use and prefer cash. They struggle to make ends meet and probably still work informally, selling something out of their house or working in a local market. Church obligations (both social and financial) are important.

Table 5
Financial journey map of urban middle-income Zambian mothers

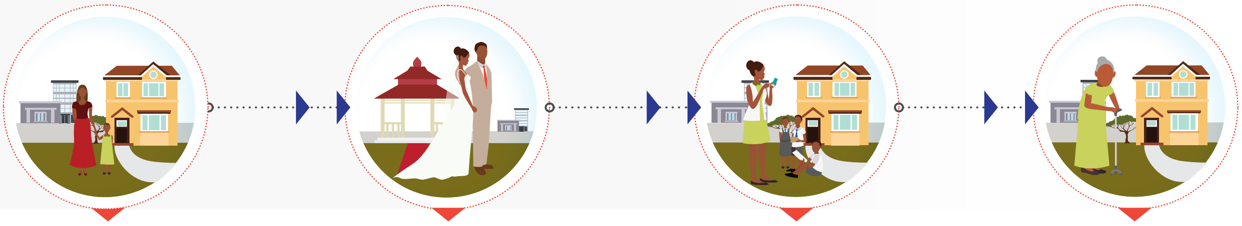
Average monthly household income = ZMW5000 (US$418)



Childhood and upbringing (0–18 years)	Early motherhood (19–39 years)	Mature, middle-aged motherhood (40–65 years)	Motherhood and aging (>65 years)
They have all the basics. They grow up mainly in urban locations, although they may be born in rural areas. They commonly live in a large family with extended family members. They commonly attend school at least until the secondary level, and some continue to the tertiary level, though teen mothers may drop out. They help family members with household duties. Parents likely work in the formal sector, though some in the informal sector. Parents pay for educational expenses from income earned and/or supplemented by private loans from relatives.	Their education may be interrupted due to an early pregnancy, usually in their late teens. Teen fathers are commonly absent or unable to help. If pregnancy occurs after completion of secondary school and the father is formally employed, he may support the mother during pregnancy even if they are unmarried. Some intermittently receive money from an absent father. If parents/husband is/are formally employed (either public or private sector), the mother can access a healthcare plan. Women return to work soon after giving birth if self-employed or formally employed. They may use DFS to save small amounts but are cost/transaction sensitive (always considering the fees). *Chilimbas* are known and used.	Their primary concern is investing in their and their children's education, with the hope that their children will care for them in their old age. If formally employed, they receive a monthly salary through an account at a traditional bank (required by the employer or Government). Occasionally they access credit to purchase household goods (e.g., TV, refrigerator). To supplement their household income, some start a small informal business or buy land and a house to earn rental income. They are money conscious and often have a budget for expenses. They know that storing cash is unsafe and can lead to impulse buying. They frequently use mobile money. They are active in *chilimbas*. Their marriage may fall apart, leaving them to manage on their own.	They may have been through one or two marriages due to divorce or widowhood. They expect their children to look after them when they are older. They can live somewhat comfortably, though with limited discretionary income, using savings from their earlier life and additional help from family members (children and relatives).

Table 6
Financial journey map of urban high-income Zambian mothers

Average monthly household income = ZMW8250 (US$689)



Childhood and upbringing (0–18 years)	Early motherhood (19–39 years)	Mature, middle-aged motherhood (40–65 years)	Motherhood and aging (>65 years)
They grow up in an urban neighbourhood. They attend school (public or private) through the secondary level and may attain a college degree. Parents likely can support their children through at least secondary school and plan for their future. Households have limited financial concerns and some discretionary income.	They tend to marry soon after they complete their education (secondary), although teen pregnancies are relatively common (24% of urban high-income Zambian girls) and unplanned even at this income level. Of those pregnancies that are planned, they are common after marriage (average age of 26). Husbands and wives both work, usually in the formal sector. Women commonly have a strong support network, including husband, family members and friends. They are able to plan for their future and easily make household purchases (e.g., house, vehicle, TV, cell phone, childcare, education).	They may have additional children, though commonly no more than three. They continue to work, likely in the formal sector, and receive regular pay/income so that they can afford childcare as needed. They primarily see commercial bank accounts as a way to safeguard funds and income, and the accounts' associated fees are nominal for them. They may have both a chequing and a savings account at a financial institution. They may also use *chilimbas* to save informally and to meet new people since they value the social aspect. They commonly use mobile money to pay bills, save and send/receive transfers in small amounts; they see this service as an intermediary between a bank account and cash. They also use Shoprite or Zoona to send money to relatives in rural areas.	They likely have enough savings, along with their children's support, to live comfortably on their own, or they will live with children or relatives.

V. FINDINGS

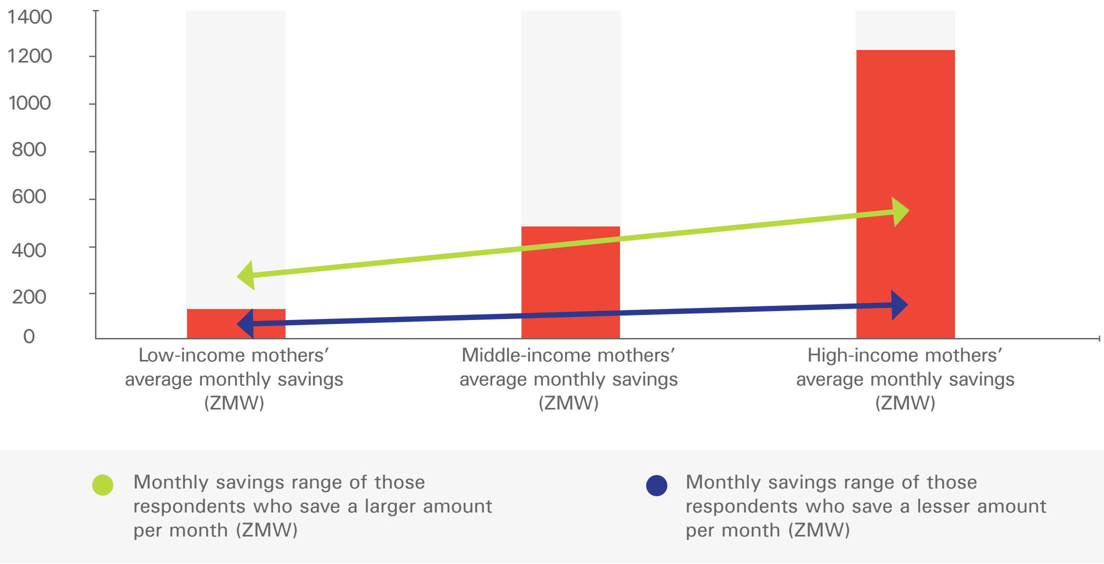
Understanding the financial lives and challenges of Zambian mothers

The financial lives of Zambian mothers are dynamic and multifaceted, requiring diverse types of financial services at various times in their lives. The following paragraphs highlight key research findings across all income levels and geographies and identify areas for further investigation. Boxes 2–7 provide context by sharing snapshots of real Zambian mothers.

