Taking care of the missing 9%

By Sandy Rheeder

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In developing economies 9% fewer women than men have access to financial services. While the last Global Findex report on financial inclusion shows an increase of 515-million formally banked individuals between 2014 and 2017. While this is indeed progress, it is notable that 56% of the roughly 1.7-billion people globally excluded from the formal banking sector are women. In developing economies the gender gap remains unchanged at 9%, and the financial services sector needs to pay closer attention.

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Why?

The 9% figure translates to over 150-million fewer women than men who have access to financial services. Close to a billion women (one in every three) are forced to deal in cash only, relying on local networks or loan sharks to meet their most basic financial needs.

Taking a wider view, Wiego's report on women and men in the informal economy said that more than 90% of women engaged in paid work in developing countries are employed in the informal sector, which has inconsistent levels of security, trust and accessibility, all of which result in incremental friction, cost and waste for those that can least afford it. In this context, gaining access to financial services and products not only elevates a woman's social wellbeing but also empowers her to develop her own business initiatives and eliminates waste that can be reinvested to build momentum and harness control of that momentum to bootstrap out of subsistence.

Admittedly, there are no quick or easy fixes. The issue of financial inclusivity is complex. The financial sector will need to think more deeply about the real-life impact and wider community benefits of providing more access to women. This will call for a more nuanced approach to financial services and product design, based on a more detailed understanding of women's roles, needs and responsibilities within communities.

Let's take a closer look at the key elements and challenges…

Breaking down the formal identification barrier

Formal identification is a significant barrier to financial inclusion for many women in poor communities. Easing KYC (Know Your Customer) requirements by using a tiered approach to identity verification can help address this.

Product design and customer education

Designing financial products that better reflect the levels of numerical and reading abilities among women in poorer communities is critical. For many of these women to understand how to open financial accounts or negotiate certain requirements. Financial services companies need to consider women's needs and preferences when developing these products, for example, using imagery to assist with sign up where literacy levels are low, holding educations sessions with women facilitators in a non-threatening and inclusive environment and SMS-based financial education program, providing short but actionable financial tips and reminders.

A more relevant business case for serving women must be developed, and then segmented by gender during the product design phase. How these products will be delivered is as important as the product itself.

Delivering financial services to women wherever they are

Even as the world transitions to digital financial services (DFS), agents are still the most effective way to reach women in their own communities.

These networks require more female agents who can introduce other women to financial services.

It is also important to increase convenient cash-in and cash-out (CICO) points. Women do not always have the same freedom of movement as men. And since women are the primary caregivers in rural or low-income communities, travel to the nearest town to transact or receive life-saving remittances is often out of the question.

Propelling digital access

Notably, GSMA's *The Mobile Gender Gap Report 2020 identified that 8% fewer women than men own a mobile phone, and they are 20% less likely to connect to the internet using a phone. Broadening the DFS landscape for women must include measures to overcome lower rates of digital literacy by creating trust-based interactions with service providers.*

Gender-biased consumer protection is another challenge. A study by CGAP on India's new approach to personal data-sharing shows that many women rely on male relatives and more educated people to tell them how to protect their personal data. Account aggregators (AAs) that manage consent and act as a pipeline for data flow among financial service providers can address this.

Although closing the gender gap in financial inclusion may be complex, it helps to keep in mind that women are not a niche audience. They are individuals who want to create a more fulfilling, secure and comfortable life for themselves, their families, and their communities. If they succeed, the benefits uplift not only communities but the countries and economies in which these communities seek to thrive.

ABOUT THE AUTHOR

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