

WHY THE ECONOMIC RESPONSE TO COVID-19 NEEDS TO BE FINANCIALLY INCLUSIVE AND GENDER-SENSITIVE



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INTRODUCTION

The purpose of this special report is to highlight the key gender-related issues facing society during the COVID-19 pandemic and some of the specific gender-sensitive financial inclusion responses that policymakers can undertake to ensure their mitigation and recovery activities are fully inclusive and work towards the AFI membership commitments in the Denarau Action Plan.¹

Gender is a cross-cutting theme in all aspects of society and it is important to situate the wider context of how gender and financial inclusion intersect before we can look at the development of effective policy and regulation. The paper first presents a broader overview of the gendered nature of COVID-19 and how it disproportionately affects women and girls' opportunities to be financially included, and then it moves onto how women's financial inclusion can be an enabler in both the mitigation and recovery phases, and finally presents five pillars or policy themes that can act as buckets for policymakers to focus on. These buckets are:

1. Women and Regulatory Institutions
2. Women and Micro, Small, and Medium Enterprises (MSMEs)
3. Women and Social Protection
4. Women and Digital Finance Services (DFS)
5. Women and Regulatory Frameworks

GIF COVID-19 POLICY TRACKER

AFI has developed a GIF COVID-19 Policy Tracker, which provides information on policy measures undertaken by AFI member institutions, such as remote working arrangements and paid leave allowance for women with children below the age of 12 years, as seen in Egypt, refinance and credit guarantee scheme for women entrepreneurs, as seen in Pakistan, and mobile money transfers with a top-up for women beneficiaries, as seen in Togo, among others.

In addition, the tracker provides information on relevant AFI and external resources to help navigate policymakers and regulators in taking their next steps and ensuring they develop a fully gender-sensitive and resilient future for all segments of the population.



¹ https://www.afi-global.org/sites/default/files/publications/2019-07/Denarau_FS19_AW_digital.pdf

COVID-19 IN NUMBERS



COVID-19 IN NUMBERS



26,169,212 +
Confirmed Cases



90

Countries with
> 10,000
reported cases



866,581 +
Reported Fatalities



18,435,015 +
Recovered cases



215

Countries or
territories with
reported cases



2-14

Incubation
period (days)²

² Reviewed 3 September 2020 https://www.worldometers.info/coronavirus/?utm_campaign=homeAdUOA?Si



COVID-19: SEX-DISAGGREGATED DATA

46% Female

54% Male



Available Data Representative of 38% of cases

Source: Data submitted to NCOVmart reported through the global surveillance system of WHO, as of 24 June 2020.³

3 <https://data.unwomen.org/resources/covid-19-emerging-gender-data-and-why-it-matters>

OVERVIEW

Why go back to ‘normal’ when we can go forward, not to a ‘new normal’ but to a better normal and an inclusive economy?

“



As individuals, and as people, we should prepare for a ‘New Economy’, not a ‘New Normal’, which is an oxymoron.

Benjamin Diokno,
Governor of Bangko Sentral ng Pilipinas.

”

The global gender gap in access to finance is currently nine percent, in developing economies, but as high as 18 percent in North Africa and it has remained static since 2011.⁴ The ‘normal’ that we have left behind due to the effects of the COVID-19 global health pandemic is not a place we should be looking to return to, especially from the point of view of women, who make up 49.5 percent of the global population,⁵ yet are disproportionately over-represented when looking at the poor and extremely poor.⁶ The ‘New Economy’ that we should look to create should be a fully inclusive one, particularly with regard to women because:

- > Women have less economic security;⁷
- > They have less opportunity to be resilient financially;
- > They are over-represented in the low wage sectors,⁸ including the 7Cs of caring/childcare, cashiering (retail), catering, cleaning, clerical (admin), craft and the casual/informal economy.

Many of these roles lack basic employment protections, such as sick pay and health insurance and expose women to increased health risks because of their more precarious economic position. They are faced with inadequate access to appropriate financial literacy opportunities, especially with regard to enhancing their digital capabilities and are therefore, less likely to use DFS and the internet. This will potentially reduce their opportunities to start, rebuild and grow businesses during the recovery phase, and are less likely to have high capability in e-commerce and utilizing digital platforms. When these disadvantages intersect with other vulnerabilities, such as age (youth or old age), illiteracy, disability, rural dwelling, lack/

inadequate identification/documentation, unfavorable cultural conditions, etc. then their situation becomes even more perilous, and the need for gender-sensitive, financial inclusion-focused policies and regulatory reform become even more pressing.

The AFI COVID-19 Policy Response,⁹ launched on April 1st, aims to deliver systematic, effective and coordinated policy responses to help AFI members mitigate the effects of COVID-19 on financial inclusion policy implementation, especially for MSMEs, from loss of market and sales, staff availability, supply chain disruption and finance and the most vulnerable segments of the population.

The AFI Response combines quick, needs-based, highly practical and high-impact gender-sensitive interventions that enable the implementation of rapid response policies and regulations in highly-affected countries. It is structured to meet members’ needs in the short and medium term.

