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BRIDGING THE GENDER GAP: PROMOTING WOMEN'S FINANCIAL INCLUSION

TOOLS AND GUIDANCE FROM THE AFI NETWORK

CONTENTS

PREFACE

At the 2016 Global Policy Forum in Fiji, the AFI membership adopted with an overwhelming majority of 96% the Denarau Action Plan: The AFI Network Commitment to Gender and Women's Financial Inclusion. This groundbreaking initiative is driven primarily by policymakers and regulators from developing and emerging countries committing to take tangible actions and provide leadership towards closing the gender gap globally.

With more than one billion women globally, the majority in developing countries, still without access to formal financial services, and the role of policy and regulation in tackling key barriers to women's uptake of financial services increasingly recognized, AFI members together with our like-minded stakeholders including the private sector and development partners are thus in a strong position to support and enhance women's financial inclusion.

The Denarau Action Plan, underpinned by AFI's core value of bottom-up goal setting, is increasingly being adopted across the international community as the optimal approach to achieving inclusive and sustainable development.

In fact, the success of the AFI peer learning approach was highlighted by the United Nations General Assembly in the Addis Ababa Action Agenda (AAAA) in 2015. The AAAA emphasizes the need to support women's financial inclusion as key to social inclusion and one of the pillars of successful global development. The Sustainable Development Goals recognize the role of financial inclusion in contributing to women's economic empowerment and gender equality.

In this context, I strongly encourage all AFI members to integrate efforts to increase financial inclusion for women into your commitments under the Maya Declaration.

Public commitments under the Maya Declaration have pushed our members to reflect on their own unique needs, challenges, and objectives, to bring in focus, refine and prioritize their efforts. By committing to taking actions to close the gender gap in each of our jurisdictions, we can expect heightened support for policy implementation at the national and global levels.

We have already achieved great milestones in implementing the Denarau action plan at the network level. Now we set our eyes on in-country implementation which will not only highlight our commitments, but also test their strength.

AFI members across the developing and emerging world have laid a strong foundation for financial inclusion, and I am confident that we can continue building on this as we redouble our efforts to advance women's financial inclusion and close the gender gap in access to quality financial services.

Dr. Alfred Hannig
Executive Director, AFI

MESSAGE FROM THE CHAIR OF THE GENDER AND WOMEN'S FINANCIAL INCLUSION COMMITTEE (GWFIC), DEPUTY GOVERNOR OF THE BANK OF ZAMBIA

We, the members of the Alliance for Financial Inclusion, have pledged to close the gender gap in financial inclusion by implementing the Denarau Action Plan adopted in Fiji at the 2016 Global Policy Forum.

Through the Denarau Action Plan, we have created a platform for harnessing partnerships, sharing our experiences and learning from one another as we work together to halve the gender gap in financial inclusion by 2021.

Over the last year, we have been working locally in our countries to include more women in the formal financial system. In Zambia, where men still have more access to financial services than women, the Bank of Zambia is working to integrate the Denarau Action Plan in its 2016–2019 Strategic Plan by entrenching gender mainstreaming in the financial sector and increasing gender diversity in the Bank of Zambia and the regulated institutions under its scope. By early 2019, the Bank is committed to developing and advocating best practices in collecting, analyzing and using sex-disaggregated data to further promote financial inclusion for women.

As a network, AFI has made significant progress in implementing the Denarau Action Plan, evidenced by the country experiences and policy guidance featured in this publication. I am encouraged to see AFI members leading the development of knowledge and practical tools to promote women's financial inclusion globally as we committed at the 2016 AFI Global Policy Forum.

I would like to take this opportunity to thank everyone who contributed to this body of work, AFI's Working Groups in particular. They have led knowledge generation for the Denarau Action Plan over the last year, harnessing AFI's strength in policy leadership to promote women's economic empowerment and poverty alleviation through financial inclusion. It is my hope that the great work we have begun at the network level will continue at the national level as we strengthen our commitments to halving the gender gap in our own countries.

Onward and forward, let us scale new heights together.

Dr. Tukiya Kankasa Mabula
Chair of the Gender and Women's Financial Inclusion Committee (GWFIC)
Deputy Governor of Bank of Zambia

LEVERAGING SEX-DISAGGREGATED DATA

CONTEXT

Women are still disproportionately excluded from the formal financial system and make up more than half of the world's unbanked population. According to the 2014 Global Findex, 58 percent of women had an account compared to 65 percent of men. This gender gap has persisted at 9 percent for developing economies, despite progress to advance financial inclusion.[1] A gender gap is equally apparent for women-owned businesses, who predominately remain in the informal economy which restricts their access to bank accounts and credit from formal financial service providers (FSPs). Even those women-owned SMEs operating in the formal sector face a significant credit gap, which the IFC estimate is approximately $2872 billion, making up 30 percent of the total credit gap for SMEs.[2]

Sex-disaggregated data is essential to achieve financial inclusion for women as individuals and SME owners. It can provide information on the current status of financial inclusion of women, inform evidence based financial inclusion policy making and enable the effectiveness of efforts to address barriers facing women to be tracked. Recognizing its value, 79% of surveyed AFI Members reported in 2016 they currently collect some form of sex-disaggregated data.[3]

BRIDGING THE GAP
Financial inclusion for gender and women

This publication was made possible, in part, by support from the United Nations Capital Development Fund (UNCDF).

1 World Bank, 2015.
2 IFC, 2014.
3 AFI 2016 Survey on Women's Financial Inclusion.

WHAT IS SEX-DISAGGREGATED DATA?

Sex-disaggregated data is defined as data collected separately for males and females. Data is disaggregated by “sex”, and not by “gender” because when data is collected, it is the biological differences or “sex” of a person that is captured.[4] By comparison 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] In the context of financial inclusion policymaking, sex-disaggregated data can refer to either supply-side data collected from financial service providers (FSPs) or demand-side data collected for instance through national surveys.

WHY COLLECT SEX-DISAGGREGATED DATA? THE OPPORTUNITY FOR POLICY MAKERS AND REGULATORS

Collecting and using sex-disaggregated data can support the objective of closing the financial inclusion gender gap and contributing to the broader goal of full financial inclusion. Both supply and demand-side sex-disaggregated data can be leveraged on to gather valuable insights to understand the needs and behaviors’ that drive gender dimensions of access, usage and quality of financial services and provide evidence of successful policy interventions. For example, sex-disaggregated data on mobile ownership provides insights that over 1.7 billion females in low- and middle- income countries do not own mobile phones and women are on average 14% less likely to own a mobile phone than men. This data indicates there are gender implications for the success of policies that promote mobile distribution models to advance financial inclusion, particularly in rural regions.[6]

From the financial inclusion policymaker and regulator perspective, sex-disaggregated data can contribute to the core objectives of financial stability, financial integrity and consumer protection. For example, an analysis of member data by the Global Banking Alliance for women found that there were lower loan-to-deposit ratios for women across most banks in all reported segments. As such, the financial inclusion of women can strengthen financial stability by increasing the deposit base. [7]

> **The Financial Inclusion National Council in Tanzania** has expanded its financial inclusion database to include data by gender and age and expand the data collected to incorporate usage and quality, as well as financial access indicators. It is anticipated that this will better enable the accurate capture of the state of women’s financial inclusion in Tanzania.[8]

> **The Central Bank of Nigeria** uses survey data conducted by Enhancing Financial Innovation and Access (EFInA), the Access to Financial Services in Nigeria Survey to provide a picture of the status of women’s financial inclusion in the country. In addition, sex-disaggregated data enables the Bank to track progress of the MSME Development Fund established in 2014, which has the explicit target to issue at least 60% of loans to women.[9]

> The Superintendencia de Bancos e Instituciones Financieras de Chile (SBIF) has consistently tracked sex-disaggregated financial system data since 2001 as a result of a government wide initiative to address gender gaps, mainstream change across public entities and include a gender perspective in public policy.[10]

Policymakers and regulators depend on FSPs to collect supply-side data. At a market level, sex-disaggregated data can build the business case and size the market opportunity of serving women, and facilitate estimations of the market potential of the women’s financial service industry for diverse products and services. For instance, IFC, AXA and Accenture estimate the insurance industry will earn up to $1.7 trillion from women alone by 2030 — half of which in just 10 emerging economies.[11]

From the FSP perspective, collecting this data not only allows providers to fulfil the requirements of regulators to submit any such data, but more importantly enhances their value proposition to specific market segments. Collecting sex-disaggregated data is recognized as essential to build the internal business case for developing women’s market programs. Its collection also allows FSPs to adopt a customer centric approach to support their understanding of the different needs, preferences, behavior and profitability of diverse client segments. This includes the women’s market segment and its various sub segments. Only then can FSPs design product and service solutions that better target and serve the needs of different customer groups. For example, sex-disaggregated data collected by some FSPs with women’s market programs includes access, usage, profitability, risk, engagement, non-financial services and internal diversity.[12]

WHAT DATA IS COLLECTED BY AFI MEMBERS?

More than three quarters (76%) of surveyed AFI Members collect sex-disaggregated data on account ownership. Meanwhile more than two thirds of the sample collect credit (73%), and a similar percentage collect savings data (70%).

> **The National Bank of Cambodia, the Banque de la République du Burundi, Bank Negara Malaysia and Superintendencia de Banca, Seguros y AFPs in Peru** are all examples of AFI Members that collect data on account ownership, credit and savings.

> **Bangladesh Bank** collects sex-disaggregated SME Credit Data.

4 Data2X, GBA and IDB 2015.
5 http://info.worldbank.org/etools/docs/library/192862/introductorymaterials/Glossary.html
6 GSMA, 2015.
7 Data2X, GBA and IDB 2015.
8 AFI and Women’s World Banking, 2016 a.
9 AFI and Women’s World Banking, 2016 b.
9 AFI and Women’s World Banking, 2016 b.
10 Data2X, ECLAC, GBA and IDB, 2016.
11 Accenture, Axa and IFC, 2015.
12 GBA, 2015.

In just over half (58%) of respondent countries that collect sex-disaggregated data, the credit rating agency / credit bureau collects such data. Given that financial literacy is perceived by 75% of survey respondents to be the top barrier to women's financial inclusion its collection is found to be meaningful by multiple AFI members. Other data currently sex-disaggregated by AFI Members includes mobile financial services and mobile money, payments, insurance and micro insurance. (see fig 1)

> The Central Bank of Armenia collects sex-disaggregated financial literacy data.

> Bank of Ghana collects mobile financial service and mobile money data split by male and female, including for indicators on mobile money products (Savings, Insurance, Investments) and e-money services customer complaints.

> The Bank of Thailand conducts demand-side surveys to collect sex-disaggregated data on access to financial services including investment and insurance.

> The Reserve Bank of Zimbabwe began the collection of sex-disaggregated data from banking and microfinance institutions beginning the quarter ending 30 June 2016.

> The Ministry of Economy Finance and Planning Senegal has extended the framework it uses for the microfinance sector to collect sex disaggregated data on access and usage of financial services, to the banking and insurance sectors.

WHAT IS THE VALUE OF THIS DATA?

The recognition of the value of sex-disaggregated financial inclusion data is relatively a new phenomenon. Despite this, research by GBA found a majority of banks have the capability to disaggregate data by sex, and already a third of surveyed AFI Members have used sex-disaggregated data from their jurisdictions to identify and address gender specific barriers to financial inclusion.[13]

> Bangladesh Bank has modified its SME financing policy for women;

> The Banque de la République du Burundi shares sex-disaggregated data with financial service providers and other stakeholders to create awareness on the disparities in the use of financial services among men and women. This information sharing encourages financial service providers to find solutions on how to attract more women clients;

> National Bank of Cambodia is using sex-disaggregated data to inform its national policy and strategy for financial inclusion;

> Bank Negara Malaysia has established programmes and introduced products targeted for women;

> National Banking and Securities Commission (CNBV) in Mexico has drawn on the data to conduct a diagnosis for its financial inclusion policy;

13 GBA & Mckinsey, 2014.

FIG 1: AFI MEMBER COUNTRIES COLLECTING SELECT FINANCIAL INCLUSION SEX-DISAGGREGATED DATA

ACCOUNT OWNERSHIP	Bangladesh, Burundi, Cambodia, Colombia, Costa Rica, Ghana, Kenya, Madagascar, Malaysia, Mexico, Morocco, Mozambique, Palestine, Peru, Democratic Republic of Congo, Rwanda, Samoa, Senegal, Swaziland Tajikistan, Thailand, The Republic of Belarus, Zambia, Zimbabwe.
CREDIT	Bangladesh, Brazil, Burundi, Cambodia, Colombia, Costa Rica, Ghana, Haiti, Kenya, Malaysia, Mexico, Morocco, Palestine, Peru, Democratic Republic of Congo, Rwanda, Samoa, Senegal, Tajikistan, Thailand, The Republic of Belarus, Vanuatu, Zambia and Zimbabwe.
SAVINGS	Bangladesh, Burundi, Cambodia, Colombia, Costa Rica, Ghana, Haiti, Kenya, Malaysia, Mexico, Palestine, Peru, Democratic Republic of Congo, Rwanda, Samoa, Senegal, Solomon Islands, Tajikistan, Thailand, The Republic of Belarus, Timor- Leste, Vanuatu.
MOBILE BANKING & MONEY	Ghana, Vanuatu.
CREDIT BUREAU	Colombia, Costa Rica, Haiti, Kenya, Malaysia, Morocco, Palestine, Russian Federation, Rwanda, Swaziland, Tajikistan, Tanzania, Thailand
FINANCIAL LITERACY	Armenia, Kenya, Malaysia, Mexico, Peru, Democratic Republic of Congo, Thailand and Timor-Leste
PAYMENTS	Bangladesh, Kenya, Malaysia, Mexico, Peru, Thailand
MICRO INSURANCE	Bangladesh, Ghana, Haiti, Kenya, Mexico, The Republic of Belarus

- > **Palestine Monetary Authority** has used the data to support the development of its national strategy for financial inclusion;
- > **The National Bank of Rwanda** has identified barriers to women's financial inclusion and established initiatives to address these such as women's guarantee funds;
- > **The Central Bank of Samoa** has used the data to inform its national financial inclusion strategy and objectives;
- > **The Ministry of Economy Finance and Planning Senegal**, informed by the data, has made available public funds to support women's entrepreneurship, built awareness about women's access and usage of financial services and established programs to increase women's access to credit;
- > **The Bank of Thailand** uses indicators from both international (i.e. World Bank's Global Findex) and local (i.e. National demand-side survey on financial access) sources of data to determine the differences in financial inclusion between women and men such as level of financial access and financial literacy; and
- > **The Reserve Bank of Zimbabwe** has identified women's financial inclusion as a priority area in its national financial inclusion strategy and has begun to develop specific women focused initiatives to address the challenge. These include encouraging banks to establish women desks to facilitate development of tailored financial products for women and the government approval of the establishment of a women's bank and a Women Empowerment Fund.

By taking proactive steps to collect and use sex-disaggregated financial inclusion data, progress on closing the financial inclusion gender gap can be more accurately measured. Furthermore, financial inclusion policy change that works for women as well as men can be achieved, towards the overall goal of full financial inclusion.

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SEX-DISAGGREGATED DATA TOOLKIT


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SEX-DISAGGREGATED DATA TOOLKIT:
HOW TO LEVERAGE SEX-DISAGGREGATED FINANCIAL INCLUSION DATA TO ACCELERATE WOMEN'S FINANCIAL INCLUSION

This AFI's Financial Inclusion Data (FID) Working Group Guideline Note outlines steps to using supply and demand side sex-disaggregated data to close the financial inclusion gender gap based on the experience of AFI Member institutions in a range of countries including: Bangladesh, Burundi, Costa Rica, Chile, Democratic Republic of Congo, Ghana, Haiti, Malaysia, Morocco, Rwanda, Samoa, Senegal, Solomon Islands, Tanzania, Zambia and Zimbabwe.

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CONTEXT

Women are still disproportionately excluded from the formal financial system and make up more than half of the world's unbanked population. According to the 2014 Global Findex, 58 percent of women had an account compared to 65 percent of men. This gender gap has persisted at 9 percent for developing economies, despite progress to advance financial inclusion.[1] Sex-disaggregated data is essential address this gender gap. It can both inform evidence based financial inclusion policy making and track the effectiveness of efforts to address barriers facing women.

Recognizing its value, 79% of surveyed AFI Members reported in 2016 they currently collect some form of supply or demand side sex-disaggregated data.[2] This represents growing momentum and interest by policy makers and regulators in collecting this data to contribute towards achieving their financial inclusion goals. Only a year before, at the 2015 AFI Global Policy Forum, just under half of regulators (48%) said they collected sex-disaggregate supply-side banking data.[3]

It is not just AFI Members that are taking a closer look at more granular data. To measure gender equality progress as part of the Sustainable Development Goals (SDGs), other stakeholders are currently focused on closing gender data gaps. Moreover, financial service providers are increasingly taking a keener interest in generating this data from a commercial imperative as part of their customer segmentation strategies.

In this context and drawing on good practices from across the AFI Network this guideline note outlines the steps policymakers and regulators can take to better leverage the opportunities presented from sex-disaggregated supply and demand-side financial inclusion data to achieve policy change that works for women as well as men. This toolkit is intended mainly for public sector policymakers and regulators responsible for the collection and analysis of national financial inclusion data.

The AFI Financial Inclusion Data (FID) Working Group was created to explore the area of financial inclusion data, to share expertise in data collection and measurement and to build capacity across the AFI network. FID WG members are data practitioners and policymakers from countries where data initiatives are in various stages of development. Since it launched in 2009, FID has been leveraging growing interest in this area to capture the latest progress and lessons from data experts and practitioners around the world, and to create new knowledge resources for policymakers in the AFI network and beyond.

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This publication was made possible, in part, by support from the United Nations Capital Development Fund (UNCDF).

1 World Bank, 2015.
2 AFI 2016 Survey on Women's Financial Inclusion.
3 AFI, 2015. http://www.afiglobal.org/sites/default/files/publications/gpf2015_report_aw_low_res.pdf

PURPOSE AND CRITICAL ISSUES

WHAT IS SEX-DISAGGREGATED DATA?

Sex-disaggregated data is defined as data collected separately for males and females. Data is disaggregated by "sex", and not by "gender" because when data is collected, it is the biological differences or "sex" of a person that is captured.[4] By comparison 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] In the context of financial inclusion policymaking, sex-disaggregated data can refer to either supply-side data collected from financial service providers (FSPs) or demand-side data collected, for instance, through national financial inclusion surveys.

WHY USE SEX-DISAGGREGATED DATA?

The majority of AFI members are already collecting some form of sex-disaggregated data on either the supply or demand-side or both. But having the data is only the first step, the value of such data is only realized if it is used. If the insights from this data are applied, sex-disaggregated data can support the objective of closing the financial inclusion gender gap and contributing to the broader goal of full financial inclusion.

As illustrated in the following examples, if the results of gender analysis are used to inform financial inclusion policymaking, sex-disaggregated data can:

HIGHLIGHT BARRIERS TO WOMEN'S FINANCIAL INCLUSION

Already one third of surveyed AFI Members have used sex-disaggregated data to identify and address gender specific barriers to financial inclusion. Financial literacy (75%), collateral requirements (66%) and the socio-cultural environment were the top three perceived barriers to women's financial inclusion, according to AFI members that participated in the AFI survey on Women's Financial Inclusion.

The Banque de la République du Burundi conducted a demandside financial inclusion survey in 2012. The sex-disaggregated data collected showed that women are less financially included than men and highlighted a lack of traditional forms of collateral as a key constraint to women's financial inclusion. This identified the need to introduce regulations allowing for alternative collateral to overcome this barrier to women's financial inclusion. This is being addressed through the enactment of a new law entitled "Loi sur les Surêtés Mobilières", which will enable diverse types of collateral to be used to access credit.

TRACK GENDER DIFFERENCES IN FINANCIAL INCLUSION AND PROVIDE VALUABLE INSIGHTS TO UNDERSTAND THE NEEDS AND BEHAVIORS' THAT DRIVE GENDER DIMENSIONS OF ACCESS, USAGE AND QUALITY OF FINANCIAL SERVICES

The Superintendencia de Bancos e Instituciones Financieras (SBIF) in Chile has monitored sex-disaggregated data since 2001. This data has enabled SBIF to identify that there is equal access to savings accounts between women and men, yet significant gender differences in the deposit balances with women's average balance being 30 percent less than men's. Moreover, the data has revealed different patterns in financial product usage, whereby women have been found to use housing savings accounts, term deposits and time deposits more than men.

Source: GBA & ECLAC, 2016.

SUPPORT THE DESIGN OF NATIONAL FINANCIAL INCLUSION STRATEGIES AND SET FINANCIAL INCLUSION OBJECTIVES AND TARGET

The Central Bank of Samoa has used sex-disaggregated demand-side data collected in 2015 as part of the Pacific Islands Regional Initiative (PIRI) data project to inform the development of its national financial inclusion strategy and gender specific objectives. The Financial Services Demand Side Survey found that women were marginally more banked (40%) compared to men (38%), which it believes may be driven by the higher proportion of women receiving remittance income.

Source: http://www.pfip.org/media-centre/press-releases/2015-4/central-bank-of-samoa-develops-first-national-financial-inclusion-strategy.html

The Reserve Bank of Zimbabwe has used sex-disaggregated data to inform its decision to prioritize women's financial inclusion in its national financial inclusion strategy.

4 Data2X, GBA and IDB 2015.
5 http://info.worldbank.org/etools/docs/library/192862/introductorymaterials/Glossary.html

The National Banking and Securities Commission (CNBV) in Mexico has used demand-side sex- disaggregated data to conduct a diagnosis for its financial inclusion policy. The diagnosis conducted as part of the national policy aimed at identifying gender gaps relied heavily on the data obtained during two rounds of the Mexican demand-side survey (ENIF) in 2012 and 2015. Both rounds of ENIF included questions about the demand of financial inclusion services for women and men, breaking down for its main products (i.e. group loan, car loan, mortgage loan, among others). Results showed that certain type of products have a greater uptake by women, like groups loans because women tend to have less collateral than men. ENIF's results also showed that the gender gap has diminished considerably because of the government strategy of banking cash-transfer recipients, which disproportionately benefit women. As part of the recently launched National Financial Inclusion Policy, obtaining accurate supply-side sex-disaggregated data is a key project within the sixth objective of the policy: Collect data and carry out measurements in order to assess financial inclusion efforts. One of the first steps will be to conduct a sex-disaggregated data (including credit and savings) needs assessment, which in turn, will provide the basis for an amendment to the current data requirements for financial institutions.

DESIGN NEW OR THE MODIFY EXISTING POLICY AND REGULATORY INTERVENTIONS TO ADDRESS BARRIERS TO WOMEN'S FINANCIAL INCLUSION

Without sex-disaggregated data there can be a mismatch of perceived barriers to women's financial inclusion and policy interventions to address these constraints. For instance, despite financial literacy being the most frequently named barrier for women's financial inclusion by almost three quarters of respondents (75%) in the AFI survey on the theme, only 22% of respondent countries noted that they had a financial literacy strategy with an explicit focus on women's financial inclusion. Moreover, despite two thirds of 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. Moreover, there were no interventions to address the broader socio-cultural barriers facing women's financial inclusion, in spite of the perception that the socio-cultural environment was the third largest barrier.

The National Bank of Rwanda has used sex-disaggregated data to identify barriers to women's financial inclusion and established initiatives to address these such as a Women's Guarantee Fund. The Women's Guarantee Fund is meant to boost women's access to finance for their income generating activities. Under this facility, economically active women with no collateral and no credit record, are helped to access finance. Eligible projects benefit from a 50% guarantee for an individual project or a 70% guarantee for a project run by an association of women. For individual projects, the loan ceiling is Rwf 5 million and for women associations, the loan ceiling is Rwf 10 million.

Source: http://bpr.rw/guarantee-funds#

PROVIDE EVIDENCE OF SUCCESSFUL POLICY INTERVENTIONS THAT HAVE WORKS TO ACCELERATE WOMEN'S FINANCIAL INCLUSION TO INFORM FUTURE ACTION

More than half (61%) of surveyed AFI Members are yet to identify specific policies that they can attribute to enhancing women's financial inclusion.

Bangladesh Bank (BB) has used sex-disaggregated data to modify its SME financing policy for women and produce guideline for the banks & financial institutions to ensure more institutional financial facilities for women entrepreneurs in SME sector. For instance, its policy requires each bank and financial institution to establish a separate 'Women Entrepreneurs' Dedicated Desk' to provide them with training on SME financing and appoint a woman as chief of the dedicated desk. Moreover, 15% of total BB's refinance fund for SME sector has been allocated for women entrepreneurs.

Source: https://www.bb.org.bd/sme/smepolicye.pdf

The Ministry of Economy Finance and Planning Senegal, informed by the data, has made available public funds to support women's entrepreneurship, built awareness about women's access and usage of financial services and established programs to increase women's access to credit

HIGHLIGHT THE MARKET OPPORTUNITY FOR SERVING WOMEN FOR FSPS AND SUPPORT WOMEN TARGETED PRODUCT DESIGN

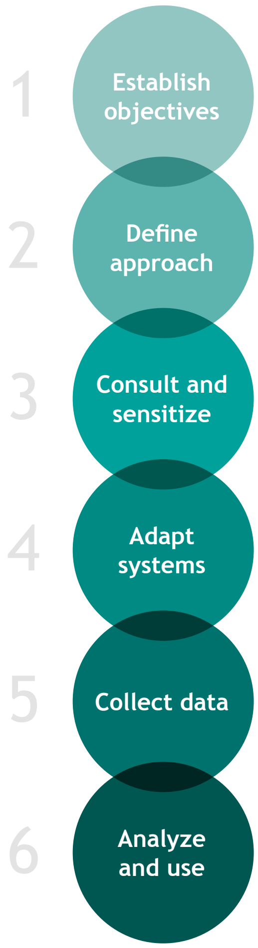
Even though 43% of surveyed AFI members have customers banking products for women and women owned SMEs, a lack of such products is perceived as a barrier to financial inclusion for women by 31% of surveyed AFI Members.