1. All mothers save but mostly at home.

Of those interviewed, 63% reported saving. Across all income levels, 20% were able to save between ZMW50 and ZMW200 (US$4–US$17) and 41% between ZMW220 and ZMW500 (US$18–US$42) each month in the past year.[3] The average amount of monthly savings was ZMW150 (US$13) for low-income mothers, ZMW424 (US$35) for middle-income mothers and ZMW1229 (US$103) for high-income mothers. The most common usage for DFS, at 29% of all respondents, was mobile money for sending, receiving, storing, saving and borrowing money; in comparison, 38% of respondents stored money at home. **Of those that primarily stored money at home, 69% were rural inhabitants**. See figures I and II for a summary of these statistics.

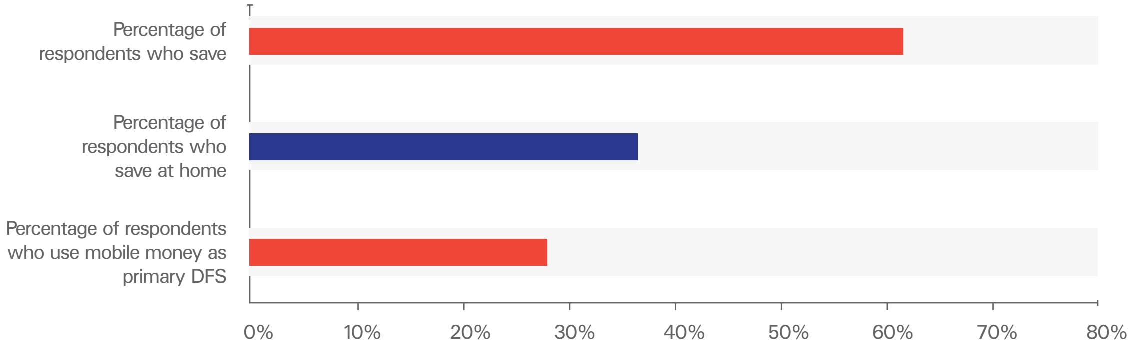
Figure I
Summary of Zambian mothers' monthly savings



[3] *Note:* This document refers to the Zambian kwacha as ZMW based on guidance from the Bank of Zambia, the country's central bank, after a currency adjustment. *Conversion rate:* US$1 = ZMW11.97. This rate is used throughout this report whenever United States dollar equivalents are provided for Zambian kwacha. *Source:* United Nations Treasury (2018).

Figure II

Summary of Zambian mothers' savings habits

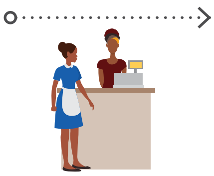


Living expenses, emergencies and school fees ranked as the top three savings motivators, indicating that savings products that help mothers reach these goals could serve as an important pathway for introducing financial services. Zambian mothers' aspirations to save, even small amounts for various expenses and emergencies, present an opportunity for DFS providers to help formally bank them by offering affordable, accessible and easy-to-use products that help them reach their goals.

Box 2

Snapshot of a Zambian mother who saves at home: Exilda

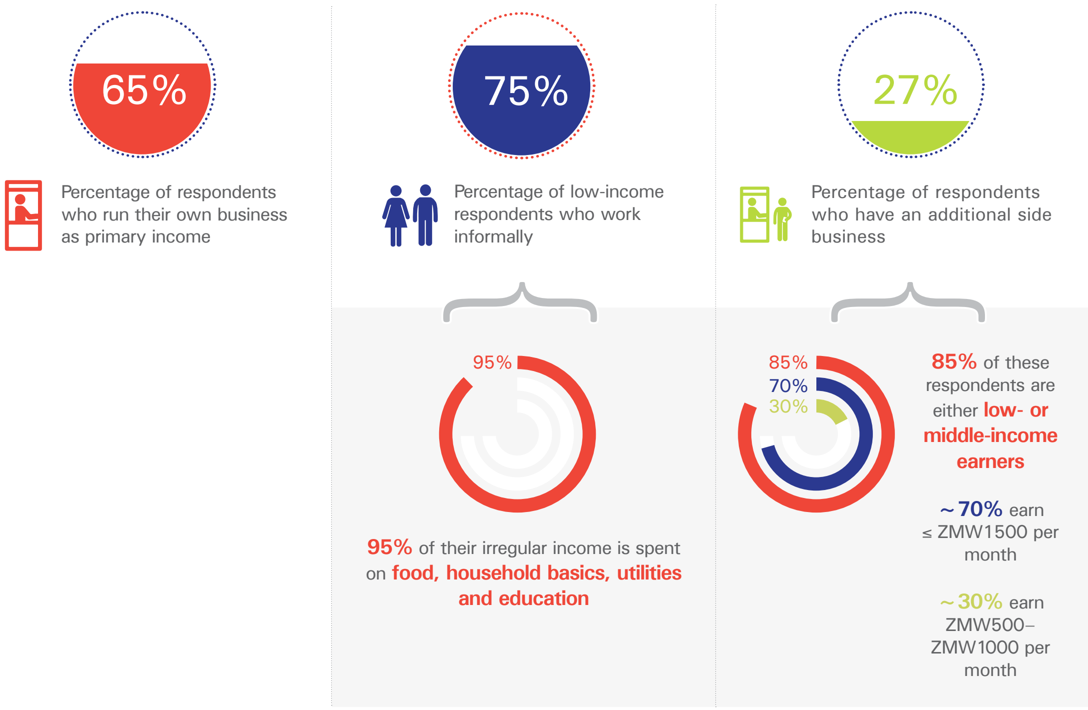
Exilda, a low-income 25-year-old mother of four, currently saves her money in a tin at home. "What I would like in a financial product would be something with minimal charges and easy to use, because the banks eat a lot of money from us for free [and] that's why we don't take our money to the bank."



2. Mothers are the original 'gig economy'/short-term employment workers and rely on multiple income streams to meet the financial needs of the family.

Across all income levels, mothers indicated that they take on various part-time jobs in the formal or informal sector in order to meet household expenses and support their children. Of those interviewed in low-income households (urban and rural), 75% worked in the informal sector (agriculture, piecework or service industries). These mothers said they receive irregular income, which they spend the vast majority (95%) on food items, household basics, utilities and educational expenses. Notably, 65% of all respondents ran their own business, typically in an informal setting, as their primary income, while 27% of all respondents had an additional side business, with about 30% netting ZMW500–ZMW1000 (US$42–US$84) per month and some 70% earning up to ZMW1500 (US$125) each month. Of those who reported having a side business, 85% were either low- or middle-income earners. See figure III for a summary of these statistics.

