BRINGING SMART POLICIES TO LIFE

INTEGRATING GENDER AND WOMEN'S FINANCIAL INCLUSION INTO NATIONAL STRATEGIES

A GUIDELINE NOTE DEVELOPED BY MEMBERS OF THE FINANCIAL INCLUSION STRATEGY (FIS) PEER LEARNING GROUP.

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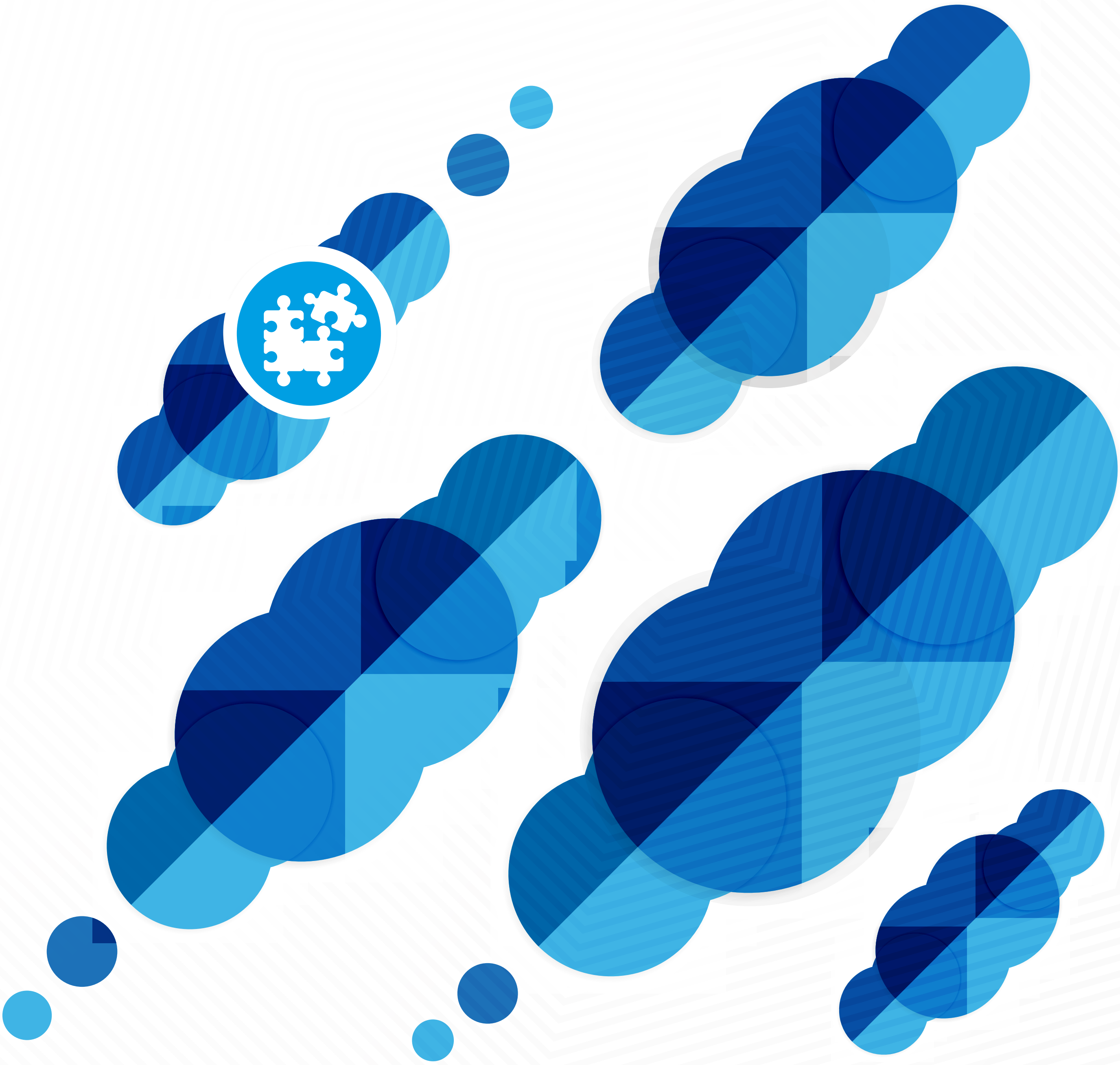

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INTRODUCTION

Despite the progress made in advancing financial inclusion globally, women remain disproportionately excluded from the formal financial system. According to 2014 Global Findex, more than one billion women are still excluded with a 9% gender gap in access to financial services across developing economies.[1] This gender gap has not narrowed despite the overall progress towards full financial inclusion. In this context, women's financial inclusion has emerged as a priority among financial inclusion policy makers through the G20's Global Partnership for Financial Inclusion various subgroups.[2] Women's financial inclusion is not only seen as an end in itself but it is recognized that its advancement is critical to deliver on the global commitment to UN Sustainable Development Goal number five, namely to achieve gender equality and empower all women and girls.[3] Furthermore, from an economic perspective, it is argued that advancing women's equality could add an estimated 12 trillion USD to global GDP by 2025.[4]

Members of the Alliance for Financial Inclusion set out their commitment to close the gender gap in financial inclusion in the Denarau Action Plan at the 2016 AFI Global Policy Forum in Nadi, Fiji. The Denarau Action Plan identifies measures AFI members can take to increase the number of women with access to quality and affordable financial services globally. It promotes the creation of an enabling environment through smart policies and regulation to accelerate women's financial inclusion. A key commitment within the Denarau Action Plan is to "consider and implement best practices in integrating policies for financial inclusion within national financial inclusion strategies through AFI's Financial Inclusion Strategies (FIS) Peer Learning Group", moreover, to "develop knowledge products to support this work". This Guideline Note delivers on this promise.

1 World Bank, 2015.
2 GPFI, 2016.
3 UN, 2015.
4 Mckinsey Global Institute, 2015.

The objective of this Guideline Note on Integrating Gender and Women's Financial Inclusion into National Strategies is to highlight current practices among the AFI Network and provide guidance on gender and integrating women's financial inclusion considerations into national financial inclusion strategies (NFIS). This guidance is intended for application by policymakers and regulators engaged in the development and implementation of NFIS.