Bank Negara Malaysia has applied insights from sex-disaggregated data to introduce financial products targeted for women in its market.

GUIDELINES

These guidelines set out a series of steps to collecting and using sex-disaggregated data. Nevertheless, this process may not follow this exact sequence and may also be iterative as the sex-disaggregated data needs of the institution changes over time.

FIG 1: THE STEPS TO DERIVING VALUE FROM SEX-DISAGGREGATED FINANCIAL INCLUSION DATA



1. ESTABLISH OBJECTIVES

It is essential to establish women's financial inclusion data objectives related to the information you want to know on the differences and similarities between women and men's access, quality and usage of financial services. It is important to take stock of what (if any) sex-disaggregated data is already collected, and where are there gaps.

Lessons learned from AFI Members are the relevance of other variables to cross reference sex-disaggregated data with gender, such as income brackets, age, marital status, and geography (i.e. urban versus rural). This is because, for example, women based in rural areas will likely exhibit very different financial behavior to those based in urban settings.

These data objectives may be informed by stakeholder consultation. Women's business association representatives, civil society, international organization and gender experts and others can provide perceptions on the differences in women and men's access and usage of financial services that can be tested through data collection by policy makers and regulators. Moreover, they can contribute insights on how a woman's financial inclusion is influenced by other variables, such as whether a woman is single, married, divorced, or widowed.

This is in a context where socio-cultural factors, legal environment and customary law determine the social norms of behaviour and needs for women, which may all play a role in influencing their participation in the financial system.

The Banque de la République du Burundi has annually collected sex-disaggregated data since 2014. This approach stems from the findings of the 2012 financial inclusion demandside survey, which disaggregated data by sex, age, and education level among other variables. The 2012 survey results served as the basis in the development of the National Financial Inclusion Strategy 20152020. Women business associations were also consulted to gain their insights on the state of women's financial inclusion in the development of the national financial inclusion strategy.

2. DEFINE APPROACH

DESIGNING AND ADJUSTING DEMAND AND SUPPLY SIDE DATA INDICATORS

Defining your institutional approach to sex-disaggregated data collection may involve designing new and adjusting existing financial inclusion indicators to obtain sex-disaggregated through demand and supply side data processes. Advice from AFI members is to ascertain what data points are feasible to collect to assess these differences and similarities between women and men's access, quality and usage of financial services, as well as those data points that are meaningful for decision making.

At the same time, just because particular data may have some implications in the short term for FSPs in terms of systems readjustments, it does not mean that is should not be requested. Any indicators will have to take into account national regulations regarding customer privacy which may influence what information can and cannot be requested on a sex-disaggregated basis.

More than three quarters (76%) of surveyed AFI Members collect sex-disaggregated supply side data on account ownership, while more than two thirds of the sample collect credit data (73%) and savings data (70%). Examples of the sex-disaggregated indicators collected by AFI Member are listed in figure 2.

See the Annex for a list of examples of which AFI Members sex-disaggregate each indicator. Be conscious of the need to internally educate colleagues about the value of collecting and using sex-disaggregated data, given that at the 2015 AFI GPF, just under half of participants (47%) believed that internal buy in or willingness was the greatest challenge they face in disaggregating data by sex.

FIG 1: INDICATOR EXAMPLES BROKEN DOWN BY FEMALE/ MALE

✔	Account Ownership
✔	Credit
✔	Women Owned SME Credit
✔	Savings
✔	Payments
✔	Microinsurance
✔	Insurance
✔	Financial literacy
✔	Mobile financial services
✔	Registered internet and mobile banking customers
✔	Registered and active mobile money/ e-money customers
✔	Mobile money/ e-money dormant customer accounts
✔	Mobile money products (savings, insurance, investments)
✔	E-money services customer complaints
✔	Banking relationships
✔	Investments

Banque Centrale du Congo in the Democratic Republic of Congo has collected sex-disaggregated data on accounts, savings and credit since 2010, which it gathers through financial monthly reporting and annual reporting from FSPs. This data is published in an annual report by the central bank and is being used to develop specific women targeted financial inclusion programs and projects.

The Superintendence of Banking, Insurance and Private Pension Funds of Peru (SBS) is an example of an AFI Members that collects sex-disaggregated data on ownership, credit and savings. In Peru, there are two main sources of information, the Credit Bureau and the National survey on the Potential Demand for Access and Usage of Financial Services and Financial Literacy. The most relevant sex-disaggregated credit indicators are the following: Number of debtors by administrative unit (national, regional or local unit); and the Amount and risk rating by type of credit, financial institution, age and administrative unit. The National Survey on Potential Demand for Access and Usage of Financial Services and Financial Literacy provides sex-disaggregated data related to access, usage of and quality of the financial services. The survey incorporates information regarding usage including account ownership, credit and savings. For example the percentage of adults with at least one type of regulated deposit account.

DATA ON GENDER DIVERSITY WITHIN FSPS AND WITHIN AFI MEMBER INSTITUTIONS

In a context where gender diversity is increasingly recognized to contribute to good governance, innovation and the financial performance of organizations, data on the gender diversity of the board or the workforce within FSPs may be relevant for policy makers and regulators. Indeed, in recognition of this almost a quarter (24%) of responding AFI member institutions require the entities under their supervision to report the gender breakdown of their board membership. Turning to internal data collection within the AFI Member institution, it is increasingly recognized as pertinent to collect gender diversity of the workforce in part due to commitments by governments to promote gender equality and women's economic participation in management and leadership positions. Moreover, both FSPs and governments are subject to broader sets of national or regional commitments or requirements including in some instances quotas, to promote women in leadership positions.

In Bangladesh MFIs must report the gender breakdown of their board membership to the **Bangladesh Bank**. This reporting is in line with the requirement that there must be at least two female members in the Board of Directors of an MFI in Bangladesh.

Banque Centrale du Congo in the Democratic Republic of Congo requires FSPs to provide it with details of their board broken down by gender, although there is no requirement for a certain percentage of board members to be women. It also tracks its gender performance internally as the board at the central bank requires that at least 30 % of the top managers must be women.

In Zimbabwe, at a national level and constitutionally the government encourages gender equality. In this context, the Reserve Bank of Zimbabwe collects sex-disaggregated board membership data from the FSPs under its supervision on an ad-hoc basis.

MANDATE, INCENTIVIZE OR TAKE A DO IT YOURSELF APPROACH

Consider whether FSPs will be mandated or incentivized to provide the sex-disaggregated data. It may be possible to analyze the data in the form it is currently received from the financial system and not require any additional reporting from financial institutions. For instance, an alternative approach can be using national identity card data if it includes a record of an individuals' sex, to disaggregate existing data received by male and female. Of those AFI Members surveyed, just under half of those respondent countries that collect sex-disaggregated data mandate its collection (45%) and 12% incentivize its collection.

In Chile the Superintendencia de Bancos e Instituciones Financieras (SBIF) does not require FSPs to submit sex-disaggregated data. Instead it links the credit data it receives from the FSPs to the voter registry to obtain the sex-disaggregated data.

Source: GBA & ECLAC, 2016

Bank Negara Malaysia mandates the provision of sex-disaggregated supply-side data on account ownership, credit, savings, payments and financial literacy. A set of guidelines on the statistical reporting of credit data sets out the requirement on the submission of the sex-disaggregated credit information. This data is submitted by FSPs through an electronic system which is linked to the data warehouse at the central bank. Approximately 3-6 months prior to the implementation of this approach, BNM issued a concept paper to financial institutions setting its intention to introduce the requirements.

Superintendencia General de Entidades Financieras (SUGEF) in Costa Rica has been collecting sex-disaggregated data on credit for several years. Supervised organizations are compelled to submit this information every month on-line through a specifically designed system. The gender of the debtor is one of the variables SUGEF has been periodically requesting. More recently SUGEF has begun to collect sex-disaggregated data on account ownership and savings. Since currently "gender" is one of the variables included in SUGEF's system for data collection, supervised institutions are compelled to report this data even though SUGEF cannot guarantee the accuracy of the data. It can be interpreted that sex-disaggregated data is mandated given it is requested through the data collection system and the requirement is included in the manual for monthly data submission to SUGEF, although it is not explicitly stated in a regulation.

The Bank of Ghana mandates the submission of sex-disaggregated data. It is required for select indicators in the electronic payment systems data reporting portal developed by the central bank to collect data from universal banks, e-money issuers and other FSPs monthly. Since 2016 it has required sex-disaggregated data on for instance registered and active mobile money/ e money customers, mobile money /e-money dormant customer accounts, mobile money transactions, mobile money products (savings, insurance and investments) and e-money services customer complaints.

3. CONSULT AND SENSITIZE

Consult with and sensitize FSPs and other relevant institutions once you know what indicators you would like to collect and why. Just over a quarter of respondent countries in the AFI survey on women's financial inclusion carry out capacity building externally among the entities they supervision, on gender awareness and women's financial inclusion and these consultations can form part of this broader stakeholder engagement.

As with other financial inclusion data, it may be necessary to coordinate data collection with a wide variety of FSPs including insurance companies, mobile network operators, mobile money providers and MFIs – some of which may not be under the authority of the financial inclusion policy maker or regulator. Other relevant institutions may also play a role to provide sex-disaggregated data for example, in just over half (58%) of respondent countries that collect sex-disaggregated data, the credit rating agency / credit bureau collects such data. Credit rating agencies and credit bureau should be consulted and engaged in any process related to the collection of sex-disaggregated credit data.

As policymakers and regulators there is a dependency on FSPs to specifically collect supply side data. Therefore, it can be of value to convene consultations with FSPs to explain to them why as policy makers and regulators this data is important to both financial inclusion policymaking. At this time there is the opportunity to acknowledge your understanding of its importance of this data for them to build their customer centric business strategies and enhance their value proposition to specific market segments, including the women's market. Do not assume that they collect this data already and that they already recognize the value of customer segmentation and the market opportunity presented by the women's market.

Listen to the anticipated or actual challenges faced by FSPs in providing the data. Limitations in Financial Service Providers' data systems is the most frequently recognized challenge identified by more than three quarters (80%) of those that AFI members that currently collect sex-disaggregated data. Data availability from financial services providers (75%) was the next most frequently recognized challenge identified by those that collect sex-disaggregated data. Data availability and cost were also perceived barriers to its potential collection in the future by those AFI members not currently disaggregating data. Moreover, there can be challenges for FSPs in obtaining historic data so it is necessary to be clear from what point in time this data is required from, as well as time to make the necessary adjustments to their data collection systems and train their staff to capture sex-disaggregated data. Clarity will be particularly important on the definition of women-owned SMEs that FSPs are expected to apply.

The Bank of Ghana has engaged and collaborated with FSPs including banks, e-money issuers including mobile money operators through a series of stakeholder meetings during the process of introducing mandatory requirements related to reporting on sex-disaggregated data. These meetings provided the Bank the opportunity to explain why they were interested in the data and how it would be used. During the consultations, they were made aware that some of the reporting institutions would have to reconfigure their systems or computer applications to capture sex-disaggregated data.

In 2012 Banque de la République d'Haïti decided to require sex-disaggregated credit scoring data from the credit bureau. To support this decision, they distributed circulars and legal notices to inform FSPs about the decision and the importance of their cooperation in providing the data.

The Central Bank of Morocco has promoted the value of sex-disaggregated 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 involving banks and the credit bureau more. Data will be used to support the formulation of the national financial inclusion strategy.

4. ADAPT SYSTEMS

Consider what reporting systems, processes and templates, as well as surveys and data bases may need revising to enable the submission and storing of sex-disaggregated data from financial institutions. Since supply-side data is typically collected by regulatory reporting templates, these will need to be adjusted to allow for the breakdown of data by male and female where applicable. Internal engagement with the IT department will be necessary to support this process. In some instances, laws may also require revising to enable the collection of specific data, for example privacy laws which restrict what data can be collected, or credit laws.

The Bank of Ghana has adapted its data collection templates to capture sex-disaggregated data as well as its complaints procedure.

The National Banking and Securities Commission (CNBV) in Mexico, recently amended the law applicable to banking institutions to obtain sex-disaggregated credit and savings data. Additionally, it included a new section regarding property ownership on second round of the national demand survey to shed some light on gender disparities in terms of freedom to dispose savings and property.

The Financial Inclusion National Council in Tanzania is in the process of expanding its financial inclusion database to include sex-disaggregated data. It has also introduced gender targets and indicators in the revised measurement framework for its National Financial Inclusion Framework.

5. COLLECT DATA

Once the indicators have been designed or modified and the necessary systems are in place, the data can be collected from FSPs and other sources. Issues that can occur at this stage can be that the data provided by the FSPs may be incomplete, and poor quality. Data Quality was the third most frequently recognized challenge identified by those that collect sex-disaggregated data at (70%) and it was also a perceived barrier to its potential collection in the future by those AFI Members that current do not collect such data.

A study by the Global Banking Alliance for Women (GBA) found that bank level data quality challenges which have implications for the data quality for financial inclusion policy makers include: double counting of accounts; inconsistent tagging of data within their data systems due to a lack of staff skills and understanding; inadequate or absence of Customer Relationship Management (CRM) systems; consistent application and tagging of businesses as women-owned SMEs, as well as verifying and updating this information to ensure its accuracy. Other challenges can relate to the broader socio-cultural environment which means that the data captured may not relate to the reality on the ground in terms of for example whether a woman actually controls a bank account in her name.[6] In this context, it may be necessary to establish approaches to verify the quality and reliability of the data collected.

6 Data2X, GBA, IDB, 2015.

The Bank of Bangladesh collects sex-disaggregated micro and SME sector data. However, it has found that data on SME account ownership does not always reflect the reality. In many instances the accounts are created in the name of a woman but the business is controlled by man. As such, the Bank has had to be mindful of this issue of data quality when interpreting the data and taken steps to work with banks to ensure that the data more accurately reflects the true ownership and control of the MSME. It has provided guidance to banks that they can consult with women's business associations such as Bangladesh Women Chamber of Commerce & Industries (BWCCI) to support the identification of 'real' women entrepreneurs.

Source: https://www.bb.org.bd/sme/smepolicye.pdf

The Bank of Zambia's collaborating partner, the Financial Sector Deepening Zambia (FSDZ) has conducted 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 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 this research has been one of the major motivating factors to include gender mainstreaming in the financial sector as a strategic objective for the Bank of Zambia.

Source: FSD Zambia 2, 2016. New Faces New Voices et al, 2014.

6. ANALYZE AND USE

Analyzing data is an essential step to understand the needs and behaviors that drive gender dimensions of access, usage and quality of financial services. This process can include a consideration of where are there similarities in the data between women and men and where are the differences, as what are the reasons for these patterns? What does this data tell you about where there are constraints in women accessing or using specific financial products and services? Do these patterns highlight constraints faced by specific sub groups of women, such as widows, or divorced women, or those in a specific age group? Do these gender patterns also intersect with other dimensions such as education level, geographic location or ethnic origin?

Does it highlight any legal changes that need to be made? Does the data reflect a lack of implementation of existing laws and regulations (de facto law) that need to be targeted, or a prevalence of customary law that is hindering women's access and usage of financial services? To what extent can these changes be achieved through policy change driven by the financial policy maker and regulator alone or does it require coordination with other ministries and stakeholders?

Be aware that there may be an internal lack of technical capacity to conduct gender analysis on the sex-disaggregated data. As such, in the interim until capacity it built internally, expertise from other government departments, such as Women's Ministries, or technical specialists may be of value to draft in to support these efforts. Consider developing in-house capacity and expertise to conduct gender analysis on sex-disaggregated data.

Once the data has been analyzed in line with any women's financial inclusion data objectives, it can be used to inform decision making both by financial inclusion policy makers and regulators but also other ministries. Disseminating the data beyond those entities with a financial inclusion mandate as it can also be of value to those government and non-government stakeholders interested in promoting women's economic participation. Given that some of women's financial exclusion can be attributed to legal gender differences it can be valuable to share data and coordinate responses with other government departments to address these barriers based on the evidence generated on their impact on women's financial inclusion. For instance, women's financial inclusion can be impacted by laws that can: affect women's ability to own land and other forms of real property, which function as collateral for loans; influence women's access to identification documents, which matter for compliance with "Know Your Customer" requirements; and restrict women's mobility, which matters for accessing financial institutions.[7]

Superintendencia de Bancos e Instituciones Financieras (SBIF) publish an annual report in Spanish called Género en el Sistema Financiero (Gender in the Financial System. SBIF make the report publicly available through its website and have found that it has contributed to bring awareness to the financial sector about the importance of targeting women as a distinct segment. Data has been used by the country's state owned bank BancoEstado to develop the Crece Mujer Emprendedora program for women entrepreneurs which provides them with access to capital, education and networking.

Source: GBA and ECLAC, 2016, https://www.crecemujer.cl/

7 Sarah Iqbal, 2016.

CONCLUSION

Initiating the process of collecting and using sex-disaggregated data requires planning and time to ensure the necessary considerations are made to comprehensively gather good quality reliable data from all FSPs and in turn insights from this data are applied. But it is feasible and can confer great value so is a worthy investment. By taking proactive steps to collect and use sex-disaggregated financial inclusion data, progress on closing the financial inclusion gender gap can be more accurately measured. Financial inclusion policy change that works for women as well as men will accelerate the overall goal of full financial inclusion.

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WEB LINKS

World Bank Glossary of Gender Terms
http://info.worldbank.org/etools/docs/library/192862/introductorymaterials/Glossary.html

ANNEX

FIG X: EXAMPLES SEX-DISAGGREGATED DATA COLLECTED BY AFI MEMBER COUNTRIES

	COUNTRIES WITH AFI MEMBER INSTITUTIONS																													
INDICATORS	ARMENIA	BANGLADESH	BRAZIL	BURUNDI	CAMBODIA	COLOMBIA	COSTA RICA	GHANA	HAITI	KENYA	MADAGASCAR	MALAYSIA	MEXICO	MOROCCO	MOZAMBIQUE	PALESTINE	PERU	D.R. CONGO	RWANDA	SAMOA	SENEGAL	SOLOMON ISLANDS	SWAZILAND	TAJIKISTAN	THAILAND	T.R. BELARUS	TIMOR-LESTE	VANUATU	ZAMBIA	ZIMBABWE
ACCOUNT OWNERSHIP		●		●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●			●	●
CREDIT		●	●	●	●	●	●	●	●	●		●	●			●	●	●	●	●	●			●	●	●		●	●	●
WOMEN OWNED SME CREDIT		●																												
SAVINGS		●		●	●	●	●	●	●	●		●	●			●	●	●	●	●	●	●		●	●	●	●	●		
PAYMENTS		●								●		●	●				●								●					
MICROINSURANCE		●						●	●	●			●													●				
INSURANCE																									●					
FINANCIAL LITERACY	●									●		●	●				●	●							●		●			
MOBILE FINANCIAL SERVICES															●															
REGISTERED INTERNET AND MOBILE BANKING CUSTOMERS								●																				●		
REGISTERED AND ACTIVE MOBILE MONEY/ E-MONEY CUSTOMERS								●																						
MOBILE MONEY/ E-MONEY DORMANT CUSTOMER ACCOUNTS								●																						
MOBILE MONEY PRODUCTS (SAVINGS, INSURANCE, INVESTMENTS)								●																						
E-MONEY SERVICES CUSTOMER COMPLAINTS								●																						
BANKING RELATIONSHIPS			●																											
INVESTMENTS																									●					

INTEGRATING GENDER AND WOMEN'S FINANCIAL INCLUSION INTO NATIONAL STRATEGIES

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.

BRIDGING THE GAP
Financial inclusion for gender and women

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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.

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

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

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.

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

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.

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.

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]

16 AFI and Women's World Banking, 2016.
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.
18 Mayada ElZoghbi, 2015.

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.

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.

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.

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 targetsegment.

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 & 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 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.

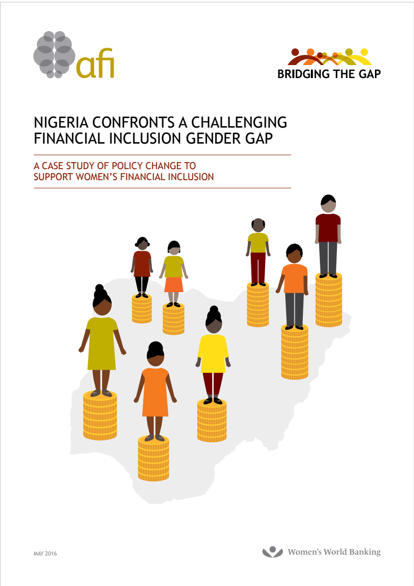
25 For resources on gender budgeting see UN Women's portal on the theme: http://gender-financing.unwomen.org/en
26 For more information on how to collect and use sex-disaggregated data refer to the FIDWG toolkit. AFI Sex-Disaggregated Data Toolkit: How to Leverage Sex-disaggregated Financial Inclusion 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.

NIGERIA CONFRONTS A CHALLENGING FINANCIAL INCLUSION GENDER GAP



A CASE STUDY OF POLICY CHANGE TO SUPPORT WOMEN'S FINANCIAL INCLUSION

INTRODUCTION

Policymakers and central bankers have a leading role to play in creating an enabling environment to expand women's financial inclusion. A recent discussion paper by the Alliance for Financial Inclusion (AFI) and Women's World Banking, *Policy Frameworks to Support Women's Financial Inclusion*,[1] makes a compelling argument for women's financial inclusion and provides seven key recommendations for policymakers and central bankers.

The report presents evidence that policy measures to increase financial inclusion need to be country-specific, based on each country's gender gap and specific challenges and opportunities. To eliminate the persistent gender gap and expand access to financial services for both women and men, policies should be adapted and integrated in national financial inclusion strategies and other policy initiatives.

AFI and Women's World Banking developed this case study to examine the experience of Nigeria, where there are promising approaches to gender-focused financial inclusion policies.

According to Global Findex data, Nigeria has made progress in increasing the percentage of women who have access to an account in a financial institution. However, the gender gap has increased significantly in the last three years, from 7.3% to 20.7%.[2] With banks perceived as less accessible to women, the expansion of mobile financial services is seen as a particularly valuable opportunity to foster financial inclusion for women.

Although Nigeria has challenges—a vast population, geopolitical divisions and social norms that constrict women's activities—it has seen meaningful policy change under the 2012 National Financial Inclusion Strategy ("the Strategy"). An explicit focus on women was undertaken this year, with a Special Interventions Working Group of the Technical Committee implementing the National Financial Inclusion Strategy.

With numerous changes underway, 2016 is expected to be a year of significant policy change, particularly in terms of the regulation of mobile financial services. It will be important to focus on mobile financial services and outreach to rural women (mutually reinforcing objectives) if more progress is to be made in expanding financial services to Nigerian women.

BRIDGING THE GAP
Financial inclusion for gender and women

Women's World Banking

1 Released at the AFI Global Policy Forum in Maputo, Mozambique in September 2015.

2 The increase in the gender gap was less significant in EFInA's *Access to Financial Services in Nigeria* survey data (the gender gap based on "banked" segment was 13.3 percentage points in 2010, 10.2 percentage points in 2012 and 14.7 percentage points in 2014). The World Bank's *Global Findex Database 2014* figures are included in the text for comparison.

BOX 1: OVERVIEW OF NIGERIA

- With a population of 177.5 million, Nigeria is the largest country in Africa, with almost double the population of the second most populous, Ethiopia.
- With a per capita GDP of $3,203 (significantly higher than Ghana and Kenya), Nigeria is classified as a lower-middle income country.
- Telecommunications, real estate, manufacturing and entertainment led the GDP growth of 6.3% in 2014, but the benefits of this growth were not shared evenly nationwide.
- Much lower oil prices continue to pose challenges for public finance at all levels of government.
- A 2013 household survey revealed the per capita national poverty rate (based on the official poverty line) was 33.1%, but a large share of Nigeria's population live not far above the poverty line. Poverty reduction in Nigeria appears to be primarily an urban phenomenon, with poverty rates in rural areas higher and poverty reduction slower.
- Nigeria's new government, elected in March/April 2015, is focusing on anti-corruption, jobs and unemployment, the economy and security (given the situation in the North-East).
- Accelerating the creation of productive jobs through private sector growth and improvements in education (skills) remains the major medium-term challenge. The recent slow pace of job creation has led to growing frustration among underemployed Nigerian youth.

GENDER DIFFERENCES IN ACCESS TO FINANCIAL INCLUSION

Poverty reduction and income inequality remain major challenges in Nigeria. Although Nigeria has higher levels of financial inclusion than other lower-middle income countries in Sub-Saharan Africa, this is based predominantly on urban male bank account holders. Overall, the current financial sector landscape makes it easier for men to access financial services than women.

In terms of gender differentiation, the range of entities offering financial services extends from commercial banks (limited outreach to women) to informal services (relatively greater outreach to women). Commercial banks are the main providers of formal financial services; active bank account holders are more likely to come from more advantaged population segments, with greater numbers of men as clients than women.

The client base of microfinance banks represented only 3.8% of the adult population when the Strategy was launched in 2012, and this number dropped to 2.8% in 2014 (2.6 million adults, of which 53.9% were male and 46.1% female).[3] Non-bank NGO microfinance institutions (MFIs) also have limited reach.

In a fragmented market, the use of digital financial services has not yet become popular. There are now 21 fully licensed mobile money operators (MMOs) able to offer mobile financial services. Mobile money usage is still extremely low (0.3% when the Strategy was being prepared and only 0.8% by 2014),[4] and is primarily limited to bank account users who use mobile money as an additional product.

Development financial institutions such as the Bank of Agriculture provide opportunities to reach out to women, and the MSME Development Fund, an initiative of the Central Bank of Nigeria (CBN), also has programs aimed at women.

