Lagos Business School

Gender Toolkit for Financial Inclusion /

PART A:
UNDERSTANDING CONTEXTUAL ISSUES IN WOMEN'S FINANCIAL INCLUSION

LAGOS BUSINESS SCHOOL
PAN-ATLANTIC UNIVERSITY

SUSTAINABLE + INCLUSIVE
DIGITAL FINANCIAL SERVICES

Acknowledgement

Gender Toolkit for Financial Inclusion

This toolkit was developed by the Gender and Sustainability Team of the Sustainable and Inclusive Digital Financial Services (SIDFS) initiative comprising Olayinka David West, Ijeoma Nwagwu and Immanuel Umukoro. The larger SIDFS team including Olawale Ajai, Olubanjo Adetunji, Nkem Iheanachor, Timothy Aluko, Samuel Umoh, Tobechukwu Njideaka, Lanre Adelaja, Omotayo Muritala and Ibukun Taiwo - generously provided their input and comments.

We also acknowledge the support of the Bill and Melinda Gates Foundation.

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1. / Introduction

What is Financial Inclusion?

Financial inclusion can be defined as the access to and use formal financial services and products which are accessible to all and are actively and efficiently used by individuals in their daily lives.

To define a more complete concept of inclusion, four main dimensions are taken into consideration: access, usage, quality, and impact. Financial inclusion goes beyond having access to a bank account. Access is important but meaningless if not acted upon. As individuals gain access and usage expands, improvement in the quality and affordability of financial services needs to be prioritized alongside the impact of financial products or services on the welfare of the end-users.

Dimensions of Financial Inclusion

1. ACCESS	Availability of formal, regulated financial services. Physical proximity and affordability
2. USAGE	Actual usage of financial services and products: Regularity, frequency and duration of time used
3. QUALITY	Products are well-tailored to client needs. Appropriate segmentation to develop products by income level, sex, age etc.
4. IMPACT	Resilience, risk mitigation, build assets

Fig. 1: Adapted from Alliance for Financial Inclusion, Financial Inclusion Data Working Group (2011), accessible at https://www.afi-global.org/sites/default/files/afi%20fidwg%20report.pdf

1. Introduction

Financial inclusion means individuals and businesses have access to beneficial and reasonably priced financial products and services tailored to meet their needs, and delivered responsibly. In recent years, access to financial products services has improved for individuals and businesses in African countries. Technological innovations such as mobile money have also helped increase access to financial services. However, disadvantaged groups such as the poor, women, and youth are still largely excluded from these formal financial systems.

1.1 /

Introducing the ToolKit

This toolkit is aimed at financial institutions and fintech organizations, who want to design and implement products and services to enhance women's financial inclusion. This might be as part of a broader program of financial inclusion designed for the entire population, or as part of a series of activities designed to improve equality and the economic wellbeing of women. This toolkit draws lessons from past initiatives and recent research to discuss how financial inclusion programs can be effectively designed, implemented, and monitored.

There is an urgent need for women to be viewed as a separate market segment with unique financial service requirements, without presenting products as gender-neutral. To enable this change, in-depth knowledge of the social and behavioral barriers impacting women is required to enable the effective design of financial product and service offerings.

Also, it is important to understand the product features that can bring about changes in the financial behaviors of marginalized women, thereby increasing their control over income and assets in their families, communities, and society at large. Questions are being asked about product design features that could maximize women's control and privacy, or the changes that can be made to existing financial products/services that could increase profitability for women-owned enterprises.

This toolkit is mainly intended to help financial institutions design products/services to improve women's economic status in society. As such, the toolkit will be of interest to financial service providers as well as policymakers, donor agencies, and NGOs, working on programs seeking broader empowerment outcomes for women.

1.2 /

Why Financial Inclusion Matters to tackle Poverty and Spur Economic Growth

On a large scale, an increase in financial inclusion coupled with expanding economic opportunities can advance economic growth as well as lower income inequality.[1] For individuals, it can improve the economic and social aspects of life. Poverty and inequality are deeply intertwined and research demonstrates that individuals who own bank accounts are more likely to amass savings or seek other financial services capable to improving social mobility.

The availability of savings smoothens consumption over time and when combined with access to financial products such as insurance, it provides an avenue for households to manage crises, such as job loss or critical health challenges. Insurance also helps farmers mitigate agricultural risks and develop resilience to climate change and natural disasters. Ensuring easy access to financial services in rural areas, therefore, is important to promoting food security. The availability of savings in a bank account in most cases is a prerequisite to access formal credit for investment in education, health care, or an entrepreneurial venture. Without a bank account, poorer households have no access to such McKinsey Global Institute (2016) Digital Finance for All: Powering Inclusive Growth in Emerging Economies.

investment opportunities, preventing them from rising above the poverty line. Alternatively, they rely on informal financing systems, such as family, friends, moneylenders, 'money-under-the-mattress' and the like which are characterized by high risk, uncertainty, inefficiency, and often higher costs. Providing financial services to poor people can bring benefits for poverty reduction and growth.

According to research in India, it was found that that a 1% increase in the number of rural bank branches led to a drop in poverty of 0.34% and an increase in output of 0.55%, primarily because easy access to financial services made it easier for poor people to venture into other businesses beyond agriculture. Access to financial services reduces the need for poor people to hold on to cash, which reduces the risk of loss through fire or theft. It can help individuals smooth consumption when they experience income fluctuation, thereby preventing them from slipping back into poverty as a result of emergencies i.e. sickness, joblessness, or death.

1.3. /

Women and Financial Inclusion

1.3.1. *What is Women's Financial Inclusion?*

Women's financial inclusion is a situation whereby women have effective access to and are able to use a variety of financial products and services that meets their business and household needs and that takes into consideration the socioeconomic factors and cultural norms that cause women to face financial exclusion. The starting point in this toolkit is that women are not a homogenous group but have distinct needs and desires. The aim is to facilitate among financial service providers an open conversation about the challenges and opportunities of designing for and with women.[2]
Generally, women earn less and have less economic power than their male counterparts. This results in unfavorable consequences that affect the woman's health, education, career, and control over her own life choices.

However, in recent times, more and more nations are pushing towards gender equality: 193 nations are committed to ending gender inequality by 2030 through the Sustainable Development Goals (SDGs), including SDG 5, which is focused on ending gender inequality

Fig. 2: United Nations Sustainable Development Goals (SDGs), 2015-2030

/1.3.1. What is Women's FI?

There is also a rise in organized efforts to challenge systems and structures that hinder women's progress in society, building on the earlier milestones of the Convention for the Elimination of All Forms of Discrimination Against Women in 1979, and the Beijing Platform for Action in 1995. To take advantage of this monumental period, evidence-based solutions that can move women from the depths of poverty to positions of personal well-being and financial resilience are needed. We believe that the barriers and norms that cause inequality in access and usage of financial services must be removed, so that women have an equal opportunity to earn a fair and sustainable income, and take charge of their lives.