At the outset, it is important to define several key terms and the rationale for using both the terms "a gender-sensitive approach" and "women-targeted approach" in this guidance. The term gender refers to the social relations between men and women, which is socially constructed and can change over time and from place to place.[5] As such a gender sensitive approach in NFIS and financial inclusion policy making is one that accounts for the dynamics of relationships between women and men. It is not about a focus purely on women. This is because men may have lower levels of access or usage of financial services, such as of insurance products, and gender sensitive interventions acknowledging their specific needs may also be required. A women-targeted approach is one that involves the implementation of interventions explicitly focused on women to redress existing imbalances in society whereby women have been disadvantaged. This is in a context where structural and sociocultural barriers in society have impacted women's economic participation as employees and entrepreneurs, and their asset accumulation, as well as their ability to make choices about their own lives.

There is value in addressing the differences between how men and women access and use financial services and specifically focusing on policy interventions to enhance women's financial inclusion in a NFIS. This is because advancing full financial inclusion will not be possible without considering the diverse needs within different segments of a population. Furthermore, the persistent gender gap in financial inclusion shows that mainstreaming gender may not be enough to address structural inequalities to advance women's financial inclusion. Instead a more proactive and tailored policy response which considers the unique needs and behaviors of women will also be required.

What are the constraints facing women? **Financial Literacy (75%), Collateral requirements (66%), and the Socio-cultural environment (63%)** are the top three perceived barriers to women's financial inclusion as identified by respondents in the AFI Member survey on women's financial inclusion in 2016.[6] These barriers are widely documented in literature including ` the AFI and Women's World Banking special report on Policy Frameworks to Support Women's Financial Inclusion.

This report categorized the barriers to women's financial inclusion as follows:

> **Demand side constraints** including limited financial capability and financial literacy; lack of assets for collateral; geographic distance from a financial institution; lack of formal identification; limited ownership of mobile phones and sim cards.

> **Supply side constraints** including a lack of sex-disaggregated data; risk aversion of banks; financial institutions speak a complicated language; service delivery is not adapted to women.

> **Regulatory and infrastructure barriers** including digital financial services and distribution channels; Know Your Customer (KYC) regimes; acceptance of discriminatory laws; collateral requirements and collateral registries; absence of credit bureaus.

> **Societal barriers** including societal constraints codified into law and internal societal constraints.[7]

It should be noted that the all-pervasive nature of culture means that societal barriers to financial inclusion cannot be considered in isolation. Rather socio-cultural factors play an indirect role in influencing all other barriers and can also impede the implementation of law and policy in practice. As such, just because a law or policy is in place to overcome any of the women's financial inclusion constraints detailed above, it should not be taken for granted that it has been implemented.

In this context, there are diverse ways in which financial inclusion barriers and the differential behaviors and needs of women and men can be addressed through financial inclusion policymaking in the formulation and implementation of the National Financial Inclusion Strategy (NFIS). This guidance considers key elements of a NFIS during each phase of the process from Pre-Formulation; Formulation; Implementation and Measurement Phase. As it does, it reflects on the relevance of gender or a focus on women during each phase and draws on case studies of existing practices and lessons learned from AFI Members and statistics on practices within the network.
This Guideline Note is complementary to and should be read in conjunction with Guideline Note published in August 2016 entitled National Financial Inclusion Strategies: A Toolkit.

5 http://info.worldbank.org/etools/docs/library/192862/introductorymaterials/Glossary.html

6 The AFI Member Survey on Gender and Women's Financial Inclusion was an online survey, which ran from 28 July- 10 August 2016. It was circulated to the participants of the following working groups: Consumer Empowerment and Market Conduct (CEMC) Working Group; Financial Inclusion Strategy (FIS) Peer Learning Group; Financial Inclusion Data (FID) Working Group; Proportionate Application of Global Standards (GSP) Working Group; Digital Financial Services (DFS) Working Group; and SME Finance (SMEF) Working Group. These working group participants represent 74 countries of which there were respondents from 42 AFI member countries, representing a 57% response rate.

7 AFI and Women's World Banking, 2016.

PREFORMULATION PHASE

A first step during the pre-formulation phase of a NFIS is to establish a dedicated Financial Inclusion Unit (FIU) in the lead institution with a gender diverse membership. A third of AFI member institution countries surveyed in the AFI Member survey on gender and women's financial inclusion have either a mandatory (12%) or voluntary (24%) gender diversity policy or strategy. Moreover, multiple AFI Members have prioritised gender equality and women's economic empowerment as a national priority and this can contribute to the rationale to form a gender diverse FIU.

Case Study: México

México has a national strategy for advancing gender equality within its National Development Plan (NDP) 2012- 2018, which cross-cuts national policy objectives related to health, education, employment and financial inclusion. The NDP introduces gender equality as a national principle to which every public institution's objectives and programs must be aligned. It considers the need to enforce specific actions focused on guaranteeing women's rights and avoiding gender differences that may affect inequality, exclusion or discrimination. To this end, the Mexican government published the National Plan for Gender Equality and No Discrimination against women (PROIGUALDAD 2013-2018), which addresses the NDP principle on gender equality by promoting the access of women to employment opportunities, financial resources and services. Additionally, in 2011, the National Council on Financial Inclusion was established to coordinate Mexico's national financial authorities to promote financial inclusion by developing and assessing the objectives included in the National Policy on Financial Inclusion (2016). Women's financial inclusion is considered as an objective of this National Policy, mainly by including the need to increase the access and use of formal financial services for the unattended and excluded sectors of the population. Furthermore, it establishes the generation and measurement of indicators to assess the efforts on financial inclusion including gender gaps.

