

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:



Conducted by Afriqinsights and Tyroler & Associates.



Executive Summary



Introduction

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 two out of five women having access to any type of formal financial service there. 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. While not a panacea, it is well documented¹ that enhancing access to and development of digital financial services (DFS)² plays an increasingly prominent part in smoothening gendered inequities and aiding women to realize their economic potential.

'Labour Pains: Discovering the Financial Lives of Zambian Mothers' summarizes research conducted 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 reality that three in four Zambian women are mothers, UNCDF sought to learn more about this segment across income levels, age groups and geographies and deepen its knowledge of and enhance the data on Zambian mothers' financial behaviours. The report pays particular attention to low-income mothers. This focus is consistent with the mandate of UNCDF to improve access to financial services for low-income populations in its focal countries, but it also addresses the facts that, of the 59% of Zambians who are rural inhabitants,³ 76% are considered low-income⁴ and 36% experience teenage pregnancy.⁵ By better understanding their 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 highlight discrepancies as well as commonalities in access, use, behaviour, barriers and challenges between rural and urban users and among income levels and age groups. Most mothers involved in the research clearly valued 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.

Table 1 summarizes the differences that exist in Zambian mothers' knowledge of and access to DFS as well as how usage differs among mothers of different incomes and geographies.

¹ See publications, for instance, by the Grameen Foundation, UN Capital Development Fund, Women's World Banking and World Bank.

² DFS refer 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.


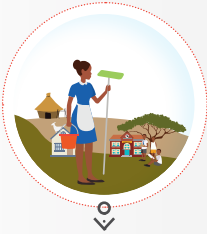


³ World Bank, *Zambia Poverty Assessment: Stagnant Poverty and Inequality in a Natural Resource-Based Economy*, No. 81001 – ZM (n.p., December 2012).

⁴ Ibid.

⁵ World Bank, 'Young and Pregnant: Reducing Teenage Pregnancy and Improving Food and Health in Zambia,' 16 May 2017. Available from <http://www.worldbank.org/en/news/feature/2017/05/16/young-and-pregnant-reducing-teenage-pregnancy-and-improving-food-and-health-in-zambia>

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 |
| Knowledge and Usage of DFS | | | |
| Are highly aware of third-party mobile money services, particularly MTN and Zoono, but have limited knowledge of traditional banks | Are aware of some formal financial institutions (notably MTN, Zanaco and Zoono) and informal services; recognize brands but do not exactly understand the services provided; have no knowledge of credit products | Have mid- to high-level awareness of DFS; are likely to use Shoprite or Zoono to send/receive money | Are highly aware of DFS; use mobile banking and debit cards; are likely to use Shoprite or Zoono |
| Financial Habits | | | |
| Typically are unbanked; primarily use cash; often use MTN or Zoono to send/receive small amounts of money; low-income mothers have their own budgeting system of budgeting but it is often inconsistent and it is not formalized | Are unbanked; to save money, may use MTN or Zoono intermittently; to borrow money, use family members/friends, a <i>chilimba</i> if they have a regular source of income, or a <i>kaloba</i> in worst-case scenarios*; low-income mothers have their own budgeting system of budgeting 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; frequently use mobile money; typically are active in a <i>chilimba</i> | Have a chequing and savings account at a financial institution; use Shoprite or Zoono to send money to relatives in rural areas; save informally by becoming a member of a <i>chilimba</i> |

* *Chilimbas* are "informal indigenous savings clubs" while *kalobas* are "informal moneylenders".
Source: Financial Sector Deepening Zambia, 'FinScope 2015: Top Line Findings,' p. vii (Lusaka, 2016).
Acronyms: MTN, Mobile Telephone Networks; Zanaco, Zambia National Commercial Bank

While the percentage of adults with an active DFS account in Zambia has risen, from 18% in 2016 to 24% in 2017,⁶ customer dormancy remains a problem and DFS providers are coming to the realization that they are 'leaving money on the table' by activating customers but not creating a compelling reason for them to use their services. Developing products that focus on the dynamic needs of Zambian mothers not only has the potential to increase the empowerment of women in a number of ways but also could address one of the most pressing issues DFS providers in Zambia face today.