/ACTIVITY

Designing for Women

Objective: *Invite discussion & joint reflection around the theme "Designing for Women- challenges and opportunities." The exercise is organized as follows:*
Group Discussion and
Joint Reflection

GROUP DISCUSSION
Designing for Women (Challenges and Opportunities)

In previously established groups of four to five (per table), participants are asked to discuss among themselves and write down, on assorted post-it notes available to them, what the challenges and opportunities - associated with their developing products and services for women, considering the range of factors from socio-cultural to economic factors that might affect women's access and use of financial services.

This is a 10-minute exercise that leads to generating questions and reflections on the status quo regarding women and the purpose of writing down or sketching on 'post-it notes' in the group discussion is to map out themes and identify shared topics to be presented in ii).

Further, it would be possible to revisit the outcome of the collaborative thinking exercise as displayed on the piece of documentation throughout the session.

JOINT REFLCTION
Designing for Women (Challenges and Opportunities)

During this part of the exercise, participants share the topics that surface within their specific groups. Based on a 'blank canvas' and expanding on the ongoing questions around designing for women (challenges and opportunities) (challenges and opportunities), the different groups pursue the joint reflection by having a representative to pin their co-written post-its and describe their outcomes to all participants and conveners in the session.

This collection of posts results in a tangible, visual depiction of a series of concerns and thoughts on and around woman, bodies, and various socio-political and economic issues regarding health, care, gender, finance, and domestic labour/care work that are real and ongoing challenges experienced by women. On the other hand, questioning of role models, and empathy are off-shoots of the exercise and could potentially to create opportunities for positive change. The collection of Post-it notes could be kept on the wall throughout the session so participants and conveners could continue referring to these different topics that emerged from the conversation. Overall, the topics will feature for continual discussion in the design exercise that would follow.

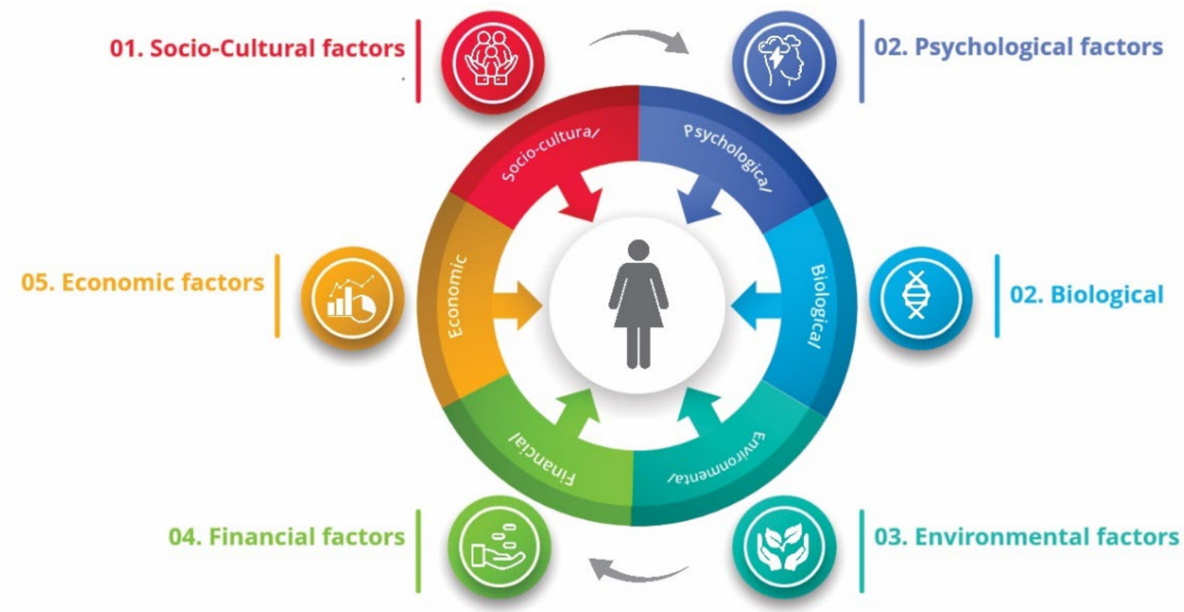


Figure 3: Adapted from MH Hub [4] https://medium.com/menstrual-health-hub/women-centered-design-the-future-of-innovation-investment-bed1a021e542

Below are key factors to consider and simple questions under each to get started. These can help providers consider important factors when building and testing products, services or engagement strategies

1. **Socio-cultural factors:** *What contextual beliefs or practices (political, religious, etc.) could impact how women use this product/service?*
2. **Biological factors:** *How does the product/service account for women's physical functions and lifestages?*
3. **Economic factors**: *How does the price point of the product/service compare to and impact the user's overall earnings?*
4. **Environmental factors**: *What infrastructure is needed to improve women's use or uptake of the product/service?*
5. **Psychological Factors:** What is their personality like, and how would it motivate them? What is the impact of women's sense of efficacy, control, self-esteem, openness, trust, optimism, dependability, conscientiousness etc.?
6. **Financial behaviours:** How do they use and manage their resources?