Gender diversity in the NFIS leadership and coordination mechanism is good for its governance and can contribute to the effectiveness and gender sensitivity of the policy making process. For instance, research suggests that diverse monetary policy committees can take more efficient monetary policy decisions. Further, evidence indicates that a higher participation of women in monetary policy committees is associated with better performance in terms of inflation and can signal prudence in implementing monetary policy actions.[8 9]

The case for gender diversity in FIUs can also be made by drawing on range of literature on team and organizational performance.[10] It is internationally established that gender diversity in leadership can be a proxy for the quality of management, enhance overall and financial performance. Moreover, gender diversity on organizational boards confer advantages including greater organizational innovation and governance including financial integrity. Notably, a study by Kramer and Konrad found that three or more women is the critical mass that enhances the governance of corporate boards.[11]

In terms of financial integrity, a US study on the impact of board diversity on the incidence of financial restatement (usually due to error or fraud) found a significant association between the presence of at least one woman on the board and a lower likelihood of restatement, and that those with at least one female director were less likely to restate financial results due to errors or fraud by 38 percent.[12]

Case Study: Zambia

The Bank of Zambia established a Gender Policy in 2001. The policy is anchored on the Bank's commitment to promote and enhance gender equity and equality in the governance of the Bank and the financial sector to contribute to sustainable development. Building on this one of the objectives in the Bank of Zambia's current Strategic Plan (2016 – 2019) is "to entrench gender mainstreaming within the Bank of Zambia and the financial sector, to contribute to gender equality in Zambia". In terms of implementation, this involves developing and implementing a Gender Mainstreaming Strategy for the Bank of Zambia and developing and implementing a gender mainstreaming program for financial service providers. Within the bank, the focus has been addressing gender imbalances in its workforce, which has been addressed through deliberate interventions in the recruitment and promotion processes.

Once the gender diverse Financial Inclusion Unit (FIU) has been established, a next step is to develop the concept paper for the NFIS. This may include any justification and rationale for the NFIS which relates to closing any gender gaps in access and usage of financial services. It should also highlight who may be involved in the process, including who can provide technical expertise on women's financial inclusion. It is recommended that the methodology set out in the concept paper for the process of developing the NFIS includes mechanisms to consult with men and women representatives of each type of institutional stakeholder. Budget should be allocated to ensure that a lack of financial resources does not impede the participation in the policy making process of, for example, women's community groups.

8 Masciandaro, Profeta and Romelli, 2016.
9 Diouf and Pepin, 2016.
10 Peterson Institute for International Economics, 2016; Catalyst, 2007; Catalyst, 2011; Mckinsey & Company, 2007.
11 Kramer, Konrad, and Erkut, 2006.
12 Abbott, Parker and Presley, 2012.

FORMULATION PHASE

DIAGNOSTIC STUDIES

Diagnostic studies form an important part of the formulation stage of a NFIS to establish the current state of financial inclusion in the country, barriers and policy priorities to address the financial inclusion gap. A diagnostic study may involve conducting a literature review on gender differences in financial inclusion in the country. Notably, more than half (62%) of surveyed AFI member institutions have conducted research on women's financial inclusion. Relevant to this research is a review of publications detailing gender specific constraints in financial inclusion for women as individuals but for women-owned SMEs. In considering these barriers, reference can be made to literature that discusses broader legal and socio cultural constraints facing women's economic participation and empowerment in the country, as these factors can indirectly impede women's financial access and usage. From the literature, note the distinction between those financial inclusion barriers which are faced by both women and men, where one or other is more severely impacted (e.g. access to mobile financial services) due to their gender roles. Additionally, identify those constraints that are only faced by women or men. For instance, the need for a male co-signatory to open a bank account or take out a loan only affects women, not men.

As part of any desk based research it can be useful to review national financial inclusion strategies of countries considered broadly comparable. In doing so, insights can be drawn on potential policy approaches that can be replicated through the NFIS from those countries with a similar financial inclusion gender gap and gender 'context' i.e. with similar socio-cultural including religious environments for women.

For the diagnostic study include an analysis of sex-disaggregated data to establish any gender differences in the level of access and usage of financial services. On the demand side, if a Finscope demand side survey has been previously undertaken, this data can be sex-disaggregated and cross referenced with other variables including age, marital status and geography to provide valuable insights on diverse segments of women and men. On the supply side, identify how many financial products and services are offered in the market specifically targeting women (or men); any service providers that only target women clients; and the level of sex disaggregated data being provided in their regulatory reporting to the central bank. At this stage, it can be of value to document any gender data gaps on both the demand and supply sides i.e. where there is the potential for greater granularity of the data through sex-disaggregation in the future.[13]

In the diagnostic study consider the binding constraints and societal constraints codified into law that restrict women's entrepreneurship and employment. The latest version of the World Bank's Women, Business and the Law may help to identify these legal constraints.

Case Study: Zambia

The Bank of Zambia commissioned the Financial Sector Deepening Zambia (FSDZ) to conduct research on women's financial inclusion using sex-disaggregated FinScope research from 2015. The results are presented in two FinScope focus notes published in 2016 and launched at a conference on the theme of women's financial inclusion. The first, Women and Financial Inclusion in Zambia, examines the state of women's financial inclusion overall and compares their financial inclusion to that experienced by male counterparts and highlights how women's more generally disadvantaged situation leads to greater exclusion in access to and usage of financial services; and the second focus note entitled Women Smallholder Farmers: Managing their Financial Lives focuses in greater depth on women smallholder farmers in the country. An earlier study published in 2014 on Women's Access to Financial Services in Zambia used sex-disaggregated FinScope data from 2009. The findings of the most recent research have a major motivating factor to incorporate gender mainstreaming in the financial sector as a strategic objective for the Bank of Zambia.

This global resource presents comparable country level data on laws on legal gender differences for married and unmarried women compared to men, and regulations constraining women's entrepreneurship and employment. For instance, the legal ability for women to have inheritance and ownership rights over property, which can influence their access to assets to use as collateral.[14] In considering these legal constraints, it is also recommended to identify where laws such as those related to land and property rights are not being implemented in practice due to customary law or other factors.

Given that gender cross cuts all different population segments and that women are not a homogenous segment, the diagnostic study may involve defining the financial inclusion profiles of different types of women, for instance, based on age, geography, income level and educational background. Examples of segments may be low income women, women small-holder farmers and women entrepreneurs. Each segment will exhibit diverse financial needs and behaviors and may require different policy approaches to achieve their inclusion.

