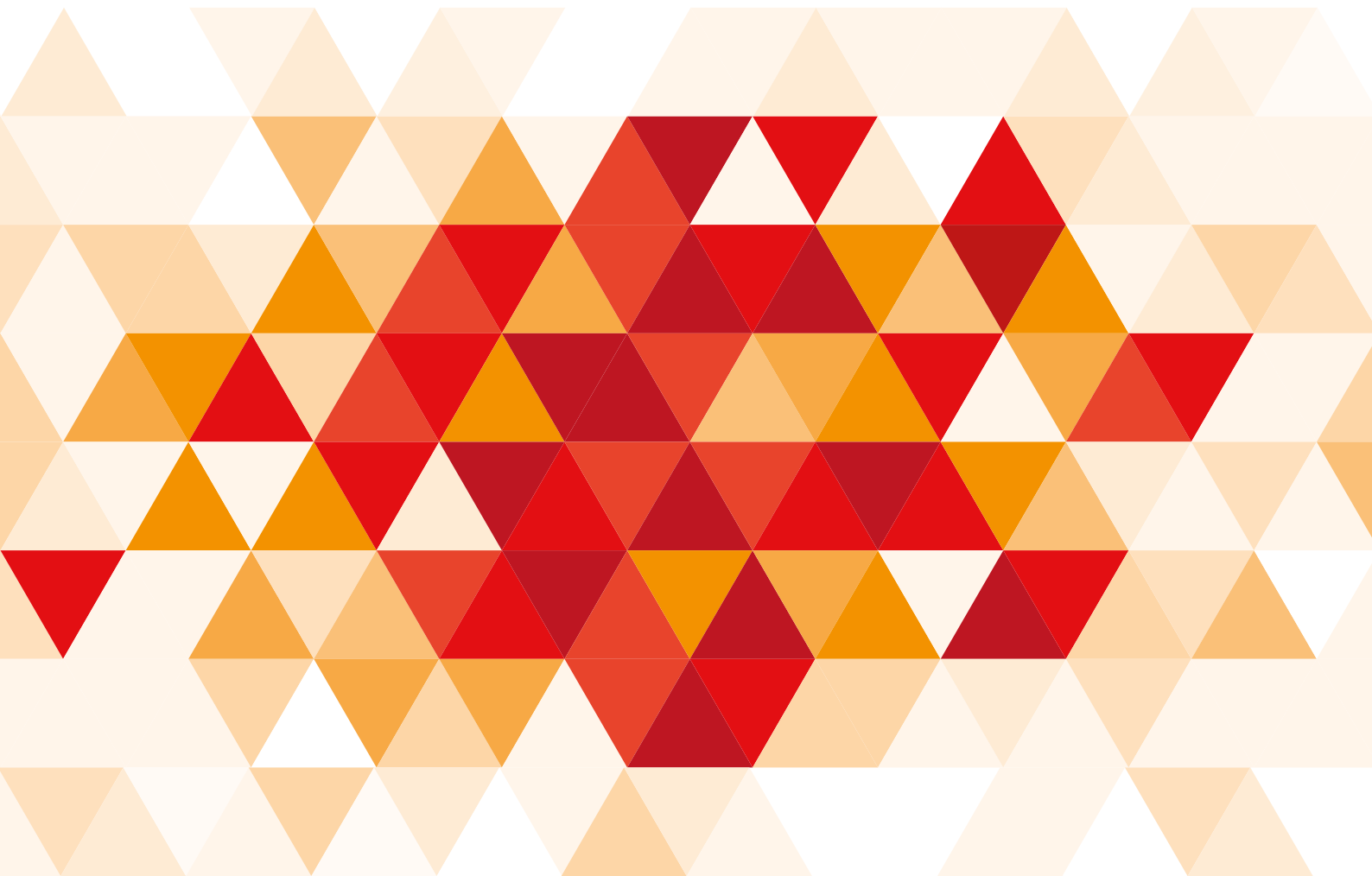




DIGITAL FINANCIAL SERVICES  
(DFS) WORKING GROUP

BRINGING  
SMART  
POLICIES  
TO LIFE

# POLICY FRAMEWORK FOR WOMEN'S FINANCIAL INCLUSION USING DIGITAL FINANCIAL SERVICES



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## INTRODUCTION

Since adopting the [Denarau Action Plan](#) in 2016, the [Alliance for Financial Inclusion](#) (AFI) member countries have increasingly prioritized policies that narrow the gender gap in financial inclusion.