1.3.2. *Understanding Women's Needs in relation to Men*

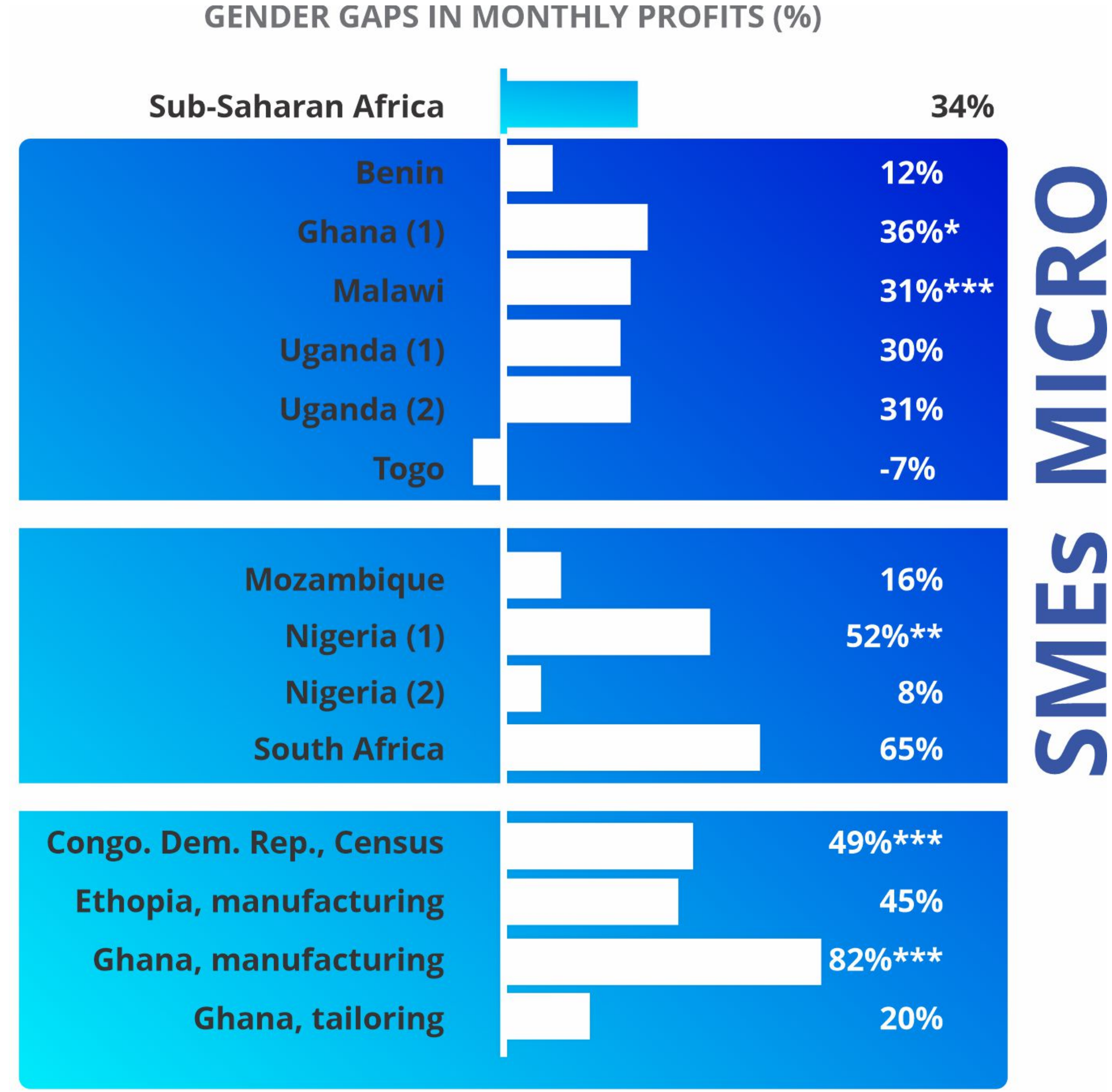
To ensure women benefit as much as possible from financial inclusion programs, it is important to understand what barriers prevent women from having easy access to financial services. And this can only be done by actively comparing women's financial needs and behavior with that of their male counterparts in society. To begin, with women (whether unmarried, married, mother, divorced or widowed), it is a constant struggle to manage finances due to several hurdles: the gender pay gap, caretaking breaks that disrupt their paid work life, and longer life spans (with a life expectancy of 78.6 years compared with 77.2 years for men), and financial literacy.

- **Career breaks:** When it comes to being caregivers, either for children or for elderly relations, women are almost always expected to take a break from their work lives and provide the needed care. This hinders her career progression opportunities, causing her to miss out on retirement benefits and pensions. A lack of a steady income also limits her investing capabilities. Besides, women have a weaker labor market position compared with men. In sub-Saharan Africa, time-related underemployment for women is as high as 40% or 50% of total employment. Yet, women work fewer hours in paid employment and still carry out at least two and a half times more unpaid household and care chores than men.

- **Life Span:** Most women live longer than men, have shorter working lives, and lower average incomes from which to save for retirement; therefore, they need adequate financial knowledge to manage the increased financial risks.

- **Financial Literacy**: Men and women must be financially literate to effectively participate in economic activity and make beneficial financial decisions for themselves and their families; however, women are known to have the less financial knowledge and lower access to formal financial services/products than men. Women, therefore, have specific and additional financial literacy needs. Women are often known to be primarily responsible for childrearing, to make important and daily decisions as regards household resources, and to play a major role in the transmission of financial behaviors and skills to their children. Therefore, they require adequate financial knowledge for themselves and future generations.

Gender gaps in profits for entrepreneurs



Source: World Bank. Africa's Pulse, October 2019.

- **Financial Behaviours:** Gender differences extend to financial behavior. Women appear better skilled at keeping track of their finances than men, although, women are known to be more vulnerable in some aspects of financial behavior, such as savings, and choosing financial products. Women are more likely to have problems with managing living expenses than men leading to the use of various coping methods to make ends meet. Women have also been known to save smaller amounts than men, especially for retirement purposes. In developing countries, women are also more likely than men to save using informal avenues. Finally, women are less likely than men to consider various options, make informed financial decisions, and to seek expert advice when choosing financial products/services

1.3.3. *Financial Inclusion and Women's Empowerment*

Being financially included can positively impact and transform the lives of women. Women who participate actively in financial systems are in a better position to manage risk, smooth consumption at the advent of a crisis, or fund household expenses like healthcare, education, etc.

A strategy combining building wealth and providing an environment where low-income women have access to the right financial tools to save money and receive loans, make and receive payments, and manage risk is important for women's empowerment, but also poverty alleviation since women are known to experience poverty more acutely than any other group in society. Women's access to individual secure (private)savings accounts can foster economic resilience and enhance women's voice in household decision-making.

Women's financial inclusion can result in a better standard of living for their children, their household, and the wider community. Melinda Gates recently published a commentary that highlighted the need to move beyond stereotypes where women and girls were seen as mere beneficiaries of development initiatives and to acknowledge their role in society as agents of change (Gates 2014). A higher level of equality (amongst men and women) in the ownership of bank accounts may lead to greater gender equality.

Women with savings accounts are known to invest more in their businesses which reduces the likelihood of them selling off assets in an emergency since they have a safety net to fall back on. Access to financial services also helps women's entrepreneurship by reducing administrative costs.

There is plenty of compelling evidence that recognizes women as powerful drivers of economic growth. Women make substantial economic contributions to African economies through their commercial activities, activities in the labor market and through their unpaid care work. It is also important to note that women are good savers and that they use a major part of their income to improve the well-being of their families.

To improve their life chances and grant them greater access to economic opportunities, women need a level playing field created by access to a solid educational background, more and better jobs as well as policies that support their economic aspirations. Financial service providers have a role in recognizing women as a separate market segment that should be cultivated and in making it possible for women to have easy access to affordable financial products and services that meet their specific needs towards the inclusive growth of Africa's economies.

2. / Understanding the Financial Gender Gap

According to the World Bank's Global Findex database of 2017, approximately 1.7 billion adults worldwide are classified as "unbanked," meaning that they lack an account in either a financial institution or with a mobile money operator. Among that number, an estimated 980 million are women, comprising 56% of the unbanked globally. The World Bank notes that the gender gap in financial inclusion has remained stubbornly unchanged since 2011. The gender gap stands at 7 percentage points globally and an average of 9 percentage points in developing economies. (World Bank 2017). omen make up about half of the world's population, but still lag behind men in access to and use of financial products and services.

A number of studies including those by Lagos Business School's Sustainable and Inclusive Digital Financial Services initiative and EfinA shows the complexities of financial exclusion in Nigeria. Currently, 36.8 per cent of Nigeria's adult population is excluded from the formal financial sector, constituting a population of 36.6 million excluded persons.

The causes of financial exclusion in women are diverse but are not limited to the following demand-side and supply side issues:

2.1. *Demand-Side constraints*

/2.1.1. No job or irregular income

One of the chief reasons that both men and women name for not owning a financial account is the inability to earn a substantial income. And this may be linked to the high rate of unemployment in many nations, but most especially in developing countries. Over half of women around the world face unemployment or are not seeking to join the labour force. It is also important to note that women earn on average 27% less than men and are more likely to own private businesses or in work hazardous jobs, particularly in developing countries.