Figure III
Summary of Zambian mothers' employment and income



Zambian mothers need DFS that address the challenges associated with short-term employment, such as difficulty accessing more-productive markets and dealing with seasonal inconsistencies. They require products that allow flexibility in payments and that help them save and reduce risk. Mothers who work in agriculture have additional challenges and needs (see 'Statistics on women in agriculture' subsection on page 7). Women constitute 64% of the rural population in Zambia, and approximately 80% of food produced in Zambia is by women (Food and Agriculture Organization, 2018). Depending on the crop or crops they grow, female farmers may rely on one major planting season or grow year-round. Whatever they grow and sell, their production, sales and income vary. Products and services that could assist low-income female farmers include savings products for smoothening times of low production and sales, crop insurance, access to affordable inputs/supplies in order to increase production yields, and affordable loan and credit products.

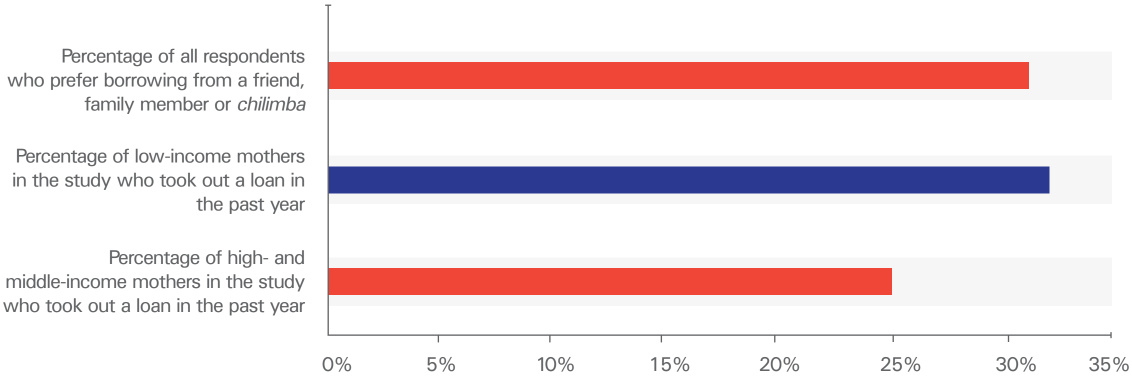
3. All mothers borrow but mostly from family members and friends.

While higher- and middle-income Zambian mothers may have greater access to formal financial institutions, they said they prefer, just as poorer mothers do, to borrow from friends or family members (31% across all income levels) or to use *chilimbas*.[4] In the past year, 32% of low-income mothers who participated in the research had taken out a loan, compared to 25% of high and middle-income mothers. Women reported that they trust *chilimbas* and find the social aspect enjoyable and access easy. See figure IV for a summary of these statistics.

[4] "The word *Chilimba* means strengthening. *Chilimba* is an informal rotating savings scheme—a group of individuals come[s] together at regular intervals to pool an agreed upon amount of money, which is then paid out (i.e., the full sum of money pooled) to *Chilimba* members in turn. In Zambia, 12.4% of adults use *Chilimba* services—the main driver of usage being access to lump sum of money." *Source:* Financial Sector Deepening Zambia (2016), p. 30.

Figure IV

Summary of Zambian mothers' borrowing habits



The fact that *chilimbas* are the preferred method for loans and savings across income levels highlights the importance that Zambian women place on peer groups, that their primary exposure to financial services is through social networks, and that these networks may be important pathways for DFS uptake. Developing relevant products that help women save towards their specific goals and needs throughout their lifetime and that are introduced through relevant social networks might convince Zambian mothers to use these services.

Box 3

Snapshot of a Zambian mother who is dissatisfied with *chilimbas*: Mercy

Mercy is a married 36-year-old. She had her first child at age 18 and a second at 20. Mercy is a teacher and receives a regular monthly salary; however, she does additional informal work, selling chickens to supplement her household income. Her husband works as a miner, and they share household expense responsibilities. Mercy finished secondary school, and she will ensure her children are educated. She uses a bank account to store money and mobile money to pay bills, but she prefers to use cash to pay for basic household items like food. Sometimes Mercy runs out of money because she is only paid twice a month and has to budget for food and school fees. She uses chilimbas and kalobas when she needs to borrow money but finds that payments are often delayed, so she generally does not like them. Mercy aspires to have two houses and a lot of money.

4. Mothers often co-lead on household financial decisions and focus their aspirations on investing in income-generating assets, including education.

Future aspirations differed among high-, middle- and lower-income mothers, but they commonly included building or owning a home (31%), starting or improving their business (19%) and returning to school to further their education (17%). These goals infer that products and services that aid in reaching a particular goal might be beneficial and of interest to mothers. Household relationships affect who controls money and benefits from productive activities and how they are controlled. These relationships vary greatly across communities and households. While men were not a part of this research, 15 out of the 25 women involved in the qualitative interviews claimed that household decision-making, in terms of money usage, is shared. See figure V for a summary of these statistics.

Figure V
Summary of Zambian mothers' financial aspirations

Box 4
Snapshot of a Zambian mother who uses a budget: Mwaka

Mwaka is 29 and has one child who is a year old. She is unmarried, and the father does not support the child. She lives with her mother, who is the main supporter of the household. Mwaka values education and wants to continue hers. She is not formally employed but sells Avon cosmetics and works part-time as a research assistant. From both, Mwaka is able to contribute about ZMW1000 (US$84) each month to the household. Her main expenses are food, clothes and diapers as well as airtime purchases. She developed a fixed budget that she reviews each month, so that she can make sure she does not overspend and has enough for her child. Mwaka uses Zoona for receiving and sending money because of convenient kiosk locations. She uses the Xapit platform offered by Zanaco because the bank charges and the minimum balance requirements meet her relatively limited ability to save and maintain an account.

5. Mothers may be the key to unlocking education payments via DFS.

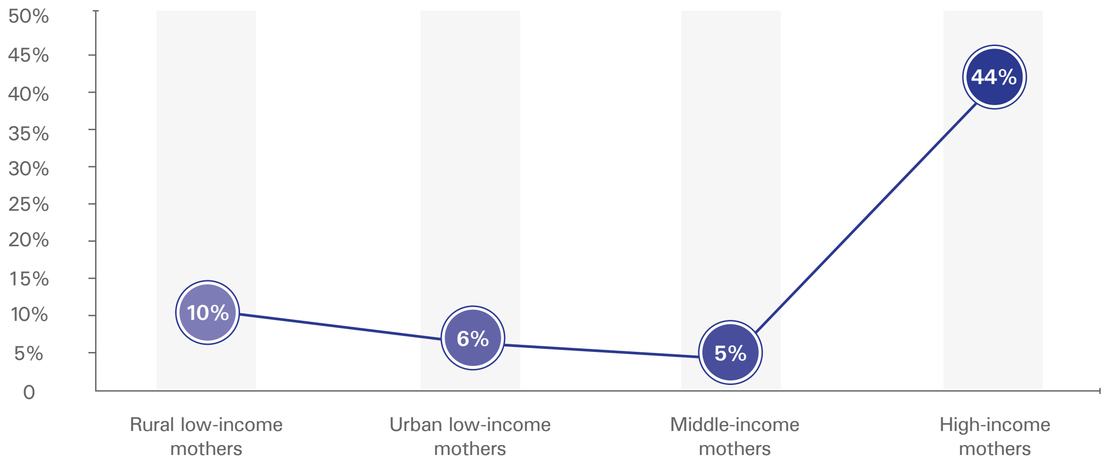
While education is valued as a means for improving socioeconomic status in Zambia, it has been difficult for financial service providers to find a bridge between the demand for better, more efficient education payment systems and the ability of educational institutions to operate such payment systems effectively for the benefit of parents who use them. Across all income levels and geographies, mothers indicated that they value education—both their own and that of their children—and saw it as a means to improve their family's welfare. Even when women had to halt their education due to pregnancy or lack of finances, 31% of respondents stated that they aspire either to improve their education or to ensure their children are educated.