Furthermore, it will be crucial for members to align their COVID-19 responses with AFI’s Denarau Action Plan, endorsed at the Global Policy Forum (GPF) in 2016. This 10-point plan outlines the steps members can take to advance women’s financial inclusion and work toward their aspirational pledge of halving their access to finance gender gap by the end of 2021. It is vital that the progress that has been made towards meeting this ambitious goal is not lost and that the commitment made by the membership is still at the forefront of their focus when developing their COVID-19 policy responses.

This paper addresses the primary gender considerations that regulators and policymakers need to be mindful of when developing their COVID-19 policy responses. There is a clear business case for developing a fully-inclusive and gender-sensitive financial system. Women-driven GDP growth ranges from 10 percent of GDP in advanced economies to more than 30 percent in South Asia, in the Middle East and North Africa.¹⁰ Not only will women be less financially excluded but everyone else in society will also benefit. When women are included everyone wins.

4 <https://www.imf.org/external/pubs/ft/fandd/2020/03/africa-gender-gap-access-to-finance-morsy.htm>

5 <https://data.worldbank.org/indicator/sp.pop.totl.fe.zs>

6 <https://blogs.worldbank.org/developmenttalk/no-70-world-s-poor-arent-women-doesn-t-mean-poverty-isn-t-sexist>

7 https://www.ilo.org/public/english/protection/ses/download/docs/sheet_no4.pdf

8 <https://nwc.org/wp-content/uploads/2017/08/Low-Wage-Jobs-are-Womens-Jobs.pdf>

9 <https://www.afi-global.org/afi-covid-19-policy-response>

10 <https://www.imf.org/external/pubs/ft/fandd/2019/03/pdf/fd0319.pdf>

HOW COVID-19 AFFECTS WOMEN

COVID-19 impacts different genders in different ways. In countries where sex-disaggregated COVID-19 mortality data is available, it shows that men are suffering worse outcomes than women.¹¹ In addition to the physical aspect of the virus, there are a number of other ways in which women and girls are disproportionately, negatively, impacted by COVID-19 and this then links to their ability to be included in the financial system.

Policymakers and regulators need to be mindful of these wider factors and how they impact on women's financial inclusions opportunities when they are building gender-sensitive considerations in all foundational aspects of their policy and regulatory work. These wider aspects may not be in the direct control of financial policymakers and regulators, but they do directly impact on financial inclusion levels and economic participation.

¹¹ <https://blogs.bmj.com/bmjgh/2020/03/24/sex-gender-and-covid-19-disaggregated-data-and-health-disparities/>



HEALTH CARE

Women healthcare workers who suffer from workplace violence can suffer a loss of income through missed shifts or taking time off work, for those with an illnesses; they can suffer increased costs if they need to take alternative accommodation for their families to protect them from exposure and can have their opportunities to engage with work reduced because of domestic responsibilities.

Reducing the gender wage gap benefits whole families and protecting women's and girl's maternal and sexual health benefits individuals and communities.

- > **The majority of healthcare workers are women;** they are more likely to be exposed to a heavy viral load and to work longer hours during a pandemic period.
- > **Healthcare providers are especially vulnerable to violence and verbal abuse** as observed in countries including, United States, Mexico, Philippines, and others.¹²
- > **Women are paid less than men¹³ for the same job** and have extra pressure with domestic responsibilities, juggling childcare/eldercare, and professional responsibilities.
- > **If women cannot access maternal and sexual health clinics, they and their families are put at risk.** During the West Africa 2014-2016 Ebola outbreak, mortality for pregnant women was 70 percent higher¹⁴ than for those who were not pregnant.



People waiting BSMMU fever clinic outdoor for Covid-19 test in the capital of Bangladesh. April 2020. (Photo by Saikat Bhadra/iStock)

12 <https://www.economist.com/international/2020/05/11/health-workers-become-unexpected-targets-during-covid-19>

13 <https://www.payscale.com/data/gender-pay-gap>

14 <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5407292/>

15 <https://www.idpublications.org/wp-content/uploads/2015/02/FACTORS-CONTRIBUTING-TO-SCHOOL-DROPOUT-AMONG-THE-GIRLS.pdf>

16 <https://www.worldbank.org/en/topic/girlseducation>

17 <https://www.cgdev.org/blog/how-will-covid-19-affect-women-and-girls-low-and-middle-income-countries>

18 <https://www.afi-global.org/blog/2015/01/financial-literacy-important-tool-financial-inclusion>

EDUCATION AND LITERACY

Enhancing levels of financial literacy and especially digital financial literacy, can act as enablers in the recovery phase, as women will be more able to engage with new forms of economic activity, as we see economic activity move quickly towards digital forms in sectors that were not traditionally digital.

Supporting literacy levels can assist with opening an account, understanding, and engaging with savings and a wider range of other financial services so that ultimately, an individual is fully financially included. This is particularly important for women as they are more likely to teach this to their children, friends, and other relatives. Equally important is the need to institute consumer awareness, education and literacy programs on DFS.