13 AFI's toolkit on sex-disaggregated financial inclusion data can provide further guidance on this topic.
14 World Bank, 2015.

Stakeholder consultations can inform the content of NFIS diagnostic studies to shed light on the potential differences between women and men's financial access and usage, as well as policy related constraints to women's financial inclusion, such as the inability of women to meet Know Your Customer Requirements due to the lack of multiple forms of identity documents. Women's participation should be encouraged in any stakeholder consultation process.

One approach is to consult with women's community groups. It may be necessary to consider which consultation tools may be more appropriate for this segment, particularly if members have low levels of literacy and education. Consider the timing and location of consultations to ensure women's safety in traveling to participate, as well as caring duties and the other forms of unpaid work which they can disproportionally shoulder. For example, the ODI estimate that on average women spend 45 minutes more than men daily on paid and unpaid work – and over 2 hours more in the most unequal countries, which equates to up to 5.7 weeks more work per year.[15]

In some contexts, women-only NFIS consultations may be required to ensure candid feedback from the women participants. In these instances, it is relevant to ensure the individual that leads the consultation with women is female and preferably from the local community.

Women's participation in any NFIS consultations is not just about ensuring that women's groups are engaged. Rather, it is essential to ensure women are represented from all stakeholder groups' perspectives. According to the AFI survey on women's financial inclusion, the three most frequently consulted groups in the development of a NFIS are government (92%), private sector and NGOs/ civil society (67%). Therefore, it is good practice to ensure there are women representatives from each of these key stakeholder groups, for example women members of mainstream business associations in addition to women's business associations. This is in a context where evidence has emerged that engagement with women's business associations is beneficial for gender-sensitive policy reform. Yet, less than half of surveyed AFI Members (42%) that have a NFIS have consulted women's business associations in the process of its development. Nevertheless, several AFI member institutions have consulted women business associations and stakeholders with an explicit focus on women's financial inclusion in the process of developing a NFIS.

Case Study: Solomon Islands
In the Solomon Islands, NFIS consultations were carried out with the Ministry of Women, Solomon Islands Women in Business Association (SIWIBA) in addition to Saving Clubs and Microfinance Institutions that focus on women.

Case Study: Bhutan
In the development of the draft financial inclusion strategy for Bhutan, the Bhutan Association of Women Entrepreneurs (BAOWE) was engaged in the working committee to draft the strategy, along with the Royal Monetary Authority of Bhutan as the lead agency, and representatives from banks, insurance companies, Bhutan Telecom and Bhutan Post, and various ministries.

Case Study: Zimbabwe
In Zimbabwe, several women's empowerment organizations were consulted in the development of the NFIS Concept Paper and its subsequent development. One-on-one consultations were carried out to better understand the issues affecting women and to achieve stakeholder buy-in for the NFIS. Additionally, they were consulted through a one-day national workshop, where all stakeholders, including public, private, financial institutions, faith based institutions, non-government organizations and development partners, were invited to contribute to the formulation of the financial inclusion objectives and action plans.

INCORPORATE GENDER CONSIDERATIONS INTO THE NFIS RATIONALE AND VISION

In clarifying the rationale and the mission and vision for an NFIS it is important to note the intention to close any country-level gender gaps in financial inclusion in terms of access and usage, including related to different types of financial products and services. Furthermore, in developing a definition of financial inclusion consider whether the focus is on formal financial inclusion. Many women rely on informal financial services. While it is a first step towards full financial inclusion, it has negative implication to women and the economy as a whole. As such it is recommended that the rationale and vision is to transition women from informal to formal forms of financial inclusion.

BUILDING THE BUSINESS CASE FOR FSPS TO BETTER SERVE WOMEN

It may be valuable to consider capacity building of financial service providers (FSPs) on the need for women's financial inclusion as part of any outreach to set out the case for the value of a NFIS and to develop any national goals. This may include sharing evidence with FSPs on the business case for them to target the women's market, as a lack of sex-disaggregated data and low levels of awareness can be barriers to their understanding. Notably, a quarter of AFI members consulted (26%) conduct some form of capacity building externally among the entities under their supervision on gender awareness and women's financial inclusion. Organizations such as the Global Banking Alliance for Women can assist FSPs, to access peer learning opportunities about how to develop a women's market value proposition.

15 ODI, 2015

Case Study: Zambia
Bank of Zambia has worked with the International Labour Organization (ILO) to train several of its senior level staff in the Bank Supervision Department as ILO FAMOS Trainers. The FAMOS check is an ILO tool which provides a methodology for a gender-based service quality check. It aims to facilitate business support agencies, financial institutions and government departments to conduct a systematic assessment of the extent to which they target and serve women entrepreneurs, their needs and their potentialities. The Bank of Zambia staff trainers have in turn trained selected officers in the commercial banks in the country. To date, two cohorts have received FAMOS training and a third cohort will receive training by the end of 2016. Additionally, the trainers have conducted FAMOS checks at four banks in Zambia to determine the gender-responsiveness of the banks in their product and service offering. Going forward, it is envisaged that the FAMOS checks will form part of the routine onsite inspection of the banks. Further to the FAMOS training, the Bank of Zambia conducted a workshop for financial service providers under the supervision of the Bank on women's financial inclusion from 20th – 25th November 2016.

GENDER RELATED POLICY PRIORITIES

It is recommended to set NFIS policy priorities that address the gender differences between women and men's financial access and usage, as well as explicitly focusing on women's financial inclusion. According to the 2016 AFI survey on gender and women's financial inclusion, less than a quarter of AFI Members surveyed (22%) said they had a financial inclusion strategy with an explicit focus on women's financial inclusion.