The desire to learn and be educated could offer another pathway for financial service providers to reach women and to help them become more financially literate and save towards education goals. This motivation, coupled with the time-poverty of mothers (e.g., they lose substantial amounts of time traveling to schools to settle education payments [Lawson, n.d.]), make them potentially very good champions and providers-of-feedback for education-focused products.

6. Mothers are insurance 'naturals' but do not use insurance products.

Zambian mothers, by necessity, use informal mechanisms—largely through saving and lending—to deal with financial shocks when they occur (e.g., bad crop seasons, health problems, death). While the research found that, across income levels, most mothers had heard of insurance, the majority did not have any form of insurance. Though 44% of high-income mothers involved in the study had previously used an insurance product, less than 5% of middle-income mothers, less than 6% of urban low-income mothers and less than 10% of rural low-income mothers had ever done so. See figure VI for a summary of these statistics. The most common insurance held by high-income respondents was vehicle insurance. Most insurance products in the country are 'cookie-cutter' (e.g., vehicle or life) that mothers may deem irrelevant to their actual needs.

Figure VI
Summary of Zambian mothers who have ever used insurance



7. Mothers are time-poor due to disproportionate familial responsibilities.

Typically, female responsibilities such as cooking meals, providing childcare and fetching water are necessary on a daily basis, creating an inflexible home routine that may leave insufficient time to leave and learn about DFS or search for better prices and terms. Women's lives (work and education) are also frequently interrupted due to becoming pregnant (often starting in their teenage years), caring for children, sick and elderly and tending to family obligations. These disruptions not only take a toll on their financial lives but also on their time, making them more time-poor (see box 5 for an explanation of time poverty). Low-income mothers are less likely to have their own means of transport, have limited cash to pay for transport and may face higher risk to personal security. DFS are, by design, easier to use than traditional financial products and save users time and money. Financial service providers should emphasize these attributes in marketing materials, in the local language, when trying to reach female customers. Products that help women reach their financial goals and save them time could potentially make women more financially resilient and would be attractive to mothers.

Box 5
Time poverty of mothers

Mothers are time-poor. It is the one resource that they lack the most compared to others. Digital finance has the potential to help mothers gain time in the following ways:

- *They make access easy, convenient and safe with local delivery systems (mobile phones) and agent networks.*
- *They ensure local delivery systems meet women's time constraints in terms of opening hours, location, etc.*
- *They use trusted community members and familiar social networks, building confidence and reducing the need to travel long distances.*
- *They build trust by being transparent about all fees, costs and services as well as the cost savings achieved, including the cost and time involved with transport.*

8. Mothers have trust issues with DFS.

Low education and high illiteracy levels create distrust of DFS, especially among rural mothers. Rural women's low education levels affect their ability to use DFS. The research showed that less than 50% of the 196 rural respondents completed primary education and only 13% completed secondary education. Urban results were similar, indicating that only 47% of the 107 urban respondents completed primary education and 12% completed secondary schooling. Often these women do not understand the interfaces used in apps, and some find reading and understanding text messages challenging, particularly when they receive no training or education on usage. The gap in understanding how products and services work, coupled with a lack of training as well as a shortage of products and services that meet women where they are, contribute to their misconceptions and distrust in offerings. See table 7 for a summary of these statistics.

Table 7
Summary of Zambian mothers' education levels

	Completed primary education	Completed secondary education
Rural respondents (n = 196)	<50%	13%
Urban respondents (n = 107)	47%	12%

9. Most mothers prefer cash.

Across all income levels, 84% of respondents preferred cash for most transactions and 57% of low-income mothers across all age groups stored cash at home—a familiar and easily accessible option. While high-income mothers were more prone to use formal financial institutions for loans or savings, all mothers preferred cash due to limited knowledge, poor access, affordability issues related to minimum balances and transaction fees, and trust issues with banks and virtual money. Among low-income rural mothers, connectivity was the biggest challenge to DFS usage (14% of this subset noted it), followed by insufficient liquidity of agents (8%) and mischarges or fraud (8%). The research revealed that less than 50% of rural respondents use any DFS at all. For women to switch their preference from cash to DFS, products must be relevant, easy to use and perceived as low risk while providers must invoke a level of trust and transparency by using trusted social networks within their communities. See figures VII and VIII for a summary of these statistics.

Figure VII
Summary of Zambian mothers' usage of cash versus digital financial services

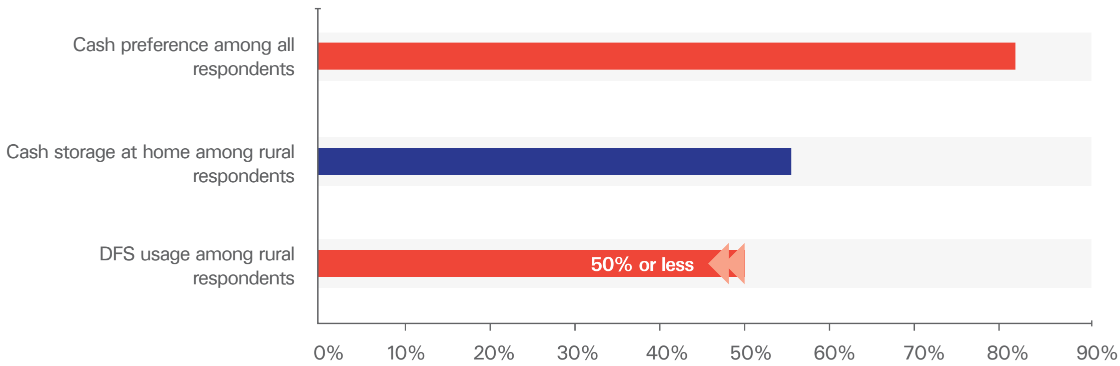


Figure VIII
Rural low-income Zambian mothers' top-three constraints to digital financial service usage

Box 6
Snapshot of a Zambian mother who has a digital financial service wish list: Eunice