- > **Girls have less access to education¹⁵ than boys** and 15 million girls,¹⁶ half of them in Sub-Saharan Africa, will never attend school and can become trapped in a cycle of economic deprivation.
- > **Girls who are forced to stay at home because of school closures caused by COVID-19** movement restrictions are less likely to return to school after movement restrictions are lifted. This will significantly impact their life choices and opportunities to engage economically.
- > **Many are pressured to marry at young age** and have children whilst they are still children themselves.
- > **Having children at home means that women's opportunities to work outside the home¹⁷ are reduced** as is their earning capacity.
- > **An increase in education levels, especially literacy, is linked to an increase in the rate of formal financial inclusion later in life.** Missing out on schooling will have a long-lasting negative impact and can trap people in cycles of poverty.¹⁸
- > **Working women are pressured to give up their job to provide care responsibilities** so their partner can continue working. It then may be harder for them to get a new job during a period of recession.
- > **Women and girls, including those living in displacements, also face additional challenges, particularly, limited access to timely and relevant information and poor health and financial literacy.** This is more pronounced during a pandemic, where they are more socially isolated and further burdened by domestic and care work. Information on outbreaks and available services should be tailored to the diverse needs of these segments of the population and delivered in an inclusive, easy-to-understand and accessible manner.

DOMESTIC CARE AND DOMESTIC WORKERS

The economic value of unpaid care totals \$10.8 trillion per year,¹⁹ which is three times larger than the value of the global tech industry.

The impact on women in this sector particularly, is significant and often forces them to risk their health to maintain their job, or to work very long hours to meet expanded domestic care responsibilities, whilst maintaining an income. Their opportunities to save and send remittances are greatly reduced and they are less likely to have high levels of digital financial literacy, thus limiting their opportunities of finding new employment in emerging sectors.

- > **Most domestic workers and daily wage workers – predominantly women – are paid in cash**, thus exposing them to a greater risk of catching the virus through handling cash and reducing their need to open a formal bank account and engage with other financial services. Movement restrictions will also impact on their ability to reach formal banks and can expose them to physical risks by keeping cash at home or on their person. Their livelihoods and well-being are threatened as many of them lose their jobs due to the pandemic.
- > **There are over 67 million women in domestic work²⁰ worldwide** and movement restrictions will impact their ability to travel for work²¹ and their often-precarious employment structures leave them open to abuse, which can impact their ability to send remittances home.²²
- > **The livelihoods of daily wage workers are now threatened** as they are now out of jobs and many do not have an opportunity to return to their previous form of employment.



Woman wearing masks while travelling. South Africa. April 2020.
(Photo by PeopleImages/iStock)

INTIMATE PARTNER VIOLENCE (IPV)

From an economic standpoint IPV can cost a nation between one to two percent of national GDP,²³ which if reduced/eradicated can provide a significant boost to the post COVID-19 recovery phase.

Whilst men and boys also do suffer from IPV, it is predominantly women who are the victims. If they are injured, their opportunity to work can be removed and their productivity greatly curtailed. Economic abuse can see them lose control of their finances, which can in turn impact their opportunities, health and wellbeing, as well as that of their children.

- > **Loss of employment, employment restrictions or Movement Control Orders and other forms of “lockdowns” can put women and children at a much greater risk of domestic violence** (sexual and/or physical), as we have seen in the New Zealand earthquake,²⁴ Hurricane Katrina²⁵ and in China, Nigeria,²⁶ the UK and the USA during COVID-19.²⁷
- > **In 2017, every day, 137 women²⁸ across the world were killed by a member of their own family** and these numbers are on the rise. If women lack financial means to leave a violent situation, they and their children are at considerable risk of harm or even death.
- > **Individuals who have experienced IPV are likely to be at risk of adverse mental health factors.²⁹**

1-2% GDP From an economic standpoint IPV can cost a nation between one to two percent of their GDP.

19 <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/620939/bp-sustainable-development-africa-ucdw-030220-en.pdf>

20 <https://www.ilo.org/global/topics/domestic-workers/who/lang-en/index.htm>

21 <https://www.cgdev.org/blog/how-will-covid-19-affect-women-and-girls-low-and-middle-income-countries>

22 https://www.ilo.org/asia/media-centre/news/WCMS_632454/lang-en/index.htm

23 <https://www.worldbank.org/content/dam/Worldbank/document/Gender/Duvvury%20et%20al.%202013%20Intimate%20Partner%20Violence.%20Economic%20costs%20and%20implications%20for%20growth%20and%20development%20VAP%20No.3%20Nov%202013.pdf>

24 <https://journals.sagepub.com/doi/pdf/10.1177/0004865816679687>


25 <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3394178/>

26 <https://africa.unwomen.org/en/news-and-events/stories/2020/04/covid-19-and-the-link-to-violence-against-women-and-girls>

27 <https://www.who.int/reproductivehealth/publications/emergencies/COVID-19-VAV-full-text.pdf>

28 https://www.unodc.org/documents/data-and-analysis/gsh/Booklet_5.pdf

29 <https://www.npr.org/sections/coronavirus-live-updates/2020/05/14/855894146/some-of-the-greatest-causes-of-misery-u-n-warns-of-pandemic-s-mental-health-cost>



Ensuring women have opportunities to increase their business skills, sustain and grow their businesses and adopt new modalities such as e-commerce will not only help individuals and families not become destitute but will help the whole of society accelerate their economic recovery.