The informal sector is an important part of Nigeria's financial inclusion landscape. According to the National Financial Inclusion Strategy,[5] 17.4% of Nigerians (14.8 million people) only use informal financial services, such as esusu (rotating savings and credit groups), village savings groups and savings collectors, with slightly higher percentages of women using these services.

As they currently stand, none of the financial institution models in Nigeria are a driving force of financial inclusion for women.

This study was made possible by the generous support of German Federal Ministry for Economic Cooperation and Development (BMZ)

Federal Ministry for Economic Cooperation and Development

3 EFInA, 2014, Access to Financial Services in Nigeria.

4 Ibid.

5 The data presented in the National Financial Inclusion Strategy is based on EFInA's 2010 *Access to Financial Services in Nigeria* survey data. According to the EFInA's 2014 survey, 25.6 million (27.4%) used informal services and 11.2 million (11.9%) used informal services only (i.e. used informal services and did not use any formal financial services).

STATUS OF WOMEN'S FINANCIAL INCLUSION

Both Findex data and data from a survey conducted by Enhancing Financial Innovation & *Access (EFInA), the Access to Financial Services in Nigeria Survey*, provide a picture of the status of women's financial inclusion in Nigeria.

EFInA data provide a similar picture of gender differences, albeit with a smaller gender gap in 2014 than the gap revealed by the Findex data. The EFInA survey indicates that 21.4 million (or 42.7% of the total female population) are financially excluded compared to 15.6 million males (35.8% of the total male population).

While inroads have been made in increasing the percentage of Nigerians who are banked nationwide, in absolute terms, the number of financially excluded Nigerians increased slightly between 2012 and 2014, from 34.9 million to 36.9 million, while the percentage of Nigerians who are financially excluded have remained stable (39.7% in 2012 and 39.5% in 2014).[6] Rural women are the most likely to be financially excluded whether they live above or below the poverty line.

Uptake of mobile banking is strikingly low. The EFInA survey reported that only 0.8% of the population used mobile money services in 2014, and just 12.7% of the population was aware of mobile money services.

One explanation for the persistent gender gap is that progress in financial inclusion to date has been with groups who have been traditionally easier to reach—primarily urban men. Efforts to expand financial inclusion now face, in the words of one interviewee, "stubborn demographics," with overall trends moving in the right direction, but there is now a need to focus on more difficult to reach groups, especially women in rural areas. In addition to the geographical distinction, women represent a large percentage of the young, have less education and lower incomes. This calls for different tactics to close the gender gap.

TABLE 1 THE EVOLUTION OF THE GENDER GAP IN NIGERIA

	2011	2014
Changes from 2011-2014 Account at a financial institution, female (% age 15+)	26.0	33.6
Account, male (% age 15+)	33.3	54.3
Gender gap	**-7.3**	**-20.7**
Saved at a financial institution female (% age 15+)	20.9	21.4
Saved, male (% age 15+)	26.2	32.5
Gender gap	**5.3**	**-11.1**
Mobile account, female (% age 15+)	-	2.1
Mobile account, male (% age 15+)	-	2.5
Gender gap	**-**	**-0.4**

Source: Global Findex Database 2014, World Bank

TABLE 2 THE GENDER GAP IN 2014

	BANKED	FORMAL OTHER	INFORMAL ONLY	EXCLUDED
Male	44.1%	10.0%	10.2%	35.8%
Female	29.4%	14.4%	13.5%	42.7%
Total	**36.3%**	**12.3%**	**11.9%**	**39.5%**
Gender gap for formal access	-10.3			

Source: EFInA

6 EFInA, 2014, Access to Financial Services in Nigeria.

WOMEN'S FINANCIAL INCLUSION IN NIGERIA: BARRIERS AND OPPORTUNITIES

PRINCIPLE BARRIERS AND CONSTRAINTS TO WOMEN'S FINANCIAL INCLUSION

Preparatory work for the National Financial Inclusion Strategy revealed five barriers to financial inclusion in Nigeria, largely demand-side barriers identified on the basis of the findings from the EFInA 2010 Survey: (1) lack of income, (2) physical access (whether by physical distance or a "bricks and mortar" approach that does not work for women), (3) financial literacy, (4) affordability and (5) eligibility. This analysis is backed up by EFInA research, which identifies irregular income, unemployment and distance to the nearest bank branch.[7]

The results of an InterMedia survey framed the barriers to financial inclusion (use of banking services) as very low levels of income, lack of need for a bank account, and lack of knowledge about how an account works.

The barriers to mobile money adoption (identified by the same survey results) are similar: lack of awareness of mobile money, limited knowledge of how mobile money works, and low levels of trust.[8] These barriers are mainly demand-side driven (lack of awareness, irregular income, unemployment, low levels of education and financial literacy). Connectivity is also a factor on both the demand and supply side. While gender is not mentioned specifically, all these factors are consistent with the principle barriers and constraints to women's financial inclusion.

OPPORTUNITIES TO EXPAND WOMEN'S FINANCIAL INCLUSION

Two (related) opportunities have been identified at the global level to advance women's financial inclusion, and both are applicable to the Nigerian market: (1) digital financial services and (2) the development of new products and services of particular interest to women.

1. Digitization of financial products and of delivery channels

Digital financial services enhance women's opportunities to access and control their own finances and increase their participation in the global economy. Evidence of this is accumulating.[9]

Nigeria's National Financial Inclusion Strategy frames mobile payments as an expected "game changer" for financial inclusion. A massive uptake of mobile money in Nigeria remains in the realm of "opportunity." Despite the recognized potential (58% of Nigerian women own mobile phones) and advantages (convenience, speed, ease of use, safety and value for business users), mobile money has not yet taken off in Nigeria.

Barriers to mobile money adoption include low awareness, limited knowledge about mobile money services and a low level of trust.[10] Mobile money services are provided by banks and third party vendors offering primarily bank-related services (money transfer, airtime purchases and bill payments). Identified opportunities for mobile money adoption include mobile money for business use, government-to-person (G2P) payments, domestic remittances, international remittances, an alternative to information financial instruments and value-added mobile money services, such as school fee payments.[11]

Pagatech was the first major mobile money provider in Nigeria, with Pagatech and Firstmonie being the first to serve more than one million customers. The market is now served by a larger number of entrants and all major banks have introduced mobile banking, with some introducing mobile money.

According to InterMedia, there is no evidence that mobile money is being adopted by the unbanked population (which is essentially rural and female).[12] The early adopters have been, as in other countries, urban men (the majority of whom have bank accounts). ATMs are the preferred way to access funds (speed and convenience). The EFInA survey found that, in 2014, 33.9% of adult mobile money users were in the 18–25 age bracket.[13]

Diamond Bank launched a mobile banking offering with MTN in 2014 with a full bank account (as opposed to a mobile wallet) and a particular focus on women. Full banking services accessed on a mobile channel is a development to watch.

Despite limited uptake to date, digital financial services are still seen as the best way to attract larger numbers of women because innovative approaches can circumvent traditional structures and delivery channels. The Bill & Melinda Gates Foundation has sponsored the Level One Project in Nigeria (see page 8), and changes to the regulatory framework have the potential to become the "game changer" the Strategy envisions.

7 EFInA, 2014, *The Landscape of Financial Inclusion And Micro finance In Nigeria*.

8 Intermedia, September 2014, *Digital Pathways to Financial Inclusion: Findings from the FII Tracker Survey in Nigeria and Consumer Focus Groups*.

9 A November 2015 policy report by the Better Than Cash Alliance, with the support of the Bill & Melinda Gates Foundation, Women's World Banking and the World Bank Group, *Digital Financial Solutions to Advance Women's Economic Participation*, makes the case that digital financial services contribute to the G20 goal of increasing women's participation in the global economy. The report finds that: (1) digital financial services accelerate financial inclusion, which is essential to women's economic empowerment; (2) digital financial services can give women greater control over their finances and financial decision making; (3) digital financial services can increase women's labor force participation; and (4) digital financial services can improve the performance of women-owned businesses.

10 Intermedia, 2014, *Digital Pathways to Financial Inclusion: Findings for the FII Tracker Survey in Nigeria and Consumer Focus Groups*.

11 Ibid.

12 Ibid.

13 EFInA, 2014, *Access to Financial Services in Nigeria*.

2. New products and product bundling

Basic accounts and product bundling

Diamond Bank, with the support of Women's World Banking, has developed an innovative account that can be opened in less than five minutes with no minimum balance and no fees: the BETA account. The savings account is targeted at self-employed market women and men who want to deposit their daily sales and save frequently. Agents, known as BETA Friends, visit a customer's business to open accounts and handle transactions, including deposit and withdrawal, using a mobile phone application. A "high touch" (agents) and "high tech" (card and ATM services) approach, Diamond Bank has seen the business value in serving the women's market and has expanded to build other add-on products, such as express credit and commitment savings.

This process was made possible through the application of a simplified Know-Your-Customer (KYC) process ("Tier 1 KYC," as it is defined in Nigeria), which allows a customer to open an account over the phone with just five pieces of customer data. The simplified KYC process was introduced by the CBN, which recognized that access to financial services was necessary to achieve its policy objectives for financial inclusion.

There are opportunities for future product development to leverage this preference for women customers. While payments and transfers are relatively easy to deploy initially, related savings services has clear potential to meet women's needs. EFInA's 2014 survey calls for the design of low-cost financial products offered through the most appropriate delivery channels (agents, mobile banking), take the needs of women, youth (18- to 25-year-olds) and farmers into account, and offer a variety of products based on customer use.[14] Mobile microinsurance is another area that offers potential, but has not yet taken off as it has in markets such as Ghana.

POLICIES IN SUPPORT OF WOMEN'S FINANCIAL INCLUSION: PROGRESS ON SEVERAL FRONTS

THE NATIONAL FINANCIAL INCLUSION STRATEGY

As Nigeria's National Financial Inclusion Strategy was being prepared, Nigeria became one of the early signatories of the AFI Maya Declaration. Nigeria's Maya Commitment included finalizing the national strategy and reducing the percentage of financially excluded from 46.3% in 2010 to 20% by 2020.

The Strategy was adopted in October 2012 under the leadership of the CBN. It introduced explicit targets to reach adults with financial products and branches and to increase the percentage of the population with IDs that meet KYC requirements. However, it did not differentiate the targets by gender, whereas the earlier Microfinance Policy (revised in 2011) did (albeit without subsequent monitoring).

While the Strategy was being prepared, an impact analysis was conducted covering four critical areas, all of which are directly relevant to women's financial inclusion: distribution channels, financial services providers, financial literacy and financial consumer protection. Forty-eight regulations and policies were analyzed to identify issues to be addressed going forward, including, for example, the limitations of uniform KYC requirements.

The Strategy identifies enablers, obstacles and recommendations, setting the stage for policy change. It prioritizes issues, including the retail agent banking framework, tiered risk-based KYC, incentives to move into rural areas, a deadline for enforcing terminal interoperability and card agnosticism, and independent ATM deployment. While the framing of the Strategy may have been a missed opportunity to make women's financial inclusion an explicit goal, the policy recommendations are of particular importance to women. They are, in short, "gender friendly."

Under the Strategy, a Financial Inclusion Secretariat was established within the CBN in 2013. A Financial Inclusion Steering Committee and Technical Committee were subsequently established in 2015. The Technical Committee validates data through various lenses and oversees specific interventions in response to special problems.

Four Working Groups were also established under this Committee, including one charged with Special Interventions, which covers women, youth and the disabled. Currently the Working Group is focusing on how to incorporate gender considerations into the development of financial products and services. For example, the Working Group is engaging with NIRSAL[15] to increase access to agricultural finance for women.

14 EFInA, Access to Financial Services in Nigeria, 2014

15 The Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) is an agribusiness initiative that provides risk management, financing, trading and strategic solutions for its clients.

Its efforts are similar to those of other industry players, such as Diamond Bank's BETA account and the Bank of Industry's 1 billion Naira fund for the country's fashion industry to support women-owned small and medium-sized enterprises (SMEs) (launched by the Bank's Gender Unit).

The CBN believes that closing the gender gap requires the engagement of both the public and private sectors. Within the public sector, the Federal Ministry of Women's Affairs is an important partner.

Under the Strategy, the MSME Development Fund, established in 2014, operates under an explicit target to issue at least 60% of its loans to women.

POLICY ACHIEVEMENTS THAT SUPPORT WOMEN'S FINANCIAL INCLUSION

In Policy Frameworks to Support Women's Financial Inclusion, AFI and Women's World Banking framed a set of seven policy areas to provide a solid policymaking foundation for women's financial inclusion (see Box 2).

BOX 2: SEVEN HIGH-IMPACT POLICY AREAS TO ADVANCE WOMEN'S FINANCIAL INCLUSION

1 Greater focus on the value proposition of women's financial, with explicit policy objectives and quantitative targets, can lead to transparent, women-inclusive policies.

2 Gender-disaggregated data collection and research set the stage for fine-tuning policy.

3 Reforms to legal and regulatory frameworks can create space for innovation that supports greater financial inclusion for women.

4 The development of financial infrastructure is a critically important part of implementing sound policy.

5 Refined and strengthened financial consumer protection regulation can address the concerns and issues of women clients, balancing protection with expanded outreach.

6 Financial education and financial literacy programs for women are a critical investment to promote women's financial inclusion.

7 While beyond the scope of financial sector policy, legislation and regulations, addressing social norms that constrain women's financial inclusion can have important repercussions for financial inclusion.

In the case of Nigeria, policy formulation and implementation in support of women's financial inclusion have had some success in priority areas (identified through AFI and Women's World Banking research), and multiple initiatives are currently underway to address areas that have not received as much attention.

1. A greater focus on the value proposition of women's financial inclusion, with explicit policy objectives and quantitative targets

While the Strategy does not highlight women's financial inclusion explicitly, the Technical Committee and Special Interventions Working Group do. This is a recent positive step in making women's financial inclusion an explicit policy objective. The 2011 revision of the Microfinance Policy sets growth targets for women's financial inclusion at a higher rate (15% per year growth in access, as opposed to 10% across the board). Greater recognition of the importance of women's financial inclusion, including national dialogue, is identified as important moving forward.

2. Gender-disaggregated data collection and research

Data collected in Nigeria is disaggregated by gender and is obtained from financial services industry players using a template developed by the CBN.

Through EFInA, Nigeria has conducted multiple biennial surveys covering both formal and informal financial services, which identify barriers to demand for financial services and products. Related research and additional surveys have led to a better understanding of cash flows and needs, and subsequently to the development of tailored products. For instance, consumer preferences show how informal financial products and services could be formalized and build on the experience of the informal sector to guide product development.

Surveys on insurance literacy and uptake have helped to reinforce insurance regulation. Survey work has contributed to the expansion of pension schemes, including the creation of a framework that allows irregular payments into the scheme.

3. Reforms to legal and regulatory frameworks that create space for innovation

Nigeria has demonstrated substantial progress in reforming legal and regulatory frameworks in support of women's financial inclusion:

- **Risk-based simplified KYC, a main achievement under the Strategy, was introduced in January 2013, replacing a KYC regime that was seen as prohibitive.** The CBN circular explicitly notes the link between the introduction of the 3-Tier KYC requirement and the CBN policy on financial inclusion. The simplified KYC requirements are designed to ensure that the unbanked and underbanked should not be precluded from opening accounts or obtaining other financial products and services due to a lack of acceptable means of identification. The 3-Tier KYC regime implements flexible account opening requirements for low-value and medium-value account holders subject to caps and transaction restrictions. This was made possible under the 2009 CBN AML/CFT Regulation, which predates the Nigeria National Risk Assessment currently underway. While the risk-based simplified KYC for account holders is an important breakthrough, banks have largely limited lending to higher levels of KYC requirements (Tier 3).

- **The National Financial Inclusion Strategy addresses the issue of movable collateral.** The Central Bank of Nigeria issued regulations in 2014 for the Secured Transaction and National Collateral Registry, which will help address financing for SMEs. Launching in 2016, the Registry will facilitate the use of movable assets as collateral for either business or consumer credit. This is particularly important for women, who are less likely to be able to provide immovable collateral, but can provide movable collateral such as business assets (equipment) and jewelry. This change is expected to lead to a shift in the way credit is provided.

Under the National Financial Inclusion Strategy, the CBN called for the development of branchless banking. A number of measures were introduced, including a retail agent framework and regulations to allow off-site ATMs and increasing ATM deployment in rural areas. Incentives were put in place, including mandating interconnectivity, to increase the use of point of sale devices.

The regulatory framework for mobile money was updated in 2015. The CBN issued regulations for mobile payments services in 2009, introducing a bank-led model that excludes mobile network operators (MNOs) from becoming licensed mobile money operators.

However, the growth of mobile money in Nigeria has not fully met expectations. The EFINA 2014 report shows that only 800,000 Nigerian adults or 1% of the adult population currently use mobile money. More recently, in 2013, the CBN introduced regulations to allow MNOs to function as super-agents, to provide greater incentives for MNOs to create mobile money outlets. This is a major shift from the original agent banking framework, and allows MMOs to play a greater role in the mobile money market. Introducing both a bank-led and non-bank led model, the revised 2015 Guidelines are expected to provide a boost to the expansion of mobile money. Nigeria's participation in the Level One Project (see Box 3) is also expected to boost mobile money usage.

4. Development of financial infrastructure

Related to the expansion of digital financial services, Nigeria has worked to increase interoperability among payment platforms, yet little progress has been made. This has been broadly attributed to the large number of stakeholders, the different business models of market players, and technology. There is still room for cross-industry collaboration.

A wholesale fund, the Micro, Small and Medium Enterprise Development Fund, was created under the National Financial Inclusion Strategy, with 60% of its funding earmarked for women. Initial results from a recent survey suggest that the Fund has been able to allocate 70% of funding to women clients as the ultimate borrowers. The total volume of lending is still limited, with financial institutions noting requirements that make access to this facility difficult.

To increase the impact of the MSME Fund, the Anchor Borrower Programme was established in November 2015 to focus on loans for farmers, with an initial focus on rice farmers. With its commitment to advance women's financial inclusion, the Special Interventions Working Group will explore other agricultural subsectors for the Anchor Borrower Programme, including where women play a role in value chains.

BOX 3: LEVEL-ONE PROJECT

Nigeria's participation in the Bill & Melinda Gates Foundation-sponsored Level One Project offers the opportunity to bring the poor into the formal economy by leveraging emerging digital payments technologies.

Launched in Nigeria in November 2015 in partnership with the CBN (where the project unit is housed) and the Federal Ministry of Finance, the Level One Project is based on the premise that payments are the "connective tissue" of a financial system, linking payees with payers, allowing governments to transact with their citizens and friends and relatives to connect in networks of financial support.

The project has a target of 70% access to payments by 2020 and it will provide Nigeria with the shared infrastructure to leap forward, for example, by connecting agent networks.

5. Refined and strengthened financial consumer protection regulation

CBN is in the process of developing a financial consumer protection framework. It is expected to be launched in the first quarter of 2016. This framework is seen to be well aligned with women's needs.

6. Financial education and literacy programs

The CBN conducted a baseline financial literacy survey in 2014, but results are not yet available. A stakeholder workshop will be organized to examine the results of the survey, followed by the development of a financial literacy framework. The focus until now has been on a national financial literacy campaign.

7. Legislation and regulations that address social norms

Tackling issues around social norms in Nigeria is even more challenging given the many different cultural groups and disparities between geo-political regions. Even when legal rights exist, they are not always respected because of social norms. As is the case worldwide, these issues tend to evolve slowly, and observers call for greater education as the best chance to address them.

LESSONS LEARNED AND LOOKING FORWARD

Nigeria has made a number of smart policy moves in terms of promoting women's financial inclusion, including:

- **The simplified KYC regime**, which is considered the most important change to come out of the National Financial Inclusion Strategy. There is potential to expand the KYC regime further.
- **The Secured Transaction and National Collateral Registry**, to be launched in 2016, will facilitate the use of movable assets as collateral for either business or consumer credit.

The framework for mobile banking is an area showing the most promise recently, as barriers for mobile money to take off in Nigeria are being reduced. This is expected to make a notable difference in the uptake of digital financial services in Nigeria, for both women and men.

However, much work remains to effectively close the financial gender gap. Nigeria may want to consider those priority areas that can most effectively promote women's financial inclusion. Like the objective set by the MSME Fund to reach more women clients, Nigeria may consider establishing targets for women's financial inclusion and increase national dialogue around the promise of women's financial inclusion.

Adopting different tactics to reach rural female clients, whether through the MSME Development Fund or other vehicles, could effectively reach these "difficult" segments. With the issuance of the Guidelines on Mobile Money Services, CBN can take a proactive role in the implementation process by developing a better understanding of the ecosystem of the market for digital financial services and promoting dialogue among stakeholders. The current work on the financial consumer protection regulatory framework and the financial education framework will help empower women and enhance trust in the financial system. Tackling issues around social norms that limit women's financial inclusion, even though many issues will only be resolved over the long term, will also be key to achieving sustainable, inclusive finance for women.

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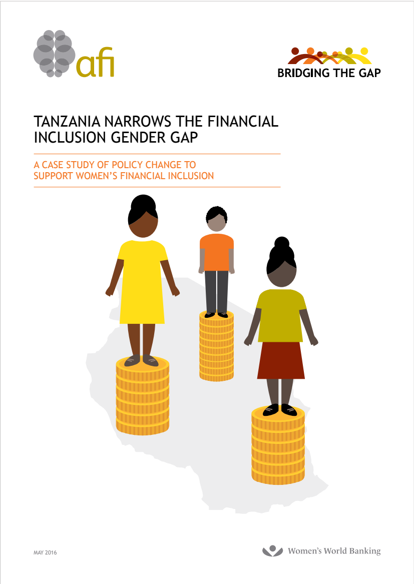
TANZANIA NARROWS THE FINANCIAL INCLUSION GENDER GAP



A CASE STUDY OF POLICY CHANGE TO SUPPORT WOMEN'S FINANCIAL INCLUSION

INTRODUCTION

Policymakers and central bankers have a leading role to play in creating a more enabling environment to expand women's financial inclusion. A recent discussion paper by the Alliance for Financial Inclusion (AFI) and Women's World Banking, *Policy Frameworks to Support Women's Financial Inclusion,*[1] makes a compelling argument for women's financial inclusion and provides seven key recommendations for policymakers and central bankers.

The report presents evidence that policy measures to increase financial inclusion need to be country-specific, based on each country's gender gap and specific challenges and opportunities. To eliminate the persistent gender gap and expand access to financial services for both women and men, policies should be adapted and integrated in national financial inclusion strategies and other policy initiatives.

AFI and Women's World Banking conducted this case study to examine the experience of Tanzania, where there are promising approaches to gender-focused financial inclusion policies.

Tanzania has made progress in closing the financial inclusion gender gap. Although financial inclusion for women was not articulated as a clear and explicit policy goal in the country's 2013 National Financial Inclusion Framework, over the last two years the Framework has been evolving to support a more favorable financial environment for women. Today, the Framework better articulates women's financial inclusion as a policy goal, which the country explicitly attributes to engagement in AFI-sponsored dialogue. The regulatory framework for mobile money has been key to the success of the policy framework in Tanzania, and financial infrastructure has also fostered financial inclusion for women. As in other countries, the main challenge remains in expanding financial services to low-income women in rural areas.

BRIDGING THE GAP
Financial inclusion for gender and women

Women's World Banking

1 Released at the AFI Global Policy Forum in Maputo, Mozambique in September 2015.

BOX 1: AN OVERVIEW OF TANZANIA

- With a population of 51.8 million, Tanzania is the sixth largest country in Africa. 70% of Tanzanians live in rural areas.
- GDP growth was 7% in 2014, yielding a per capita GDP of $930. Income inequality between urban and rural areas is rising.
- Approximately 28.2% of Tanzania's population lived below the poverty line in 2012, down from 34% in 2007. This was the first decline in 20 years, as poverty became more responsive to growth. However, inequality has widened between urban and rural populations; of the approximately 12 million Tanzanians living in poverty, 10 million are in rural areas.
- Tanzania's main development challenges include addressing infrastructure issues, improving the business environment, increasing agricultural productivity and value-added outputs, improving service delivery to build a healthy and skilled workforce, and managing urbanization. Tanzania's youthful labor force is growing every year; and the role of the private sector in employment creation is seen as essential.

Source: World Bank

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EXAMINING TANZANIA'S GENDER GAP

With more than 25% of the population living below the poverty line, Tanzania still compares favorably to other Sub-Saharan countries in terms of access to financial services.

However, while non-bank financial institutions serve men and women equally and microfinance institutions serve proportionately more women, commercial banks continue to serve relatively more men. Although banks seem to be missing out on the female market, particularly in rural areas, mobile network operators (MNOs) and FinTech companies report a narrower gender gap among male and female mobile money users in urban areas.[2]

According to the World Bank's Global Findex data, the gender gap in Tanzania narrowed from 7% to 4% between 2011 and 2014: 17.1% of women held an account at a financial institution in 2014 versus 21.1% of men, with 19% access overall (See Table 1). From 2011–2014, the percentage of women holding an account at a financial institution increased by 3.3 percentage points, while the percentage of men holding an account rose only 0.3 percentage points. Tanzania is one of five Sub-Saharan African countries where more adults have a mobile money account than an account at a formal financial institution.[3] Mobile account access is at impressive levels for both genders, but women still fall behind men at 27% versus 38%.

For additional data, Tanzania conducted FinScope surveys in 2006, 2009 and 2013, which show enormous progress in financial inclusion overall, both in banks and other formal institutions. Although the gender gap widened, women's financial inclusion in formal institutions increased from 14.4% to 51.2% over this four-year period. The increase in inclusion overall is essentially due to the expansion of mobile money—only 1.1% of adults used mobile money in 2009, but this had risen to 49.9% by 2013.

In the mobile money space, adoption of mobile phones and huge growth in distribution channels has led to an increase in mobile wallet usage. FinScope data shows 44% of women and 54% of men use mobile money. Usage not only includes sending and receiving money, but also savings and stored value (used by 25.6% of adults in 2013).