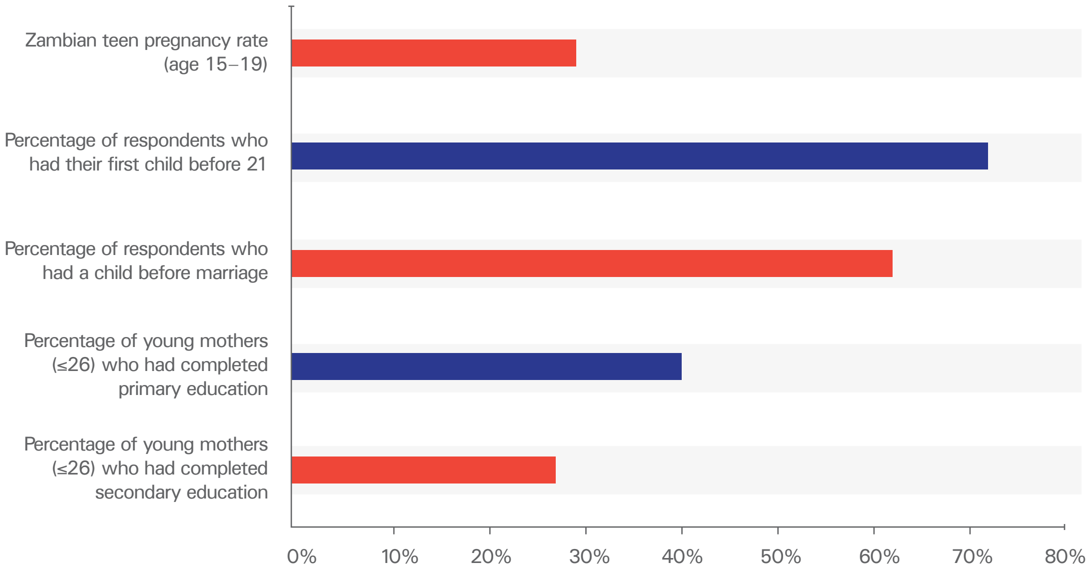
Eunice, a low-income mother who currently does not use DFS, shared what might cause her to make the cash-to-digital shift: "I'd like to see a financial product with minimal charges. Mobile money can start giving us interest according to how much you save. The problem is whatever you save is what you will get. Mobile money would make my life easy because even in the comfort of my home I can make payments and receive money, and it is everywhere."

10. Teen pregnancy is common and unplanned across all income levels.

The research found that, across all income levels and geographies, teen pregnancy is common and unplanned and the effects are lifelong. Of the women interviewed, 73% had their first child before age 21 and 63% had a child before marriage. In lower-income households, teen mothers are compelled to refocus their goals and aspirations on their babies rather than themselves. The researchers discovered that, for those mothers under age 26, 40% completed primary school and 27% completed secondary school. Even at higher income levels, girls become pregnant unexpectedly, which forces them to cope with taking care of both themselves and their baby and, in many cases, without the assistance of the father due to his absence or financial unreliability. While higher- and middle-income teen mothers may have access to savings or family support to assist them in welcoming their first child and in championing a healthy pregnancy, this assistance is not always there. One high-income mother, who had her first child at 17 and had no support from the father, shared that she took on all of the financial responsibility: "I did not receive any financial support before or after delivery. I had challenges because my husband was not working. I was not able to plan or save any money at that time."

The age at which a woman has her first child affects her future goals and aspirations, the types of jobs she may secure, her time and mobility as well as her family obligations, and it can compromise her ability to fully realize her socioeconomic potential. Young mothers face challenges that more mature mothers may not ever encounter. Teenage mothers struggle to balance a variety of responsibilities and face disruptions in work, education and family obligations in order to support themselves and their children. In Zambia, the pregnancy rate for those aged 15 to 19 is 29% (Zambia with ICF International, 2014), which is cause for pause, reflection and investment in mechanisms that can reduce this startling statistic. It also represents an opportunity for DFS providers to target an untapped market while also benefiting teen mothers and assisting in reducing the country's teen pregnancy rate. See figure IX for a summary of these statistics.

Figure IX
Summary of young pregnancy in Zambia



Box 7
Snapshot of a teen Zambian mother: Eunice

Eunice is 35. She had her first child at age 16 and did not complete her primary education. Eunice lives in urban Zambia. She sells groundnuts, beans and caterpillars and attends church regularly. Despite doing numerous informal jobs, Eunice has unreliable income, though she is still able to pay her bills. During a fire in the market, she lost her goods and now has to start over. Eunice thinks saving is important, but she finds it challenging. She recently borrowed some money from a friend to boost her businesses and still has to pay it back. Eunice is aware of a number of formal DFS as well as informal financial services, like chilimbas and kalobas, but she still prefers to use cash.

vi. OUTCOMES

Providing insights for financial service providers

It is clear from the research that, across income levels and geographies, similarities and differences among Zambian mothers' financial needs exist. Providers need to design products and services to address their nuanced needs, challenges, barriers and opportunities during pregnancy, as young mothers, as more mature mothers and as older mothers. They must keep these factors in mind not only for a designed product's overall purpose but also for its cost, ease-of-use, accessibility, marketing and communication with target groups, and support services.

Table 8 lists specific DFS concepts based on the research findings that may be of interest to Zambian mothers and that providers should consider. They draw specifically from five of the findings described in the previous section. Subsections below describe the proposed DFS concepts in detail and recommend appropriate design and marketing strategies. The suggested strategies may help improve financial inclusion and DFS uptake of low-income Zambian mothers. It is important to note that the products and product types proposed will be attractive to a variety of customer segments. UNCDF does not recommend the creation of 'pink products' for only women or only mothers. Rather, the products and product types described are inspired by behaviours and incentives revealed by the research. Some of these products already exist in the market but perhaps are not marketed in a way that is compelling for women and mothers.

Table 8
Potential digital financial service concepts for providers based on research findings

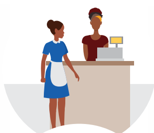
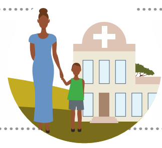
Research finding		DFS concept
All mothers save but mostly at home		Savings and investment products, aimed at rural mothers, that can make their savings work for them and help them cope with financial shocks
Mothers are the original 'gig economy'/ short-term employment workers and rely on multiple income streams to meet the financial needs of the family		Income-smoothening products (including savings, credit and investment components) for mothers as 'gig economy' workers
All mothers borrow but mostly from family members and friends		Digital borrowing circles that leverage social networks of mothers
Mothers may be the key to unlocking education payments via DFS because they value education, both their own and that of their children, and see it as a means for improving their family's welfare		Digital education payments using mothers as champions
Mothers are insurance 'naturals' but do not use insurance products		Insurance products (including hospital cash, family/funeral and weather index insurance) that serve as a plan B for mothers

Table 9 summarizes reasons DFS were not used or were underused in Zambia in the past and characteristics of DFS that would help increase their uptake in the future.

Table 9
Top reasons for lack of digital financial service uptake and suggested solutions

Reasons DFS are not used	Suggested solutions to improve uptake
Irrelevant	Must be relevant to mothers' dynamic needs and circumstances throughout their different lifecycles
Unaffordable	Must be affordable and keep all costs and fees transparent
Challenging to understand their functionality and usage	Must accommodate mothers' lower levels of literacy and education in all platforms
Perception that they are unsafe	Must be perceived as safe, secure and beneficial
Perception that they are untrustworthy (e.g., there may be hidden fees, money might disappear)	Must provide training on usage

Financial products of interest to Zambian mothers

1. Aim savings and investment products at rural mothers to make their savings work for them and help them cope with shocks.