WOMEN'S ECONOMIC POWER

Women are less economically powerful and less financially included than men. With the move towards an accelerated adoption of digital financial services, as a response to COVID-19, society may further risk marginalizing women and other vulnerable groups with limited or poor literacy and digital capabilities, and access to reliable and easy-to-understand information.

These groups may not be aware of the resources available to them and the access and skills needed to use these services. They have less opportunity to gain financial resilience, they are less likely to have the same level of savings and these savings are more likely to be informal.

- > For women who are economically precarious, stockpiling is not an option³⁰ as it is expensive.
- > If prices surge women are less economically able to afford goods and are less able to travel long distances to make purchases if local supply chains have run out of stock.
- > The household bargaining power³¹ a woman holds is linked to both her educational attainment and her labor force participation.
- > Women's savings groups can be key in supporting women recover from economic shocks and increase their financial literacy. They can also be the first step in women's engagement with the financial system and can encourage them to become more formally engaged and start using a wider range of products and services, such as insurance and pensions.
- > There is an opportunity to explore the formalization and digitization of women's savings groups and move away from manual processes and systems towards more innovative solutions. Alternative modalities are needed in order to sustain the momentum of these savings groups, which are heavily reliant on regular in-person meetings. It is also important to ensure the less tangible benefits of savings groups are not lost if they move to a digital format.

WOMEN ENTREPRENEURS

Women-owned and run enterprises tend to be smaller, younger and in less profitable economic sectors, with less opportunities to scale.

They can face supply-side constraints, in the form of lack of collateral and unfavorable lending terms when trying to access finance but they also can face some demand-side barriers, such as lower levels of financial literacy, risk aversion, and fear of failure. This all contributes to the sticky nine percent gender gap in access to finance in developing economies. Ensuring women have opportunities to increase their business skills, sustain and grow their businesses and adopt new modalities such as e-commerce will not only help individuals and families not become destitute but will help the whole of society accelerate their economic recovery. Women in the MSME and informal sectors are among the many who are bearing the worst brunt of this pandemic.³² Formal MSMEs may be pushed into informality to keep their businesses afloat due to challenges in accessing timely and affordable financial support, social and economic protections and cannot access government support packages. They are further bogged down by unpaid care responsibilities, which prevents them from participating in income-generating activities.

- > Women entrepreneurs have less experience in leading businesses and are more likely to operate their enterprises from their homes.
- > Women have less access to technology to help them run companies. Nearly 25 percent fewer women than men have access to the Internet.³³
- > A woman is 25 percent less likely to own a mobile phone,³⁴ to have an online presence and are less likely to be able to keep trading if physical stores must close.
- > Women are less likely to have significant working capital/savings to maintain their business during a period of economic lockdown.
- > Women are less likely to be able to keep their staff, if those staff are female and have caring responsibilities.

30 <https://www.odi.org/blogs/16754-pandemics-poverty-implications-coronavirus-furthest-behind>

31 https://www.researchgate.net/publication/337292763_Married_women's_labor_force_participation_and_intra-household_bargaining_power

32 <https://www.care-international.org/news/press-releases/new-study-covid-19-condemns-millions-of-women-to-poverty-when-they-could-be-a-solution-to-prosperity>

33 <http://www.intel.com/content/dam/www/public/us/en/documents/pdf/women-and-the-web.pdf>

34 http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2013/01/GSMA_Women_and_Mobile-A_Global_Opportunity.pdf

FINANCIAL INCLUSION AS A KEY ENABLER

Financial inclusion is the key to ensuring that we do not return to a world that perpetuates gender, social and economic imbalances but recognizes women as key contributors to economic growth and employment, particularly in labor-intensive sectors where they are regularly the majority of the workforce. There is also the need to equip women and girls with the skills and opportunities to not just sustain life but to thrive and boost their social and economic positions.³⁵

Increasing financial inclusion for all women will benefit the whole of every society and will most benefit those women at the foundation of the economic pyramid.

Financial inclusion can unlock not only women's economic participation but can enable transformative opportunities, so long as governments, financial regulators and policymakers take gender sensitivities into account when developing their emergency and recovery responses to the COVID-19 global health pandemic. Integrating these gender considerations can be supported by the AFI Accords, the Sochi Accord focusing on FinTech for Financial Inclusion,³⁶ the Kigali Statement Accelerating Financial Inclusion for Disadvantaged Groups³⁷ and the Denarau Action Plan, which contains specific actions that policymakers and regulators can take to facilitate women's financial inclusion and the closure of the gender gap in access to finance.