Case Study: Zimbabwe
In Zimbabwe, where the focus on women financial inclusion in the NFIS was informed by the disproportionate lower levels of financial inclusion among women, despite women comprising the majority of the population and having higher levels of engagement in small scale enterprises. Two of the key barriers to women's financial inclusion identified as facing women in the country include higher illiteracy levels and a lack of acceptable collateral. As part of its NFIS implementation, the Reserve Bank of Zimbabwe (RBZ) is analyzing sex disaggregated data to inform the development of specific financial inclusion targets for women.

There are specific policy areas that are pertinent to advancing women's financial inclusion, as they target constraints that disproportionately or specifically face women. For example, of the 39% of AFI survey respondents that attribute specific policies, to enhancing women's financial inclusion, more than half attribute agents and business correspondent policies (53%) to accelerating progress towards women's financial inclusion. Just under half recognize digital financial services (47%) and mobile money (47%) as contributing towards closing the gender gap. Furthermore, flexible KYC norms and alternative collateral mechanisms (40%) are equally recognized by AFI Members to play a role.

Other policies recognized to play a positive contribution in supporting women's financial inclusion include: financial education, microcredit, cash transfer programs, credit guarantee schemes and women's empowerment funds availed at concessional lending rates, plus encouraging MFI's to expand the offering of tailored financial services for women.

As a guide to identifying gender specific policy priorities, it can be useful to draw on the following seven policy measures for women's financial inclusion elaborated in the AFI and Women's World Banking publication 'Policy Frameworks to Support Women's Financial Inclusion'.[16]

1. EXPLICIT POLICY OBJECTIVES AND SEX-DISAGGREGATED QUANTITATIVE TARGETS

Define targets and objectives specifically for women and men, which acknowledge their respective different levels of financial service access and usage. A third of AFI Member survey respondents noted that they had targets related to women's financial inclusion. Further to including these objectives in a National Financial Inclusion Strategy, these objectives can be publicly declared through AFI's Maya Declaration platform and regular updates can be shared through the AFI membership. Refer to table 1 for a summary of AFI Member gender related Maya Declaration targets. For the commitments made to date, one AFI member, the Central Bank of Solomon Islands has completed its target to enable an additional 70,000 (of which 30,000 are women) unbanked and under-served citizens to have access to financial services by year 2015.

Case Study: Solomon Islands
In the Solomon Islands, sex-disaggregated financial inclusion objectives and targets were first set in 2011 during the country's first and initial national financial inclusion strategy. The decision to disaggregate the objectives and targets by sex was based on the central bank's perception that women are better household managers and evidence to suggest that to empower women economically has benefits not only to the family but also the community.

16 AFI and Women's World Banking, 2016.

TABLE 1: SUMMARY OF AFI MEMBER GENDER RELATED MAYA DECLARATION TARGETS

INSTITUTION	TARGET	EXPECTED COMPLETION	USE CASE
CENTRAL BANK OF EGYPT	> Prepare a preliminary report on the state of financial inclusion in Egypt with the focus on supply side before the end of 2017 with a view to preparing progressively more comprehensive report each year thereafter. Gender disaggregated data will be reported by the end of 2020.	In progress	Dec 2017
RESERVE BANK OF FIJI	> Increase access to formal financial services from 64% to 85% (by 130,000) of the adult population, of which 50% are women	In progress	9 Aug 2016
	> Enhance data measurement and analysis by collecting disaggregated data on gender, age, and ethnicity by the year 2020	In progress	Unspecified
CENTRAL BANK OF JORDAN	> Reduce the gender gap from 53% to 35% by 2020 with decrease of 10% annually	In progress	Dec 2020
BANK NEGARA MALAYSIA	> Establish database on account ownership based on gender by end-2016.	In progress	Dec 2016
BANK OF PAPUA NEW GUINEA	> Reach 1 million more unbanked, low-income people in Papua New Guinea, 50% of whom will be women	In progress	Unspecified
CENTRAL BANK OF SOLOMON ISLANDS	> Enable an additional 70,000 (of which 30,000 are women) unbanked and under-served citizens to have access to financial services by year 2015	Completed	Jan 2015
NATIONAL RESERVE BANK OF TONGA	> Develop and improve access to finance by 20% over the next 5 years, focusing on: (1) SMEs in the agricultural, fisheries and tourism sectors, and (2) SMEs for women and youth	In progress	Jan 2020
RESERVE BANK OF VANUATU	> To enable the availability and accessibility of the relevant financial services to at least 76,000 unbanked Ni-Vanuatu (at least 38,000 to be women) by December 2016, through a nationally coordinated effort, in partnership with a range of service providers and relevant government institutions, offering a broad range of relevant and cost effective financial services.	In progress	Dec 2016
	> Putting in place policies to support access for SMEs targeting 30% of women	In progress	13 Jun 2016
BANK OF ZAMBIA	> Entrench Gender Mainstreaming within the Bank and the financial sector so as to contribute to gender equality in Zambia.	In progress	March 2017
RESERVE BANK OF ZIMBABWE	> Collect and maintain disaggregated financial inclusion data (women, SMEs, youth, small-scale agriculture and rural population).	In progress	Unspecified

2. COLLECTING AND ANALYZING SEX-DISAGGREGATED FINANCIAL DATA

Collect and use demand and supply-side sex-disaggregated data as it is useful not only as part of the diagnostic phase of the NFIS but also for day-to-day policy making process during the implementation stage of the NFIS. This data can be used to reflect on whether certain policies are working equally for women and men or having any unintended gender differential impacts. By defining sex-disaggregated data as a policy priority per se highlights a commitment to gender sensitive evidence based policymaking. In implementing any policy related to sex-disaggregated data, it is essential to bear in mind that there is a dependency on the FSPs to collect supply side data. Hence, there will be a need there will be a need to consider approaches to encourage its collection by the FSPs and regular reporting to the financial sector regulator.[17] AFI's Financial Inclusion Data (FID) Working Group has been exploring current practices in collecting and using sex-disaggregated financial inclusion data through its peer learning activities and has two resources to support AFI Members with this process, namely: FIDWG Factsheet: Leveraging Sex- disaggregated Data to Accelerate Progress Towards Women's Financial Inclusion; and FIDWG Toolkit: How to Leverage Sex-disaggregated Financial Inclusion Data to Accelerate Women's Financial Inclusion.