These savings products already exist in the market. Between 2017 and 2018, the number of formal savings products available to Zambians through DFS increased. For example, Zoona has launched a savings product with FINCA that offers a savings rate, as has MTN in partnership with Barclay. These savings products offer up to 10% in interest. Other DFS providers in the Zambian market are considering launching savings products as well, and existing banks and microfinance institutions offer attractive savings accounts. See box 8 for an example of a savings product in Nigeria that is specifically aimed at women. Just by putting their money in a mobile money account, mothers a) gain significant savings compared to just leaving the money in the house where they may be tempted to spend it; b) ensure their money is safe; and c) increase the liquidity (cash) of agents, especially in rural areas where liquidity management is often challenging. In order for mothers to fully leverage these products, DFS providers need to i) market the products appropriately (using imagery of the women who they want to target and likely using local language); ii) train agents to explain the products using terminology that will be understood by the women (perhaps using the example of *chilimbas*); and iii) critically, explain to customers how interest works (even setting up a calculator for women to calculate how much they will earn if they save for a certain period of time).

Box 8

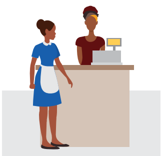
BETA: Example of a savings product that meets the needs of women **and** men

Recognizing that leaving the financial needs of low-income women unmet represents a missed business opportunity, Diamond Bank Nigeria partnered with Women's World Banking to launch the BETA savings account, a first-of-its kind savings account for urban market women. Key features that cater to the characteristics and needs of the target women ensured the product's success. These features include the following:

- *No minimum balance*
- *No forms and no ID or signature requirements*
- *No monthly fee or deposit fee*
- *Ability to open account and conduct transactions in the market*
- *Starter pack with an ATM card*
- *Interest paid on balances*
- *Reward scheme with cash prizes*

Currently, BETA accounts reach over 460,000 clients, 177,000 of whom are women. There are over 1,100 BETA Friends [similar to agents] nationwide offering daily savings collection, 51% of whom are women. Diamond Bank has seen that once women get comfortable using DFS for the first time, they are open to exploring a variety of financial services, including credit opportunities. Additionally, once they trust the services, they are more likely to recommend them to others in their network, thus improving uptake of the services over time.

Text extracted from the following publication: **Alliance for Financial Inclusion (2017).**



2. Help wanted: Design income-smoothening products for mothers as 'gig economy' workers.

One of the greatest challenges for women AND men who have uneven, unpredictable income is managing their financial life. While evidence has shown that simply having a safe space to save like a DFS account can create some resiliency for women and families, providers could take a step further and develop products (e.g., savings, credit or investment products) to help them smoothen their income. Such efforts could take the form, for example, of an investment product that allows individuals to add small amounts of money every month and pay towards a pension or an annuity. Or, it could be in the form of a product that, through machine learning and data analytics, analyses the income potential of a 'gig economy' mother over the period of a year and gives the mother a steady monthly income, which the provider recoups in full by the end of the year. In return, the mother would give her monthly income (whether it is a high or low month) to that provider. See box 9 for an example of a savings product in Uganda that helps smoothen customers' income.

Box 9

MoKash: Example of a savings product that helps smoothen income

In 2016, Mobile Telephone Networks (MTN) and Commercial Bank of Africa, with the support of UNCDF, launched their mobile savings and loan product in Uganda. The key features of MoKash include a simple opt-in process that can be initiated and completed on any mobile phone, a savings facility with tiered interest rates up to 5%, and loans ranging from U Sh 3,000 to U Sh 1,000,000 (US$0.83–US$278) issued at a 9% facility fee for a period of 30 days. The basic requirement to register for MoKash is to have an active MTN Mobile Money account. Once registered, the user can begin to save immediately in amounts as low as U Sh 50 (US$0.01). Eligibility for a loan requires at least six months of voice, data and mobile money usage. Loan limits are determined by user activity.

Key customer segments include the following:

- *Rural women: MoKash has a simple entry and usage procedure for savings, which does not involve paperwork or regular deposits. Interest on savings is considered a key benefit.*
- *Farmers: The savings feature is the most important, as farmers can easily save off-season and then purchase farm inputs in-season. Given that farmers have seasonal income and sometimes suffer crop failure, loan products with repayment periods pegged to harvest times are suitable, in addition to varied loan limits to cater to farmers requiring higher loan amounts (specific farming loans).*
- *Micro-entrepreneurs: The loan feature is of more interest, as it can help boost their business (specific business loans). The loan limit of US$300 might be too low for some of them.*

One year after launch, MoKash had 2.5 million customers, of whom 1.2 million were actively saving, and counted over 1 million loans issued with a total value of approximately U Sh 30 billion (US$8 million). MoKash also had a positive effect on the number of MTN Mobile Money active users, which increased 12.4% to 4.1 million.

Text extracted from the following publication: **Musat and Dagneaux (2017).**
Conversion rate: **U Sh 1 = US$0.000277510 (*Source:* www.xe.com, 5 July 2017).**

3. Create digital borrowing circles[5] that leverage social networks of mothers.

There has been an increase in mobile lending products in the Zambian market. Airtel, MTN and Zoona offer mobile lending products, and AB Bank, Agora Microfinance, FINCA and others have micro-lending products on the market. There is an opportunity for providers to bridge the digital and real economy divide by leveraging assets of both digital and real social networks. It could be as simple as using social groups in marketing campaigns, targeting the use of Facebook and WhatsApp messages (for marketing and for connecting borrowers to providers) as well as *chilimbas* for digital lending products. As previously mentioned, it would be critical to use local language as well as simple, easy-to-understand terms to describe the lending products, the amounts that could be borrowed and the interest rates charged for specific amounts of time. It would be equally critical to highlight how the product works—especially if there are not separate wallet 'pockets' for savings and credit. In some instances, the product would work as in this example: if the provider lends the customer ZMW100 (US$8), any funds added to the customer's account at the time the loan is due would go towards paying off the debt. See box 10 for an example of a financial initiative launched in a number of African countries that leverages social networks.

[5] Learn more about lending circles here: https://missionassetfund.org/lending-circles/.

Box 10

Banking on Change: Example of a financial initiative that leverages social networks

Banking on Change is an initiative by Barclays, CARE and Plan to address financial exclusion by taking a fresh approach. It has been implemented in 11 countries, mainly in Africa, and challenges traditional banking practices such as individual banking and traditional methods of client acquisition and servicing.*

The approach is to do the following:

- *Identify the most financially excluded*
- *Organize into groups and build capacity – group processes, financial literacy, livelihood trainings*
- *Provide access to financial services – group-based financial transactions, simple products*
- *Co-design demand-driven savings products, processes and delivery channels*
- *Co-design demand-driven credit products, processes and delivery channels*

By leveraging existing social networks, Banking for Change focuses on addressing issues of digital and financial literacy, working with savings groups until they mature (rated by scorecard and full savings and loan cycle) and then linking them with mobile money and other bank and microinsurance offerings. Approximately 35,000 groups, which are primarily comprised of women, have been linked to Barclays. In Uganda, clients mobilized 40% more savings after linking to the bank.