According to FinScope data, the increase in women's financial inclusion has been due to three factors: mobile money, savings in groups and microfinance.

TABLE 1 FINDEX DATA: THE EVOLUTION OF THE GENDER GAP IN TANZANIA (% AGE 15+)

	2011	2014
Account at a financial institution, all adults	17.3	19.0
Account at a financial institution, female	13.8	17.1
Account at a financial institution, male	20.8	21.1
Gender gap	-7.0	-4.0
Mobile account, all adults		32.4
Mobile account, female		26.6
Mobile account, male		38.4
Gender gap		-11.8

Source: Global Findex data, World Bank

TABLE 2 FINSCOPE DATA: THE EVOLUTION OF THE GENDER GAP IN TANZANIA

2013	BANKED	FORMAL OTHER	INFORMAL ONLY	EXCLUDED
Male	17.9%	45.1%	14.3%	22.7%
Female	10.1%	41.1%	17.2%	31.6%
Gender gap for formal access	-10.3			
2009				
Male	11.5%	5.9%	27.1%	55.6%
Female	7%	7.4%	30.4%	55.5%
Gender gap for formal access	-3.0			

Source: EFInA

2 Financial technology, also known as FinTech, uses software to provide financial services. FinTech companies are generally start-ups founded to disrupt incumbent financial systems and corporations. For more information, see https://www.hottopics.ht/stories/finance/what-is-fintech-and-why-it-matters/.

3 According to the World Bank's Global Findex Database 2014, all 13 countries where the share of adults with a mobile money account is 10% or more are in Sub-Saharan Africa. In five of these 13 countries—Côte d'Ivoire, Somalia, Tanzania, Uganda and Zimbabwe—more adults reported having a mobile money account than an account at a financial institution.

WOMEN'S FINANCIAL INCLUSION IN TANZANIA: BARRIERS AND OPPORTUNITIES

PRINCIPLE BARRIERS AND CONSTRAINTS

On the supply side, the principle barriers to women's financial inclusion are inappropriate services that do not meet client demand, and the high cost of financial services due to inefficiencies in delivery channels. Demand-side constraints include information asymmetries, lack of documentation, irregular income patterns, lower income than men and low financial literacy.

Structural and regulatory barriers identified during the development of Tanzania's National Financial Inclusion Framework include stringent or lack of proportionate requirements for client on-boarding, lack of a regulatory framework for broad-based microfinance services, delays in rolling out a national ID system, lack of a legal framework allowing for quick contract enforcement in the event of default, stringent Know-Your-Customer (KYC) requirements, high security requirements for bank branches, and the absence of an explicit financial consumer protection framework.

OPPORTUNITIES TO EXPAND WOMEN'S FINANCIAL INCLUSION

Two (related) opportunities have been identified to advance women's financial inclusion: (1) digital financial services and (2) the development of new products and services of particular interest to women. Tanzania has already made considerable progress in these areas and laid the groundwork for future opportunities.

1. Digitization of financial products and of delivery channels

Digital financial services can be instrumental in increasing women's financial autonomy and supporting women's participation in the formal economy.

Tanzania has made remarkable progress in the uptake of mobile financial services, with usage nearly doubling between September 2011 and October 2012. Mobile money first emerged through a test-and-learn approach adopted by the Bank of Tanzania, followed by legislation and regulations to support mobile financial services usage and infrastructure.

Mobile money platforms are often the only financial services available to Tanzanian women. Although the expansion of mobile money is still largely based on person-to-person (P2P) transactions such as remittances, a significant number are already using it for savings, and phones are expected to become a major source of all financial transactions.

However, persistent barriers remain. Mobile money usage in Tanzania continues to be shaped by demographics, with poor, rural women the least likely to use mobile money services. Barriers for these women include insufficient understanding of how to use mobile financial services, lack of access to a mobile agent, high costs and negative perceptions of these services.

Continuing the policies that address these barriers will foster more access and financial inclusion for all women in Tanzania.

2. New products, product bundling and savings

The expansion of digital financial services has set the stage for the development of new products and product bundling. One example in Tanzania is a transactional mobile bank account offered by Vodacom M-Pawa in partnership with the Commercial Bank of Africa. Another example is Tigo's interest-bearing account offered through a mobile wallet. This account features a higher interest rate than a one-year term deposit at a bank, thereby offering a place to save with a return.

Several Tanzanian institutions are using digital channels to offer credit scoring models that benefit women and other underserved segments. For example, mobile money offers credit scoring, dynamic pricing and fraud algorithms via a system of multiple microloans. The Commercial Bank of Africa launched one such credit scoring model using tiny digital loans to build a credit history. GO Finance is an online lender that uses a model based on data analytics, leveraging digital data and mobile money channels to underwrite and manage loans for small and medium-sized enterprises (SMEs), particularly targeting farmer cooperatives and others in the agricultural value chain. Another interesting example is a partnership between Airtel and JUMO (an African FinTech platform), which offers unsecured loans using credit scoring based on predictive data analytics. They do not differentiate between male and female loan applicants, but experience has shown that women have a higher repayment rate, and this has led to larger-sized loans. The Airtel/JUMO partnership is now piloting a savings product especially relevant to women, who are more likely to save with frequency.

4 A November 2015 policy report prepared by the World Bank Development Research Group, the Better Than Cash Alliance, the Bill & Melinda Gates Foundation and Women's World Banking for the G20 Global Partnership for Financial Inclusion, *Digital Financial Solutions to Advance Women's Economic Participation*, makes the case that digital financial services contribute to the G20 goal of increasing women's participation in the global economy. The report found that: (1) digital financial services accelerate financial inclusion, which is essential to women's economic empowerment; (2) digital financial services can give women greater control over their finances and financial decision making; (3) digital financial services can increase women's labor force participation; and (4) digital financial services can improve the performance of women-owned businesses.

5 InterMedia. 2013. *Mobile Money: A Path to Financial Inclusion. Findings from the Tanzania Mobile Money Tracker Study.*

LESSONS FROM TANZANIA: EFFECTIVE POLICIES, IMPLEMENTATION AND NEXT

Tanzania was an early signatory to AFI's Maya Declaration, committing to contribute to AFI's strategy development and to reach 50% financial inclusion by 2015. This goal would be reached by implementing interoperability solutions for mobile financial services providers, developing a comprehensive financial consumer protection and financial education framework, developing an agent banking framework and ensuring data integrity.

Tanzania's National Financial Inclusion Framework – a Public-Private Stakeholders Initiative was launched in December 2013, with a three-year timeline. The Framework is built upon Tanzania's successful experience with mobile money services and other technology-driven financial services. It identifies four priority areas: (1) proximity, (2) robust electronic platforms, (3) robust information and (4) informed customers and customer protection. Clear objectives are framed under each priority area.

Although the 2013 Framework has clear, meaningful targets for financial inclusion, gender-specific targets were not built into the initial strategy. However, the Framework states that "priority is given to poor rural households and their enterprises, as well as low-income women and youth with a special focus on children."

Tanzania has largely met the goals under the 2014–2016 Framework and has already set more ambitious goals. Most importantly, the implementation of the Framework provided useful lessons on measurement and has led to a greater focus on neglected sectors, including gender. A process to update the Framework and the related results matrix is underway, including a push to develop and measure gender-specific targets, along with specific targets for SMEs, financial infrastructure and financial capability. To take stock of the evolution on digital financial services, the new metrics under the results framework will include phone ownership and mobile wallets. The new measurement framework is expected to be endorsed by the Financial Inclusion Council in February 2016.

In *Policy Frameworks to Support Women's Financial Inclusion - Discussion Paper*, AFI and Women's World Banking framed a set of seven policy areas that would provide a solid policymaking foundation for women's financial inclusion. (See Box 2)

Although the need to formulate policy to support women's financial inclusion was not explicit in Tanzania's initial National Framework, the strategy does in fact include the adoption and implementation of many priority policies that support a more favorable environment for women's access to finance. In 2016, Tanzania will unveil a Revised Measurement Framework with explicit objectives to expand women's financial inclusion, and significant policy advances are already underway, making the country a model policy environment for expanding women's access to finance.

BOX 2: SEVEN HIGH-IMPACT POLICY AREAS TO ADVANCE WOMEN'S FINANCIAL INCLUSION

1 Greater focus on the value proposition of women's financial inclusion, with explicit policy objectives and quantitative targets, can lead to transparent, women-inclusive policies.

2 Gender-disaggregated data collection and research set the stage for fine-tuning policy.

3 Reforms in legal and regulatory frameworks can create space for innovation that supports greater financial inclusion for women.

4 The development of financial infrastructure is critically important part of implementing sound policy.

5 Refined and strengthened financial consumer protection regulation can address the concerns and issues of women clients, balancing protection with expanded outreach.

6 Financial education and financial literacy programs for women are a critical investment to promote women's financial inclusion.

7 While beyond the scope of financial sector policy, legislation and regulations, addressing social norms that constrain women's financial inclusion can have important repercussions for financial inclusion.

Existing and expanding policies include the following:

1. Women's financial inclusion as an explicit policy objective with quantitative targets

Tanzania's 2013 Framework gives priority to poor rural households and their enterprises, including low-income women and youth, without specifying gender targets.

Following the high-level conference on women's financial inclusion held in Yamoussoukro in August 2015 and the 7th AFI Global Policy Forum (GPF) held in Maputo in September 2015, the Bank of Tanzania decided to introduce gender targets and indicators in the revised measurement framework, with the possibility of integrating gender issues into the Financial Inclusion National Framework itself. Discussion and approval of the revised measurement framework has been scheduled for February 2016.

2. Financial inclusion data disaggregated by gender

The Bank of Tanzania is in the process of expanding its financial inclusion database to include data by gender and age, and results are expected to be similar to the 2014 Global Findex data. Overall, financial inclusion data will expand from access data to usage and quality data, which will more accurately capture the state of women's financial inclusion in Tanzania.

Tanzania has developed policies based on FinScope surveys in 2006, 2009 and 2013, which provide financial inclusion data broken down by gender. A new FinScope survey will be conducted in 2016 and is expected to have an even stronger influence on policy direction.

3. Reforms to legal and regulatory frameworks

Tanzania is known globally for having one of the most conducive regulatory environments for financial inclusion. The 2014 Global Microscope report rates Tanzania as the best country in Africa and ninth globally.

Tanzania's legal and regulatory framework for mobile money has expanded mobile money for both women and men. Described as "policy-enabled and market-led," it is an internationally-recognized achievement that provides the space and clarity for a variety of providers to enter the digital financial services market. Under this framework, MNOs are allowed to be e-money issuers (mobile accounts), initially on the basis of a letter of non-objection. Following a test-and-learn period, the Bank of Tanzania issued a draft regulation in May 2012 that provides a licensing regime for non-banks intending to offer mobile payments services, with trust accounts at a commercial bank for the float (100% coverage). In 2013, agent banking guidelines were issued, and the National Payment Systems Act came into force in October 2015. Payment System Licensing Approval Regulations and Electronic Money Regulations were issued in October 2015.

The current KYC regime in Tanzania is viewed as one of the main barriers to financial inclusion. This is not due to lack of identification (76% of adults have a valid ID—a legacy of the recent electoral process), but rather the requirement under anti-money laundering (AML) regulations to produce a second ID to verify the first ID. This requirement does not account for the size of a transaction or the total volume of transactions, which as a result often excludes poor, rural women who are not likely to have a second form of identification. However, a risk-based tiered KYC regime can be put in place following the completion of Tanzania's National Risk Assessment under FATF standards, which is currently underway. Mobile wallets have already been created on the basis of lighter KYC, leading to an uneven playing field for banks seeking to reach the female market.

Tanzania's National Financial Inclusion Framework calls for the introduction of a movable collateral regime, which is seen as an important way to support women's financial inclusion. A modern secured transactions law would enable both business and consumer debtors to access credit using whatever form of collateral in their possession. This is particularly relevant for women who are less likely to have access to traditional forms of collateral. A concept paper on Secured Transaction Law and Collateral Registry was approved by the BoT, which is organizing a project team to spearhead changes to the movable collateral legislation.

4. Development of financial infrastructure

Alongside its regulatory framework for mobile money, Tanzania has made considerable progress in developing a payments infrastructure—one of the goals in the Framework. Tanzania is one of the most progressive countries in the world in terms of interoperability, with the greatest industry buy-in, which also increases value for customers. With support from the Bill & Melinda Gates Foundation and the International Finance Corporation (IFC), industry dialogue is driving interoperability in Tanzania through a monthly meeting of operators. These conversations examine which cases can lead to interoperability (how to implement it, pricing model, who pays what and for what) with final decisions made by the participants. Tigo and Airtel were the first to introduce wallet-to-wallet interoperability in Tanzania, and Vodacom is expected to join in mid-2016. Discussions about interoperability in other areas, such as bulk payments and retail settlements, are ongoing.

Tanzania's first two credit reference bureaus were established in 2012 and 2013. They receive data from the national credit reference database (created by the Bank of Tanzania) and additional client information from other sources, such as utilities companies. This critically important financial infrastructure builds an information base on women as clients. An alternative credit reference system is in development using mobile phone data, which includes credit scoring of microfinance loan products.

Options for alternative collateral include the establishment of a warehouse receipts system as part of the agricultural finance agenda. A warehouse receipt board has been established and the development of the warehouse receipts system is underway, beginning with an analysis of the organization of markets for critical value chains and the organization of purchasing for big buyers. Priority chains will be the first products under the system. The development phase will be a good opportunity to examine the value chains for cash crops women produce.

5. Financial consumer protection regulation

Until now, Tanzania's industry-based financial consumer protection regime has not taken a unified approach, with banks, microfinance institutions and insurance companies each following their own rules.

The protection that does exist for financial consumers has so far fallen under Tanzania's Fair Competition Commission. Without broad financial consumer protection legislation, regulators in the financial sector have established windows to receive and handle all grievances raised by consumers (complaints desk and ombudsman). However, non-deposit-taking institutions (credit-only institutions), a sub-sector serving high numbers of women, do not have a regulator. This forces customers to either take complaints to the Ministry of Finance or the Bank of Tanzania, or remain silent.

The Financial Inclusion National Council has elevated the importance of financial consumer protection, which has become even more necessary with the expansion of digital financial services. Plans are underway to develop a national financial consumer protection framework. The process has been spearheaded by the Bank of Tanzania and involves other stakeholders, such as the Fair Competition Commission. It is expected that the framework will have three major dimensions: financial capability, consumer recourse mechanisms and enforcement through legislation. The Bank of Tanzania sees consumer protection as particularly important for women as they are considered to be more vulnerable to the environment. Therefore, one option may be to include explicit gender-specific aspects in the financial consumer protection framework.

6. Financial education and financial literacy programs

A financial capability survey was conducted in Tanzania in 2014, with results presented in a 2015 report. A revised Financial Education Framework based on these results will be released at the same time a national financial education secretariat is also being established, which will coordinate financial literacy programs. The Financial Education Framework is expected to be ready by February 2016. Women entrepreneurs/women at home and rural poor/“survivalists” are two market segments among five that have been identified by the financial capability baseline survey as targets for financial education interventions.

7. Legislation and regulations that address social norms

Cultural barriers tend to be related to education levels and social norms, which differ across tribes in Tanzania. The country has taken steps to create a positive legal framework for gender equality, but some barriers remain.

Asset ownership is an important issue impacting women’s access to financial services. Co-titling of landholdings between husbands and wives was introduced in Tanzania to ensure women benefit from legal reforms. In an experimental study, researchers[6] encouraged co-titling by offering price discounts to landowners who wished to acquire formal land titles and agreed to accept their wives as owners or co-owners of the land. These small financial incentives achieved almost complete gender parity without affecting demand for land titles, representing a low-cost yet effective way to achieve gender equality in land ownership.

While a number of improvements are still underway, Tanzania serves as a model policy environment for expanding women’s access to finance. The National Financial Inclusion Framework is a powerful vehicle to advance policy change in favor of women, and Tanzanian policymakers have demonstrated commitment to additional policy improvements, notably the current revision that introduces gender targets to the Framework.

While a focus on gender could have been made more explicit initially, the Framework set the stage for narrowing the gender gap in access to financial services. Since much of the agenda laid out in the 2013 Framework has been achieved, the update of the results matrix to include financial inclusion targets provides an opportunity to intensify the focus on gender.

Perhaps most notably, Tanzania’s internationally-recognized mobile money framework and the establishment of interoperability have provided a major impetus to women’s financial inclusion. As mobile money receives growing attention for bringing women into the formal financial system, Tanzania’s conducive policy environment for mobile money stands out as a success.

Even though much has already been achieved under the National Financial Inclusion Framework, there are still opportunities to accelerate women’s financial inclusion, including:

- Setting gender targets in the revised National Financial Inclusion Framework and intensifying efforts to achieve those targets by focusing more attention on the outreach of financial services to poor, rural women.
- Expanding the Bank of Tanzania database to include sex-disaggregated data.
- Introducing simplified KYC across financial services providers once Tanzania’s National Risk Assessment is completed.
- Moving forward with the revision of the movable collateral regime.
- Promoting financial consumer protection initiatives and pursuing the development of the Financial Consumer Protection Framework.
- Finalizing the Financial Education Framework.

6 Michael O’Sullivan, Arathi Rao, Raka Banerjee, Kajal Gulati and Margaux Vinez. 2014. *Levelling the field: improving opportunities for women farmers in Africa*. Washington, DC: World Bank Group.

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POLICY FRAMEWORKS TO SUPPORT WOMEN'S FINANCIAL INCLUSION

EXECUTIVE SUMMARY

The importance of improving financial inclusion for women is receiving an increasing amount of attention. Recent research provides solid evidence that when women—50% of the world's population—participate in the financial system, there are significant benefits in terms of economic growth, greater equality and societal well-being. However, despite significant advances in financial inclusion for both men and women between 2011 and 2014, women still lag behind in access and usage of financial products and services.

What needs to be done to close the gender gap? This study looks at the efforts of policymakers and central bankers in different countries who are fine-tuning an enabling environment for the financial inclusion of women. Evidence has shown that policy measures to increase financial inclusion need to be country-specific, based on each country's gender gap and unique challenges and opportunities.

The policies featured in this paper are examples of promising policy solutions to advancing financial inclusion for women. These policies can be adapted and integrated in national financial inclusion strategies and other policy initiatives to close the persistent gender gap in financial inclusion.

While the 12 national financial inclusion strategies discussed in this paper reflect the specific needs and realities of each country, there are common lessons that provide a basis for further discussion. Seven policy measures in particular could have a major impact on women's financial inclusion and, in turn, accelerate the progress of national strategies.

1. Greater focus on the value proposition of women's financial inclusion, with explicit policy objectives and quantitative targets, can lead to transparent and inclusive policies for women.
2. Gender-disaggregated data collection and research provide a basis for fine-tuning policy.
3. Reforms to legal and regulatory frameworks can create space for innovation that supports greater financial inclusion for women.
4. The development of financial infrastructure is a critically important part of implementing sound policy.
5. Refined and strengthened financial consumer protection regulation can address the concerns and issues of women clients, balancing protection with expanded outreach.
6. Financial education and financial literacy programs for women are a critical investment in women's financial inclusion.
7. While beyond the scope of financial sector policy, legislation and regulations, addressing social norms that constrain women's financial inclusion can have important repercussions for financial inclusion.

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Women's World Banking

INSIGHTS FROM GLOBAL POLICYMAKERS

The policymakers, regulators and thought leaders interviewed for this study, many of whom are AFI members, had compelling messages for global policymakers on women's financial inclusion. While policy needs to be formulated within particular country contexts, these messages have global resonance and clear themes emerged.[1]

FINANCIAL INCLUSION LEADS TO GREATER ECONOMIC PARTICIPATION FOR WOMEN

There are steep economic costs to excluding women from participation in the economy—eliminating gender inequality would allow significant gains in GDP.

Financial inclusion is key to women participating in the economy. Given the important role of women in shaping the next generation, financial inclusion will lead to greater security and prosperity for women and men, their families, enterprises and communities.

Given the consequences of inequality and women's potential to contribute to the economy and transform society for present and future generations, women have to be on the global agenda as part of the Sustainable Development Goals (SDGs).

POLICIES MUST BE FINE-TUNED TO CLOSE THE GENDER GAP IN FINANCIAL SERVICES

It is necessary to understand the ecosystem within which women live and formulate policies based on their economic and social realities.

Expanding financial inclusion for women requires deliberate attention from policymakers: not too forceful, not too interventionist. This does not mean embracing a set of policies focused only on women, but rather fine-tuning policies to close the gender gap in financial inclusion. You don't need gender -specific policies, but rather policies that work for women.

Look at the enabling environment from the perspective of women: does a policy support/incentivize or restrict women's financial inclusion?

Policymakers need to avail themselves of data, quantitative and qualitative surveys, and other research to understand the market being served, the constraints, and inform policy.

ALL STAKEHOLDERS HAVE A SAY IN POLICIES THAT WILL IMPROVE WOMEN'S FINANCIAL INCLUSION

Healthy stakeholder engagement is critical, based on a commitment to dialogue and engagement among government, central bankers, regulators, supervisors, financial consumer protection agencies and financial services providers.

Policymakers and regulators can have a say by expressing concerns, sharing data, removing additional obstacles, and listening to the market.

1 All insights come from more than 30 interviews conducted during the research phase of this paper. Please see Appendix 3 for the list of interviewees.

INTRODUCTION

"Women have to be on the global agenda… because of the consequences of inequality, because of women's potential to contribute to the economy and to transform society, for present and future generations."

Arunma Oteh, former Director General, Securities and Exchange Commission, Nigeria[2]

What determining what needs to be done to close the gender gap in financial services usage, there is a compelling argument for taking a closer look at what policymakers and central bankers are doing to fine-tune an enabling policy environment. Evidence has shown that policy measures to increase financial inclusion need to be country-specific, based on each country's gender gap and unique challenges and opportunities. This paper explores the importance of women's financial inclusion and lays out effective national-level policies to promote financial inclusion for women.

This paper assesses current thinking and policies promoting women's financial inclusion based on recent publications in this area, 30 interviews with recognized policymakers and thought leaders,[3] and an analysis of 12 national financial strategies released over the last four years by AFI members. At AFI's 2014 Global Policy Forum, 73% of participants in a session on the gender dimension of financial inclusion policymaking indicated there was a role for financial regulators in gender issues. One year later, there is clear momentum among AFI members to establish practices that promote women's financial inclusion, and to learn from one another, both successful innovations and challenges. The *Bridging the Gap: Financial Inclusion Policy Solutions for Women in Africa* conference was one example of AFI's commitment to this area.

The research underpinning this paper examines a number of national and international initiatives important to women's financial inclusion, including AFI's effort to give greater attention to this area. The G20 is focusing on women and finance via the priorities of the G20 Turkish Presidency (financial inclusion as part of a growth strategy) and the adoption of the cross-cutting theme of women's empowerment within the G20 Financial Inclusion Action Plan. This commitment is also reflected in the work of HRH Queen Máxima of the Netherlands, the UN Secretary General's Special Advocate for Inclusive Finance for Development; the post-2015 Sustainable Development Goals (SDGs), in which full financial inclusion is embedded in several of the 17 proposed goals and is tied explicitly to SDG 5; as well as efforts by the World Bank to focus more attention on women's financial inclusion.[4]

The value proposition of expanding women's financial inclusion is receiving increased global attention. In a progress report to the G20, the World Bank and the OECD underlined the importance of financial inclusion for economic growth and poverty reduction, and identified greater financial inclusion for women as a priority.[5] There is broad agreement that women's financial inclusion leads to significant benefits in terms of economic growth, equality and social well-being. More inclusive growth, a G20 priority under the Turkish G20 presidency, requires a more inclusive financial sector that responds to the needs of both men and women.

It is a potent formula: creating economic and social benefits at both macro and micro levels that leverage the power of women's financial inclusion to change families and societies.

Yet despite being 50% of the world's population, women still lag behind men in usage of financial products and services. While there were significant advances in financial inclusion for both men and women between 2011 and 2014, there is a persistent gender gap.

The Global Financial Inclusion Database (Global Findex) data[6] for 2011 shows that, worldwide, 47% of women had a bank account at a formal financial institution, compared to 54% of men. In 2014, 58% of women and 65% of men had accounts. Although this represents a significant advancement for women, the gender gap has not closed at all. While account ownership is lower overall in developing countries (low- and middle-income countries),[7] the gap in 2011 was 9% (37% of women in developing countries have an account compared to 46% of men).

2 Quote from an interview conducted for this research project.

3 These policymakers and thought leaders were identified on the basis of their experience in this area and being in a position to make a difference (both within and outside the AFI Network).

4 Sustainable Development Goal #5: Achieve gender equality and empower all women and girls. For more information about the SDGs, see: https://sustainabledevelopment.un.org/index.php?page=view&type=400&nr=1684&menu=35.

5 World Bank and OECD, 2013, "Women and Finance: Progress Report to the G20".

6 Global Findex gathers data on the usage of financial services from regulated, unregulated and informal institutions.

7 Global Findex data is classified as low income, middle income or high income. Low- and middle-income economies are referred to as "developing economies."

Three years later in 2014, the gap was still 9%, with 50% of women having an account compared to 59% of men. Globally, women are missing out on the benefits of greater financial inclusion, and national economies are not benefiting from their participation.

It is recognized that "the women's market" represents numerous segments of women clients, from low-income self-employed women in the informal sector, to women who work in agricultural value chains, to small- and medium-enterprise (SME) owners, to low-income salaried workers (factory workers, domestic workers, etc.). This report speaks in general to all of these segments of unbanked and underbanked women, recognizing that further analysis and differentiation is required by market and segment.

In determining what needs to be done to close the gender gap in financial services usage, there is a compelling argument for taking a closer look at what policymakers and central bankers are doing to fine-tune an enabling policy environment. Evidence has shown that policy measures to increase financial inclusion need to be country- specific,[8] based on each country's gender gap and specific challenges and opportunities. The sets of policies identified here—some of the most powerful to advance women's financial inclusion—can be adapted as needed and integrated in national financial inclusion strategies and other policy initiatives, and have the potential to ultimately eliminate the persistent gender gap in financial inclusion.