Case Study: Tanzania

In Tanzania, sex-disaggregated data is currently collected through the country's demand side Finscope survey. On the supply side, the Financial Inclusion National Council is in the process of expanding its financial inclusion database to include and collect sex-disaggregated supply-side data from financial service providers, in order to be able to track the progress against the gender targets and indicators in its revised measurement framework for its National Financial Inclusion Framework in part based on the results of the 2013 Finscope survey. It is anticipated that collecting the supply-side financial inclusion data will better support the development of interventions to help financially excluded groups and allocate resources accordingly.

17 For more details on collecting and using sex-disaggregated financial inclusion data refer to the AFI Sex-Disaggregated Data Toolkit: How to Leverage Sex-disaggregated Financial Inclusion Data to Accelerate Women's Financial Inclusion.

3. REFORMS TO LEGAL AND REGULATORY FRAMEWORKS TO CREATE SPACE FOR INNOVATION THAT SUPPORTS GREATER FINANCIAL INCLUSION OF WOMEN.

Regulatory reforms can be identified and prioritized as a strategy to enhance the delivery of financial services to women addressing any unintended regulatory consequences and capitalizing on successful policies. This is because while laws and regulations can be gender-neutral they may also have unintended negative consequences for either women, or men due to wider social norms. Conversely gender-neutral regulations, such as promoting agent banking or mobile financial services, can have positively differential impacts in terms of advancing women's financial inclusion.[18]

According to the Global Findex, 18 percent of unbanked adults report lack of documentation as one of the reasons why they do not have a bank account of which 49 percent are men and 51 percent are women.[19] It is well established that women and girls, disproportionately, lack birth certificates and other forms of identity documents in part due to the legal gender differences facing women compared to men in accessing various forms of identification such as a passport. [20 21]

Case Study: Mozambique

Mozambique has set sex-disaggregated financial inclusion targets in the country's NFIS (2016-2022), in order to reduce the financial inclusion gender gap. The NFIS was approved by the Government on 28 of March of 2016 and publicly launched in July 2016. It defines the following overall targets for women´s access to and use of accounts by 2018: 22% of adult women must have a deposit account in a formal financial institution; 6% of adult women must have a credit account in a formal financial institution; and 35% of adult women must have an active account in an electronic money institution.

Given that identity documents are a prerequisite for accessing financial services to meet Know Your Customer (KYC) requirements, the lack of one or multiple forms of official documentation can restrict women's financial inclusion. Indeed, a quarter (25%) of respondents in the AFI survey on women's financial inclusion perceived that Know Your Customer (KYC) requirements were a barrier for women. As such, it is sometimes argued that countries that have not innovated to introduce tiered KYC requirements are missing an opportunity for promoting financial inclusion.[22]

Other reforms can allow financial service providers to offer innovative and tailored products to specific client segments. Nearly half of consulted AFI members have customized banking products for women and women owned/managed SMEs (43%) and this represents the most popular initiative to address women's financial inclusion by AFI member institutions.

Case Study: Uganda

Since the inception of Micro Finance Deposit-Taking Institutions Act in Uganda in 2003, social collateral has been allowed through the Group Lending Methodology in the country. This is where people who know each other come together to secure individual loans but within the Group. Each member of the Group guarantees the other and default by one member impacts on the borrowing risk of the whole group. It is a graduated approach; borrowers start with small loans which can progressively grow bigger hence increased access to credit and increased savings mobilization. It is popularly used by women groups in the informal sector in Uganda. The repayment rate has been at about 98% and its success has resulted in many micro finance deposit-taking institutions in Uganda using this methodology.

Case Study: México

In 2015 Mexico's SME bank launched a women's market program for women-owned SMEs (Mujer Pyme and Mujer Crezcamos Juntas), which does not require any collateral for loans below the threshold of 25,000 USD. The program was developed based on evidence which revealed that there is a 'missing middle' of women with small and medium sized enterprise that were being underserved by financial institutions. To meet this need, the program targeted this segment with loans to be used to buy fixed assets or cover working capital needs ranging from 5,000 to 250,000 USD at an annual interest rate of 9.9%. To complement this financial assistance, the program provides non-financial support to women through a call center and a specialist credit team. Mexicos's state-owned rural development bank FND has also reduced the need for collateral for all applicants and specifically decreased the interest rates to 6.5% for women as opposed to 7% for men in its flagship programme for smallholder farmers. This was in response to the disproportionate lack of representation of women in the loan portfolio of formal financial institutions in rural areas. In the first 18 months of the program's implementation, a quarter (25%) of the 100,000 smallholders that received credit were women. For 85% of these women it was the first loan from a formal financial institution they had received.

18 Mayada El-Zoghbi, 2015.
19 World Bank (Demirgüç-Kunt et al), 2015.
20 World Bank, (Mariana Dahan and Lucia Hanmer), 2015.
21 World Bank, 2015.
22 Mayada ElZoghbi, 2015.

4. THE DEVELOPMENT OF FINANCIAL INFRASTRUCTURE

Inadequate financial infrastructure, such as a lack of interoperable digital payment platforms, credit bureaus and collateral registries, can restrict women's financial inclusion. Consider developing financial infrastructure to overcome women's lack of access to collateral (and in turn credit) in an NFIS. This is a clear need because despite two thirds of AFI survey respondents (66%) stating that collateral requirements are a barrier for women's financial inclusion, only 26% of respondent countries stated that they have a facility to enable alternative forms of collateral and only 10% offer collateral free loans for women.

Case Study: Costa Rica

On 21 May 2015, a law on movable collateral was passed in Costa Rica which provided the legal mandate for the establishment of a facility to enable alternative forms of collateral. This law allows the acceptance of non-traditional assets as collateral for credit. This includes for example, copyrights, intellectual property, inventories, and rights on contracts. The law has created a single "Registry of Movable Guarantees" or "Registry of Guaranties over personal property" in addition to the existing "Real Property Registry". Once these assets have been registered, they can be used in the credit granting process.