Text extracted from the following publication: **Allan, Massu and Svarer (2013).**

*** Banking on Change has been implemented in Africa (Egypt, Ghana, Kenya, Mozambique, [United Republic of] Tanzania, Uganda, Zambia); Asia (India, Indonesia, Viet Nam); and South America (Peru).**

4. Unlock digital education payments using mothers as champions.

While the Zambian market has lightly experimented with digital education payments, it still faces many challenges—both at the front end with teaching parents how to use DFS for education payments and at the back end with the schools and reconciliation processes. Moreover, the sector has overlooked one of the greatest potential champions for the success of such programmes: Zambian mothers. Education payments are one of their chief concerns and reasons to save. By using DFS for these payments, they can save both time and money. They also have the ability and opportunity to teach other relevant stakeholders how to use such services. Once participants are comfortable making education payments digitally, there is the prospect to introduce a savings or credit component to allow mothers, and other stakeholders, to save towards or borrow for school fee payments. See box 11 for an example of a programme that digitized education payments in Uganda.

Box 11

Promoting Equality for African Schools: Example of a digital education payment product

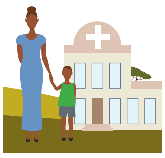
In 2018, with support from UNCDF, Promoting Equality for African Schools (PEAS) in Uganda digitized school fee payments and piloted these flexible payment plans. The pilot included 15 schools, affecting around 1500 pupils. Their school fees were paid digitally, whereby parents could choose a specific payment plan at the start of the term. Parents had the option to seek approval from the school director in case they were unable to comply with their selected plan. Feedback from the pilot indicated that parents naturally adopt the usage of mobile money to pay fees, particularly parents living far from the school and who would have to pay transport costs to reach the school.

Following the successful pilot, 71% of all PEAS schools in Uganda have digitized school fee payments. Results following digitization show the following:

- *The rate of parents who pay fees digitally increased by 41%.*
- *The rate of women who pay fees digitally is 52%.*
- *The total transactions for digital payment of fees increased by 72%.*
- *There is increased student retention and attendance.*
- *The fee payment rate is up by 10%–15%.*
- *There is increased desk time for the school bursar.*
- *The risk of fee losses at the school level is reduced.*
- *Parents' ability to pay is enhanced.*
- *Real-time data on fee payments have been accessed.*
- *Payment plans and reminders to parents are very effective.*

Text extracted from the following: **Ndahiro (2018) and PEAS (2018).**

5. Design insurance products that serve as a plan B for mothers.



Mothers represent a natural audience for insurance products, such as hospital cash/cover, funeral and family insurance, and weather index insurance. Mothers already provide significant backstopping and use informal mechanisms to cope with financial shocks, but the availability of appropriately marketed, relevant insurance products could help mothers cope with such shocks more effectively. For instance, a hospital cash product linked to DFS providers for both urban and rural clients could help bridge the gap in health insurance for the mass market in Zambia. Funeral and family insurance is a relatively simple but valuable insurance product that could easily be delivered to the mass market via DFS providers. This product enables the policyholder and his/her family to cover the cost of a funeral and other expenses in the event of a sudden death in the family. Weather index insurance is another product type that farmers, including women smallholder farmers in Zambia, would find useful. This product pays farmers in the event of a drought or excessive rainfall that affects their harvest. Access to such insurance would help smoothen income for farming mothers and ensure that low-yield crop seasons would not affect their ability to maintain their contributions to household finances. See box 12 for examples of savings and insurance products that are aimed at women in Mali.

Box 12
Sini Tonon and Tin Nogoya: Example savings and insurance products that meet the needs of women

In Mali, where mobile money customers tend to use their mobile money account to store money, insurance products are lacking, and fertility and maternal mortality rates are some of the highest in the world, Orange Money saw an opportunity to launch two new, intertwined savings and insurance products targeted at Malian women. In partnership with the microinsurance company NSIA, the non-governmental organization Population Services International and the insurance mediator PlaNet Guarantee, Orange launched a savings product (Sini Tonon) and an associated life/disability and maternal health insurance product (Tin Nogoya) on the Orange Money platform.

Although still in early stages, Sini Tonon and Tin Nogoya are already delivering commercial and social benefits to Orange and its customers. From a commercial standpoint:

- *The products are driving usage of the Orange Money wallet: 24% of users are saving and using Sini Tonon regularly, while 4% are insured by Tin Nogoya.*
- *The products have helped to create a positive impression of Orange among users, which is important for encouraging word-of-mouth and service adoption: 95% of users said they would recommend Sini Tonon and Tin Nogoya.*

From a social benefits standpoint:

- *Sini Tonon is encouraging customers to save: 55% of women and 48% of men did not save before using Sini Tonon.*
- *Tin Nogoya is well positioned to foster first-time access to insurance, especially for women, who are less likely than men to be insured: 97% of female users have never been insured before and 98% of surveyed users want to continue saving to reach the threshold for insurance activation.*
- *Although still a new concept, the insurance product is appealing to customers: over 30% of Sini Tonon users reported using it because it allowed them to be covered by insurance under Tin Nogoya.*

Text extracted from the following publication: **Minischetti and Karim (2015).**

Design and marketing of financial products for Zambian mothers

Box 13
Checklist for the design and marketing of products for Zambian mothers

- ☑ *Offer a diverse set of products that correlate to where mothers are in their different lifecycles.*
- ☑ *Account for low, inconsistent incomes and price sensitivity.*
- ☑ *Remember that accessible, user-friendly technology and basic knowledge are needed; make sure mothers are comfortable with digital technology, can access it and find it easy to use.*
- ☑ *Ensure appropriate, targeted communication networks are used for uptake.*
- ☑ *Understand household decision-making and do not assume decisions are made equally.*
- ☑ *Appreciate the reasons mothers are not using DFS.*
- ☑ *Engage mothers where they live and work, and design age- and lifecycle-appropriate products.*

1. Offer a diverse set of products that correlate to where mothers are in their different lifecycles.

Expenses and priorities change as mothers and their children mature and grow: what a woman may need when she is pregnant is different from what a mother with school-aged children may need (see box 14 for more explanation of women's varied needs by Women's World Banking). A diverse set of products, including bundled products that meet mothers' needs at different times in their lives, is important for greater uptake and consistent engagement with the DFS sector. The research revealed that low-income pregnant women, regardless of age, struggle to plan and save for the birth of their child, so there is an opportunity to offer a product that helps mothers save for their immediate needs (e.g., maternal healthcare, delivery costs and clothes) and increased food costs for themselves.

