Advancing women's financial inclusion through technology

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Making Access Possible

In preparation for the 2015 Global Forum on Development, which will focus on how access to financing can contribute to inclusive social and economic development, the OECD Development Centre, the United Nations Capital Development Fund (UNCDF) and the Better than Cash Alliance have developed a series of articles exploring the key issues and dimensions of financial inclusion. This note from Beth Porter and Nancy Widjaja of UNCDF and Keiko Nowacka of the OECD Development Centre highlights gender differences in financial inclusion.

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Partnering For A Common Purpose

Making Access Possible (MAP) is a multi-country initiative to support financial inclusion through a process of evidence-based country diagnostic and stakeholder dialogue, leading to the development of national financial inclusion roadmaps that identify key drivers of financial inclusion and recom-mended action. Through its design, MAP seeks to strengthen and focus the domestic development dialogue on financial inclusion. The global project seeks to engage with various other international platforms and enti-ties impacting on financial inclusion, using the evidence gathered at the country level.

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Women have multiple economic roles within society. They are consumers, business owners, farmers, employees and entrepreneurs. Regardless of what they do or where they live, women are dependent on market systems, and they need access to finance to manage their livelihoods.

The gap between women and men in access to formal financial services is great. In developing economies, women are 20 percent less likely than men to have a bank account and 17 percent less likely to have borrowed from a formal institution in the past year. This disparity, particularly within the bottom of the pyramid population, has knock-on effects: Women’s inability to access finance also impedes them from tapping into market opportunities, thus widening the gender gap. Legal frameworks and cultural norms condition markets’ dynamics and may limit the space in which women can operate and interact. OECD analysis has shown that in many countries (in the MENA region, for example), legal and customary frameworks insist on male signatures for women to open bank accounts. Moreover, women are typically found to have lower awareness and knowledge than men about financial matters, and have lower confidence than men about their financial skills. This can present significant challenges to women’s agency in making decisions about their income or assets.

To close the gender gap in financial inclusion — and to expand women’s overall level of access — policymakers and financial services providers need to understand what women value when it comes to financial products and services. In a variety of settings, the answers given by women are strikingly similar: Convenient. Reliable. Secure. Private. When these attributes are taken into consideration, the benefits to women — in terms of greater economic participation and empowerment as well as greater account ownership and asset accumulation — are significant.

There is also great value in drawing lessons from informal financial systems in order for financial service providers to cater to women’s financial needs and preferences, as women are often found within this sphere. Because of collateral and other requirements imposed by formal financial institutions, informal services such as microcredit represent an easier source of revenue for women, who are less likely to own land or assets.

Correspondingly, commercial viability must be part of the business proposition to target women and in order to be scalable and sustainable. This is particularly important, as financial service providers still perceive women as a higher risk, less profitable client group — despite the fact that women in many contexts have been proven to be solid clients.

The use of digital financial services has the potential to address women’s preferences in new and exciting ways, as well as to reduce the cost and time of service delivery. In **Malawi**, for example, with UNCDF support, Women’s World Banking and NBS Bank designed the *Papfupi* Savings Account to give “*mtima myaa*” or ‘peace of mind’ to its clients. It does that by using mobile phones in rural areas as a transaction point to make deposits and withdrawals, and with the help of the mobile sales team, clients can even open an account in ten minutes from anywhere. The product conveys information simply and visually so that the customer does not need to be literate. In **Niger**, evidence from the social cash transfer programme demonstrates that the greater privacy and control of mobile transfers compared to manual cash transfers shifts intra-household decision-making in favour of women. In **Kenya**, the arrival of mobile money transfers increased women’s economic empowerment in rural areas by making it easier to request remittances from their husbands who migrated to urban areas for work. In **India**, trust was a particularly important issue for women, especially when dealing with unfamiliar mobile technology. In these settings, agents played an essential role in training and supporting women in their use of the technology.

Digital financial services can be offered in many forms including ATMs, point of sale terminals, cards (pre-loaded or debit), and, particularly promising for women, mobile phones. However, the ‘digital divide’ between women and men cannot be ignored. In many contexts, women have less access and are less adept to the use of technology. For example, the large gaps in mobile subscriptions (there are some 300 million fewer women subscribers than men) and ownership (women in developing countries are 21 percent less likely to own a mobile phone than men) means that if digital financial services are going to deliver on their promise to women, these gaps in awareness, access and use of technological devices need to be taken into consideration.

Take, for example, the Benazir Income Support Programme (BISP) in **Pakistan**. It was thought that mobile phones would be a low-cost and convenient way for women in remote areas to interact with a bank. The reality was that many of the women neither had a phone nor knew how to use it. This experience and others like it point to the importance of ensuring that the product is simple and easy to use, and that adequate customer support or training is provided — particularly for illiterate women who have little experience with technology, financial services or both.

Governments also have an essential role by creating an enabling regulatory environment, establishing an appropriate financial consumer protection framework and catalysing a digital ecosystem. They also have a responsibility to remove discriminatory practices and laws for women's access to finance.

The links between financial inclusion — particularly for women — and broader development goals is increasingly being recognised on the global stage. Greater inclusion has a strong potential to push the frontiers of markets. Addressing the demand and supply issues of financial inclusion for women could offer pathways to new and additional market opportunities that eventually lead to the growth of economies as a whole, not only for women. Indeed, the latest draft of the post-2015 Sustainable Development Goals features financial inclusion as a key enabler to multiple goals. The links between financial inclusion, digitisation and the global growth agenda are priorities for the Turkish G20 Presidency. Digital financial services have the potential to close the access and usage gap between men and women. Deliberate efforts on the part of governments and providers can help put the tools in the hands of the women ready to use them.

Useful Links

OECD work on financial education

OECD work on gender

International Gateway for Financial Education (IGFE)

OECD Social Institutions and Gender Index (SIGI)

World Bank Financial Inclusion Data

Box 1: The Post-2015 development agenda: Sustainable Development Goals

The United Nations is in the process of defining a post-2015 development agenda. This agenda will be launched during a summit in September 2015, which is the target date for realising the Millennium Development Goals (MDGs). The SDGs are intended to build upon the MDGs and converge with the post-2015 development agenda. They were selected through a consultative process by an open working group with representative from 70 countries.

Several MDG targets have been met including poverty reduction, access to improved drinking water, gender parity in primary education and political participation of women. Some are on track to being met such as fighting malaria and tuberculosis. However, despite these achievements, large disparities remain between and within countries. This has prompted a shift in emphasis towards sustainable and equitable growth. The proposed SDGs focus on reducing poverty and inequality; improving global health; ensuring inclusive and equitable education; achieving gender equality and empowering women; ensuring access to sustainable water, sanitation and energy; promoting inclusive growth; and protecting the environment.

Source: UN Sustainable Development Knowledge Platform: https://sustainabledevelopment.un.org/