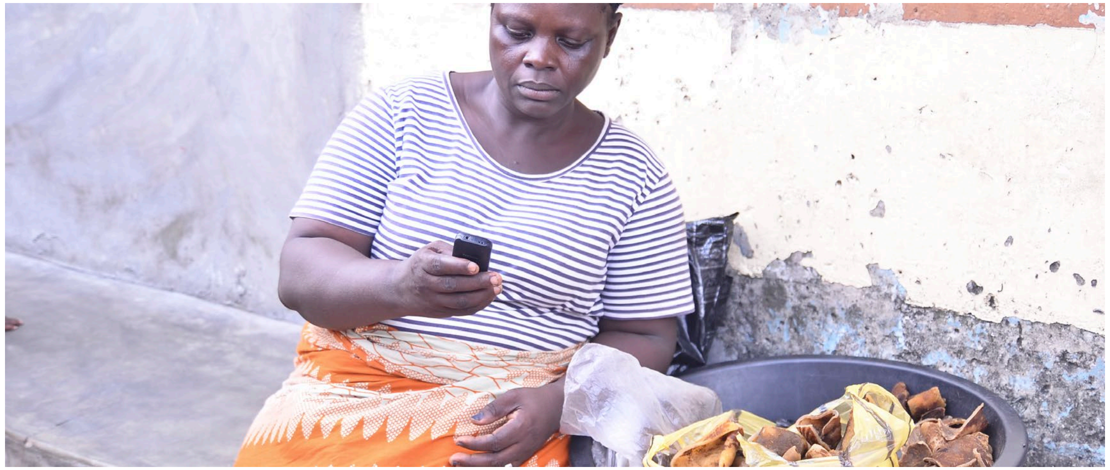
In Nigeria, the rate of unemployment is at an all-time high with women mostly affected. So, irregular income and most times, a lack of income is the prevalent living condition of women, especially in rural areas, making access to financial services extremely difficult even when there is genuine interest and need for such services/products. Furthermore, over 80% of the labor force is made up of men and strategic positions are held by their males, creating huge inequality in the labor market.

Often earning less than N730 per day, most men and women don't have enough income to save, make investments, or take risks on loans. Money earned is often spent on living costs (e.g., food, shelter, clothes, etc.), education, and sometimes, family and community occasions such as naming ceremonies, weddings, funerals, etc.). Low-income earners often perceive the most basic financial services/products they know of i.e. bank accounts and savings groups as out of reach with an understanding that they lack the disposable income necessary to make deposits or access these products and services.

/2.1.2. Unaffordable cost of financial services

Multiple factors can adversely affect access to transaction accounts and their regular use. The most relevant ones are high fees in connection with transaction accounts as well as high indirect costs (e.g. the cost of transportation to a branch or other access point).

The cost of financial services is out of hand for average income earning women in Nigeria. Commercial banks charge as high as 27% to grant a facility, and regularly charge overdraft fees. Thus, women almost always prefer to keep their money in the informal banking sector which is made up of cooperative and thrift societies commonly called ‚Esusu' by the Igbos and 'Ajo' by the Yoruba ethnic groups. The competitive advantage these institutions have is the offering of lower interest in comparison to the formal financial institutions. The provision of long-term financial products at lower cost are mostly the result of government or nonprofit initiatives seeking to ensure economic growth and development.



Opening and maintaining transaction accounts come with certain fixed costs, and these fixed costs don't take into consideration the number and size of payment transactions a customer makes. Therefore, to recover such fixed costs, financial service providers will often charge a fee which has little or no relation to the amount and value of financial transactions carried out by account holders nor the individual's level of income. Little competition in the financial service market also results in the high fees often charged by financial institutions.

These high fees affect all end users, although their impact affects low-income earners such as women more negatively. On the one hand, the negatively impacted women may also lack the minimum monthly balance (account maintenance fee, etc.) required to maintain certain bank accounts on a stable basis. On the other hand, high per-transaction fees have a consistently larger effect on small-value payments, which are the payments that low-income earners who have bank accounts often make. With this reality, a large proportion of women and women-owned businesses may not be able to afford the costs associated with opening, maintaining, and operating a bank account.

/2.1.3. Indirect costs

In addition to high fixed costs, indirect costs can also come about due to the geographical coverage of financial institutions. For example, banks and other financial institutions will most often not open a branch or put an ATM in rural areas or smaller towns since there is usually insufficient market potential to cover the fixed costs of setting up and running that infrastructure in such a location. Indirect costs may also arise for women users, such as transportation fees or the time spent in accessing the closest service point.

These high fees and indirect costs for low-income earners (mostly made up of women) and small businesses in connection with using financial services/products are therefore other important barriers for financial inclusion.
This then leaves the government and other human development initiatives to bring financial services close to the rural population through various policies and programs.

/2.1.4. Education, financial literacy and access to information

Even with positive conditions that allow for an increase in the uptake of transaction accounts – such as a steady flow of income, low fees associated with financial services/products relative to typical income levels, the proximity of financial service providers, etc., many women may not be aware of the diverse options available to them and/or the possible benefits they stand to gain from using such financial services. With two-thirds of the world's illiterate population made up of women and financial institutions communicating in language that is not user-friendly, women find it even more difficult to identify and access financial products/services suited to their needs.

The level of illiteracy and innumeracy among females is a major reason why women make up the largest population that is unbanked in Nigeria. Even women with bank accounts avoid using ATMs, mobile money, etc. for the fear of cybercrime and fraud even with effective security precautions in place. Additionally, many women's inability to understand the English-language phone or other digital services set up written in English and using new technologies, acts as a barrier to the adoption of these products and services.

It is important to note that the major issue surrounding financial illiteracy among girls and women is the misconception that simply improving their reading and writing skills is enough. However, a sound educational background is no indication of financial literacy. It is important for women to learn how to use a bank accounts, understand budgeting and money management. The social, emotional, and psychological aspects of financial decision-making are also important basic skills to be learned. Regarding trust, according to research, women are slower in taking advantage of financial services. They are more risk-averse than men and financially conservative. They often need to feel confident and safe with a deep sense of assurance before selecting a financial product or service.

Some individuals may avoid making use of financial services due to unfavorable past experiences in which these individuals or businesses suffered losses in their banking transactions. For example, several banks in Nigeria went into bankruptcy or suffered from fraud in the past resulting in individuals losing their funds. Issues like these may also lead other individuals that have not experienced such losses themselves directly to be wary of financial institutions.

Eligibility issues such as identification documentation requirements

According to research, women are less likely than men to possess a formal form of identification, which in most cases is the minimum requirement for opening accounts in formal financial institutions.

In Nigeria, the Bank Verification Number (BVN) requirements oblige financial institutions to verify a customer's identity by checking and confirming identification. Such rules are important in safeguarding against money laundering and fraud. However, it excludes a huge part of the Nigerian population who are more likely to lack proper identification such as low-income earners or women.

This lack of access to identification makes access to financial services burdensome for women, as some laws and regulations make it tougher for women to obtain a national identity (ID) card or passport when compared to their male counterparts.