BOX 1: DEFINITIONS

FINANCIAL INCLUSION refers to a state in which all working age adults, including those currently excluded by the financial system, have effective access to the following financial services provided by formal institutions: credit, savings (defined broadly to include current accounts), payments and insurance.

THE GENDER GAP is the difference between women's and men's access or usage expressed in percentages. The gender gap referenced in this paper is based on data from the Global Findex, which provides global demand-side data and allows for cross-country analysis. The evolution of the gender gap, as evidenced in the comparison of 2011 and 2014 data, is pertinent to the discussion here. (See Appendix 2)

Source: CGAP on behalf of the Global Partnership for Financial Inclusion (GPFI). "Global Standard-Setting Bodies and Financial Inclusion for the Poor: Toward Proportionate Standards and Guidance."

8 See Dabla-Norris, 2015

PART I
THE SIGNIFICANCE OF WOMEN'S FINANCIAL INCLUSION

"Women, in particular, often bear the brunt of poverty and limited access to economic opportunity, including unfavorable financial access…Inequality is not just a moral issue—it is a macroeconomic issue…Growth has to be more inclusive, and for this, finance has to be more inclusive…to close the gender and inequality gap."

Christine Lagarde
Managing Director, International Monetary Fund (IMF)

Financial inclusion offers the power to change families and societies. This section sets the stage for an assessment of the micro and macro impact of women's financial inclusion, the many constraints to expanding women's financial inclusion and the evolving opportunities, and then outlines the most promising policy measures to emerge so far.

THE MACRO ARGUMENT FOR INVESTING IN WOMEN'S FINANCIAL INCLUSION

The strongest arguments for women's financial inclusion are **economic**: access to finance increases access to productive assets and increases productivity, and financial intermediation is linked to stronger economic growth.

Access and usage of financial services are levers for increasing women's participation in the economy. For instance, International Finance Corporation (IFC) research shows that greater inclusion of women in the economy would allow gains in GDP between 2% and 3.5% in some cases. As an interviewee for this research pointed out, "One cannot claim to be working for the development of a country if you are leaving behind 50% of the people." International Monetary Fund (IMF) research shows considerable evidence that when women are able to develop their full labor market potential, there can be significant macroeconomic gains. Better opportunities for women to earn and control income could contribute to broader economic development in emerging markets, such as higher levels of school enrollment for girls. Enhanced access to finance and training and better support networks among female entrepreneurs also help to raise the productivity of enterprises owned and managed by women.[9]

Closing the credit gap for SMEs is a particularly promising avenue to increase economic growth and per capita incomes. It is estimated that, globally, over 70% of women-led SMEs are either financially unserved or underserved.[10] According to a 2014 Goldman Sachs study, "This amounts to a financing opportunity of approximately $285 billion. If the credit gap is closed by 2020 in just 15 countries, including the BRIC countries, per capita incomes could on average be 12% higher by 2030."[11]

Research has shown that alleviating different financial constraints has varied macroeconomic impacts across markets, with country contexts playing a major role in determining the linkages and trade-offs between financial inclusion, GDP and equality. IMF research shows there is no one-size-fits-all policy prescription, but an important first step is developing an appropriate legal, regulatory and institutional framework and a supportive environment.[12]

THE MICRO ARGUMENT FOR INVESTING IN WOMEN'S FINANCIAL INCLUSION

"There is a strong connection between women's access to financial products and services and greater opportunity not only for that woman herself, her family and her community, but really for the nation as a whole. Women are far more likely than men to spend money they have under their discretion on the education of their children, the health care for their family and improving their housing. And those are the kinds of developmental changes that can really have long-term intergenerational impact."

Mary Ellen Iskenderian
President and CEO, Women's World Banking

Just as women play multiple roles as economic actors and caretakers of their families, women's financial inclusion has multiple benefits, both at the enterprise and household level. For women to invest in and grow their businesses, they need financial resources. They then tend to invest their financial resources in their homes, the nutrition and health of their families, the education of their children, and their communities. These investments in both enterprises and families can contribute to generational changes that lead to long-term prosperity and security.

Women may be slower to adopt financial services, but many studies have shown they transact more frequently and are inherent savers.[13] Providing access to formal savings instruments allows women to increase consumption, which in turn benefits their families and increases productive investment.[14] The 2014 Global Findex shows that, in developing countries, the gender gap in formal savings (an account at a financial institution where

9 See Elborgh-Woytek, 2013

10 See IFC, 2013

11 Found at: http://www.goldmansachs.com/our-thinking/public-policy/giving-credit-where-it-is-due.html (retrieved 7 July 2015)

12 See Dabla-Norris, et al., 2015. Governments should be aware that in some of the developing countries included in this IMF study (Kenya, Mozambique and Uganda), as financial inclusion increased, income inequality first increased and then decreased. In emerging market countries, greater financial inclusion leads directly to greater income equality, notably in Malaysia

the client intends to save) is smaller than the gender gap in account ownership overall (access to an account at a financial institution), suggesting that women are more likely to use accounts to set aside money as savings.[15]

Despite the macro and micro benefits of investing in women's financial inclusion, policymakers have not consistently integrated measures to address financial inclusion. A deep understanding of the specific constraints low-income women face in accessing and using financial products and services is necessary to create or design inclusive policy frameworks.

BARRIERS TO WOMEN'S FINANCIAL INCLUSION IN THE FINANCIAL SECTOR

"There are so many barriers to entry to economic activities for women outside the home, based on socio-economic attitudes. Women face challenges in coming out of the home to do business as men do. The challenge is changing the attitudes of the people. They are gradually changing."

Zhang Shaohua
Director Financial Consumer Protection Bureau
People's Bank of China

- **Limited financial capability and financial literacy:** Interviewees consistently cited lack of financial literacy and awareness as a key constraint to accessing and using financial services, with many saying it was the most serious constraint to women's financial inclusion. Surveys conducted by the OECD indicate that, in many countries, women demonstrate less financial knowledge than men and are also less confident in their financial knowledge and skills.[16] The challenge of improving women's financial capability is compounded by the fact that two-thirds of illiterate people in the world are women.[17]

- **Lack of assets for collateral:** Only a fraction of land worldwide is in the hands of women.[18] Women have difficulty providing immovable collateral given existing land and property rights and cultural norms that discriminate against women. For rural women, limited access to land ownership constrains their ability to provide collateral for loans, and therefore limits investment in agricultural inputs and equipment. The expansion of co-titling and individual titling for women is a critically important issue.[19]

- **Geographic distance from a financial institution:** Research sponsored by Standard Chartered Bank indicated that in Peru, distance from a financial institution, a particular problem in rural areas, was perceived as a barrier, with women citing it more frequently than men: 28% and 18.7% respectively.[20] The research also indicates that, in Peru, traditionally vulnerable groups such as women and rural populations are less likely to use the formal financial system.

- **Lack of formal identification:** Women are less likely than men to have formal identification.

- **Limited ownership of mobile phones and SIM cards:** Today, 1.2 billion women in low- and middle-income countries own mobile phones out of a total 2.9 billion phone owners (41%).[21] Shared usage of mobile phones is also extremely common, including borrowed phones and phones with multiple SIM cards.[22]

13 Women's World Banking, 2013, "Savings: A Gateway to Financial Inclusion".

14 World Bank/OECD, 2013, "Women and Finance: Progress Report to the G20", p. 5.

15 Based on a comparison of men's and women's account usage and savings. See World Bank Findex report: http://www.worldbank.org/en/programs/globalfindex

16 Russia Financial Literacy and Education Trust Fund, 2013, "Women and Financial Literacy: OECD/INFE Evidence, Survey and Policy Responses", p. 7.

17 2013 data from UNESCO Institute for Statistics, http://www.uis.unesco.org/literacy/Pages/data-release-map-2013.aspx.

18 Statistics vary and are difficult to compute for land ownership across the globe. See the United Nations, 2010, "The World's Women 2010: Trends and Statistics", http://unstats.un.org/unsd/demographic/products/Worldswomen/WW_full report_color.pdf. In Sub-Saharan Africa, there are 40 out of 43 countries with gender inequality related to inheritance rights, and 40 out of 43 countries with gender inequality related to the right to acquire and own land.

19 World Bank / ONE Campaign. 2014. Levelling the Field: Improving Opportunities for Women Farmers in Africa. p. 44.

20 Noelia Clamara, Ximena Peña, and David Tuesta. February 2014. Factors that Matter for Financial Inclusion: Evidence from Peru. BBVA Working Paper No. 14/09. Madrid: BBVA. p. 5.

21 GSMA Connected Women, 2015, "Bridging the Gender Gap: Mobile Access and Usage in Low-income and Middle-income Countries", p. 22, http://www.gsma.com/connectedwomen/wp-content/uploads/2015/04/GSM0001_03232015_GSMAReport_NEWGRAYS-Web.pdf.

22 GSMA Development Fund, Cherie Blair Foundation for Women & Vital Wave Consulting, 2013, "Women & Mobile: A Global Opportunity", pp. 27-28, http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2013/01/GSMA_Women_and_Mobile-A_Global_Opportunity.pdf.

SUPPLY-SIDE BARRIERS

"Increasing women's financial inclusion entails changing women's behavior and habits as consumers. Policymakers should notice that educating women and increasing their financial literacy, bringing them into the financial system will have positive repercussions for the nation."

Mohammad Ashraful Alam
MSME Banking & Development Finance Specialist
Bangladesh Bank

> **Lack of gender-disaggregated data**: Financial institutions lack credible and objective gender-disaggregated data. Without the data, financial institutions cannot demonstrate the business case for serving low-income women or have a clear understanding of the female market. Financial institutions are not prepared to develop products for low-income segments due to a lack of information about women's financial needs and financial behavior.

> **Risk aversion of banks:** Banks are averse to lending to clients without traditional collateral, which women often lack. They are particularly risk-averse to lending to those in the SME and agricultural finance sectors, segments with large percentages of women.

> **Financial institutions speak a complicated language:** This makes it more difficult for women to access products and services, as they are more likely to have low levels of financial education and financial literacy.

> **Service delivery is not adapted to women:** Biases against female customers are common among loan officers, and bank branches are often not a welcoming environment for women. Women report feeling uncomfortable and that they do not belong. Banks a lso have limited opening hours and customer outreach does not take women's needs into account.

REGULATORY AND INFRASTRUCTURE BARRIERS

"The provision of financial services should be tailored to all niche groups, including women, within the financial sector. In this case, appropriate policy, legal and regulatory and supervisory frameworks should be developed and employed to encourage innovation in the provision for financial services."

Evelyne Kilonzo
Manager, Financial Inclusion, Central Bank of Kenya

> **Digital financial services and distribution channels:** Digital financial services (DFS) are an effective channel to reach low-income women given their preference for confidentiality, security and privacy. Regulatory authorities are actively engaged in developing a regulatory framework for DFS and distribution channels, but this has been a challenge since innovation has been outpacing regulation. An enabling interoperability environment must eventually be created for DFS to be an effective channel for women.

> **Know your customer (KYC) regimes:** Most financial institutions are required to follow traditional KYC regimes that require identification and documentation to open accounts, which women in particular do not possess.

> **Acceptance of discriminatory laws:** Women's access to financial services is limited when laws disproportionately favor men, such as inheritance and family laws.

> **Collateral requirements and collateral registries:** While limited progress is being made, regulations on collateral requirements and the absence of registries are still a key constraint for women, given the structure of ownership of women's assets.

> **Credit bureaus:** In many developing countries, credit bureaus are uncommon. Where they do exist, financial service providers do not tend to share gender-disaggregated information with one another.

BOX 2: GENDER GAP IN FINANCIAL SERVICES LINKED TO SOCIAL STRUCTURE

When women are not in a position to manage finances autonomously, the gender gap is particularly wide, such as in the Middle East region (9% of women have an account at a financial institution compared to 19% of men) and South Asia (37% of women have an account at a financial institution compared to 54% of men). However, in the Philippines, women's financial inclusion is less of a challenge (38% of women have an account at a financial institution compared to 24% of men). Why? Culturally, in this matriarchal society, women are considered the financial managers in the household.

SOCIETAL BARRIERS

"It is important to build up a proper understanding of the barriers that women continue to face in accessing financial services or how they could achieve maximum benefit from them. This can be determined by actively studying women's financial needs and behavior compared to men's and the various contexts that affect this behavior: culture, religion, social dynamics."

Evelyne Kilonzo
Manager, Financial Inclusion, Central Bank of Kenya

> **Societal constraints codified into law:** In a study entitled Women, Business and the Law: Removing Barriers to Economic Inclusion, the World Bank and International Finance Corporation found that 21 out of 28 countries in Sub-Saharan Africa did not grant "equal capacity under the law to women and men." The study also revealed that married women have more legal restrictions than unmarried women. In terms of social norms codified into law, in many countries family law puts constraints on women regarding their right to work, sign contracts, open bank accounts and hold assets in their own names. Several interviewees noted a lack of "political will" to address gender equality and almost all interviewees referenced these barriers as constraints to both the demand and supply sides of financial services delivery.[23]

> **Internal societal constraints:** Women have an abundance of family responsibilities, limited free time, lack of mobility, lower levels of education and precarious health situations (including maternity-related risks and women placing their own health needs after others).

Despite women's vibrant participation in society and their accomplishments, women in general lack decision-making power and confidence, and are impacted by both societal constraints and the demand and supply-side barriers identified above.

BOX 3: SUPPLEMENTAL EARNINGS STILL IMPORTANT

Women's World Banking research has shown that both men and women in rural families underestimate women's contribution to household income. Women's contribution was seen as supplemental, in part because this income was used for daily expenses, while the income from the man's crop was earned in a lump sum and was therefore more visible. In reality, women's earnings can be significant but often invisible within the family and to financial institutions.

PROMISING AREAS FOR WOMEN'S FINANCIAL INCLUSION

Despite the barriers, there are opportunities to increase financial inclusion that alter, in women's favor, the rapidly changing landscape of financial products and service delivery. These require the right policy, legal and regulatory environment. Two market opportunities are explored here.

1. The digitization of financial products and delivery channels has the potential to greatly advance women's financial inclusion; this development brings risks and challenges that need to be addressed through policy.

The digitization of financial products and services and delivery channels (mobile telephony and mobile transfers through mobile phones, e-money and agent banking) is still in early stages in some regions of the world and is taking off rapidly in others, such as Sub-Saharan Africa. The potential is vast, yet unrealized. Digital financial services represent a huge opportunity to expand financial inclusion for everyone, including women, and savings products can provide flexible, comprehensive coverage of women's financial needs, in amounts and timing that matches their ability to save. There is optimism that with the proper safeguards digitization holds tremendous potential for women: breaking down cultural barriers, addressing mobility constraints and providing the privacy women want,[24] and ultimately shifting economic and social power.

Digital financial services are particularly relevant to women for three main reasons. First, they offer more confidentiality than traditional service providers. Evidence suggests that women especially value confidentiality, since it enables them to shield funds from community members and sometimes even their family. Second, women tend to earn and transact in smaller amounts than men. Digital financial services make it more viable for providers to offer products that accommodate this behavior. Third, women are less likely to own collateral than men and digital financial services enable them to build alternative risk assessments through their transaction history.

To realize the potential of digital financial services, a number of factors need to be kept in mind: simplified and tiered KYC requirements make SIM registration and phone ownership easier for customers and create an enabling environment for low-income women to access financial services.

23 See Demirguc-Kunt, et al., 2013.

24 Privacy, confidentiality and security are recurrent themes emerging from interviews and focus groups conducted by Women's World Banking while researching appropriate financial service products for women.

In addition, marketing and communication channels should be more sensitive to female consumers to enhance women's awareness. High levels of interoperability among telcos and within banks (the main practitioners in this field) are very important elements of successful digital ecosystems because they enable not only a critical mass of users, but also a significant volume of digital transactions.

A number of other conditions need to be in place to ensure the experience works for women: easy-to-use customer interfaces, reliable networks and services (including effective and ample cash point networks); data protection, banking secrecy and confidentiality (privacy needs to be culturally accepted); and financial capability and financial consumer protection, all underpinned by an appropriate regulatory framework.

Country-level examples

South Africa. Using a Stellar open source protocol, the Praekelt Foundation is working on a mobile wallet that allows people to use Vumi, its messaging platform, with a focus on improving financial security for girls. Vumi's savings program, to be launched shortly, encourages early financial literacy. With a particular emphasis on savings for girls, the financial infrastructure allows anyone to open a personal savings account.

Peru. The Peruvian Banking Association is developing a common e-money platform with 35 formal financial institutions working together on interoperability—a standing transaction highway. To protect clients, and with women in mind, the approach is to ensure an efficient learning curve through the controlled offer of financial products on a simple, self-explanatory system.

Indonesia. Indonesia has instituted a program called Program Keluarga Harapan (PKH), whereby conditional cash transfers to women are linked to savings accounts, based on household participation in locally provided health and education services. PKH has the immediate impact of reducing household vulnerability while encouraging investment in long-term household productivity, which may disrupt the intergenerational cycle of poverty. This program is expected to be a "quick win" to advance women's financial inclusion.

Côte D'ivoire. Data shows that Côte d'Ivoire is one of the fastest growing digital finance markets in the world. A recent IFC study, published in collaboration with the BCEAO and The MasterCard Foundation, analyzed data from live mobile money deployments in Côte d'Ivoire and confirmed that registered digital financial service customers in the country had increased from 2.6 million in 2012 to more than 6 million in 2013. Both transaction volume and value more than doubled between 2012 and 2013. The fact that growth in transaction volume and value is outpacing the growth in customers suggests that not only are more people beginning to use digital finance, but existing customers are also transacting more frequently.[25]

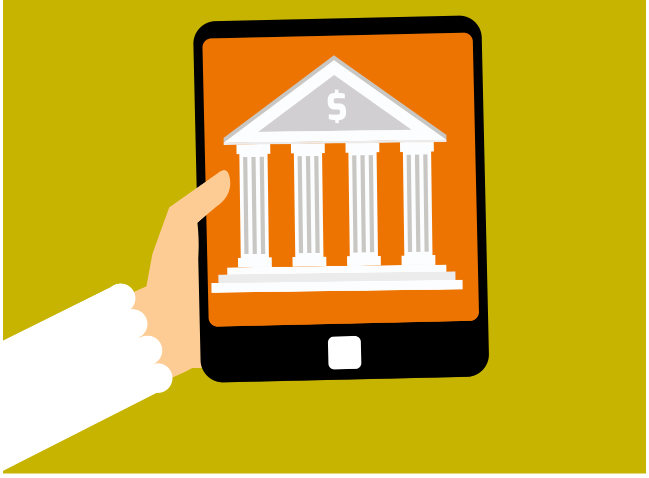
2. New products, product bundling and client outreach are being designed in ways that promote women's financial inclusion.

Financial services providers are regularly introducing new products, including credit via mobile banking, targeted insurance products, demand-oriented savings products, pension schemes, leasing arrangements, agricultural value chain financing, land acquisition loans, low-value equity investment models and other asset-building products,[26] with deal flow and relationship support. Product bundling for clients is necessary to build the business case.

Financial institutions are finding new ways to reach out to women via targeted marketing, branding and financial education. They begin by conducting country-specific market analysis, using market research and segmentation to understand client needs and priorities in their respective socio-economic and cultural settings.[27] Financial institutions are moving into new areas of product development based on lessons from behavioral economics—that is, what people actually do and not do. These lessons have led to finding new ways to reach out to women, developing new products (such as commitment savings), and fine-tuning financial consumer protection measures based on a better understanding of the risks customers face and their ability to mitigate risks.

BOX 4: MOBILE EVIDENCE

2014 Global Findex data provides mixed evidence as to whether mobile money accounts help to close the gender gap in account ownership, with stark differences between countries. For example, in Tanzania, the gender gap is persistent for mobile money accounts; however, in Côte d'Ivoire and Kenya, there are wide gender gaps for accounts at financial institutions, but no significant gender gaps for mobile money.



25 Meritxell Martinez, Susie Lonie and Rita Oulai, 17 December 2014, "Digital Finance in Côte d'Ivoire: Ready, Set, Go!" CGAP blog, http://www.cgap.org/blog/digital-finance-cote-d'ivoire-ready-set-go.

26 See CGAP: http://www.slideshare.net/CGAP/the-global-landscape-of-digital-finance-innovations

27 Ibid.

Small changes in policy and product design can have disproportionate and extremely positive impacts on women's financial inclusion. New data analytics provide another opportunity to enhance product development.

As women often lack credit history, credit risk and collateral issues can be addressed by using data from other transactions, such as cell phone usage and utility payments, replacing the use of financial transactional history to assess risk and even replace collateral requirements. Standardized measures such as credit scoring can help assess and mitigate risk and should be supplemented with analysis of formal and informal data sources.

Country-level examples

Nigeria. Diamond Bank and Women's World Banking created an innovative savings product called a BETA account, which can be opened in less than five minutes with no minimum balance and no fees. The account is targeted at self-employed market women and men who want to deposit their daily sales and save frequently. Agents, known as BETA Friends, visit a customer's business to open accounts and handle transactions, including deposits and withdrawals, using a mobile phone application. This process was made possible through the application of a "KYC light" process, which allowed account opening over the phone with just five pieces of customer data. This basic product is being used to build other add-on products, such as express credit and commitment savings.

China. China has introduced an innovation in internet-based finance that is gaining strength globally. Crowdfunding[28] has been shown to be an effective tool for supporting investment by women in their enterprises. By mobilizing funding over the internet, crowdfunding offers the double advantage of attracting high numbers of women investors and providing more funding to women entrepreneurs. With nearly 10,000 such crowdfunding platforms (equity financing and rewards-based financing) currently available in China, the China Banking Regulatory Commission is in the process of putting a regulatory framework for crowdfunding in place.

28 Crowdfunding consists of financial services that bypass traditional financial intermediaries, using small amounts of money obtained from a large number of individuals or organizations to fund a project, or a business or personal need through mobile phones (feature phones and smartphones/apps) and online web-based platforms. Crowdfunding has the potential to increase entrepreneurship by expanding the pool of investors from whom funds can be raised beyond the traditional circle of owners, relatives and venture capitalists. See World Bank infoDev, 2013, "Crowdfunding's Potential for the Developing World," http://www.infodev.org/crowdfunding.

PART II
EXAMINING NATIONAL POLICY FRAMEWORKS

With the launch of the Maya Declaration in 2011, and the subsequent announcement of national Maya Declaration commitments by AFI member institutions, there has been considerable movement toward developing national financial inclusion strategies to support these commitments. This section analyzes 12 recent national financial strategies (financial inclusion strategies or comparable policies approved since 2011)—the first wave to be adopted since the Maya Declaration. At least as many strategies are expected to be adopted moving forward. The analysis of these strategies addresses the degree to which women's financial inclusion is integrated as a policy objective, and the extent to which policy recommendations are specific to women's financial inclusion concerns. (See Appendix 4 for the list of countries and strategies.)

NATIONAL POLICY ANALYSIS

Policy measures considered to be effective in addressing the gender gap may be gender-specific, but more often it is a question of identifying policies that are particularly effective at expanding women's financial inclusion and fine-tuning these polices to increase the impact. This is based on the premise that nothing is gender neutral, as the effect of policies on women and on men may be different. (An example is the simplification of KYC requirements, which is more relevant to women since they are less likely to have formal identification documents.)

SEVEN POLICY MEASURES FOR WOMEN'S FINANCIAL INCLUSION

While the 12 financial inclusion strategies discussed in this paper reflect the specific needs and realities of each country, there are some common lessons on gender that warrant further discussion. There are seven policy measures in particular that can have a major impact on women's financial inclusion and, in turn, help to accelerate the progress of national strategies.

The following seven policy areas capture the main elements of a conducive environment for women's financial inclusion.

1. Greater focus on the value proposition of women's financial inclusion, with explicit policy objectives and quantitative targets, can lead to transparent and inclusive policies for women.

Although more attention is being given to the value proposition of women's financial inclusion, this has not always translated into explicit policy objectives. Many countries have set quantitative objectives for financial inclusion overall, but few have set quantitative objectives for women's financial inclusion. With a persistent gender gap, an explicit policy focus on women's financial inclusion is required.

Country-level examples

Of the 12 national financial strategies reviewed, seven make an explicit reference to women.[29] Five addressed issues of women's financial inclusion throughout the strategy: Burundi, Indonesia, Malawi, Papua New Guinea and Rwanda. In the case of Burundi, the low level of participation in the financial system, particularly by women, is acknowledged and identifies women as a target clientele. The strategy focuses on solidarity group lending as an option, where women structure demand based on their needs in order to access lending. Indonesia's national financial inclusion strategy refers to women across target income groups and the differences in access, needs and preferences for financial services, including a greater motivation to save.

Only four strategies had explicit quantitative targets related to women's financial inclusion: Burundi (48.7% of clientele), Papua New Guinea (50% of the newly banked), Malawi (60% of clients should be women) and Rwanda (80% inclusion by 2017, for both men and women, including step-by-step targets for financial inclusion and closing the gender gap). Namibia and Nigeria[30] also have financial targets, but do not have gender-specific targets.

In some cases, Nigeria and Tanzania, for example, the national financial inclusion strategy does not highlight women's financial inclusion, but action plans and implementation plans under the national strategies do. Tanzania's strategy gives priority to poor rural households and their enterprises, including low-income women and youth. In Nigeria, a micro, small and medium enterprise development fund was created under the national financial inclusion strategy, with 60% of funding earmarked for women.

29 See Appendix 4 for a list of the 12 national financial strategies.

30 The Nigeria strategy (2012) has no explicit reference to women in the strategy document, but the terms of the MSME Development Fund developed in 2014 under the strategy call for 60% of on-lending of funding to go to women.