Case Study: Burundi

The Banque de la République du Burundi conducted a demandside survey in 2012, the findings of which showed that women are less financially included than men. One of the barriers to financial inclusion noted by women through this analysis was their lack of traditional forms of collateral. This highlighted the need to introduce regulations to allow for alternative collateral to overcome this barrier to women's financial inclusion. This is in the process of being addressed through a new law. The law entitled "Loi sur les Surêtés Mobilières" will enable diversification of types of collateral that can be used to access credit and will apply to all financial institutions. The law has been already drafted and is waiting for enactment. It is anticipated that enabling alternative forms of collateral will contribute to reducing women's barriers to credit.

5. REFINING AND STRENGTHENING FINANCIAL CONSUMER PROTECTION REGULATION TO ADDRESS CONCERNS OF WOMEN CLIENTS

There is some indication that women face greater vulnerability of abuse in the financial system. Socio-cultural factors related to the power dynamics between women and men in society can contribute to their vulnerability. Moreover, lower levels of literacy, education and safety issues can present barriers to women's ability to access mechanisms of redressal for consumer complaints. Gender-sensitive complaint mechanisms that specifically address awareness and access barriers for women can strengthen financial consumer protection for women clients. Yet only 5% of consulted AFI Members perceived that they had a gender-sensitive consumer protection mechanism. As such identifying the differential consumer protection needs for women and men can be important for a regulator to meet its consumer protection role.

6. FINANCIAL EDUCATION AND FINANCIAL LITERACY

Within a NFIS, there is scope for AFI Members to identify gender differences in financial literacy levels and devise gender sensitive strategies that can meet the specific needs of different sub-segments of women and men. Financial literacy was the most frequently named barrier for women's financial inclusion, identified by almost three quarters of respondents (75%) in the AFI member survey. Despite this only 22% of respondent countries noted that they had a financial literacy strategy with an explicit focus on women's financial inclusion.

A driver of women's often disproportionately inferior levels of financial literacy can be the lower literacy levels of women overall. In part the underlying cause can be socio-cultural factors including the lack of value traditionally placed on girls' education.[23] At the same time, gender differences in societal roles between women and men can have implications for the content of financial education programs and how and when they are delivered. For instance, if women are predominately responsible for childcare, any in-person financial education program may need to include childcare provision or else be compatible with women's child care responsibilities.

Case Study: Armenia

The Central Bank of Armenia found that there is little difference between the financial capability of women and men in Armenia based on a 2014 application of the Financial Capability Barometer (FCB) methodology. The resultant Financial Capability Index for Armenia is 44.5%, (44% for women and 45% for men). Nevertheless, given the large outward seasonal migration flows of men from the country, women are primarily responsible for the management of the family budget. As such, the National Strategy of Financial Education in Armenia (NSFE), approved by the Government of Armenia in 2014, defines women as a separate target group. Building on this, the NSFE action plan for 2014-2019 includes the development, implementation, testing and monitoring of financial education programs to reach women, which are planned for 2017-2019. To date, women have participated actively in the existing programs. For instance, in its rural financial education program 70- 80% of participants were women, and those aged 18-35 years old represent 70 % of all users of the Bank's day-to-day online learning platform on Facebook. As a result of the women targeted focus within the NSFE, the Central Bank of Armenia collects sex-disaggregated financial literacy data.

23 OCED & INFE, 2013. To address this issue, the OCED has provided detailed guidance on this theme in the "OECD/INFE Policy Guidance on Addressing Women's and Girls' Needs for Financial Awareness and Education".

Case Study: Morocco

In Morocco, the country's national financial capability survey identified that women, rural and low income segments have the lowest rates of access to and usage of bank services. Women and rural populations are also among those who were more likely to have faced a financial service provider conflict. Unemployment and illiteracy were found to contribute to their lower levels of financial capability and financial inclusion. In light of these findings, when the National Financial Literacy Strategy was established in 2013, it paid specific attention to women's financial education. In this context, the strategy specifically states it aims to implement financial education modules taking into consideration a gendered approach.

The implementation of the strategy has involved a nationwide radio campaign to raise awareness and enhance the populations financial behavior. It has also included the development of a special pedagogical toolkit in partnership with the National Agency of the Fight against Illiteracy (L'Agence Nationale de Lutte Contre l'Analphabétisme) and in turn a deployment plan to target the illiterate population which represents 30% of the population. It should be emphasized that more than 90% of the program beneficiaries are women. For this purpose, almost 700 trainers were trained by the Moroccan Foundation of Financial Education (MFFE) between June and December 2015. It is anticipated that these programs targeting the illiterate will empower women and inculcate skill on how to manage the household budget.

The MFFE has also developed a mobile application for budget management tailored to all population segments' needs. The application includes a specific module dedicated to illiterate people. This digital tool aims to allow households especially the low-income segment to become acquainted with budget management in an effective, attractive and pedagogical way. It is also a good mechanism to disseminate financial education concepts such as savings, regular expenses and unexpected expenses.

Case Study: Tanzania

In 2014, the Bank of Tanzania identified that almost 60% of those without financial education in Tanzania were women, of which 34.1% were in rural and 24.8 % were in urban areas. It attributed the lower levels of financial literacy among women to low enrollment rate and high drop-out rate in schools resulting from socio-cultural factors including early marriage and poverty. Consequently, when the Bank launched its Financial Education Framework (FEF) in February 2016, it identified rural and urban women as specific target segments, and provided a detailed strategy to reach each stakeholder. This includes guidance on the type of message to be delivered, suitable media to reach the segment, and potential stakeholders and channels (e.g. village theater and roadshows, or the radio) to deliver the intended messages to each target segment.