For a number of years AFI members have been developing innovative, evidence-based policy responses, guidance and knowledge products to support members with increasing financial inclusion in their jurisdictions, whilst at the same time balancing financial stability, financial integrity and consumer protection. AFI members across the network are already rapidly deploying a wider range of fiscal and monetary policy interventions to deal with the immediate health and economic emergency, and mitigate against any potential recession, the depth of which is based on the recent IMF prediction³⁸ showing a negative global GDP growth trend of minus three percent in 2020.

If the world is going to overcome this pandemic and reach the 2030 targets set by the Sustainable Development Goals, particularly SDG1 (No Poverty) and SDG 5 (Gender Equality) then now, more than ever, there needs to be a coordinated global response and transformative action to ensure no one is left behind. There is also an opportunity in this crisis to develop new and more inclusive, and equitable responses, systems, policies and products and services that better meet the needs of women and other vulnerable groups who will continue to be disproportionately affected by COVID-19.



The AFI website is hosting the COVID-19 Policy Response tracker,³⁹ which highlights all the individual responses taken by members. Whilst there have not yet been many gender-specific responses, this special report applies a gender lens to these responses and highlights actions that members can take in the short and mid-term to ensure gender sensitivities are built into their COVID-19 policy response and also highlights some of the key AFI Knowledge Products that members can utilize to support them in their work, and highlights other member institutions who have experience with regard to the related policy.

The tables presented below cover a range of policy and regulatory interventions that AFI Members are already undertaking, that are either in direct response to the COVID-19 pandemic or can be pivoted to address the issues impacting women's financial inclusion, which have been highlighted above. Whilst the tables are split into thematic areas, they also highlight if the policy or regulatory response is primarily suitable for the emergency mitigation phase or the mid-to-long term recovery phase.

³⁵ https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_008091/lang-en/index.htm

³⁶ <https://www.afi-global.org/publications/2851/Sochi-Accord-FinTech-for-Financial-Inclusion>

³⁷ <https://www.afi-global.org/publications/3091/Kigali-Statement-Accelerating-Financial-Inclusion-for-Disadvantaged-Groups>

³⁸ <https://www.imf.org/en/Publications/GFSR/Issues/2020/04/14/global-financial-stability-report-april-2020>

³⁹ <https://www.afi-global.org/afi-covid-19-policy-response>

PHASE I - MITIGATION

This phase covers the urgent need to adopt emergency monetary and fiscal measures that cushion the adverse economic impact of the pandemic and restore macroeconomic stability, assist in the provision of social welfare and financial aids and benefits, and in regard to MSMEs, address immediate liquidity challenges, reduce layoffs and avoid firm closures and bankruptcies.

For women in particular, there is a need to address structural, economic and social inequalities in assessing financial support and social protection schemes, reduce the additional care burden that they face, coupled with the stronger likelihood that they will be losing their income and work opportunities. Specific policy areas that can be relooked through a gender lens include, payments infrastructure, relaxation of prudential regulations to drive DFS (e.g. tiered KYC and e-KYC), moratoriums on digital credit, interventions in DFS transaction costs, mass G2P welfare payments, and mass opening of e-money accounts (e.g. as in Bangladesh).

PHASE II - RECOVERY

This is the mid- to long-term view to ensure the sustainability, stability and integrity of the financial system. According to the IMF, the global economy is expected to shrink by three percent in 2020 and the negative effect of GDP will be felt most by struggling, developing and emerging countries for many years to come.⁴⁰ Countries will have to prioritize on policies and regulatory activities that will support the reopening of the economy and the movement of citizens, whilst at the same time ensuring the gains made in financial inclusion over the last 10 years are not lost and that the gender gap in access to finance is closed and not at risk of increasing.

These policy areas include, institutionalizing gender-sensitive regulatory and legislative frameworks, national financial inclusion strategies, national literacy and education strategies, among others.

⁴⁰ <https://www.weforum.org/agenda/2020/04/imf-economy-coronavirus-covid-19-recession/>

KEY PILLARS FOR DEVELOPING A FULLY INCLUSIVE AND GENDER SENSITIVE FINANCIAL SYSTEM



WOMEN AND REGULATORY INSTITUTIONS



- > Home-based and/or flexible working.
- > Childcare provision or support.
- > Gender-Sensitive COVID-19 Response Plan.
- > Gender-Sensitive Communications Plan.
- > Gender/Regulatory Impact Assessments (GIAs/RIAs).

WOMEN AND MSMEs



- > Women-focused SME Guarantee Schemes.
- > Integrate informal women workers into the formal economy.
- > Subsidize credit and support restructuring/refinancing for women-owned/led SMEs.
- > Decreased taxes and social security contributions for women-led/owner MSMEs.
- > Support those who have temporarily become unemployed or have had to close their MSMEs.
- > Movable collateral registries and alternative credit scoring.
- > Incubation programmes dedicated to women-led MSMEs.

WOMEN AND SOCIAL PROTECTION



- > Targeted payment to healthcare workers.
- > Unconditional Cash Transfers for women.
- > Maternal and sexual healthcare services for women and girls.
- > Remittance fee waivers.
- > Insurance services.
- > Incentive for girls to stay in/return to school.