Points to Consider

> How can countries introduce women's financial inclusion as a specific objective in national strategies?

> What quantitative targets can be set to make the gender gap transparent and motivate greater efforts to close the gap?

2. Collecting financial data disaggregated by gender and conducting policy-related research lead to more informed policy development.

Without gender-disaggregated portfolio performance data, there is no evidence to disprove the common perception that women are not credit worthy. Disaggregating data by gender can also allow institutions to ensure they are reaching their target market.[31]

Country-level examples

Five countries include data collection and surveys as part of their national strategies, two of which (Papua New Guinea and Rwanda) refer to gender-specific tracking. In the case of Rwanda, data collection and research have been conducted by the national bank in conjunction with the government's monitoring office. Burundi is also placing far greater emphasis on data collection, pushing financial institutions to provide data on loans and deposits by gender.

In Indonesia, research on the roles of women in SME development has led to a better understanding of the characteristics and potential of women entrepreneurs, which in turn leads to policies that allow women entrepreneurs to realize their full potential.

Other financial inclusion innovations[32]

Data collection efforts are taking place in many countries outside the 12 analyzed here, including Zambia. At AFI's Bridging the Gap Conference, the Central Bank of Zambia posited that, "If we are bold, there is lots we can do" to change societal barriers. In 2015, Kenya conducted a gap analysis to develop a holistic understanding of the financial inclusion landscape, and the Bank of Mozambique engaged with South Africa-based New Faces New Voices to collect gender-disaggregated account information.

Nigeria disaggregates data by gender in its targets and data collection, obtaining information from financial services industry players using a template developed by the Central Bank of Nigeria. Enhancing Financial Innovation & Access (EFinA) in Nigeria has conducted multiple surveys, identifying barriers to demand for financial services and products. Related research and further surveys have led to a better understanding of cash flows and needs, and subsequent development of tailored products. Surveys on insurance literacy and insurance uptake have helped to reinforce insurance regulation. Survey work has contributed to the expansion of pension schemes, including the creation of a framework that allows irregular payments into the scheme.

Points to Consider

> How can countries increase efforts to collect more gender-disaggregated data and conduct more research (policy research and market research) on the economic and social dimensions of women's financial inclusion?

> How can countries increase research about what women need in terms of financial services, and then spur the development of better product and delivery channels?

> How can impact research (such as RCT studies) support the case for women's financial inclusion?

3. Reforms to legal and regulatory frameworks can create space for innovation that supports greater financial inclusion for women.

Legal and regulatory constraints affecting the delivery of financial services and a lack of enabling regulations for the development of the financial system affect women disproportionately, such as KYC requirements (ID system), lack of data to inform policy, and the acceptance of discriminatory laws relating to women's access to financial services. A better understanding of the levers to use to expand women's financial inclusion would allow policies to be fine-tuned.

Country-level examples

All the strategies reviewed included measures to reform legal and regulatory frameworks, with many elements important to the promotion of women's financial inclusion. Only Burundi links the promotion of financial products and services to the target clientele, but, as mentioned above, narrowly focuses on the promotion of solidarity groups.

As there is considerable focus on digital financial inclusion in most of the national strategies, recommendations on the reform of legal and regulatory frameworks are indeed women-inclusive. Indonesia (basic accounts, promotion of savings for migrant workers), Malaysia (agent banking framework, acceleration of the roll-out of innovative delivery channels, electronic payments), Rwanda (mobile money, agent networks, e-money deposits) and Tanzania (promotion of branchless banking, risk-based tiered KYC processes, national ID database and enhancing protection of small and unsophisticated borrowers) all address women's access.

31 See Women's World Banking, 2013, "Global Performance Indicators: How Well Are We Serving Women?" http://www.womensworldbanking.org/wp-content/uploads/2013/09/Womens-World-Banking-Gender-Performance-Indicators.pdf

32 Country examples here come from recent literature, the interviews for this paper and analysis of national financial inclusion strategies.

The Central Bank of Liberia has taken on a promotional role in its support for the creation of rural community banks, capitalized by local communities, with a high share of female ownership. A number of strategies incorporate the promotion of products of particular interest to women, such as conditional cash payment schemes linked to savings (Malaysia). Malaysian regulators have encouraged the development of flexible microfinance products, enhancing the provision of long-term contractual micro-savings. Malaysian regulations have also facilitated the development of microinsurance and microtakaful.[33]

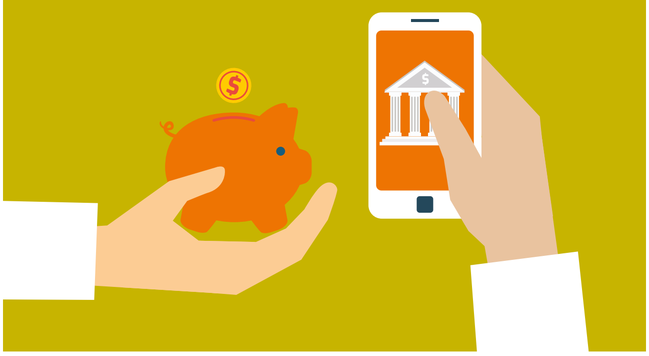
The Central Bank of Nigeria has introduced regulations to allow off-site ATMs and to increase ATM deployment in rural areas. Incentives have been put into place, including measures for greater interconnectivity, to increase the use of point of sale devices. The central bank has introduced an agent banking framework and better enforcement of standards for e-banking. In addition, it has worked to increase the interoperability of payment systems.

Points to Consider

- What is the regulatory space for innovation? How can legislation be modified to allow new product development and distribution channels so that women can make the most of the opportunities offered by digitization?
- How can support be given for experimental pilots rather than trying to scale rapidly?
- How can policymakers devise risk-based KYC regimes in relation to (women) client risk, which offer significant potential to increase access?
- How can countries develop regulations allowing for movable or reputational collateral that consider the structure of women's assets?[34]

BOX 5: SIMPLIFIED KYC

Bangladesh Bank has simplified KYC for mobile bank accounts and "no frills" bank accounts. Both accounts are drivers of financial inclusion, and the Bank collects gender-disaggregated information on these accounts. The next step is to ensure these accounts are used.



- What is the best way to expand non-discrimination laws on financial services to increase women's access to financial services? (e.g. The Equal Opportunity Credit Act in the US allowed women to have access to credit in their own right, irrespective of their marital status.)

4. The development of financial infrastructure is a critically important part of implementing sound policy.

Current financial infrastructure does not provide adequate access to an effective retail payments infrastructure (including access to mobile phones). Other financial infrastructure constraints include the lack of collateral registries and credit bureaus; in the latter case, much progress has been made worldwide with the support of the IFC.

Country-level examples

The national financial strategies of Indonesia, Malawi and Namibia include the establishment of credit bureaus.

In keeping with a focus on digital financial inclusion, a number of strategies include considerations of payments infrastructure, including Nigeria, Papua New Guinea and Tanzania. In its strategy, Papua New Guinea identified the need to make progress with digital payments platforms and interoperability.

The issue of movable collateral is addressed in the national strategies of Malawi, Namibia, Nigeria and Burundi (where a law is in the process of being amended to allow for movable collateral). The Central Bank of Nigeria is concluding arrangements for a Secured Transaction and National Collateral Registry, which will help to address financing for SMEs. The Registry will facilitate the use of movable assets as collateral for either business or consumer credit, expanding the scope of eligible assets. In the implementation phase of its national strategy, Tanzania moved to create a more level playing field for mobile financial services. It has introduced options for alternative collateral, such as warehouse receipts, and is speeding up the development of a national ID system and introducing a risk-based tiered KYC system.

33 Takaful is a type of Islamic insurance whereby members contribute money to a pooling system that protects all members against loss or damage.

34 World Bank research has shown that introducing collateral registries for movable assets increases firms' access to bank finance, with evidence that this effect is larger among smaller firms. (Inessa Love, María Soledad Martínez Pería and Sandeep Singh, 2013, "Collateral Registries for Movable Assets: Does their Introduction Spur Firms' Access to Bank Finance?", Policy Research Working Paper 6477. Washington, DC: World Bank)

In Colombia, a law that went into effect in 2014 put a new collateral regime into place that expanded the types of assets that can be used as collateral, centralized the registry and introduced new enforcement methods. Numerous other countries have introduced practices permitting movable collateral, in many cases with the support of the IFC, including Vietnam (2012), Ghana (2008), Mexico (2011) and China (2005).

Other financial inclusion innovations[35]

To support the development and expansion of mobile banking, the Government of Mozambique has established by decree a national switch for e-money, which will ensure interoperability of payment systems.

Many countries, including Burundi and Bhutan, have digital financial services regulations underway.

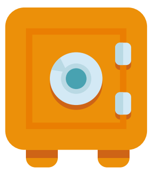
Points to Consider

> How can countries expand the coverage of credit reference bureaus?

> How can countries expand payment systems for innovative G2P programs, thereby allowing for initiatives of particular interest to women, such as conditional cash transfers linked to financial products and services? (see the example of Peru on page 14)

> How can countries establish collateral registries that accept all types of collateral that women may have access to?

5. Refining and strengthening financial consumer protection regulation addresses issues of concern to women clients, balancing protection with expanded reach.



As financial systems and markets develop globally, new and more sophisticated financial products and services are emerging. Lack of understanding about these products and services, inadequate redress mechanisms and information asymmetries put women at risk for unfair treatment. Gaps in legal and regulatory frameworks may also provide inadequate consumer protection to women, as they tend to be more vulnerable to abuse and aggressive business practices. The G20's 2011 High-level Principles on Financial Consumer Protection specifically mentions the importance of addressing the needs of vulnerable groups for protection and education. Potential women clients may be hesitant to engage with financial institutions if they do not have confidence in the institution or system. Financial consumer protection is seen as a fundamental element of financial inclusion.

Country-level examples

In several countries, plans for financial education and financial consumer protection are built into the national financial inclusion strategy.

Tanzania has developed a Financial Consumer Protection Framework. It is revising its Deposit Insurance Regulatory Framework to enhance the scope and coverage of depositor protection, to expand public awareness programs on financial service, and to seek development, implementation and monitoring of a consumer redress mechanism for financial services and products. At AFI's Bridging the Gap conference, there was much discussion about the role of central banks as champions of broad financial inclusion. The importance of defining the bank's role in the context of a multi-stakeholder framework, bringing together key players, focusing on the gender gap, and collecting and using data to understand the gender gap, were all discussed.

Indonesia's national financial inclusion strategy identifies consumer protection as one of six pillars. It aims to require that people have a guarantee of security when interacting with financial institutions to use financial products and services. Components of this pillar include: a) product transparency, b) handling of consumer complaints, c) mediation and d) consumer education.

In 2010, Senegal introduced the "Observatoire de la Qualité des Services Financiers" (OQSF) to oversee, from a consumer protection perspective, the products and services of banks, insurance companies, the postal system and decentralized financial systems, and to establish a recourse mechanism. Efforts are underway to further strengthen the financial consumer protection framework in Senegal.

Points to Consider

> How can financial consumer protection be strategically added and include suitability requirements, particularly for digital financial services offerings?

> How can countries increase personal data protection and banking (client) secrecy?

> How can countries formulate a transparency requirement that helps clients better understand financial services?

> How can countries be more explicit in the requirement for financial service providers to act in the customer's interest, and thereby protect women customers more fully?

> What steps can countries take to prohibit financial service providers from overselling to women? How can regulations create accessible recourse in cases of fraud that consider women's constraints on the demand side? Can an ombudsman function do the same?

> What is the role of regulators in ensuring that financial services providers adhere to market conduct rules and practice market discipline?

35 The country examples here come from recent literature, the interviews for this paper and analysis of national financial inclusion strategies.

6. Financial education and financial literacy programs for women are a critical investment in women's financial inclusion.

Education and awareness are critical factors in the uptake of any financial service or product and in reducing risks. If women, who have less financial capability overall, are not comfortable using financial services, especially digital financial services, it will be difficult to close the gender gap.

Country-level examples

All the strategies reviewed incorporate financial education and financial literacy. The Malawi strategy includes an initiative involving regulators: a baseline survey, the development of a strategy and a national financial literacy network. Papua New Guinea's strategy includes conducting national surveys to improve understanding of the behavior of low-income customers, programs for rural-based informal workers in 50% of districts and a pilot mobile phone financial literacy program. Burundi's strategy includes the creation of a financial literacy program for women.

Turkey stands out in terms of its comprehensive financial literacy program, which makes families and women a focus, albeit within the context of the household. Paraguay has set a target for financial education: to increase from 10% to 20% the percentage of adults 15 years or older that report having received financial literacy training, technical assistance or support to manage their personal finances. In the Philippines, the Bangko Sentral ng Pilipinas (BSP) Economic and Financial Learning Program integrates all of BSP's educational outreach activities, enabling households and businesses to make better economic and financial decisions.

The Royal Monetary Authority of Bhutan has developed a women-centered financial literacy program that identified needs through a focus group survey, conducted in 2012 with the support of the World Bank. Despite the fact that women are well positioned in Bhutanese society, it was determined that women needed to know more about their rights in relation to financial services.

At AFI's Bridging the Gap conference, there was much discussion about the need for financial literacy and financial education in national financial inclusion strategies. While there was agreement on the importance of financial literacy, discussion centered around the best policy response. Suggestions ranged from public-private partnerships to increase the teaching of financial literacy to the role of the regulator in influencing financial literacy strategy.

Points to Consider

> How can policymakers design thoughtful financial literacy campaigns to address the specific needs of women (including budgeting and saving for household expenses and the health and well-being of their family) and support the safe uptake of new products and services? [36]

> How can policymakers help to survey the financial capability of clients, leading to better designed financial literacy programs?

> How can financial education and financial literacy programs be introduced throughout a woman's life? How can room be made for financial education that takes gender disparities in opportunities and outcomes into account?

> How can financial education be built into education systems? How can the effectiveness of financial education/ literacy programs be measured and monitored? How can multi-stakeholder collaboration help to implement effective financial education/ literacy programs?

7. Tackling legislation and regulations that address the social norms constraining women's financial inclusion, and which are beyond the scope of financial sector.

While policy, legislative and regulatory responses to societal issues go beyond financial sector considerations, policymakers should be aware of the value of tackling broad societal issues. The 2014 Global Financial Development Report, for example, addresses social norms that are receiving greater attention in both policy and research.[37] Overall, strengthening women's legal rights is associated with important development outcomes.[38]

Broader societal issues are particularly difficult to tackle because they are long-term, deeply rooted and at times seemingly intractable, but policymakers may want to consider addressing these issues more vigorously if they want to achieve long-term change.

36 For example, see Brazil's National Strategy for Financial Education, which combines the expansion of physical banking infrastructure with financial literacy in schools.

37 World Bank, 2014, "Global Financial Development Report 2014: Financial Inclusion", p. 106.

38 Mary Hallward-Driemeier, Tazeen Hasan and Anca Bogdana Rusu, 2013, "Women's Legal Rights Over 50 Years: What is the Impact of Reform?". See also World Bank, 2014, "Voice and Agency: Empowering Women and Girls for Shared Prosperity," which shines a spotlight on the value of voice and agency, the constraints that limit them and the associated costs, not only to individual women but to their families, communities and societies.

Country-level examples

In Tanzania, co-titling of landholdings between husbands and wives offers a cost-effective way to ensure women benefit from legal reforms. Researchers[39] encouraged co-titling by offering price discounts to landowners who wished to acquire formal land titles and agreed to accept their wives as owners or co-owners of the land. These small financial incentives achieved almost complete gender parity without affecting demand for land titles, and exemplify a low-cost yet effective way to achieve gender equality in land ownership.

Other financial inclusion innovations[40]

The Kenya Constitution of 2010 incorporates the principle of gender equality (for example, by granting women equal rights to inheritance before, after and during marriage). Work conducted by the World Bank's Women, Business and the Law program led to the revision of family law (marital regimes) in the Democratic Republic of Congo (DRC). But, before this basic legislation was completed, specific legislation was put in place to prohibit discrimination against women in credit applications.

Points to Consider

> How can equal rights be codified by changing laws, specifically by removing discriminatory provisions in family and marital law, and removing legal restrictions for women to conduct certain activities? Ensuring equal treatment under the law, including land ownership and property law, protection of the separation of assets between men and women, and inheritance is an essential measure. Experience has shown that moving at an appropriate pace on the ground, gauging the sequence of events, building capacity to change laws and managing the changes downstream is a recipe for positive long-term change.

> How can policy imperatives be prioritized for women's affirmative action? Equal opportunity laws can focus on financial services, such as in the DRC (see example above).

> What steps can be taken to adjust the age of retirement, thereby allowing women to work longer and reinforcing women's participation in the economy?

39 World Bank/ONE Campaign, 2015, "Levelling the Field: Improving Opportunities for Women Farmers in Africa," p. 44.

40 The country examples here come from recent literature, the interviews for this paper and analysis of national financial inclusion strategies.

FINAL CONSIDERATIONS

Across the board, there appears to be room for changes in both international and national policy frameworks to close the financial inclusion gender gap. Many stakeholders believe now is the time to make this happen.

Closing the gender gap can be achieved by emphasizing the value proposition of women's financial inclusion and the ways policy frameworks can be adjusted accordingly. Based on our research and analysis, there are examples of gender being integrated in national financial inclusion strategies, but overall, the integration of the objective of women's financial inclusion (and resulting policies) is not widespread.

However, progress is being made in five major policy areas (out of the seven analyzed in this report), which are gaining momentum and producing good examples of sound practice:

GAPS AND OPPORTUNITIES

The progress in the five policy areas above represents considerable advancement in women's financial inclusion, thanks to the actions of government, central banks and regulatory authorities. However, there are two other critical policy measures where progress is still limited:

> **Building awareness and setting objectives:** Only a few national strategies have women's financial inclusion as an explicit objective. Framing women's financial inclusion as a vital issue and highlighting it as an objective is an important starting point for addressing more specific, technical issues. Establishing quantitative, gender-related targets sets the stage for monitoring the results of reforms. Maya Declaration commitments are also an excellent way to build awareness and set objectives, and an opportunity to set national targets.

> **Addressing societal issues:** With AFI members showing growing leadership on this issue, tremendous progress can be made. It is not just policymakers who have a role in tackling this issue, however. The private sector, donor community and global organizations all play a crucial role in building a more prosperous world for women through true financial inclusion.

APPENDIX 1: LIST OF ACRONYMS

AFI	Alliance for Financial Inclusion
BRIC	Brazil, Russia, India and China
BCEAO	Banque Centrale des Etats de l'Afrique de l'Ouest
BSP	Bangko Sentral ng Pilipinas (Central Bank of the Philippines)
CGAP	Consultative Group to Assist the Poor
DFS	Digital Financial Services
DRC	Democratic Republic of the Congo
EFinA	Enhancing Financial Innovation & Access (Nigeria)
FIDWG	Financial Inclusion Data Working Group of the Alliance for Financial Inclusion
FISPLG	Financial Inclusion Strategy Peer Learning Group of the Alliance for Financial Inclusion
G8	Governmental forum of leading advanced economies (since 2014, seven countries plus the European Union)
G20	Informal group of 19 countries and the European Union
GIZ	Gesellschaft für Internationale Zusammenarbeit
GDP	Gross Domestic Product
GPFI	Global Partnership for Financial Inclusion
IFC	International Finance Corporation
IMF	International Monetary Fund
INFE	The OECD International Network on Financial Education
KYC	Know Your Customer
MENA	Middle East North Africa
MSME	Micro Small & Medium Enterprises
OECD	Organisation for Economic Cooperation and Development
PKH	Program Keluarga Harapan (Indonesia)
RCT	Randomized Control Trial
SDG	Sustainable Development Goals
SME	Small and Medium Enterprise
UNCDF	United Nations Capital Development Fund
UNSGSA	United Nations Secretary-General's Special Advocate for Inclusive Finance for Development
WB	World Bank
WBL	Women, Business and the Law program, World Bank

APPENDIX 2: NATIONAL FINANCIAL INCLUSION STRATEGIES ANALYZED (2011–MARCH 2015)

1.	Burundi	National Financial Inclusion Strategy (NFIS) 2015–2020, 2012
2.	Côte d'Ivoire	Elaboration de la Stratégie Nationale pour l'Inclusion Financière en Côte d'Ivoire
3.	Indonesia	National Strategy for Financial Inclusion Fostering Economic Growth and Accelerating Poverty Reduction, 2012
4.	Malawi	The Malawi National Strategy for Financial Inclusion 2010-2014, 2010
5.	Malaysia	Financial Sector Blueprint, 2011-2020 (Section 2.3),
6.	Namibia	Financial Sector Strategy with Inclusion, 2012
7.	Nigeria	National Financial Inclusion Strategy, 2012
8.	Papua New Guinea	National Strategy on Financial Inclusion and Financial Literature 2014–2015
9.	Paraguay	National Financial Inclusion Strategy (Estrategia Nacional de Inclusión Financiera)
10.	Rwanda	Vision 2020 and Financial Sector Development Programme II (2012); (National Financial Inclusion Strategy, in preparation, to be added (April 2015)
11.	Tanzania	National Financial Inclusion Framework, 2012
12.	Turkey	Financial Access, Financial Education, Financial Consumer Protection Strategy and Action Plans, June 2014

APPENDIX 3: LIST OF INTERVIEWEES

Olubunmi Adebiyi	Deputy Manager, Financial Inclusion Secretariat, Central Bank of Nigeria
Mohammad Ashraful Alam	MSME Banking & Development Finance Specialist, Bangladesh Bank
Aris Alip	Chairman, CARD Bank, Philippines
Diane Jocelyn Bizimana	Microfinance Supervisor, Banque de la République du Burundi
Anne-Marie Chidzero	CEO, Mozambique Financial Sector Deepening (FSDMoç) programme
Eden Dema	Deputy Governor, Royal Monetary Authority, Bhutan
Mayada El-Zoghbi	Senior Microfinance Specialist, CGAP
Irene Espinoza Cantellano	Tesorera de la Federación, Mexico
Cheikh Amadou Bamba Fall	Commissaire aux Enquêtes Économiques, Direction de la Réglementation et de la Supervision des Systèmes Financiers Decentralizes, Ministry of Finance & Economy, Senegal
Tazeen Hasan	Women Business and the Law, World Bank
Marie José Ilungo	Banque Central du Congo, Democratic Republic of the Congo
Sarah Iqbal	Coordinator, Women Business and the Law, World Bank
Lanna Jome	Manager, Financial System Development, Central Bank of Samoa
Sarah Kambou	President, International Center for Research on Women
Evelyne Kilonzo	Manager, Financial Inclusion, Central Bank of Kenya
Kennedy Komba	Adviser, National Payment Systems, Bank of Tanzania
Modupe Ladipo	Executive Director/CEO EFInA, Nigeria
Esselina Macome	Executive Director, Banco de Moçambique
Enrico Nora	General Manager, Mobile Banking, Equity Bank, Kenya
Monique Nsanzabaganwa	Vice Governor, National Bank of Rwanda
Arunma Oteh	former Director General, Securities and Exchange Commission, Nigeria
Beth Porter	Policy Advisor, Financial Inclusion, UNCDF
Tiana Ramparany Ramanarivosa	Coordinateur National Adjoint, Finance Inclusive, Direction des Opérations Financières, Direction Générale du Trésor, Madagascar
Veronica Santamaria	Directora de Inclusión Económica en Ministerio de Inclusión Económica y Social, Ecuador
Yunita Resmi Sari	Director of Financial Access and SME Development Department, Bank Indonesia
Peer Stein, Director	Finance and Markets Global Practice, World Bank
Pia Roman Tayaag	Head, Inclusive Finance Advocacy, Bangko Sentral de Pilipinas
Carolina Trivelli Avila	Manager, Electronic Money Initiative
ASBANC (Peruvian Bank Association)	IEP (Institute of Peruvian Studies) (ex-minister of Development and Social Inclusion)
El-Tumu Trueh	Officer-in-Charge, Microfinance and Financial Inclusion Unit, Central Bank of Liberia
Zhang Shaohua	Director, Financial Consumer Protection Bureau, People's Bank of China

Names in bold are AFI members

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SME FINANCE POLICIES FOR MSMES OWNED BY WOMEN AND WOMEN ENTREPRENEURS

INTRODUCTION

Women's financial inclusion is at the top of AFI's global policy agenda. Since 2014, AFI has worked exhaustively to promote financial inclusion and bridge the gender gap. At the 2014 AFI Global Policy Forum (GPF), a break-out session revealed that financial policymakers and regulators lacked the data they need to adopt smart policies on women's financial inclusion. The session also found that SME finance policies are a good way to bridge the gender gap in financial inclusion, since most SMEs are managed or owned by women.

In 2016, AFI's SME Finance Working Group (SMEF WG), discussed women's financial inclusion at two separate meetings. At its 6th meeting held in Ulaanbaatar, Mongolia, the working group held a special session to explore the extent to which it could take on this topic. After discussing it, the group decided to postpone activities on women's financial inclusion until the Financial Inclusion Data Working Group (FID WG) produced more evidence and could inform all the working groups on next steps. In the meantime, the group asked Bangladesh Bank to write a case study about SME finance policies that had been adopted in Bangladesh to improve access to finance for women and women entrepreneurs.

At its 7th meeting, held ahead of the 2016 AFI Global Policy Forum in Fiji, Bangladesh Bank presented its findings and the outline for the case study. Based on this presentation, a sub-group was created to design a survey that would collect data and assess the state of SME finance policies in the member countries of the working group. The sub-group worked intensively between October and November to design the survey, under the coordination of Comisión Nacional Bancaria y de Valores de México and Bank Indonesia. The sub-group also included Bangladesh Bank, Banco Central de Timor-Leste, Superintendencia General de Entidades Financieras de Costa Rica, Reserve Bank of Fiji and the National Bank of Tajikistan.

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BRIDGING THE GAP
Financial inclusion for gender and women

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THE SURVEY

In November 2016, the sub-group finalized the survey design and extended an invitation to other member institutions of the SME Finance Working Group to complete it. The survey included six sections, 23 questions and nine sub-questions.