Box 14
Need for differentiated financial products for mothers at different life stages

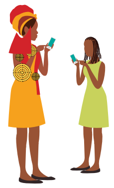
Mothers are not a homogenous group but require differentiated products and services at different times in their lives. While younger mothers may be more interested in long-term savings for meeting educational expenses or building a house, older mothers may want to invest more in their business. In the same light, younger mothers may be more apt to learn about a new product or service, whereas older mothers prefer cash. DFS providers need to consider whom they are targeting, their level of comfort with DFS, their goals for saving, as well as their needs and challenges.

2. Account for low, inconsistent incomes and price sensitivity.

Low-income mothers primarily work in the informal sector, in small-scale, home-based or itinerant operations with irregular income streams. These businesses may include selling fruit, vegetables or prepared foods in a local market, on the roadside or from home and typically lack collateral and documentation. These women need cost-effective, affordable services that would allow them to manage their erratic income streams and businesses better, as well as to save for emergencies and times of fluctuating expenses.

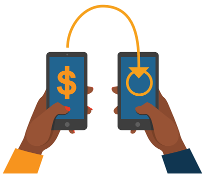
Mothers might find a product that helps them put away even small amounts of money and budget what income they do have, coupled with support to reach their goals, very beneficial. Mothers commonly are the primary managers of household finances (expenses and multiple income streams), care for those who are sick, manage school fee payments and deal with household emergencies. Their ongoing expenses must be paid frequently, even daily, but are typically in small amounts. Rural women involved in agriculture might profit from services that help them access better seeds and fertilizer or manage crop failures. Women who shop at particular kiosks or stores might find a value card or frequent shopper card useful to build credit and/or earn points. Knowing customers well and understanding their needs and challenges is critical for improved product development.

3. Remember that accessible, user-friendly technology and basic knowledge are needed; make sure mothers are comfortable with digital technology, can access it and find it easy to use.



Differences exist across age groups in terms of the comfort level when using digital technology, as well as in terms of access, literacy and social networking. While younger populations may be more apt to accept a product that is relevant to them, older generations still tend to prefer cash. To encourage older mothers to use DFS, products need to resolve a current problem (e.g., hiding/hoarding cash), pose low risk, and be easy to access and use. In addition, all users require education (either in pictures or in words) on key concepts (e.g., interest rate, debt and surplus) and on product usage. The training should also clearly communicate to mothers who to contact, or where to go, in case they have difficulty using the DFS to complete their intended transactions or would like to lodge a complaint and seek redress.

4. Ensure appropriate, targeted communication networks are used for uptake.



Women and men, mothers and youth have different means for communication and use different social networks. Rural women in particular are more isolated, and their networks are more limited. DFS providers need to understand how mothers' existing social networks operate, identify which age groups to target and which messages to use, and communicate with mothers through these networks for improved uptake, thereby building trust and increasing word-of-mouth recommendations. For example, because of the high usage of *chilimbas*, DFS providers in Zambia could use these groups as a pathway for introducing new products, engaging with women to learn more about what they want and need in a product while building trust.

5. Understand household decision-making and do not assume decisions are made equally.

It is important to understand who is making what decisions and how decisions affect expenditures, savings and asset control. The DFS industry needs to look at how it can enhance mothers' bargaining power within the household to help them gain more control over income use. These efforts should include working with men and women, both together and separately, in order to understand the dynamics of household budgeting as well as the differences between male and female responsibilities and financial goals.

6. Appreciate the reasons mothers are not using DFS.

To do so, providers must examine both supply- and demand-side issues as they relate to target mothers' age groups, geographical locations, distribution patterns and design features. What works for rural, low-income mothers may not work for urban, high-income mothers. Providers need to understand where their customers are and how to meet their customers where they are with the products they want and need. See box 15 for an example of how a bank in Malawi understood and responded to the needs of low-income rural people, including women, with a highly successful savings product.

Box 15
Pafupi: Malawian bank savings product for low-income, rural people that is popular with women

The UNCDF MicroLead programme and Women's World Banking worked with NBS Bank in Malawi to introduce a tailored savings account for low-income, unbanked rural people, especially women. Pafupi Savings, meaning 'close' savings, relies on agency banking, mobile technology and community-based marketing to reach women where they are. It addresses the barriers that low-income rural women in Malawi face, such as these:

- *A belief that banks are for high-income, urban customers*
- *Limited knowledge regarding how banks work and the relevance of the services offered*
- *Problems accessing banks, including distance from rural areas and insufficient know-your-customer requirements such as formal identification*

Pafupi Savings has been a standout success story since it launched, with more than 75,000 accounts opened since 2014. NBS Bank has "hired and trained a team of mobile agents who can open a Pafupi account in 10 minutes at a client's home or workplace or any convenient location, and can provide the client with an ATM card instantly" (International Finance, 2017).

7. Engage mothers where they live and work, designing age- and lifecycle-appropriate products.

Mothers, and women more broadly, must be included in the design, development and testing of products and services to ensure relevance and the greatest possible uptake. One way to do so is through platforms that already exist, including *chilimbas*, schools, churches, farming cooperatives or any other local community groups that women use on a regular basis, as a means for improving the design, development and testing of products and for cultivating trusted relationships with these women.

vii. CONCLUSION

Like any customer segment, not all women and not all mothers have the same financial challenges. However, after unpeeling the layers of data reflecting the nuances of their lives, it is clear that they have scores of unmet financial needs. Achieving full financial inclusion for all peoples of Zambia, women AND men, does not simply amount to the number of adults using DFS every 30 days. It means that all Zambians are able to address their needs, wants and aspirations through the vehicle of financial services. Mothers can be great champions of safe, accessible, affordable financial services in this market. The great challenge will be to help them realize their own power to drive the next wave of financial inclusion for women in Zambia.

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The Population Council: https://www.popcouncil.org
United Nations Capital Development Fund Zambia: http://www.uncdf.org/zambia
United Nations Population Fund: https://www.unfpa.org
Women’s World Banking: https://www.womensworldbanking.org
YouthPower: https://www.youthpower.org

About the UN Capital Development Fund

The UN Capital Development Fund (UNCDF) makes public and private finance work for the poor in the world's 47 least developed countries. With its capital mandate and instruments, UNCDF offers 'last mile' finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's financing models work through two channels: financial inclusion that expands the opportunities for individuals, households and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and localized investments that show how fiscal decentralization, innovative municipal finance and structured project finance can drive public and private funding that underpins local economic expansion and sustainable development.

About MM4P

UNCDF developed the MM4P programme to ensure that the opportunities and benefits of digital finance would reach low-income people in difficult markets. UNCDF provides a mix of technical, financial and policy support to policymakers, regulators, providers, distributors and users of digital finance in order to expand access to and usage of services that contribute to achieving the Sustainable Development Goals.

In Zambia, MM4P launched its programme in March 2015. The programme is funded by the Mastercard Foundation and is aimed at increasing active usage of digital financial services within the adult population, from 2% in 2014 to 35% by 2019. Using a theory of change based on the Making Markets Work for the Poor approach, the programme seeks to work with all digital finance providers, the regulators and the Government to achieve this mandate.

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