WOMEN AND DFS

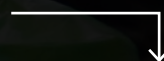


- > Digitization of Village Savings and Loans Associations (VSLAs).
- > Gendered approach to responsible digital financial services.
- > Women's Mobile Phone Ownership.
- > Agent Network cash-in and cash-out (CICO).
- > Digital Identity.

WOMEN AND REGULATORY FRAMEWORKS



- > Gender-sensitive regulatory and legislative frameworks.
- > Gender-sensitive National Financial Inclusion Strategies (NFIS).
- > Women's Financial Literacy Strategy and National Strategies for Financial Education (NSFE).



**CROSS-CUTTING THEMES:
SEX-DISAGGREGATED DATA COLLECTION,
TIERED KYC AND INSTITUTIONAL GENDER FOCAL POINT**

**PILLAR 1:
WOMEN AND REGULATORY INSTITUTIONS**

Women are having to bear an even greater responsibility at home as primary care providers for their families. There needs to be a concerted effort by national governments, policymakers, regulators and other key institutions and decision-makers to respond to the challenges faced by women during this time and one way they can lead by example is to devise family-friendly and inclusive workplace policies that would help women (and men) to strike a better balance between caregiving and their professional role in the workplace.

There is also an opportunity to institutionalize gender foundations into the work of the institution and appoint a gender focal point or establish a gender unit to spearhead activities going forward. In doing so, institutions can consider undertaking a baseline study assessing current levels of women representation within institutions, which will help inform the development of guidelines and policies that advocates for women's leadership and gender diversity. At the financial sector level, the central banks can consider advocating for more female representation on the boards of public-listed companies and encourage more public-private dialogues (PPD)⁴¹ around this topic.

There is also an opportunity for them to work with FSPs to support the development of gender pipelines into women's institutional leadership and an increase in women's representation in areas such as agent banking. There is also an opportunity in integrate gender inclusivity/diversity targets into these changes.



A women sorting restaurant ingredients in residence due to lockdown in Malaysia. March 2020. (Photo by Alex Liew/iStock)

**PILLAR 2:
WOMEN AND MSMEs**

Women-owned businesses comprise 28 percent of business establishments and account for 32 percent of the MSME finance gap estimated at 1.7 trillion.⁴² The formal MSME sector is still a male-dominated majority but the informal sector is largely dominated by women, with many operating in an environment where formal support and policy interventions are limited.

These women-led or women-owned MSMEs often lose out on formal financing citing demand- and supply-side barriers, such as limited or non-existent credit history, lack of access to traditional collaterals, lack of formal identification, limited mobility, and others. With restrictions on movement, businesses and supply chains are disrupted and severely impacted. While a swift and coordinated policy response is crucial during this unprecedented time, policymakers and regulators should embrace micro-level policy interventions that are tailored and scaled to the needs of women-owned and led MSMEs with practical tools and mechanisms provided for dealing with the COVID-19 pandemic, both in the short- and long-term. Women, generally, have lower rates of Non-Performing Loans (NPLs) and less opportunity to own traditional collateral so there are specific opportunities around the development of women-focused credit guarantee schemes and the use of movable collateral registries.

41 <https://www.afi-global.org/publications/2311/AFI-Public-Private-Dialogue-PPD-Platform-Factsheet>

42 <https://www.ifc.org/wps/wcm/connect/03522e90-a13d-4a02-87cd-9ee9a297b311/121264-WP-PUBLIC-MSMEReportFINAL.pdf?MOD=AJPERES&CVID=m55waQA>



Asian entrepreneur closing business due to Covid 19 outbreak. Indonesia. April 2020. (Photo by Kanawa_Studio /iStock)

These can include generic policy responses to MSMEs

- (i) Monetary policies,
- (ii) Structural policies, and
- (iii) Exchange Rate and Balance of Payments (BOP)

Further details of which can be found in the AFI SME Finance Responses to COVID-19 in AFI Member Countries.⁴³ Some examples of the micro-level policies that are more focused on SMEs include, collateral-free loans, delayed loan repayment, deferral of rent and utilities payment, loan repayment moratorium, subsidized credit or credit guarantee schemes, direct financial support, deferred filing dates and the development of movable collateral registries to help soften the economic impact of the COVID-19 pandemic.

One country that has made specific progress in closing their gender borrowing gap, before the COVID-19 pandemic, is Malaysia, where they have introduced a Women Entrepreneur Financing Program. This is a multilayered program and supports women to develop their knowledge and skills to sustain and grow their businesses. It focuses on key areas, including financial management, technology use, leadership, and marketing. This is the type of program that can be replicated as part of the recovery phase in many other jurisdictions.

Another example is the African Development Bank's Affirmative Finance Action for Women in Africa (AFAWA) program, which facilitates women's access to finance via an innovative risk-sharing mechanism and their rating system to evaluate financial institutions based on the share and quality of their lending to women, and their socio-economic impact.