The survey assumed that MSMEs owned by women are legal entities duly incorporated under the applicable regime, and defined “women entrepreneurs” as individuals who run a business. It was acknowledged, however, that some countries define this term differently — as women who own MSMEs.

The purpose of the survey was to find out whether financial policymakers and regulators have prioritized specific SME finance policies to promote access to finance for MSMEs owned by women and women entrepreneurs. Considering the outcome of the meeting discussions in Mongolia and Fiji, members of the SMEF WG wanted to confirm whether, as they suspected, that policies and regulations to promote access to finance for MSMEs owned by women and women entrepreneurs are not yet a priority for policymakers.

Finally, member institutions were interested in finding out whether financial policymakers are collecting or requesting sex-disaggregated data for MSMEs or women entrepreneurs. The sub-group wanted to find examples of countries where SME finance policies favored MSMEs owned by women and women entrepreneurs, and then document those examples in a policy catalogue. The sub-group decided to distinguish between policies and regulations and to determine, based on the findings, the extent to which governments — not financial policymakers or regulators — are taking the lead.

DATA COLLECTION

The data collection process lasted more than two months. Although countries did not make additional queries or request clarification to complete the survey, once the data was compiled, it became clear that some of the survey’s assumptions, such as the definition of MSMEs owned by women or women entrepreneurs, differed from definitions used at the national level. This was the case with Bangladesh, where women entrepreneurs are understood as those who own MSMEs (51% ownership of the MSME). Therefore, the data revealed both a lack of common definitions and, even when these definitions exist, differences from country to country based on whether women control the businesses or actually own them.

Additionally, the usage of some indicators, such as “informal employment”, “formal employment” or “informal MSMEs”, created some confusion for respondents. These should be refined for the next surveys, using internationally accepted terms and definitions. Indeed, closer coordination with the Financial Inclusion Data Working Group would be beneficial.

Macro-economic indicators, such as those used to measure employment, and references to employment statistics, should be also based on internationally accepted definitions, such as those developed by the International Labor Organization.

Finally, there are some inconsistencies between publicly available global statistics and those reported in the survey. This could be explained by the level of expertise of financial policymakers and regulators, who may not rely on data from other agencies.

Two clear lessons of this first survey are that the SME Finance Sub-Group needs to work more closely with the FID WG to design clearer and more straightforward indicators and avoid collecting data that is already publicly available. Updates to the survey (forthcoming) will improve and refine some sections and definitions to facilitate better data collection.

FINDINGS

ARE SME FINANCE POLICIES TO ENHANCE ACCESS TO FINANCE FOR MSMEs OWNED BY WOMEN AND WOMEN ENTREPRENEURS A PRIORITY?

The purpose of this survey was to find out whether member institutions that finance SMEs have put policies that promote access to finance for MSMEs owned by women and women entrepreneurs at the top of their agenda. The survey also aimed to assess whether members of the SME Finance Working Group are collecting data specifically on MSMEs owned by women and women entrepreneurs.

Although the sub-group suspected from the beginning that data would be scarce or non-existent — this was partially confirmed by the survey results — the survey also revealed that few countries had made access to finance for MSMEs owned by women and women entrepreneurs a priority — i.e., by including it in their national financial inclusion strategies or other MSME-specific national strategies.

A lack of definitions of “MSMEs owned by women” and “women entrepreneurs” makes it challenging to set clear indicators for sex-disaggregated data. However, even when there was an official definition in place, such as in Bangladesh, Ghana and Tajikistan, respondents struggled to provide specific information. Indeed, when asked how many MSMEs were owned by women, only Bank of Ghana and Bank Indonesia could report this data.

Data was also scarce for access and usage of financial services. When asked, what financial products were used by MSMEs owned by women and women entrepreneurs (Section III, Financial Inclusion), not a single respondent provided data. Nor could respondents identify the types of products (savings accounts, checking accounts, credit cards, saving services or loans) used by MSMEs owned by women and women entrepreneurs. Access and usage should therefore be added as an agenda item for the SME Finance Working Group to discuss, which should then elevate this issue to the AFI Gender Committee and other working groups, such as FID WG.

Some respondents, such as Fiji and Tonga, differentiated financial inclusion policies for MSMEs owned by women and women entrepreneurs from access to finance policies. Thus, when asked about financial inclusion policies for MSMEs owned by women, these countries did not include access to finance in their responses. The SME Finance Working Group will need to establish a clear set of indicators for the next round of data collection. When asked about government funding for MSMEs in general, ten countries responded affirmatively, yet only six countries reported having specific funding interventions for MSMEs owned by women and women entrepreneurs (Bangladesh, Costa Rica, Ghana, Indonesia, Mexico and Tonga).

When asked to report the total number of MSMEs owned by women that had benefited from those programs in a year, only three countries provided data (Bangladesh, Costa Rica and Tonga) and the portfolio percentage was low for two of them (Bangladesh and Costa Rica).

Other findings reinforced universal, well-known challenges affecting all MSMEs, but especially those owned by women and women entrepreneurs. Respondents rated lack of collateral as the biggest challenge to increasing access to finance, followed by financial literacy, socio-cultural environment, and lack of customized financial products or access points.

Finally, when asked about general macro-economic indicators, most member countries reported that women’s employment is concentrated in the informal sector. Seven respondents provided data on women’s employment in the informal sector, and four of the seven countries reported that a higher percentage of women are employed in the informal sector than the formal sector. Future research might analyze whether there is a correlation between women’s employment rates in the informal sector and the rate of women entrepreneurs not yet incorporated as MSMEs in the formal sector.

Returning to the original question, survey responses indicate that the financial inclusion of MSMEs owned by women and women entrepreneurs is a policy priority for the member countries of the SME Finance Sub-Group. However, lack of data, definitions and financial capacity, social norms, and innovative financial services targeted to this market are still big challenges that require further research. When assessing potential models for SME finance policies, the findings revealed four interesting countries to watch: Bangladesh, Costa Rica, Indonesia and Tajikistan.

DETAILED SURVEY FINDINGS

WOMEN'S POPULATION AND EMPLOYMENT

All countries reported that women represent half the national population, expressed as a percentage and average (50%). Employment trends in AFI member countries indicated that women are primarily engaged in activities in the informal sector.

In Bangladesh, Palestine and Samoa, 50% of women are unemployed, and it can be assumed that their unpaid contributions to the economy through family and caregiver-related tasks are not recognized.

WOMEN'S MSME OWNERSHIP

Bangladesh, Indonesia and Ghana provided data on the number of MSMEs owned by women. Interestingly, data collection on this indicator was not necessarily related to whether the country had a national definition of "women owned MSMEs". For instance, Indonesia has not defined MSMEs owned by women, but still collects this data, while Tajikistan has a definition but has not collected the data.

WOMEN'S ENTREPRENEURSHIP

Indonesia, Ghana and Mongolia provided interesting insights on the proportion of women entrepreneurs in their countries. In Indonesia, the proportion of women entrepreneurs represented 11.72% of the total adult population, while 38.9% of Indonesian MSMEs are owned by women. In Ghana, women entrepreneurs represented 44% of the total adult population and nearly all MSMEs (92%) are owned by women. In Mongolia, women entrepreneurs represent 60% of the adult population and 52% of MSMEs are owned by women.

NATIONAL DEFINITION OF MSMEs OWNED BY WOMEN

Ten of the 13 countries surveyed had not defined "MSMEs owned by women". The three countries that have defined it are Bangladesh, Ghana and Tajikistan. Defining MSMEs owned by women could be a first step in collecting more data on this group and its financial needs. Definitions were not provided as part of the survey, but future surveys should collect and compare data among countries with official definitions to identify and explore commonalities.

NATIONAL DEFINITION OF WOMEN ENTREPRENEURS

Most surveyed countries had not defined the term "women entrepreneurs". Only Bangladesh reported defining women entrepreneurs as self-employed women. Ghana and Tajikistan defined women entrepreneurs as MSMEs owned by women, which is the same definition the survey provided for MSMEs owned by women.

MSME BREAKDOWN BY SECTOR AND BUSINESS REGISTRATION

Countries did not report data on MSME ownership by sex and sector. Only Bangladesh collects sex-disaggregated data about MSME ownership, but does not break it down by sector.

GOVERNMENT FUNDING FOR MSMEs (E.G. COLLATERAL-FREE LOANS/ CREDIT LINES)

Ten of the member institutions surveyed reported having national government funding for MSMEs (e.g. collateral-free loans/ credit lines). When asked about specific policies for MSMEs owned by women, just six countries reported adopting these policies: Bangladesh, Costa Rica, Ghana, Indonesia, Mexico and Tonga. Yet, when asked for data on the number of MSMEs owned by women that had benefited from those policies in the last 12 months, only Bangladesh, Costa Rica and Tonga provided detailed figures.

NATIONAL POLICIES

Financial Inclusion of Women as a Policy Priority in National Financial Inclusion Strategies, MSME Development Strategies or other Policy Publication

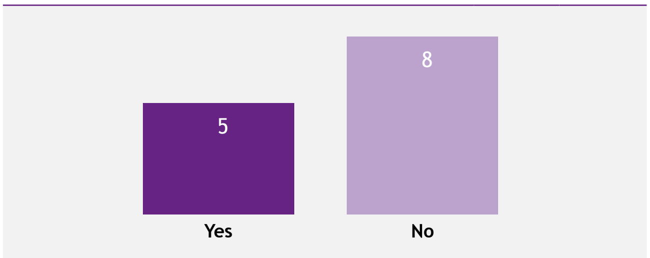
> **Eight countries** — Bangladesh, Costa Rica, Fiji, Ghana, Indonesia, Palestine, Samoa and Mexico — considered women a policy priority in either their National Financial Inclusion Strategy, MSME development strategy or other policy publication..

> **Six countries** — Bangladesh, Fiji, Ghana, Indonesia, Palestine and Mexico — reported that government and financial regulators are working on implementing policies to promote greater financial inclusion for women. In Costa Rica, the government (not the financial regulator) is implementing policies for women's financial inclusion. Meanwhile, in Samoa, only the financial regulator is adopting financial inclusion policies for women.

Policy Framework in Place to Guide or Promote Financial Inclusion for MSMEs Owned by Women and Women Entrepreneurs Approved by the Financial Regulator or other Government Agency

> **Five countries** — Bangladesh, Costa Rica, Ghana, Indonesia and Mexico — reported there was a specific framework in place to promote financial inclusion for women-owned MSMEs and women entrepreneurs approved by the financial regulator or other government agency. In Fiji, Palestine and Samoa, respondents reported that women's financial inclusion is a policy priority; however, specific policies were not yet in place to promote financial inclusion for MSMEs owned by women and women entrepreneurs.

FIGURE 1: NUMBER OF COUNTRIES WITH A FRAMEWORK IN PLACE TO GUIDE OR PROMOTE FINANCIAL INCLUSION FOR MSMES OWNED BY WOMEN AND WOMEN ENTREPRENEURS



Source: AFI

Some of the surveyed member institutions identified policies, regulations and programs that have been adopted in their countries to promote financial inclusion for MSMEs owned by women and women entrepreneurs. These are detailed in the chart below (See Table 1).

TABLE 1: IF YES, COULD YOU LIST THESE POLICIES/ REGULATIONS /PROGRAMS, THE RESPONSIBLE INSTITUTION, TARGET GROUPS AND KEY AREAS OF FOCUS?

ORGANIZATION THAT PROVIDED THE INFORMATION	REGULATION/ POLICY/ PROGRAM	YEAR ISSUED	RESPONSIBLE INSTITUTION OF THE REGULATION/ POLICY/ PROGRAM	TARGET GROUPS	KEY AREAS OF FOCUS
BANGLADESH BANK	Outline Perspective Plan 2010-2021	April 2012	Planning Commission	Agriculture, industry and service	> Promoting gender balance > SME-based industrialization
	National Women Development Policy 2011	March 2011	Ministry of Women and Children Affairs	Women	> Economic empowerment of women > Encourage more women in business
	Industrial Policy 2016	2016	Ministry of Industries	MSMEs, women-led MSMEs	> Access to credit > Collateral-free credit > Enhancing skills of women entrepreneurs
SUPERINTENDENCIA GENERAL DE ENTIDADES FINANCIERAS DE COSTA RICA	Emprende	2012	INAMU, MEIC, MAG	Women owners of MSMEs and entrepreneurs	> Women in an economically vulnerable situation who have an idea or business plan with potential for development or, in the best case, have already established a company.
BANK OF GHANA	Draft Financial Inclusion Strategy	2016	Ministry of Finance	Women and youth	> Financial stability > Access, quality and usage of financial services > Financial infrastructure > Financial consumer protection > Financial literacy
BANK INDONESIA	Presidential Decree No. 82 Year 2016 Regarding National Strategy of Financial Inclusion	2016	Government and financial regulator	> Low-income workers (under 40 years old) > SMEs > Migrant workers > Women > Social welfare recipients > People living in underdevel-oped areas > Students and youth	> Financial education > Social property rights > Facility intermediation and financial distribution channeling > Financial services in government sector > Consumer protection
COMISIÓN NACIONAL BANCARIA Y DE VALORES DE MÉXICO	Mujer Pyme	March 2016	Nacional Financiera (NAFIN)	Formal MSMEs with 51% capital ownership by women	Undetermined
	Mujer Crezcamos Juntas	October 2015	Nacional Financiera (NAFIN)	Individuals with formal economic activity and registered in the tax system	Undetermined

Source: AFI

Policies for MSMEs Owned by Women in AFI Member Countries and their Impact

> **Only two of the surveyed member institutions had policies targeting MSMEs owned by women**. Bangladesh Bank has a credit quota[1] and entrepreneurship capacity building program for women-owned MSMEs,[2] and the Mexican government has adopted policies to build capacity and offers collateral to ease access to financing from private banks for MSMEs owned by women and for women entrepreneurs.[3]

The Challenges of Increasing Access to Finance for MSMEs Owned by Women

> Lack of collateral, low financial literacy, the socio-cultural environment, entrepreneurship skills, and lack of customized banking products were rated as the top five challenges to increasing access to finance for MSMEs owned by women(See figure 2).

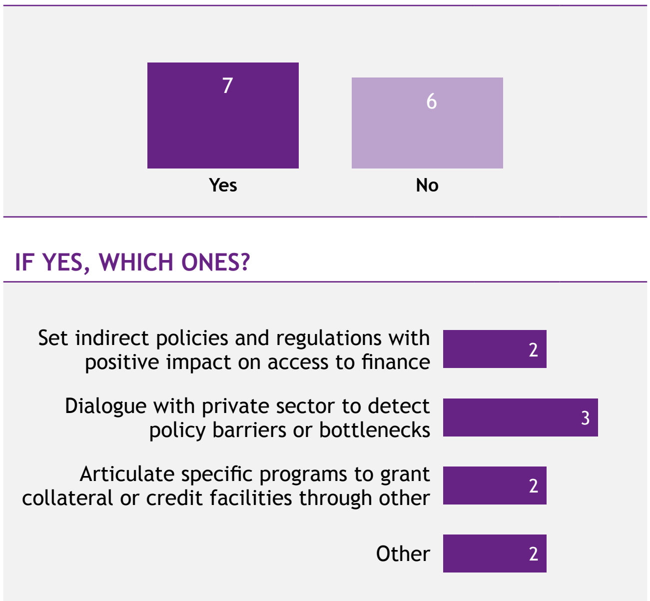
Specific Policies to Harness Access to Finance for MSMEs Owned by Women or Women Entrepreneurs by Financial Regulator or Others

> **Seven AFI member institutions** from Bangladesh, Fiji, Indonesia, Ghana, Palestine, Mexico and Tonga,reported adopting specific policy programs to fostergreater access to finance for MSMEs owned by womenor women entrepreneurs, while 46% (six institutions)of respondents had not. These policies aim to createdialogue with the private sector to detect policybarriers, adopt policies indirectly applicable to allMSMEs, and establish credit facilities, collateral fundtrusts and capacity building programs (See figure 3).

FIGURE 2: **CHALLENGES OF INCREASING ACCESS TO FINANCE FOR MSMEs OWNED BY WOMEN AND WOMEN ENTREPRENEURS**

Source: AFI

FIGURE 3: **CHALLENGES OF INCREASING ACCESS TO FINANCE FDOES THE FINANCIAL REGULATOR, OR OTHER AUTHORITIES, HAVE SET POLICIES TO FOSTER ACCESS TO FINANCE FOR MSMEs OWNED BY WOMEN OR WOMEN ENTREPRENEURS?**



Source: AFI

1 15% of total MSME credit will be allocated for women-led MSMEs.

2 Bangladesh Bank is implementing an ADB-funded project, "Skills for Employment Investment Program (SEIP)", to improve the skills of existing MSMEs and youths. 40% of the target group of the project is women.

3 Mujer Pyme: Nacional Financiera (NAFIN), INADEM and Inmujeres, launched a program to promote entrepreneurship and financial inclusion among women by offering business consulting programs and collateral to access credit from private banks. The program focuses only on formal and existing MSMEs, or women entrepreneurs who have been working in their businesses for more than two years.

RECOMMENDATIONS AND NEXT STEPS

Findings from this first survey are quite promising since they reveal that several SME Finance Working Group member institutions have put women's financial inclusion at the top of their policy agendas. Also, despite a lack of data, it is encouraging to identify countries that are leading efforts to collect differentiated data and create better policies for MSMEs owned by women and women entrepreneurs.

This survey provides a baseline for the status of financial inclusion policies adopted by member countries of the SME Finance Working Group. Specific findings and evidence on the challenges of increasing access to finance for MSMEs owned by women and women entrepreneurs should be looked at more closely and moved to the top of SMEF WG's agenda and the group should take on this policy area in coordination with the AFI Gender and Women's Financial Inclusion Committee.

The major challenges preventing full access to finance for MSMEs owned by women and women entrepreneurs, such as lack of collateral, financial literacy, capacity and customized financial services, are urgent topics affecting not only MSMEs owned by women or women entrepreneurs, but all MSMEs, and will need to be thoroughly assessed.

Closer analysis of the data should be conducted jointly with the Financial Inclusion Data Working Group. Additionally, a policy catalogue documenting experiences from countries with policies already in place to foster access to finance for MSMEs owned by women and women entrepreneurs is a potential knowledge product for the SME Finance Working Group to consider in future meetings.

This initial survey has allowed the SME Finance Working Group to identify countries championing access to finance policies for MSMEs, namely, Bangladesh, Costa Rica, Ghana, Indonesia, Fiji, Mexico and Samoa. A broader mandate for the entire network, and specifically for the AFI Gender and Women's Financial Inclusion Committee and the Financial Inclusion Strategy Peer Learning Working Group, would be to research the correlation between countries with national policies and programs promoting gender equality and women's participation in the economy, both as employees and entrepreneurs. Empirical evidence suggests that in countries that consider themselves highly egalitarian at the institutional level women are integrated in the formal economy, whereas high levels of self-employment among women seems to indicate 'institutional disintegration'[4].

4 Klyver, K., et al., 2012, Women's self-employment: An act of institutional (dis)integration? A multilevel, cross-country study, Journal of Business Venturing, http://dx.doi.org/10.1016/j.jbusvent.2012.07.002

ANNEX: THE SURVEY TEMPLATE

SME FINANCE POLICES FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) OWNED BY WOMEN AND WOMEN ENTREPRENEURS SURVEY

A. BACKGROUND

To acknowledge the persistent gender gap in access to financial services and that over one billion women globally are financially excluded and to recognize that proactive strategies to consider women's financial inclusion will better inform and enhance our policy objectives. As part of the implementation of the Denarau Action Plan, approved in 2016 GPF (September 2016), the SME Finance Working Group (SMEF WG) has designed the following survey with the aim of understanding the current state of practice, policies and regulations of MSMEs owned by women and women entrepreneurs.

This survey assumes that MSMEs owned by women are legal entities incorporated under the corporate laws of any given jurisdiction. To be qualified as MSMEs owned by women, women should own or participate with a stake of 51%, that means the majority of ownership that potentially let women exercise control over the MSME(s). Women entrepreneurs are considered those individuals or natural persons running business on their own, this means without incorporating a company. Some jurisdictions consider women entrepreneurs as MSMEs owned by women, for instance. Yet, for the purpose of this survey, women entrepreneurs are understood as individuals running a business as such, not as corporation. Depending on each jurisdiction, women can be subject to a specific tax regime designed for entrepreneurial activities, without incorporating a corporation (i.e. MSMEs).

The outcome of this survey aims to highlight examples of SME finance policies to serve MSMEs owned by women and women entrepreneurs with the purpose of determining to what extent Access to Finance for MSMEs owned by women and women entrepreneurs has been a part of financial regulator's policy priorities. Examples may include specific policies enacted by financial regulators or other government agencies, or through general prudential measures, such as the definition of MSMEs including women-owned MSMEs, and market conduct provisions that are specific MSMEs owned by women and women entrepreneurs needs.

This survey includes six (6) sections covering socio-economic background, macro-economic indicators related to MSMEs owned by women and women entrepreneurs, financial inclusion, national policies, financial regulators policies, opportunities and challenges. In total, this survey includes 23 questions and 9 sub-questions on the above mentioned topics.

With the outcome of the questionnaire, Bangladesh Bank, Bank Indonesia and CNBV Mexico will elaborate a knowledge product, analyzing the results from this survey, and then showcasing the experience of Bangladesh policies to support access to finance for MSMEs owned by women and women entrepreneurs. The final knowledge product will focus on the existing policy interventions conducted by the financial regulators, and to a lesser extent to those approved by other Government authorities dedicated to women affairs in general. Finally, it will be sought to find out the current challenges and opportunities to promoting MSMEs owned by women and women entrepreneurs.

B. SURVEY

I. Socio-economic background:

1. Size of the population (in millions):
   ☐ *Click or tap here to enter text.*
2. Size of the adult population +18 years (in millions):
   ☐ *Click or tap here to enter text.*
3. Proportion of the adult population that is women (%):
   ☐ *Click or tap here to enter text.*
4. Number of MSMEs in the country:
   ☐ *Click or tap here to enter text.*
5. Number of MSMEs in the country owned by women (if data are available):
   ☐ *Click or tap here to enter text. OR*
   ☐ *No data available*
6. Does your country define what MSMEs owned by women are?
   ☐ *Yes* ☐ *No*
   a. And if yes which are the attributions for this definition?
   ☐ *Ownership 51%*
   ☐ *Control of MSME*
7. Does your country define what women entrepreneurs are?
   ☐ *Yes* ☐ *No*
   a. And if yes, which are the attributions for this definition
   ☐ *Individual (no legal entity)*
   ☐ *Not employee*
   ☐ *Subject to specific tax regime for individuals running entrepreneurial activities (i.e. business)*
8. Proportion of women entrepreneurs:
   ☐ *Click or tap here to enter text. % of adult population*
   ☐ *Click or tap here to enter text. % of no. of MSMEs*
   ☐ *No data available*
9. Proportion of women in employment:
   ☐ *Click or tap here to enter text. % formally employed*
   ☐ *Click or tap here to enter text. % informally employed*
   ☐ *Click or tap here to enter text. % unemployed*
   ☐ *No data available*

10. Number of MSMEs by sector, ownership and business registration (% against adult population)

		Ownership (%)		Enterprise registration (%)		
Sector	No. of SMEs (In millions)	Women	Men	Formal	No data available	Informal MSMEs (estimate)(%)
1						
2						
3						

II. Macro-economic indicators

11. Contribution of the women-owned MSMEs to:

GDP	% employed by MSMEs owned by women	% exports from MSMEs owned by women	% of MSME loan portfolio in the national financial system (supervised entities)	% of MSME owned by women loan portfolio in the national financial system (supervised entities)	Other (Please specify)

☐ *No data available*

III. Financial Inclusion

12. Proportion of MSMEs with an active account at a formal financial institution (% of total MSMEs):

MSME Ownership	Bank	Building Society	MFI	Credit Union/ SACCO	Other (Please specify)	No Data Available
Men						
Women						

13. MSMEs owned by women with a business account in a formal financial institution (% of total MSMEs):

Type of Account	Bank	Building Society	MFI	Credit Union/ SACCO	Other (Specify)	No Data Available
1. Savings						
2. Check						
3. Investment / Fixed Deposit						
4. Credit Card						
5. Overdraft						
6. Other (specify)						

14. Women entrepreneurs with a personal account in a formal financial institution (% of total MSMEs owned by women):

Type of Account	Bank	Building Society	MFI	Credit Union/ SACCO	Other (Please Specify)	No Data Available
1. Savings						
2. Current Account						
3. Investment / Fixed Deposit						
4. Credit Card						
5. Overdraft						
6. Other (Please specify)						

15. Women entrepreneurs accessing financial services for business start-up or growth from informal financial mechanisms (% of total women MSMEs):

Type of Account	NGOs	Friends & relatives	Informal savings & credit groups	Money lenders	Other (Please specify)	No Data Available
1. Savings						
2. Loan with interest						
3. Interest-free loan						
4. In-kind						
5. Donation/ gifts						
6. Other (Please specify)						

16. Are there government funding interventions targeting MSMEs (e.g. collateral-free loans/ credit lines)?
☐ *Yes* ☐ *No*
a. If yes, indicate % of MSMEs owned by women that benefited from the intervention(s) in the last 12 months (%):
☐ *Click or tap here to enter text.*

17. Are there government funding interventions specifically targeting women-owned SMEs and entrepreneurs (e.g. collateral-free loans/ credit lines)?
☐ *Yes* ☐ *No*
a. If yes, indicate total number of MSMEs owned by women and entrepreneurs that benefited from the intervention in the last 12 months:
☐ *Click or tap here to enter text.*

IV. National Policies

18. Is the financial inclusion of women noted as policy priority in your National Financial
    ☐ *Yes* ☐ *No*
    a. If yes, who is hosting or implementing the policy?
    ☐ *The government (ministries, other agencies different from the financial regulator e.g. Ministry for MSMEs)*
    ☐ *Financial regulator*
    ☐ *Both*