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, or times of sporadic household income.

⁶ UNCDF, 'State of the Digital Financial Services Market 201: Results from the UNCDF-MM4P Annual Provider Survey' (Lusaka, 2018).



Research Methodology

With the goal of supporting DFS providers to create and launch improved financial products and services that meet the needs of Zambian mothers, UNCDF partnered with the research firm Afriqinsights to collect and analyse qualitative and quantitative data on Zambian mothers' financial behaviours, financial needs and challenges, level of awareness and usage of existing financial services, and financial aspirations. During the period of 15–26 January 2018, the firm completed 25 in-depth qualitative interviews in mothers' homes: 10 in Lusaka province (Chongwe, Kafue and Lusaka districts), 7 in Copperbelt province (Masaiti and Ndola districts as well as Twapia ward), 4 in Central province (Kabwe and Mumbwa districts) and 4 in Southern province (Livingstone and Kalomo districts). Following these interviews, in the period of 12–22 February 2018, Afriqinsights conducted 725 quantitative interviews in mothers' homes and workplaces, including 330 interviews in Lusaka in various parts of the 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; however, because 56% of the primary research was in rural areas, most respondents were in the low-income bracket. Finally, quantitative and qualitative data were analysed to pull out key findings.

Following the analysis, UNCDF identified additional needs for the research design and analysis and for the overall understanding of Zambian mothers' use of, need for and inclusion in DFS. Subsequently, UNCDF contracted a consultant to complete comprehensive secondary data analysis, with support from a UNCDF data analyst, in order to identify insights and to optimize subsequent product redesign, using existing data on Zambian mothers as well as other sources of data. The analysis concentrated on rural and urban low-income mothers, to better understand their needs, challenges and opportunities for DFS inclusion.



Key Findings



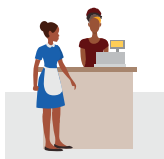
The financial lives of Zambian mothers are dynamic and multifaceted, which means they require diverse types of financial services at different times in their lives. The following paragraphs highlight some of the key research findings:

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.⁷ The average amount of monthly savings was ZMW150 (US\$13) for low-income mothers, ZMW424 (US\$35) for middle-income mothers and ZMW1,229 (US\$103) for high-income mothers. The most common usage for DFS, at 29% of all respondents, was mobile money for storing, saving and borrowing money; in comparison, 38% of respondents stored money at home. **Of those that primarily store money at home, 69% were rural inhabitants.**

Living expenses, emergencies and school fees rank as the top three savings motivators, indicating that savings products that help mothers reach these goals could serve 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.

⁷ 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. Source: <https://treasury.un.org/operationalrates/OperationalRates.php>, 1 December 2018.



2. Mothers are the original 'gig economy 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) where they receive irregular income of which they spend the vast majority (95%) on food items, household basics, utilities and educational expenses. Notably, 65% ran their own business, typically in an informal setting, as their primary income, while 27% of all respondents had an additional side business, with 30% netting ZMW500–ZMW1,000 (US\$42– US\$84) monthly and 74% earning ZMW1,500 (US\$125) or below each month. Of those who reported having a side business, 85% were either low- or middle-income earners.

Zambian mothers need DFS that address the challenges the face accessing more-productive markets and dealing with seasonal inconsistencies, that allow flexibility in payments and that help them save and reduce risk. Mothers who work in agriculture have additional challenges and needs. Women constitute 64% of the rural population in Zambia, and approximately 80% of food produced in Zambia is by women.⁸ Depending on which 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 that could assist low-income female farmers include saving products for smoothening times of low production and sales, crop insurance, access to affordable input supplies in order to increase production yields, and affordable loans and credit products.



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

While higher- and middle-income Zambian mothers may have access to formal financial institutions, they said they prefer, just as poorer mothers do, borrowing from friends or family members (31% across all income levels) or using *chilimbas*.⁹ Women reported that they trust *chilimbas* and find the social aspect enjoyable and access easy.

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 daily needs throughout their lifetimes and that are introduced through relevant social networks might convince Zambian mothers to use these services.