PILLAR 3: WOMEN AND SOCIAL PROTECTION

In the absence of adequate and inclusive social protection systems and tools, women and girls are much more adversely affected by the COVID-19 pandemic. It is important to review existing systems and policies with a gender lens, to ensure that the unique needs of women and girls are taken into account and that additional budget and resource allocations are being met.

The interventions policymakers can take include, making Government-to-Person (G2P) payments such as cash transfer programs, schemes, subsidies, welfare initiatives for women, relief through remittance fee waivers and complimentary insurance services, tax relief for female workers and/or women-owned and led businesses, maternal and sexual healthcare services for women and girls, family and children aids and others. These interventions can be linked to financial literacy support and a stepped approach to further financial inclusion, covering not only access, such as mass account opening for garment workers in Bangladesh, but full usage of products and services particularly when coupled with FSPs developing products and services that more accurately meet women's needs.

Equally important is strengthening the linkages between the social protection programs in order to ensure a complementary approach. This is where collaboration with other stakeholders, such as Ministry of Women, local women's organizations, women-focused civil society organizations and others plays a vital part and an institutional Gender Focal Point can be highly beneficial.

⁴³ https://www.afi-global.org/sites/default/files/publications/2020-05/SMEF_COVID_infographic_AW4.pdf
<https://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/Guidance-on-Digital-Identity.pdf>



Garment workers demanding their due wages during the lockdown amid concerns over the coronavirus disease (COVID-19) outbreak. Dhaka, Bangladesh. April 2020. (Photo by Zabed Hasnain Chowdhury/Shutterstock)

An example of unconditional cash transfer payments can be seen in Pakistan, with the launch of the Ehsaas, the federal government's new poverty alleviation program, which sees cash payments delivered to 12 million families, representing over 80 million people. The majority of these payments have been given to women and are being delivered using biometric identification. This method is more cost effective than vouchers or food aid and is linked to benefitting the local economy and providing stability to vulnerable families.

Another example where a direct payment can provide stability is the recently introduced digitized alimony payment system brought forward by the Central Bank of Egypt in conjunction with Egypt's Ministry of Social Solidarity. Digital wallets were offered to over 60 thousand women to receive alimony in a convenient, fast and secure way. The same solution could be easily leveraged to support daily workers with direct payment and can be a first step toward full financial inclusion of vulnerable segments of the population.

60,000

In Egypt, digital wallets were offered to over 60 thousand women to receive alimony in a convenient, fast and secure way.



Woman wearing face mask while making digital payment Covid-19 pandemic. (Photo by Ridofranz/iStock)



PILLAR 4: WOMEN AND DFS

The pandemic has further amplified the urgency to look at DFS and embracing gender-sensitive digital financial inclusion as part of the country's mitigation and recovery efforts.

Gender considerations are of paramount importance in this regard, especially since women have lower access to DFS as compared to men and are also constrained by poor mobile and digital literacy skills.

A disproportionate number of women are excluded from the financial system due to the absence of a legal proof of identity – an international KYC requirement. Digital identity systems could overcome the identification challenges of women who are financially excluded or underserved and contribute to women's financial inclusion. In this regard, the Financial Action Task Force (FATF) recognizes that opening access to financial services for the unserved and underserved, and complying with customer due diligence (CDD) requirements, includes providing “reliable proof of identity mechanisms to the population, including support for developing digital identity systems.”⁴⁴

For example, governments in India are pivoting to digital solutions for identification proofing and authentication as part of their emergency response to COVID-19.⁴⁵

For most women, their first-hand experience with DFS is typically through a physical agent. Towards this end, agent and CICO networks with digital capabilities have the potential to drive women's uptake of DFS such as microcredit, microinsurance and micropension. It is a tested approach and proven effective in countries at the early stages of digitization.⁴⁶ To promote the use of DFS, policymakers, regulators, banks and private sector players should work together to expand agent and CICO networks to underserved areas, where it is expensive to set up and operate a physical bank branch.

Women and girls are among the vulnerable segments of the society with limited access to digital technology and connectivity and are less likely to own a mobile phone. There is a need to take into consideration the inclusivity, accessibility and affordability of the products and services.

44 <https://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/Guidance-on-Digital-Identity.pdf>

45 <https://economictimes.indiatimes.com/news/politics-and-nation/as-covid-19-cases-rise-in-india-covtech-based-surveillance-intensifies/articleshow/74876078.cms?from=mdr>

46 <https://www.cgap.org/blog/role-cash-incash-out-digital-financial-inclusion>



PILLAR 5: WOMEN AND REGULATORY FRAMEWORKS

A key lesson from this crisis is that a new future is available after the COVID-19 pandemic eases. Policymakers and regulators should seize this opportunity and review and reform existing regulatory provisions through a gender lens as they lay out medium to long term responses to the crisis. An initial Gender-Sensitive COVID-19 Response plan can be developed, and guidance can be sought from AFI Knowledge Products, including the Denarau Action Plan. This initial plan can be further developed to include Gender Impact Assessments and gender budgeting.