19. Is there a framework in place which is guiding or promoting financial inclusion for women-owned MSMEs and women entrepreneurship approved by the financial regulator or another governmental agency in your country? (e.g. considering direct policies specifically creating remedies to favor MSMEs owned by women, or women entrepreneurs, access to finance)
    ☐ *Yes* ☐ *No*
    a. If yes, could you list these policies/ regulation / programs, the responsible institution, target groups and key areas of focus:

Regulation/ Policy/ Program	Year Issued	Responsible Institution	Target groups	Key Areas of Focus
1				
2				
3				

b. If no, is there any other governmental authority that has approved policies to improve access to finance for MSMEs owned by women or women entrepreneurs?
☐ *Yes* ☐ *No*
i. If yes, which government authority?
☐ *Click or tap here to enter text.*

V. Financial Regulator's Policy

20. Are the specific policies to increase financial inclusion for MSMEs owned by women or women entrepreneurs issued by member institution (Central Bank/ Ministry of Finance/Other financial regulator, such as specific fund/refinancing schemes targeting women, setting quantitative target for women's access to finance, sex-disaggregated data in bank reporting, etc.?
    ☐ *Yes* ☐ *No*
    a. If yes, are these only for the MSMEs owned by women?
    ☐ *Yes* ☐ *No*

21. Please identify from the list below and briefly describe the policies for MSMEs owned by women that exist in your jurisdiction and their impact:

Please select as below	Please describe	Achievements
☐ Credit quota		E.g. Number of MSMEs benefited)
☐ Collateral schemes facilitated by governments		E.g. Number of MSMEs benefited, value of guaranteed outstanding loan portfolio (in USD), % to the total MSME loan portfolio amount allocated, etc.
☐ Funds offering collateral		E.g. Number of MSMEs benefited, value of guaranteed outstanding loan portfolio (in USD), % to the total MSME loan portfolio amount allocated, etc.
☐ Entrepreneurship capacity building program for women (i.e. financial literacy campaigns)		E.g. Number of capacity programs for women
☐ Other		

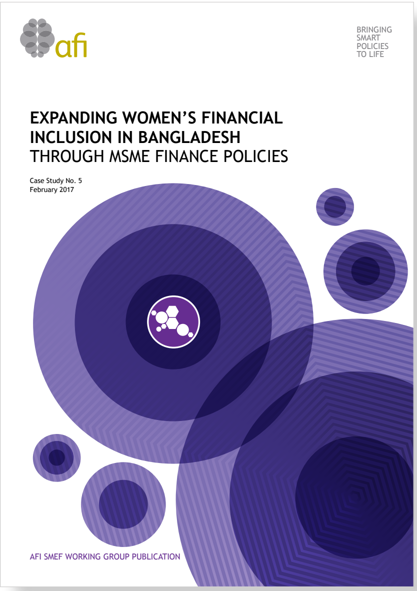
IV. Opportunities and Challenges

22. What are challenges to increasing access to finance for MSMEs owned by women?
    ☐ *Lack of collateral*
    ☐ *Lack of property rights*
    ☐ *KYC requirements*
    ☐ *Discriminatory banking laws (e.g. requirement for male co-signatory)*
    ☐ *Lack of business registration documents*
    ☐ *Lack of customized banking products*
    ☐ *Financial literacy*
    ☐ *Mobile ownership*
    ☐ *Socio-cultural environment*
    ☐ *Gender bias among loan officers*
    ☐ *Lack of point of access to finance*
    ☐ *Entrepreneurship skills, including adequate business plan*
    ☐ *Others:Click or tap here to enter text.*

23. Does the financial regulation, or other authorities, have set policies to foster access to finance for MSMEs owned by women or women entrepreneurs?
    ☐ *Yes* ☐ *No*
    a. If yes, which ones?
    ☐ *Set indirect policies and regulations with positive impact on access to finance for MSMEs owned by women or women entrepreneurs*
    ☐ *Dialogue with private sector to detect policy barriers or bottlenecks*
    ☐ *Articulate specific programs to grant collateral or credit facilities through other governmental agencies*
    ☐ *Other: Click or tap here to enter text.*

End of Questionnaire. Thank You.

EXPANDING WOMEN'S FINANCIAL INCLUSION IN BANGLADESH THROUGH MSME FINANCE POLICIES



BACKGROUND

The participation of women in business is increasingly being recognized as fundamental to economic growth. With women representing half the labor force aged 15–49 in Bangladesh, accelerating entrepreneurship and access to finance will be pivotal to socio-economic development in the country. According to the Bangladesh Labor Force Survey of 2013, the participation rate of females (32.9%) is substantially lower than their male (81.7%) counterparts.

Of the 7.8 million businesses in Bangladesh, 99.93% are cottage, micro, and small and medium enterprises (CMSMEs).[1] However, the percentage that are women-owned (7.21%) is insignificant compared to those owned by men, and women account for only 17% of individuals are employed by CMSMEs.[2] This low participation rate is the result of several economic and cultural barriers, but the greatest challenge facing women entrepreneurs in Bangladesh is access to finance (Jahed, Kulsum & Akhter, 2011).

In recognition of the importance of women's participation in business for economic development, and in keeping with a constitutional commitment to economic opportunity and inclusion, the Government of Bangladesh has crafted national policies aimed at improving financial inclusion for women.

BRIDGING THE GAP
Financial inclusion for gender and women

This publication is part of AFI's commitment to financial inclusion for gender and women.

AFI wishes to express its appreciation to Mr. Md. Ashraful Alam, and Mr. Syed Nazrul Islam from Bangladesh Bank for their invaluable contributions to this publication.

1 Bangladesh Economic Census, 2013
2 According to Bangladesh Economic Census 2013, 24.5 million people were engaged in CMSMEs.

MSME FINANCE POLICIES

NATIONAL POLICIES FOR WOMEN'S FINANCIAL INCLUSION: A FOCUS ON MSMEs IN BANGLADESH

Recent national policies addressing women's access to finance have been based on the Constitution of the People's Republic of Bangladesh, enacted in November 1972. While Article 16 of the Constitution emphasizes the development of cottage and other industries and revolutionizing agriculture as a way to gradually close the gap in urban and rural living standards, Article 28 includes equal economic rights and opportunities, including a special provision to promote entrepreneurship among women.

The Constitution provides the necessary direction for women empowerment, but the government's vision, mission and goals to make Bangladesh a middle-income country was first articulated in the Perspective Plan of Bangladesh (2010–2021): Making Vision 2021 A Reality".[3] The Perspective Plan aims to increase women's labor force participation rate from 29% in 2010 to 40% by 2021 and to improve the effectiveness of financial intermediation by driving private entrepreneurship and actively encouraging business start-ups. In fact, providing special encouragement to women entrepreneurs is considered the hallmark of MSME development programs in Bangladesh: the Perspective Plan includes a commitment to build women's entrepreneurial capacity, which includes greater access to microfinance as part of a broader poverty reduction strategy. In line with the Plan, the National Women Development Policy 2011 emphasizes empowering women economically through MSMEs.

The Perspective Plan provides a roadmap for accelerated economic growth and lays down broad approaches to eradicating poverty and inequality, but the specific strategies and tasks are articulated in the Sixth Five Year Plan (2011-2015) and the Seventh Five Year Plan (2016–2020). The Industrial Policy 2010 and the recent 2016 update also lay out strategic actions for enhancing women's access to finance for MSME endeavors.

+11%

The Perspective Plan aims to increase women's labor force participation rate from 29% in 2010 to 40% by 2021

The Sixth Five Year Plan (SFYP) ensures equal rights for women in all spheres of development, including access to information, skills, resources and opportunities. The SFYP also emphasizes promoting economic self-reliance for women, and developing economic policies that have a positive impact on women's employment and income in both formal and informal sectors of the economy.

The Seventh Five Year Plan (7th FYP) of 2016–2020 extends the SFYP with a framework for women's empowerment and gender equality that includes four strategic objectives. One of the most important is increasing economic benefits for women through better access to financial services. The SFYP included a target to increase women's employment in the non-agricultural sector, primarily in MSMEs, from 25% to 50% by 2015. However, the 7th FYP did not set a new target for 2020 as the 2015 target was still far from being met (32%).

To achieve these objectives, the SFYP encourages women entrepreneurs through preferential access to credit and training programs. The government has established a foundation to develop the SME sector in Bangladesh and launched programs for women to develop their business skills. In association with Bangladesh Bank (BB), the SME Foundation has been working to bring women entrepreneurs into the mainstream through capacity building initiatives in women's chambers of commerce and trade bodies, encouraging bankers to finance women entrepreneurs, organizing women entrepreneurship conferences, SME product fairs for women entrepreneurs, and other skill-building initiatives. The 7th FYP makes this women entrepreneurship program a priority and emphasize on conducting a national census through the Bangladesh Bureau of Statistics (BBS) to create a comprehensive information repository for the SME sector. The census will have a special focus on counting women entrepreneurs in manufacturing SMEs.

Both the Bangladesh Industrial Policy 2010 and the new Industrial Policy 2016 have several specific policies for the development of women-led MSMEs, including:

a Training on businesses plan preparation and implementation will be provided to women entrepreneurs through BSCIC, BITAC, the SME Foundation and other government training institutions.

b Bangladesh Bank will consider providing financial incentives to women entrepreneurs in the MSME sector so they can establish themselves as successful business owners.

c A system of women-friendly banking services will be developed under the leadership of Bangladesh Bank.

d At least 10% of all credit to MSMEs will be allocated for women-led MSMEs.

e Initiatives like the Credit Guarantee Scheme will provide collateral-free credit to women-led MSMEs.

3 The Perspective Plan of Bangladesh 2010-2021, Planning Commission, Government of the People's Republic of Bangladesh, April 2012.

EXPANDING WOMEN'S FINANCIAL INCLUSION THROUGH MSME FINANCE POLICIES: THE ROLE OF THE REGULATOR

The traditional role of the financial regulator is to ensure the stability of the financial system. to "However, the United Nations Capital Development Fund (UNCDF)' and capitalize as 'Committee on Building an Inclusive Financial Sector' recently urged the central bank (Bangladesh Bank) to add financial inclusion to its traditional goals of prudential regulation and financial stability.[4] Recognizing that lack of access to financial services is a major reason for income inequality and slower economic growth, Bangladesh Bank has made a policy paradigm shift in favor of the country's financially excluded and unbanked, especially MSMEs and women entrepreneurs.

In 2009, Bangladesh Bank made MSMEs a top priority for rapid industrialization, opening a new department called SME & Special Programs Department (SME&SPD). One of the main objectives of the department is to empower women through MSME finance and initiatives. As a regulator of microfinance institutions, the Microcredit Regulatory Authority (MRA) is also supervising the activities of MFIs in financing women-led microenterprises.

EXPANDING WOMEN'S FINANCIAL INCLUSION THROUGH MSME FINANCE POLICIES: THE ROLE OF THE CENTRAL BANK

Bangladesh Bank (BB) is the apex of the country's banking and financial system, regulating 57 scheduled banks and 32 financial institutions. All banks and financial institutions in Bangladesh are now engaged in MSME financing as the Bank has created indirect incentives and set requirements for financing MSMEs—a sector it sees as important to economic growth. The BB sets a 5% weight on the CAMELs rating[5] for MSME financing and allows banks to allot less provisions to regular MSME credit. When it rates banks on MSME financing, the BB considers their performance on financing women-led MSMEs.

Bangladesh Bank has also introduced several policy initiatives to enhance access to finance for women entrepreneurs and ultimately bring more women into the mainstream economy.

15%

Fifteen percent of all BB refinance funds for the MSME sector has been allocated for women entrepreneurs

Some of these initiatives are as follows:

- Fifteen percent of all BB refinance funds for the MSME sector has been allocated for women entrepreneurs.
- Extension of credit facilities to women entrepreneurs at a favourable interest rate of bank rate plus 5% (currently 10%).
- All banks and financial institutions have been instructed to consider authorizing loans for women entrepreneurs up to BDT 2.5 million without collateral, but against a personal guarantee under the refinance facilities provided by Bangladesh Bank.
- To include large numbers of women microentrepreneurs in SME credit facilities, BB has initiated a policy of group-based lending of BDT 50,000 or above.
- To accelerate women's entrepreneurship in Bangladesh, BB has opened a Women Entrepreneurs Development Unit in its head office and branch offices. All banks and financial institutions have also been advised to open similar units.
- Banks and financial institutions have been instructed to provide credit to new women entrepreneurs in the cottage, micro and small and medium enterprise sectors. Every branch has been advised to identify at least three prospective women entrepreneurs who have not yet taken out any formal loans. Banks and financial institutions will provide the necessary training for the selected entrepreneurs and financial services should be extended to at least one each year.

EXPANDING WOMEN'S FINANCIAL INCLUSION THROUGH MSME FINANCE POLCIES: THE ROLE OF THE MFI REGULATOR

Under the Microcredit Regulatory Authority Act of 2006,[6] the MRA established the Microcredit Regulatory Authority Rules 2010, which require every microcredit organization to be managed by a Council of Directors. The Council has a tenure of three years and must be comprised of a minimum of five and a maximum of ten members, including at least two women.[7] The rules also state that microenterprise loans will not be greater than half the MFI's total loan portfolio at any given time.

The MRA also issued a circular on microenterprise finance by MFIs which stipulated:

1. To apportion its cumulative surplus on training for women and health improvements.
2. Both men and women are equal guarantors for any client.
3. A man convicted of torture against women should be denied loans.

4 UNCDF, 2006, "Building Inclusive Financial Sectors for Development", http://www.uncdf.org/sites/default/files/Documents/bluebook_1.pdf.

5 The CAMELs rating system is an internationally recognized system that banking supervisory authorities use to rate financial institutions.

6 Law 32, Clause 51

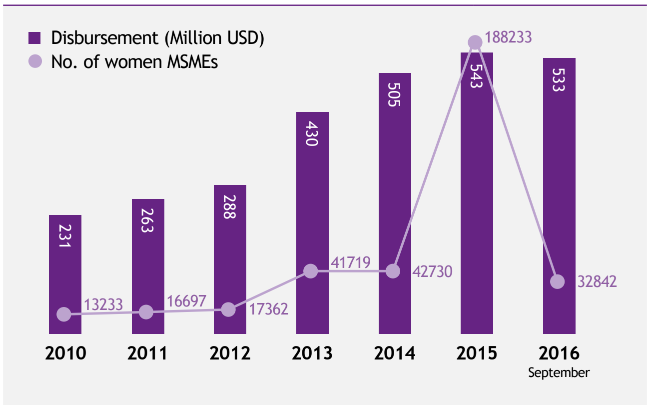
7 Rule no. 8.2 (1)

GENDER AND MSME ACCESS TO FINANCE: FACTS AND FIGURES

With the intervention of BB, the amount of financing for women entrepreneurs and the number of borrowers increased rapidly. In 2010, banks and financial institutions in Bangladesh together financed USD 231 million for 13,233 women-led MSMEs. In 2015, this amount rose to USD 543 million and the number of women-led cottage, micro, small and medium enterprises jumped to 188,233.

This indicates that the policy initiatives of BB have had a substantial impact on women's financial inclusion through MSME finance. In 2015, the number of MFI clients in Bangladesh stood at 26.21 million, 23.78 million of whom were women. That same year, 22.36 million people in Bangladesh took out loans from MFIs, and 20.3 million were women. In short, more than 90% of MFI clients and borrowers are female and half are MSME clients.

FIGURE 1: GROWTH IN WOMEN-LED MSMEs FINANCED BY BANKS AND FINANCIAL INSTITUTIONS



Source: Bangladesh Bank, 2016

FIGURE 2: MFI CLIENTS AND BORROWERS, MILLIONS OF INDIVIDUALS (DECEMBER 2015)

Source: Bangladesh Bank, 2016

>90%

More than 90% of MFI clients and borrowers are female and half are MSME clients

LESSONS LEARNED AND CONCLUSION

LESSONS LEARNED AND FUTURE INITIATIVES FOR FINANCING WOMEN-LED MSMEs

It is evident from the facts and figures that access to finance for women-led MSMEs is increasing steadily over time, and more and more of these MSMEs are coming under the purview of formal financial institutions. This indicates that regulatory initiatives on MSME finance have had a positive impact on expanding women's access to finance. The policies have not only brought financing to more women, but also had an impact on the quality of life of women entrepreneurs and their families (see Box 1 below).

A field survey conducted by Bangladesh Bank in 2012 revealed that access to finance has helped women to both expand their business and increase productivity.

Although there have been tremendous improvements in MSME credit policies and regulations, there are still challenges in expanding access to finance for women-owned MSMEs. One of the main constraints is lack of collateral. Even though inheritance laws are in place, women traditionally do not inherit property from either their husband's family their father's side of the family. In response, Bangladesh Bank is working intensively to launch a Credit Guarantee Scheme (CGS) for women entrepreneurs. A pilot credit guarantee fund has also been established with financing from the United Nations Capital Development Fund (UNCDF). Consultations are underway with the Swiss International Development Agency (SIDA) to launch a Credit Guarantee Scheme (CGS) aimed at improving access to finance for women entrepreneurs. In addition, Bangladesh Bank is raising awareness of financial education, especially among women in rural areas, and is implementing an ADB-funded project, "Skills for Employment Investment Program (SEIP)" in which 40% of the targeted population (10,200) are women. The objective of the program is to provide market-based job training to youth. It is expected that women trained under this program will run MSME using bank financing.

CONCLUSION

The financial regulators of Bangladesh—Bangladesh Bank and the MRA—are working closely to implement national policies that expand women's financial inclusion through MSME finance. Financing women-led MSMEs has led to quantitative and qualitative changes for women and their families, as well as the creation of an MSME-friendly ecosystem in Bangladesh's banking sector, bringing together banks, other financial institutions and local and international development agencies.

In developing countries, where access to finance for women-owned MSMEs is relatively low, financial regulators have a major role to play in creating an inclusive financial system and a sustainable MSME sector.

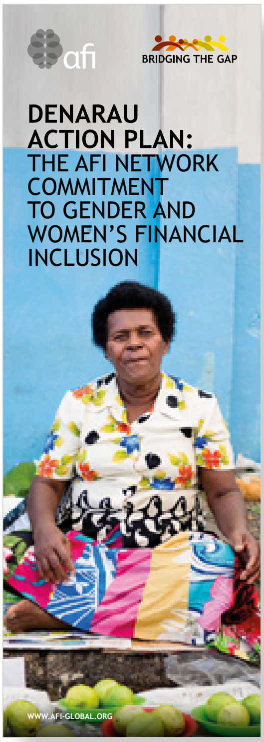
BOX 1: VOICES OF SUCCESSFUL WOMEN ENTREPRENEURS IN BANGLADESH

In the 1990s, Ms. Shahana Kader was a housewife living in Mymensingh Town, about 100 kilometers from the capital, Dhaka. Her hobby was making dresses for her three daughters, who received compliments on them whenever they went out. Sometimes other women in the neighborhood would ask Ms. Shahana to make dresses for their daughters, too.

In 1997, Ms. Shahana started her own dressmaking business at home. However, she closed her business the following year when her husband became seriously ill and moved to Dhaka from Mymensingh in 2000. She started another dressmaking business at home, again selling mainly to women in her neighborhood. Her business began to gain momentum in 2003 when she rented a shop in a shopping centre in Dhaka.

Three years later, Ms. Shahana expanded her business, buying a second shop in another shopping centre. Recognizing that she had a growing business, Eastern Bank Ltd. (EBL) extended BDT 300,000 in credit, later expanding it to BDT 1,400,000, allowing her to open a third shop and build a factory in Dhaka. By 2010, she had bought another shop in a shopping centre in Dhaka and in 2013 the bank increased her credit again, to BDT 5,000,000. Today, Ms. Shahana has 40 permanent employees and more than 100 temporary ones.

DENARAU ACTION PLAN: THE AFI NETWORK COMMITMENT TO GENDER AND WOMEN'S FINANCIAL INCLUSION



On the occasion of the 2016 AFI Global Policy Forum in Nadi, Fiji, we, the Members of the Alliance for Financial Inclusion, strengthen our determination and affirm our commitment to close the gender gap in financial inclusion. Specifically, we:

ACKNOWLEDGE that there is a persistent gender gap in access to financial services and that over one billion women globally are financially excluded.

BELIEVE that by paying attention to the gender dimensions of access, usage and quality of financial services, we will be better able to achieve our aim of full financial inclusion.

RECOGNIZE that proactive strategies to consider women's financial inclusion will better inform and enhance our policy objectives. It will also support a global commitment to UN Sustainable Development Goal 5 to achieve gender equality and empower all women and girls.

FURTHER RECOGNIZE that diverse teams can lead to better outcomes.

WELCOME opportunities offered by digital financial services and the role that interoperable systems can play in bringing the unbanked women onto the mainstream.

ACCEPT the important role sex-disaggregated data will play in tracking our efforts to achieve women's financial inclusion, and supporting evidence-based policymaking.

RECALL the milestones and growing momentum of the AFI Network to establish women's financial inclusion as a cross-cutting priority in its agenda. These milestones include:

> The first discussion of women's financial inclusion at the Global Policy Forum in Port of Spain, Trinidad & Tobago, September 2014;

> The first high-level conference on the financial inclusion of women hosted by Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO) in Yamoussoukro, Côte d'Ivoire, on 22 July 2015 to discuss the connections between financial inclusion policy and women in Africa;

> The keynote address by Graca Machel at the 2015 Global Policy Forum in Maputo, Mozambique, hosted by Banco de Moçambique, which emphasized the benefits of bridging the gender gap in financial inclusion;

> Board approval in February 2016 to establish a high-level committee from diverse regions to provide leadership on advancing women's, with a view to promote to promote women's financial inclusion within the context of AFI's activities;

> The development of a policy framework to support women's financial inclusion based on good practices and mapping of successful policies; and

> The endorsement of the Action Plan at the second high-level conference on the financial inclusion of women in Dar es Salaam, Tanzania, co-hosted by Bank of Tanzania on 28 April 2016.

> Subsequent endorsement of the Action Plan at the second Pacific Islands Regional Initiative (PIRI) Forum on 2 - 3 June 2016 at Port Vila, Vanuatu

COMMEND those AFI members that have already taken concrete steps to advance women's financial inclusion by formulating specific Maya Declaration commitments, setting, and in some cases exceeding, concrete targets for women's financial inclusion and/or incorporating gender considerations into their national financial inclusion strategies.

CALL for AFI members and partners to seize the opportunity to make further progress by implementing the AFI Action Plan for Gender and Women's Financial Inclusion.

This Action Plan will:

1 **INCORPORATE** gender considerations in the AFI Network's core activities, with each working group to promote peer learning and develop appropriate knowledge products relating to gender and women's financial inclusion between 2016 and 2018.

2 **CONSIDER AND IMPLEMENT** best practices in integrating policies for women's financial inclusion and gender considerations within national financial inclusion strategies, through AFI's Financial Inclusion Strategies Peer Learning Group (FISPLG). Knowledge products will be developed to support this work.

3 **LEVERAGE** digital financial services and other innovative technologies, to accelerate progress.

4 **HIGHLIGHT** the role of appropriate financial infrastructure, such as interoperable payment systems, credit bureaus and electronic collateral registries, in enabling women's financial inclusion.

5 **INVITE** focal points from each of the AFI working groups to coordinate with FISPLG and lead on issues and knowledge products relating to gender, and specifically women's financial inclusion, according to each of their mandates.

6 **DEVELOP** and promote best practices in collecting, analyzing and using sex-disaggregated data to promote financial inclusion for women through the Financial Inclusion Data Working Group (FIDWG). Guidance, including indicators, will be developed to support AFI members in the collection and analysis of the data.

7 **ENCOURAGE** all AFI members to set specific financial inclusion objectives and targets for women's financial inclusion within both the framework of the Maya Declaration and their national financial inclusion strategies, with progress to be monitored and reported on a regular basis.

8 **CALL ON** financial institutions and other private sector actors, including through AFI's public-private dialogue (PPD) platform, to take concrete actions to better understand to better understand the female market segment, develop internal capacity and support culture change to more effectively serve women clients.

9 **COLLABORATE** with other key stakeholders, including government agencies, development partners and civil society, to:

> identify through research the gender-specific barriers to financial inclusion and understand gender differences relevant to product development;

> advocate the business case for the financial inclusion of women;

> encourage effective data collection and implementation of sound gender-sensitive policies for financial inclusion, and

> create enabling and supportive environment to accelerate women's financial inclusion.

10 **DRIVE** greater gender diversity within member's own institution and its initiatives and strategies. Data shows that greater gender diversity in the workplace can lead to better performance, increased productivity and innovation.

Despite the progress that has been made in advancing financial inclusion globally, women remain disproportionately excluded from the formal financial system. According to the 2014 Global Findex, more than one billion women are still excluded from the financial system, and there is a 9% gender gap in account ownership[1] across developing economies. This gender gap has remained unchanged since 2011, despite overall progress towards financial inclusion.

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 and close the financial inclusion gender gap, noting that the goals of financial access, usage and quality should be pursued in parallel and in a responsible and sustainable manner.

The Action Plan promotes the development and implementation of smart policies and regulations by members of the AFI Network to create an enabling environment that accelerates women's financial inclusion. It also emphasizes the importance of measuring and evaluating our progress. The Action Plan fosters strong partnership and collaboration with financial service providers to drive private sector leadership.

The document has been prepared through consultation with AFI members and partners present at the "Bridging the Gap: Commitments and Actions for Women's Financial Inclusion", held in Dar es Salaam, Tanzania on 28 April 2016. The AFI Gender and Women's Financial Inclusion Committee (GWFIC) and the Financial Inclusion Strategy Peer Learning Group (FISPLG) contributed significantly to the development of the document.

1 Account ownership according to FINDEX refers to "having an account at a bank or another type of financial institution or using a mobile money service"

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