4. 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 payments systems effectively for the benefit of parents who use them. Across all income levels and geographies, mothers valued 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, 31% stated that they aspire to either improve their education or ensure their children are educated.

The desire to learn and be educated could provide another pathway for financial service providers to help women become more financially literate and save towards education goals. This motivation, coupled with the time-poverty of mothers, make them potentially very good champions and providers-of-feedback for education-focused products.

⁸ Food and Agriculture Organization of the United Nations, *National Gender Profile of Agriculture and Rural Livelihoods – Zambia*, Country Gender Assessment Series (Lusaka, 2018).

⁹ "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, 'FinScope 2015: Top Line Findings,' p. 30 (Lusaka, 2016).

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



Zambian mothers, by necessity, have informal forms of insurance—largely through saving and lending—to deal with financial shocks when they occur (e.g., health problems, death, bad crop seasons). 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 had 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 done so. The most common insurance held by high-income respondents was auto. Most insurance products in the country are 'cookie-cutter' type insurance products (e.g., vehicle or life) that mothers may deem irrelevant to their actual needs.



Financial Journey Maps of Zambian Mothers

Based on the research findings, 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 segment snapshots

| |  Urban High-Income |  Urban Middle-Income |  Urban Low-Income |  Rural Low/Middle-Income |
|--|--|--|--|--|
| Average monthly household income | US\$689 | US\$418 | US\$121 | US\$121 |
| Percentage that completed primary education | 68% | 60% | 52% | 53% |
| Percentage that completed secondary education | 52% | 38% | 29% | 16% |
| Average number of children | 3.10 | 4.23 | 5.35 | 5.35 |
| Percentage that had a teen pregnancy (first child before age 17) | 24% | 24% | 22% | 30% |
| Percentage with access to electricity | 97.47% | 84.21% | 75.70% | 35.20% |
| Percentage with access to water | 78.48% | 66.17% | 49.53% | 36.73% |
| Top expenditures across all income levels post-pregnancy | Baby clothes, food, 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 paramount to establishing a more enabling environment in Zambia as well as providing DFS that meet Zambian mothers’ diverse and changing needs as they enter different life phases.