7. TACKLING LEGISLATION AND REGULATIONS THAT ADDRESS THE SOCIAL NORMS CONSTRAINING WOMEN'S FINANCIAL INCLUSION AND WHICH ARE BEYOND THE SCOPE OF THE FINANCIAL SECTOR

In NFIS there is a need to address discriminatory law and societal constraints codified into law many of which directly or indirectly contribute to restricting women's financial inclusion. The socio-cultural environment was the third main barrier identified by AFI members in the AFI Member survey on gender and women's financial inclusion. Furthermore, of the 173 economies covered in Women's Business and the Law 2016, 155 have at least one law that differentiates between women and men, which affect women's economic prospects including their financial inclusion. For instance, still in 100 economies, women face gender-based job restrictions.[24]

24 World Bank, 2015.

IMPLEMENTATION AND MEASUREMENT PHASE

GENDER DIVERSE COORDINATING STRUCTURES AND A DEDICATED WORKING GROUP

Once the NFIS strategy is approved, its implementation and tracking of progress begins. Coordination structures will be established to manage this phase of the NFIS. For the same reasons as highlighted in establishing the FIU, consider ensuring the gender diverse leadership of the NFIS coordination structures, working groups and technical committees to enhance their decision-making and effectiveness.

Case Study: Zimbabwe

In Zimbabwe women's empowerment organizations consulted in the formulation of the NFIS are currently engaged in the implementation of the strategy through participation in working groups. These include the Ministry of Women Affairs, Gender & Community Development, New Faces, New Voices – Zimbabwe Chapter, UN Women, Zimbabwe Women Resource Centre, Women's Alliance of Business Associations in Zimbabwe, African Women's Initiative in Developing Economies, and the Self Help Development Foundation.

The broad terms of reference of the Women Financing and Development Thematic Working Group are to promote development of innovative financial products for women and facilitate capacity building programs for women to complement access to financial services. The Working Group closely collaborates with other working groups as women's issues are cross-cutting. These are Rural & Agricultural Finance & Development, SME Finance & Development, Digital, Financial Literacy & Consumer Protection, Insurance, Pensions & Capital Markets; Youth; and Microfinance.

Reflect on whether to create a dedicated working group on the topic of women's financial inclusion to ensure that it gets the required attention. Regardless whether a dedicated working group is created, it is valuable to ensure that the gender differences in financial inclusion and women and men's respective needs and behaviors are addressed through the other working groups agendas.

ACTION PLAN, MONITORING AND EVALUATION FRAMEWORK

In preparing an action plan, consider whether it is necessary to create differential actions targeting women and men, and gender-specific sub segments in line with any overarching strategic sex-disaggregated objectives and targets. Any action plan will require a budget and therefore, there is the opportunity to apply the principles of gender budgeting to the NFIS budget.[25]

In the creation of the associated monitoring and evaluation framework assuming that sex-disaggregated objectives and targets have been created, ensure that during the ongoing tracking of performance sex-disaggregated data is collected and analyzed.

On the supply side this may require adjustments to the central banks reporting template, which is an involved process that may require establishing what sex-disaggregated data is already collected by financial service providers and if any systems changes are required for them to begin collecting new sex-disaggregated data points.[26]

GENDER SENSITIVE STAKEHOLDER CONSULTATION

Promote women's participation in the stakeholder consultation during the implementation and measurement phase of the NFIS. For evaluation purposes of the NFIS it may be relevant to conduct individual interviews with women or group interviews, with women-only participants using a female facilitator to encourage more open dialogue and feedback. This can be because cultural reasons may dictate that women are unable to participate or unwilling to speak openly in mixed groups. Any facilitator of these evaluations is recommended to be briefed to establish perceptions on whether any gender specific constraints to financial inclusion have changed since the baseline time period for the NFIS and any reasons they attribute to these challenges. One again at this stage it is important to engage with both women's groups and also female representatives of all other stakeholder groups including the private sector, in order to hear a full variety of gender perspectives from each.

ENGAGING WITH WOMEN'S EMPOWERMENT AUDIENCES

Furthermore, in preparing a communications strategy and during the official launch of the NFIS coordinate with other government ministries addressing women's social protection or welfare issues and promoting gender equality. These stakeholders have vested interest in achieving women's full financial inclusion and will be keen to monitor the success of the NFIS as it will contribute to their broader objectives.

Case Study: Morocco

The Central Bank of Morocco has promoted the value of sexdisaggregated data through awareness raising workshops on women's financial inclusion. It has mandated the collection of sex-disaggregated data on account ownership and credit through annual reporting since 2013. In advance of implementing the requirement, it was proposed and discussed by a bilateral commission consisting of the Bank Al-Maghrib and the association of banks. After having collected the data for three years, the Central Bank now intends to improve the quality of data by encouraging higher involvement of banks and the credit bureau. Data will be used to support the formulation of the national financial inclusion strategy.

25 For resources on gender budgeting see UN Women's portal on the theme: http://gender-financing.unwomen.org/en

26 For more information on how to collect and use sex-disaggregated data refer to the FIDWG toolkit. AFI Sex-Disaggregated Data Toolkit: How to Leverage Sex-disaggregated Financial Inclusion Data to Accelerate Women's Financial Inclusion

CONCLUSION

The persistent gender gap in financial inclusion can only be closed through proactive and explicit strategies that account for the gender differences in financial and socio-cultural needs and behaviors of women and men. To do this a twin approach is needed. One approach takes into account these gender differences in all strategies and associated actions in any NFIS. Secondly, an approach is needed where policy initiatives are designed to address specific constraints facing women, such as their lower levels of asset ownership and traditional forms of collateral to obtain credit.

This guidance has illustrated that there are opportunities to integrate a gender-sensitive approach as well as strategies to specifically address women's financial inclusion throughout each stage of the NFIS process. To date, the focus among AFI members has been limited in a number of key intervention areas: from engaging women's business associations and other stakeholders in the NFIS consultation process; initiatives related to sex-disaggregated objective and target setting, as well as data collection; and targeting women with specific initiatives and actions through financial literacy strategies. As this guidance indicates there is much greater scope to mainstream gender and target women through NFIS including through identifying gender differences in consumer protection mechanisms to more flexible KYC requirements sensitive to the lower levels of identification documents among women. Only through fully considering gender differences and targeting women specific constraints to financial inclusion will it be possible to close the gender gap and contribute to greater levels of gender equality and women's empowerment.

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http://gender-financing.unwomen.org/en

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