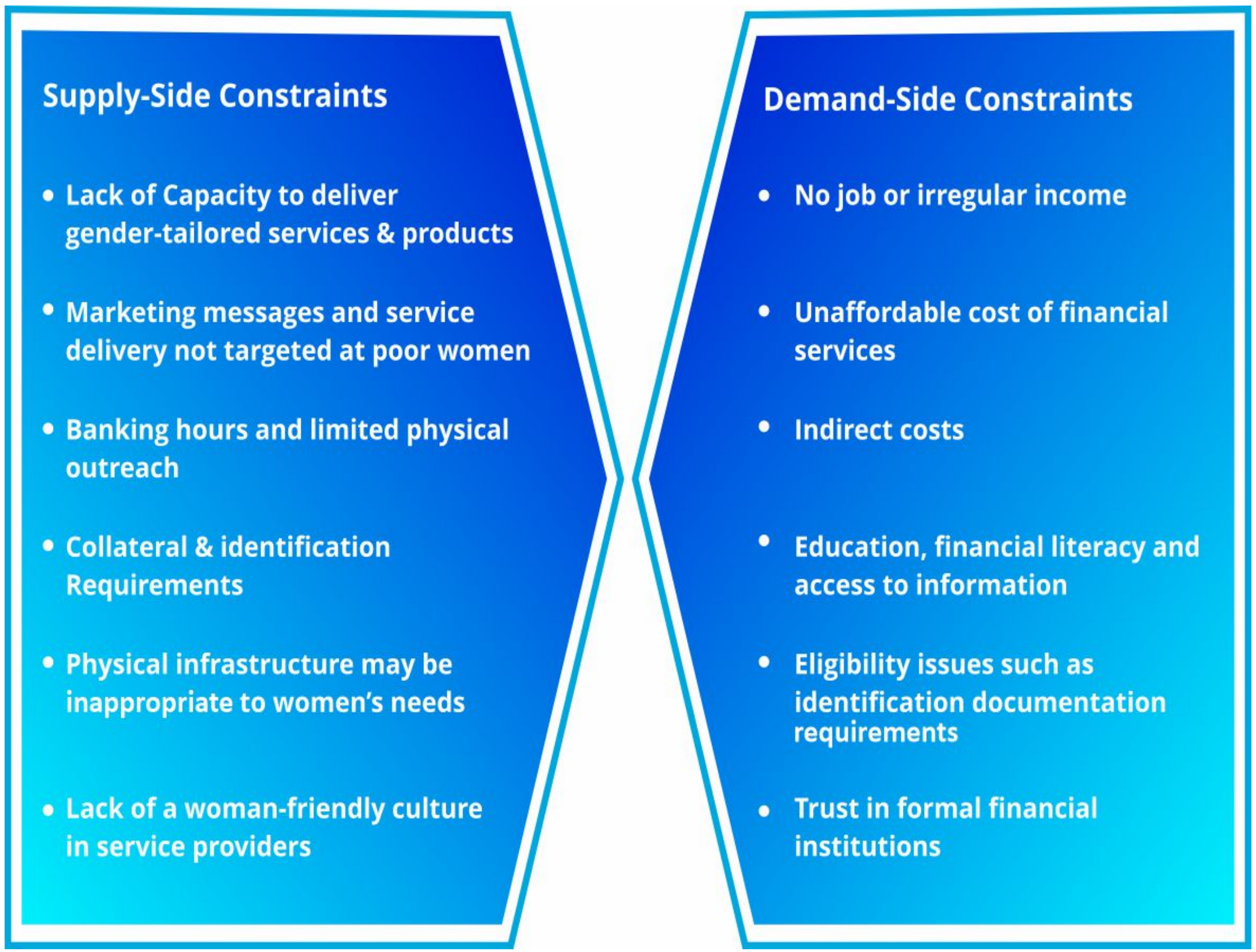
In many cases, for example, a married woman is expected to provide her marriage certificate when renewing her national ID card, passport, or any other form of formal identification. Newspaper publications as evidence of change of name and a sworn affidavit are few of the documents required of married women who wish to renew/acquire formal ID cards.

However, in 2016, Senegal changed the regulations imposing supplementary requirements on married women when applying for ID cards. Married women are no longer required to include their husband’s name when requesting/renewing formal ID cards.

Women's financial inclusion is not only beneficial to them but also highly beneficial to the growth of the economy. Also, providing access to formal financial services/products would enable women to increase their consumption, which in turn would be beneficial to their families, communities and increase productive investment. Despite the progress witnessed globally in financial inclusion, women remain largely excluded from the formal financial system. Sustainable initiatives that advocate fairer and more equitable economic development will always require a more inclusive financial sector that meets both the needs of men and women alike.

/2.2. SUPPLY-SIDE CONSTRAINTS

2.2.1. Lack of Capacity to deliver gender-tailored services & products as women segment is not prioritized as a distinct business segment.



Generally speaking, FSPs have little understanding gender-related client characteristics and financial behavior. This lack of knowledge may be a result of the limited information available on the needs and priorities of women and the unwillingness of FSPs to invest in market research to bridge this gap in knowledge. Furthermore, despite increasing evidence on the potential of low-income financial services markets, many formal FSPs do not see a business case to serve these market segments. As a result, FSPs continue to serve client segments that need limited adaptation from their traditional products and they do not adapt their products, services, communication, and channels of delivery to accommodate women. This lack of capacity to create gender-tailored services and products leads to the design of products and services unsuitable for women.

2.2.2. Marketing messages and service delivery not targeted at poor women

Information content targeted at clients is often not culturally appropriate and relevant to the needs of women. In creating marketing communication strategies, certain issues including women's restricted mobility and time constraints which prevents them from locating sources of information in the communities, partaking in informational meetings or having the time to listen to radio programs are not considered. The timing of most marketing messages may also conflict with the time most women perform their domestic responsibilities. Even when proper channels of delivery are used, messages may not be in the preferred dialect and does not highlight the benefits of advertised financial products.

2.2.3. Banking hours and limited physical outreach

Majority of the worlds poor live in rural areas where there are fewer access points for financial services and poor transportation systems that make visiting the closest access point costly and difficult. Women are typically responsible for carrying out daily house chores and childcare while carrying out activities needed to generate income. Thus, time spent banking, whether in getting to the bank, at an access point or in a group meeting is a challenge for women. The challenges of geographic distance from a financial institution, lack of means of transportation, and cultural barriers to traveling alone and typical bank operating hours affect women and often act as barriers preventing their access to financial products and services.

2.2.4. Collateral and Identification Requirements

Women have difficulties providing immoveable collateral when seeking loans from formal financial institutions, and this is often due to existing land and property rights laws and cultural norms that discriminate against them. For example, limited rights to land ownership by women prevents them from being able to provide collateral for loans, which in turn limits their ability to invest in business ventures.

Furthermore, the lack of a formal means of identification means that women do not have the necessary papers to open an account or access other financial services. Traditional know-your-customer (KYC) requires FSPs to request identification and documentation that women usually do not have in greater proportion when compared to their male counterparts.