Table 3

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



Table 4

Financial journey map of urban low-income Zambian mothers

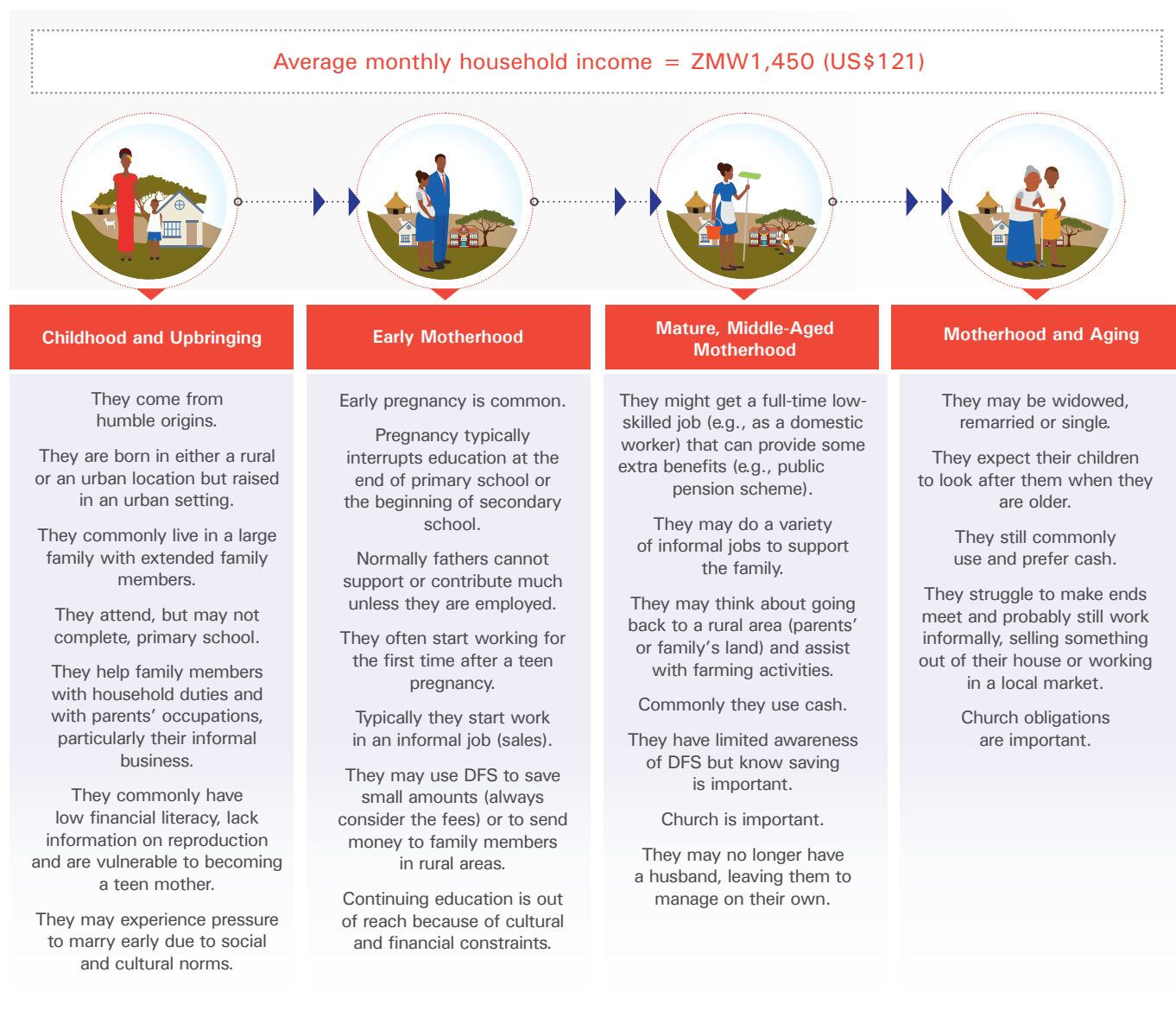


Table 5

Financial journey map of urban middle-income Zambian mothers

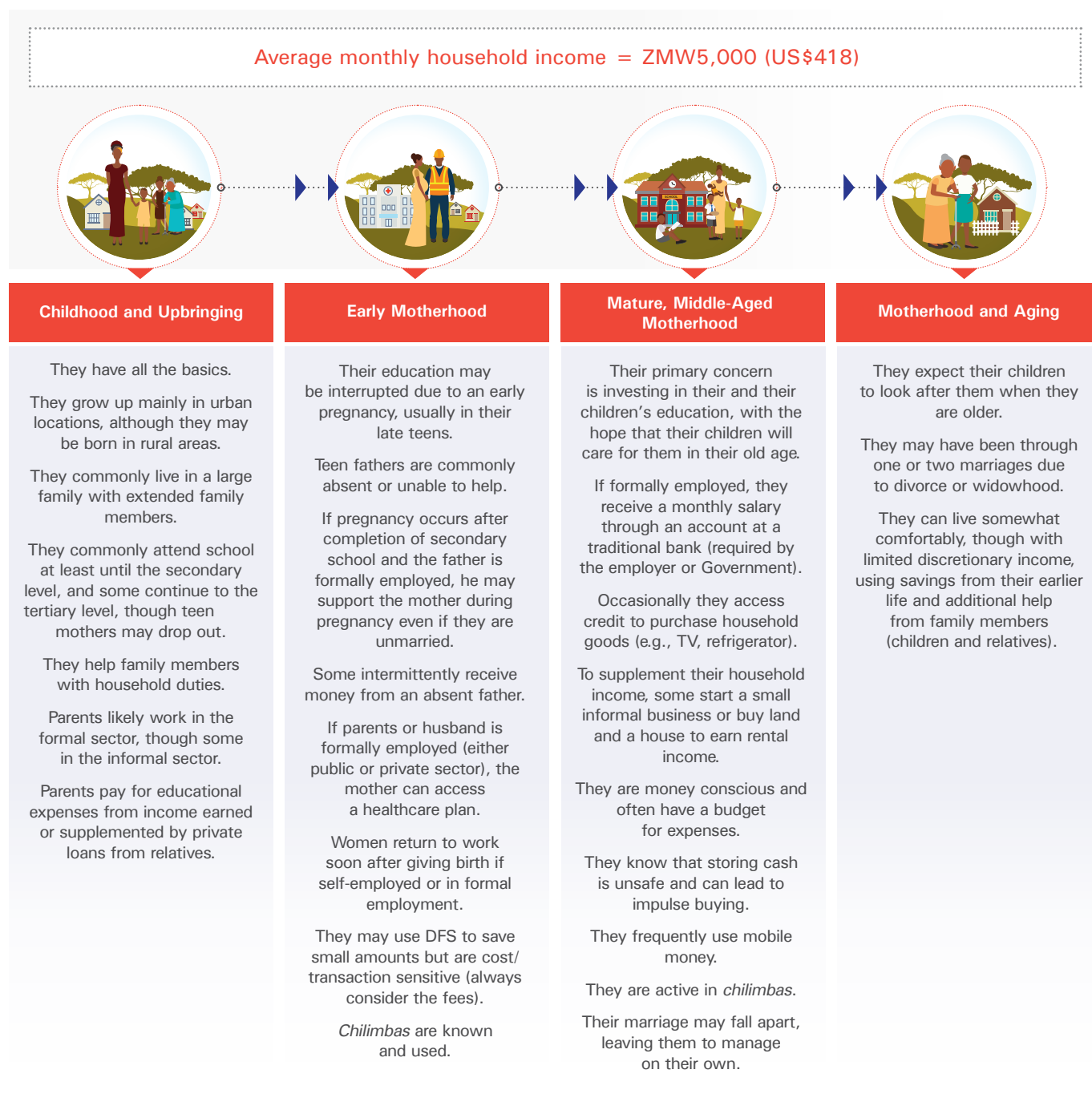


Table 6

Financial journey map of urban high-income Zambian mothers





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 meet 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 the designed product's overall goal and substance but also for its cost, ease-of-use, accessibility, marketing and communication with target groups, and support services.

Table 7 lists specific DFS concepts for providers to consider based on the research findings that may be of interest to Zambian mothers, while the subsections that follow describe these financial product ideas in greater detail and recommend appropriate marketing and design strategies in order to achieve improved financial inclusion and DFS uptake by low-income Zambian mothers. It is important to note that the product 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. However, the products and product types listed below are inspired by behaviour and incentives uncovered 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 7

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 |
| | Mothers are the original 'gig economy workers' and rely on multiple income streams to meet the financial needs of the family | | Income-smoothing products 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 that serve as plan B for mothers |



Financial Products of Interest to Zambian Mothers



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

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 launched a savings product with FINCA that offers an 8% savings rate. Other DFS providers are also considering launching savings products as well, and existing bank and MFIs offer attractive savings accounts. Just by putting their money in these mobile money accounts, mothers a) gain significant savings over just leaving the money in the house, b) ensure their money is safe, and c) increase the liquidity 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 (perhaps using the example of *chilimbos*), and iii) critically, explain 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).



2. Help wanted: Design income-smoothing 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 lives. 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 this a step further and develop products to help smoothen incomes. 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 over a year for a 'gig economy mother' and gives the mother a steady monthly income. In return, the mother would give her monthly income (whether it is a high or low month) to that financial service provider.



3. Create digital borrowing circles 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 here for providers to bridge the digital and real economy by leveraging both real and digital social networks. It could be as simple as using social groups in marketing campaigns, targeting the use of Facebook and WhatsApp messages as well as *chilimba* groups for digital lending products, and how they work. As mentioned above, 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 toward paying off the debt.



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.



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, health insurance, funeral and family insurance and weather index insurance. 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. Health insurance is a type of product that clients would value and where the benefits are more tangible than funeral or credit life insurance. Funeral and family insurance is a relatively simple but valuable insurance product that can 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.

Marketing and design 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.



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 there are 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 female and male 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.



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.

More information

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