The evolution of digital financial services (DFS) can be attributed to the ubiquity of mobile technology adoption and usage, coupled with rising innovations in financial technologies, different business models built on digital-first principles and new approaches to service delivery. This is particularly apparent in developing and emerging countries, which presents an unparalleled opportunity and leverage mechanism to advance the women's financial inclusion agenda. However, it is observed in some markets that DFS, as a utility, can exacerbate several barriers prohibiting access to and usage of basic financial services by women, posing a serious setback to millions of women who may still remain excluded.

In this context the sub-group on DFS & Gender within the [DFS Working Group](#) came up with a policy framework. This framework provides guidance to regulators and policymakers of the AFI network and beyond, in leveraging DFS to advance women's financial inclusion. The framework stems from learnings, good practices and successful interventions among AFI member countries noted for their progressive inclusion of women using DFS.

The policy framework is a result of in-depth secondary research and extensive consultation with AFI member countries, stakeholders (including various regulators across the globe), key bilateral and multilateral bodies, research agencies and private foundations, that are working in the field of women's economic financial inclusion and DFS.

All AFI members are encouraged to adopt this framework to develop or improve their women's financial inclusion policies and regulations using DFS. This framework is a living document, and through subsequent versions, will capture how members have advanced in their efforts to use DFS to increase the financial inclusion of women, hence, becoming a valuable and practical tool to build capacity and support in-country policy implementations and interventions.

### DENARAU ACTION PLAN

The Denarau Action Plan contributes to women's economic empowerment and the United Nations' Sustainable Development Goals (SDG) specifically Goal 5 – Gender Equality.



# POLICY FRAMEWORK FOR WOMEN'S FINANCIAL INCLUSION USING DIGITAL FINANCIAL SERVICES

The policy framework presents the interplay of four critical considerations that should be taken by policy makers to advance the agenda of women's financial inclusion through DFS usage. We describe the four aspects of the framework opposite.





## Gender

### Gender-sensitive DFS policy

- 1 Increase internal gender diversity by developing, mentoring and implementing women's leadership programs among government agencies, regulatory and policy institutions.
- 2 Create a policy guideline/note for central banks that can serve as a vision document to leverage on DFS for women's financial inclusion.
- 3 Adopting the SMART goal-setting framework, incorporate specific DFS and gender sensitive policy components with clear commitments in the various national/domestic regulatory policies. Examples include, but are not limited to, National Financial Inclusion Strategy, National Gender Policy and National Fintech Strategy.
- 4 Cross-regulator synergy: Coordination between domestic regulators for the purpose of harmonization and promotion of DFS, such as among telecommunications regulators, financial conduct authorities, competition authorities, and ministries working closely with financial regulators.
- 5 Promote adoption and usage of DFS and digital payments in geographies with limited access to formal bank accounts to make government-to-person (G2P) payments, such as cash transfer programs, schemes, subsidies, welfare initiatives for women.
- 6 Promote access to finance for women-owned micro, small and medium enterprises (MSMEs), and thus women-run businesses, by incentivizing digital lenders to support women-owned MSMEs through innovations such as alternative credit assessment models.
- 7 Digitize informal financial infrastructures, such as community women's savings groups, women's collectives, informal credit schemes, etc.
- 8 Collect data systematically at various levels (policy, institutional, provider, program levels) to assess gender gaps, analyze trends/bottlenecks and design policy to tackle these; assess progress/report on bridging gender gaps in DFS.
- 9 Appropriately allocate resources for policymakers and identify measurable targets to track progress and outcomes.
- 10 Measure impact of all financial inclusion policies using the Gender Impact Assessment approach (GIA)<sup>1</sup>.