2.2.5. Inappropriate Physical Infrastructure

Parenting and banking don't always seem compatible. FSPs must come to terms with the fact that a majority of women are primarily responsible for the care of their children. A lack of parent-support facilities discourages women from visiting access points. Nursing moms may avoid visiting service providers due to a lack of appropriate infrastructure that allows for breastfeeding or meeting their children’s needs.

Parenting and banking don't always seem compatible. FSPs must come to terms with the fact that a majority of women are primarily responsible for the care of their children. A lack of parent-support facilities discourages women from visiting access points. Nursing moms may avoid visiting service providers due to a lack of appropriate infrastructure that allows for breastfeeding or meeting their children's needs.

2.2.6. Lack of a woman-friendly culture in service providers and lack of women in key organizational positions.

Women fear disrespectful treatment, particularly in status-conscious societies where those who "dress better" receive better care from service providers. Often providers have been found to provide the least information and the most disrespectful treatment to the poorest, least educated clients. Furthermore, in many cultures, courtesy is a sign that the client is viewed as the provider's equal. Women will seek out and continue the use of financial services if they are treated with respect and friendliness.

There are large gaps in the ratio of men to women in leadership positions banks and banking-supervision agencies worldwide. Women occupy less than 20% of board seats of banks and banking-supervision agencies globally. Furthermore, women represent less than 2% of bank chief executive officers (CEOs). As a consequence of having very few women hold top management positions in financial institutions, women do not partake in the planning, designing, and provision of financial products and overall decision-making processes in the financial sector.

RURAL WOMEN

Improving Rural Women's Access to Finance & Socio-Economic Empowerment

Improving Women's access to financial inclusion is a means of improving women's social and economic empowerment as well as improving the livelihoods and financial resilience of rural households and communities (FAO, 2019). Access to financial services enables rural women to purchase critical inputs, labour and equipment they need for their agricultural and off-farm ventures (World Bank, IFAD 2009). Access to financial services have been proven to enable women take better care of their children's health, education and nutrition, leading to community flourishing across the board (Fletschner & Kenney 2010).

However, the availability of financial services is limited in rural areas and existing financial services intended for rural communities rarely extend to women's benefit (Taylor & Boubakri, 2013). Women's access to these services is constrained by socio-cultural, economic/legal norms and in some cases educational barriers. Simultaneously, financial institutions also face constraints when extending services to rural women, partly due to a lack of understanding of the rural agricultural sector, including gender dynamics both in rural areas and within the agricultural sector (CGAP, 2003; FAO 2019).

/2.3. Assessing Wider Issues of Gender, Inequality, and Lack of Financial Access

Women face a complex set of intersecting barriers limiting their economic prospects and quality of life generally. Financial inclusion can only address some of these barriers.

For example, a survey by the charity ActionAid found that illiteracy and associated lack of confidence played a major role in preventing women from accessing credit in order to boost their income through enhanced agricultural productivity. As such financial inclusion was deployed as one component of a broader program that included expanding land rights and educational opportunities for women.

Product Development through an Intersectional Lens

Developing financial products and services that focus on women generically – without also addressing the fact that women come from different walks of life marked by differences in ethnicity, religion, ability, skin colour, age, educational levels etc. – risks not properly empowering the most vulnerable women. While one woman might be more privileged by incidents of education and ability, for instance, another woman may face barriers to financial inclusion based on both her disability and low level of education. Thus, a woman can be disadvantaged by multiple aspects of her identity which place her in a unique minority, creating even greater challenges to financial inclusion. This is based on the 'theory of intersectionality' coined by Kimberlé Crenshaw to describe how class, gender, race, and other individual characteristics "intersect" with one another, overlap, and must be understood to empower women and other marginalized groups.

Financial inclusion can be understood as one part of a broader agenda of gender equality and women's economic empowerment. Recent work proposes a broad agenda of women's economic empowerment that includes:

- increased income and return on labor for economic advancement
- access to life enhancing opportunities such as skill training and job openings
- access to economic assets, services, and support (including access to and effective use of different financial products, services, and institutions)
- decision-making authority in various spheres including household finances

Many FSPs are optimistic that more will women adopt financial services in the years to come but neglect to question whether existing services meet women's needs. FSPs are not taking into consideration the difference between simply accessing such financial services and using these services. Even with the development of several promising initiatives, an all-inclusive financial service model that effectively serves low-income women has yet to be developed. These lessons learned are what financial service providers need to know to better serve women. The lessons come out of recent efforts to understand the women's market and create financial products that meet the needs of women.

2.3.1. Easy Identification Requirements for Accessing Financial Services

To make financial services available to women, providers in the financial sector need to allow basic and simplistic know-your-customer (KYC) options. Burdensome requirements for account opening can deter women who are less likely to own formal IDs and other documentation. FSP stipulations requiring women to have extensive third party documentation to support their access to financial services should be relaxed to enable ease of access and use for women.

2.3.2. Build Trust, Confidence and a Positive User Experience

Research shows that women are less trusting of formal financial services and tend to adopt these services more slowly than men. Using assisted channels (e.g. local agents, savings groups, brand ambassadors, and loyalty programs) to build women's trust and ensure a positive user experience is key to gaining client loyalty. Also, facilitating bulk payments such as government-to-person payments, for which women are the most common beneficiaries available, via digital channels can be effective to bringing in large numbers of women as clients.

Many FSPs are optimistic that more will women adopt financial services in the years to come but neglect to question whether existing services meet women's needs. FSPs are not taking into consideration the difference between simply accessing such financial services and using these services. Even with the development of several promising initiatives, an all-inclusive financial service model that effectively serves low-income women has yet to be developed. These lessons learned are what financial service providers need to know to better serve women. The lessons come out of recent efforts to understand the women's market and create financial products that meet the needs of women.

2.3.3. Easy Identification Requirements for Accessing Financial Services

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2.3.5. Bridge Emotional Distance

Women need to feel that the financial services targeted at them will meet their needs, thus effectively communicating how these services can meet their financial needs in marketing is critical. Marketing messages and visuals that take into consideration the emotions and interests of women; and speaks to their socio-cultural and economic conditions will bridge emotional distance and bring about growth in the awareness and usage of financial services for women. Furthermore, language matters, as context-specific language that resonates with the experience of women is more likely to connect with them.

2.3.6. Sex-Disaggregated Data and Monitor Performance

Financial Institutions have inadequate sex-disaggregated data which prevents them from offering targeted products and services that meet the needs of women. Gathering sex-disaggregated supply-side financial data is vital to ensuring even more women are financially included. With supply-side financial data, providers can better understand women's financial needs and behaviors, thereby providing them with insights that can inform solutions to increasing women's access to and usage of financial products/services.

2.3.7. Female Agents

Including women in field teams is key to engaging women. There is evidence that female agents improve the acquisition and retention of both female and male customers. They tend to appeal more to women, who are half of the potential customer base. They have proven to offer enhanced customer service with higher activity rates than their male counterparts.