The initial sets a regulator can take include, utilizing the DAP for guidance, where point six highlights that there is a need to begin both collecting and reporting sex-disaggregated data complemented with other critical socioeconomic indicators, such as age, race, ethnicity, employment and education. This is to allow for a holistic intersectional analysis and enable regulators and FSPs to identify specific financial inclusion challenges disproportionately faced by women and girls and assist FSPs in the development and implementation of policy improvements, products and services that can contribute to advancing women's financial inclusion.

Point seven of the DAP highlights the importance of setting targets for women's financial inclusion through vehicles such as the Maya Declaration⁴⁷ and National Financial Inclusion Strategies and mid-term reviews of these strategies.

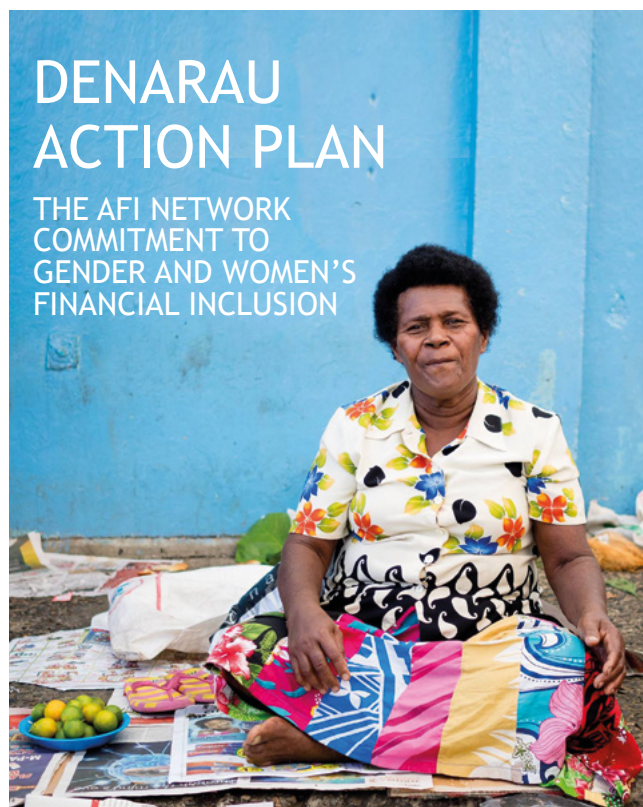
There is an urgent need to strengthen financial and digital literacy and awareness programmes, and activities with a focus on delivering bite-sized, easy-to-understand information on the digital products and services available during this time of crisis and the potential risks and grievance redress mechanisms. Regulators should consider leveraging agent networks, VSLA, Self-Help Groups and others to raise awareness of these programmes as they are trusted intermediaries in the communities and best positioned to deliver these messages quickly and effectively.

There is also an opportunity to reassess the current regulatory environment and enable flexible KYC processes and procedures – alternative forms of identification documents, biometric identity systems, electronic registrations, and others – that also allow women to adequately comply with CDD requirements.

This will minimize in-person interactions between the FSPs and customers, and drive uptake of DFS among the financially excluded and vulnerable segments of the population.

Putting women's contributions and leadership at the heart of the planning, design and implementation of these strategies will encourage a more gender-sensitive approach to policymaking and will provide improved prospects for economic and social recovery.

These pillars will be expanded in-depth in the AFI GIF COVID-19 Policy Tracker where specific policy examples undertaken by members will be highlighted.



47 <https://www.afi-global.org/maya-declaration>

CONCLUSION

The economic recovery from COVID-19 demands new thinking and creates timely opportunities for policymakers and regulators to review and rethink their national financial inclusion strategies and frameworks to build a more gender-sensitive and fully-inclusive future.

A holistic and intersectional approach⁴⁸ to mitigation and recovery measures will be needed as policymakers can use this guidance to take active steps to mainstream gender in their response to the COVID-19 pandemic. Gender-specific and targeted interventions will need to be undertaken if members are going to meet their pledge in the Denarau Action Plan and achieve their aspirational goal of halving their gender gap in access to finance.

AFI finds itself in a unique position, given its flexible operational model and closeness and commitment of its membership, to mitigate these risks. Foundational activities in 2019 have enabled a gender-sensitive COVID-19 response to be rapidly developed and deployed across the Network.

Gender considerations are now so well-embedded in AFI that they are being taken into account in all workstreams and by all Working Groups. It is worth noting that the work of AFI working groups are particularly instrumental in increasing women's financial inclusion and collaboration of their intersections enables the impacts that they create to be further amplified.

It is through utilizing all the resources of the Network, the knowledge products and policy guidance, the capacity building and peer learning, tailored in-country implementation support and the high level strategic guidance from the GIF Committee and AFI's Executive Team that gender sensitivities will continue to be at the heart of AFI's financial inclusion work. This leads everyone to continue to strive, especially in these difficult times, to ensure that no one is left behind and the future that we build is fully gender-sensitive and inclusive for all.

48 <https://time.com/5786710/kimberle-crenshaw-intersectionality/>



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