## Regulation

### Gender-centric regulatory interventions

- 1 Establish guidance for provision of appropriate and reliable access points for distribution of DFS, such as cash-in/cash-out (CICO) agents, merchant payment points etc., particularly for underserved areas and areas that are women-friendly and easily accessible by women cooperatives, self-help groups, village/community associations, etc.
- 2 Encourage financial services providers (FSP) to increase gender diversity in the workforce and employ women agents.
- 3 Encourage and incentivize innovations to promote financial products & services that are tailored to gender-specific needs and concerns.
- 4 Formulate specific guidelines to ensure that any set-up distribution mechanism adopted, or set-up and their location, reflects considerations of religious, cultural and social circumstances, and how they relate to gender sensitivities.
- 5 Evaluate FSP corporate governance and services based on gender sensitive indices. Performance indicators such as proportion and profile of women customers in overall portfolio, finance products for women entrepreneurs, or gender-sensitivity awareness index of their workforce.
- 6 Encourage and incentivize private sector involvement to promote the use of technology in reaching underserved women customers through innovative regulatory approaches such as regulatory sandboxes, accelerators, hackathons and other innovative engagement outreach programs.
- 7 Establish mechanisms to learn international good practices and use of strategic platforms such as AFI's peer learning and knowledge exchange platforms.

<sup>1</sup> GIA is a specific tool to identify the likelihood of negative consequences of a given decision on the state of equality between women and men.



## Infrastructure<sup>2</sup>

Payment systems, evidence generation, learning and development

- 1 Promote the development and access to retail payments, information, communication and technology infrastructure such as switching, national automated clearing houses, telephony and internet services, that facilitate access to and use of DFS.
- 2 Facilitate and encourage enrolment of women into market-wide identity systems to ensure that women's access to proof of identity, such as Digital ID, is guaranteed through policies promoting simplified/tiered know-your-customer (KYC) processes, e-KYC and customer due diligence (CDD) principles.
- 3 Develop and/or support institutions that can develop public infrastructure on payments and financial systems; and encourage product, process and channel innovations.
- 4 Incentivize and engage market players and other stakeholders to develop and promote an efficient multi-lateral, interoperable ecosystem that supports inter-bank, bank-wallet, inter-wallet, inter-agent banking and multi-party transaction fulfilment.
- 5 Develop guidelines on e-KYC and promote its use in government programs and by financial service providers.
- 6 Promote the use of innovative regulatory technologies (RegTech) in the supervision, compliance and monitoring of gender gaps in the digital financial ecosystem. RegTech applications include:
  - a. collection and analysis of gender-disaggregated data using a management information systems (MIS) platform
  - b. women-focused financial literacy programs using digital tools
  - c. women-focused redress, complaint-handling and customer service systems, e.g. chatbots
- 7 Develop and encourage platforms/aggregators that facilitate transparent and responsible access to finance for women-owned SMEs/MSMEs.



## Demand Side

Customer protection, sensitization, awareness and capability of women customers

- 1 Develop communication and consent guidelines for DFS information dissemination using pro-women channels, language and content, etc.
- 2 Promote gender-focused, human-centered design of DFS with specific safeguards in order to protect the vulnerable, including women; deepen financial literacy and risk awareness; and strengthen authentication.
- 3 Establish mechanisms for upward feedback to ensure the inclusion of women's perspective/voice in shaping financial inclusion policies and services.
- 4 Establish user-friendly and gender sensitive grievance resolution and redress mechanisms to reduce risk and vulnerability of women.
- 5 Use behavior-change communication methods to develop and deepen gender-sensitive financial and digital literacy.
- 6 Develop guidelines to ensure responsible product marketing and process literacy by providers, and use of gender-focused, demand-side market insights.
- 7 Institutionalize monitoring by evaluating DFS trends and using gender-disaggregated data, while recognizing the heterogenous nature of the women's demographic.

<sup>2</sup> We recognize most of the points under this component are applicable to the wider development of digital finance ecosystem and across various user segments. However, these digital infrastructure development issues coupled with regulatory and demand-side interventions can be particularly helpful in reducing the gender gap.



**Alliance for Financial Inclusion**

AFI, Sasana Kijang, 2, Jalan Dato' Onn, 50480 Kuala Lumpur, Malaysia  
t +60 3 2776 9000 e info@afi-global.org [www.afi-global.org](http://www.afi-global.org)

 Alliance for Financial Inclusion  AFI.History  @NewsAFI  @afinetwork