2.3.8. Behaviorally-Informed SMS Intervention is Effective

Balance technological innovation, effective policies with an in-depth understanding of human behavior to create a holistic approach to ensuring women's financial inclusion. Oftentimes, financial service providers try to increase the public's use of their products and services through the use of traditional marketing campaigns. However, including behaviorally-informed twists to messaging can help ensure the success of such marketing campaigns.

For example, in Pakistan, ideas42 and Women's World Banking in partnership with a large telecommunications company which offered a digital wallet carried out a round of testing, where it was discovered that behaviorally framed SMS messages increased new female customer sign-up by up to 64% more than the financial provider's standard marketing strategy for a referral campaign.

The test revealed that messages that called out women as potential clients to be referred were found to be most effective in bringing in new female clientele when they were sent to female customers, rather than men. The test revealed that combining incentive statements taking "gender-centric" social norms into account in messaging brought about an overall increase between 3% and 11% in the number of women registering when compared to the organization's standard SMS message.

2.3.9. Digital Banking Platforms

Digital savings presents an opportunity to overcome barriers that prevent women from accessing financial services and products in ways that both informal and traditional formal financial service providers have been unable to do. However, to do that, there is the need to address fears around the use of digital financial services through practical tools and demos that show in real-time how digital payments work. Such digital and trainings and offerings must be calibrated to the capabilities and educational levels of the target women segment.

Furthermore, digital financial services can address physical and emotional barriers for women by offering easily accessible services at a lower cost. Digital savings platforms can empower women to save more often, in small amounts. Such digital platforms will also assist women in keeping their savings intact thereby achieving their savings goals, while also having access to funds for rainy days. Digital savings platforms will also allow women to become better acquainted with their service provider, which will build trust and improve financial literacy, creating an avenue for them to explore the use of other services such as credit.

2.4. Other Variables to Consider

Besides the level of income, education, and trust in financial service providers, three other variables must be considered when looking at formal and informal-only inclusion. The first, marital status, has an intricate and nuanced effect on informal-only inclusion. The second, the possession of mobile phones, acts as a strong predictor of formal financial inclusion. And the third, the presence of individuals (even those with high levels of income and education) in rural or remote areas, increases the likelihood of them relying on informal financial service providers.

2.4.1. Key Questions in Gender Analysis

- What is the current number and percentage of women clients in the FSP? Would it be useful to increase offerings to women or set percentage targets to increase the inclusion of women?
- Does the FSP have sex-disaggregated customer and performance baseline data, and regularly reports the trends?
- Why does the FSPs find it difficult to approach women as potential clients? Eg. lack of education and financial literacy, distance and safety to access points etc.
- What elements are likely to be important for the financial products and services to meet the needs of women while raising FSP profitability and sustainability?
- Are there cost elements in conducting gender-centric design (administration, staff, infrastructure and other resources)?
- What are effective channels for reaching women during information and marketing campaigns? (e. g. women's community groups, market associations etc.)
- What is the level of gender awareness of the FSP: from gender equality staff policy, shareholders to board members?

3. / Implementation – Improving Women's Access to Financial Services

The design of financial products and services, their delivery and accompanying marketing strategies, should be implemented in a gender-sensitive manner. To achieve this, this section presents examples of good customer-centric and institutional practices for providing financial services to women, practices addressing the constraints, needs and priorities identified previously. This section is also preparatory to Part B of the Women's Financial Inclusion toolkit which offers a practical step-by-step guide for designing financial products for women.

3.1. Innovative Product Design and Financial Service Delivery

3.1.1. Tailor Products to Women's Preferences and Constraints

Financial institutions should engage in customer-centric market research as part of their product development process, to enable them understand the needs and product preferences of both existing and potential female clients.

- **Credit:** Providers should offer a menu of loans that take into account what women are trying to finance, how much they might require and what a reasonable repayment schedule might look like.

Recognizing that women were deploying loans for home building and improvement projects, many organizations started offering microcredit for housing finance. For instance, FINCA Africa's partnership with Habitat for Humanity in Uganda, Malawi and Tanzania.* A host of products have been designed to strengthen women's position include the Bangladesh's Grameen Bank loans for purchasing land or houses, which require the assets be registered in women's names. Come to Save (CTS) Bangladesh and recently Nigeria's Diamond Beta program offered mobile service to daily collect voluntary savings and loan repayments to their customers. The flexibility in this approach is worth replicating. In the area of microinsurance, BASIX, a large MFI in India, provides weather insurance to women's self-help groups in drought-prone areas, a pioneer given than insurance products designed for the rural agricultural sector are usually targeted to male farmers.

*Centre for Urban Development Studies. 2000. Housing Microfinance Initiative, Synthesis and Regional Summary involving Asia, Latin America and sub-Saharan Africa, CUDS, Harvard University, Camfr

- **Insurance:** Several financial institutions are providing microinsurance plans to women to cover income shocks related to illness, birth, death, marriage, cultural ceremonies, and other life shocks – representing the diversity of women's needs and constraints. Providers can meet these insurance needs more readily by simplifying terms and conditions outlined in insurance contracts, building awareness among potential clients and simplifying the process and requirements to make claims.

- **Savings:** With regards to savings offerings organizations must consider whether existing charges and fees in combination with initial deposit requirements are affordable to poor women. Savings programs must also address women's diverse financial behaviours – some women prefer compulsory fixed savings while others may prefer more flexible variable savings plans. Some women may prefer to save with a high level of privacy while others are keen to make their participation in savings schemes known in order to boost their standing in the community.

3.1.2. Self-Help Groups & Alternative Collateral

Self-help groups have proven to be effective channels for connecting financial institutions with women. These groups of women operate at community level and typically require their members meet regularly. Savings are collected from group members and credit provided to group members. Microfinance institutions have successfully extended financial services to low-income and poor women by providing access to capital without formal collateral. Access Bank in Nigeria, Grooming Centre in Nigeria and DFCU in Uganda succeeded in accepting unconventional collateral, including social collateral and the type of physical assets women are likely to own. Group based approaches work well by building on social collateral to ensure repayment performance and close monitoring of peers. Joint-liability and individual liability for loans have been successfully implemented in female group-based contexts. Providers can also provide incremental loans based on individual capacity to repay and enable women apply for loans without the approval of their spouse or other male relative.

3.1.3. Use of ICT and Branchless Banking

Information and communications technologies (ICT) are increasingly available and affordable. ICT has proven to be an effective method to reduce transaction costs for women living in remote and rural areas, areas with weak transport and financial service infrastructure. The International Fund for Agricultural Development notes that mobile phones in combination with postal or agent networks has become the most common means through which to receive remittances and make transactions in numerous African Countries.

Mobile phones provide convenience to enable women make loan payments and transfer money without traveling far distances. Using mobile phones, women can potentially gain financial independence, make loan repayments, transfer money and access information. However, the GSMA notes that mobile ownership among women lags well behind that of men. With access to mobile phones women can transact with privacy and safety. Klapper (2016) observes that certain financial service providers require women to have a mobile phone registered in their own name without the need for identity documents as a condition for opening a bank account. Klapper identifies another innovative practice in Malawi where banks introduced biometric cards that enable the holder to open and access the account

3.2. Financial Institution Capacity and Gender-Sensitive Practice

To leverage the good practices outlined in the preceding section, it is necessary to mainstream gender within implementing financial services institutions. Ideally, gender equality must be integral to the institutional culture and activities of every financial organization with the promotion of a "women-friendly" and empowering culture (Mayoux & Hartl, 2009). In addition, staff of financial institutions must be trained on how to interact with female clients, considering the social and cultural norms prevalent in the area. If the staff composition of the institution is male-dominant and/or with limited awareness of gender issues, the institution should consider recruiting female workers across all levels of the organization and consult a gender expert to assess how the institution can systematically integrate gender in its structure, practices and services. Furthermore, it is critical that women are involved in the strategic decision-making and product development processes in financial institutions.

Building on this foundation, efforts should be made to improve the availability of information to women by supporting efforts to create affordable sources of information and media; to develop content that is culturally appropriate and suited to the needs of women; and to train female financial agents. Interventions should adapt to women's restricted mobility, time poverty and sometimes their location in remote rural areas by channeling information through trusted existing community sources and scheduling informational sessions at times that does not conflict with women's work in domestic settings. Financial institutions can further introduce efforts to improve women's basic literacy and information utilization skills.

Framework for Advancing Women's Financial Inclusion

FSP efforts to develop financial products and services for women aligns with the recent launch of the framework for advancing women's financial inclusion by The Central Bank of Nigeria in collaboration with EfinA and Women's World Banking. The overarching vision of the framework is for Nigeria to achieve an inclusive financial sector that has closed the gender gap by 2024. The framework outlines 8 strategic imperatives for driving improved access to finance for women in Nigeria:

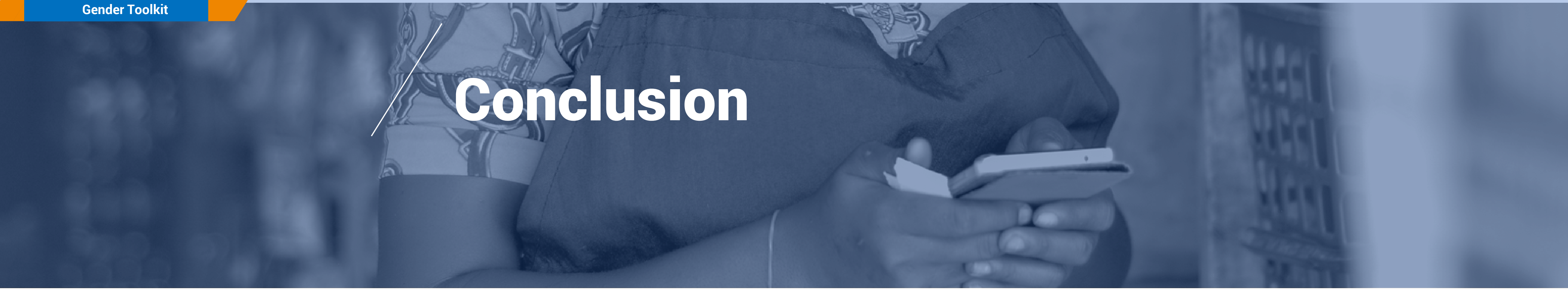
- *Measures to Support Account Opening by women on a large scale*
- *Expand Financial & Digital Literacy for low-income women*
- *Expand Delivery Channels to Serve Women Closer to Home*
- *Mandate the development of Systems of Gender-disaggregated data collection*
- *Complete & consolidate enabling environment for the expansion of DFS & Fintech, integrating a gender focus*
- *Develop Financial Service Products & delivery systems that meet the needs of women sustainably*
- *Promote expansion of DFS & fintech solutions aimed at improving women's financial inclusion*
- *Build a culture of women's leadership and staffing in financial institutions & key agencies*

Sex-disaggregated data can be useful in changing institutional culture and practices. In the credit realm providers can communicate to all – from directors to credit officers – that female clients are as creditworthy as their male counterparts and should be treated with due regard. This communication can draw powerfully from in-house gender analysis of the organization's portfolio to determine: what percentage of the organization's loans are to women? What are the characteristics of those loans and how do they differ from that made to men? What are their loan repayment rates?

3.3. Governance Issues and M&E

3.3.3. Utilizing Sex-Disaggregated Data

Changing institutional cultures and practices to better serve women involves collecting sex-disaggregated data and creating gender sensitive indicators that can be easily referenced to guide governance and inform new initiatives. Gender data can also enable providers assess, monitor, evaluate and report progress. It enables them check unforeseen negative consequences.



Conclusion

As this toolkit shows, although the demand- and supply-side barriers to women's financial inclusion are numerous, suitable product design techniques and features can provide a solution to some of these barriers. Evidence suggests that adjustment to product design that takes the needs and preferences of women into consideration can improve their access to financial products and services.

Four areas of focus by FSPs for advancing women's financial inclusion have been put forth in this toolkit:

Collection of sex-disaggregated data. There is a need to produce sex-disaggregated data on areas relating to the current state of women's financial inclusion and know if their needs are being met. FSPs should disaggregate data by age, sex, and geographical location to obtain vital insights on financial behavior and attitudes of women of all age groups and socioeconomic classes to allow for rigorous user segmentation and profiling.

Understand the relevance of cultural and societal issues through women-centred design. FSPs should make moves to understand the cultural and societal challenges that prevent women's financial inclusion and impact their needs and experiences. Taking these constraints into consideration when designing financial products, reviewing or adopting new women-friendly policies will ensure the financial needs of women are better met.

Rationalize requirements and procedures for account opening. Providers should take practical steps to ensure accessibility to women hindered by lack of identification documentation. This will ensure that women, who tend to be financially excluded due to the lack of formal identity documentation, can access financial services with semi-formal IDs. FSPs can use informal measures to refer individuals to FSPs with less stringent documentation requirement if account opening requirements cannot be met.

Increase women's presence in leadership positions in financial institutions. In addition to these three recommendations, an issue that needs to be looked into is the low presence of women in leadership positions in the financial industry. Currently, less than 2% of bank's CEOs are women and less than 20% of board seats at banks are held by women globally. An industry that intends to serve women but has few women in its leadership will miss out on the opportunity of representation and possibly connecting to the perspectives of women.

Diversity in leadership has been proven to bring about sustainability and innovation. FSPs should introduce incentives that favor women in leadership positions to increase the presence of women in leadership. This includes strengthening existing initiatives, broadening family flexibility, and setting clear goals for progress to gender integration.

Conclusion

The financial exclusion of women is an issue that demands a collective response from all stakeholders including providers, policymakers, regulators, and development agencies. Sustainable solutions to deepen women's financial inclusion requires more gender integration in the financial sector, drawing on resources such as this Women-Centred design toolkit, capacity-building trainings developed by Lagos Business School's Sustainable and Inclusive Digital Financial Services Initiative, among other resources. These resources will support FSPs to address the specific demand- and supply-side barriers women face in access and use of financial services. While several actionable recommendations have been proposed to address the barriers mentioned in this toolkit, their success will be dependent on disciplined execution and a constant review of the actions, challenges, and outcomes.

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