



CLOSING THE FINANCIAL INCLUSION GENDER GAP DURING THE CRISIS AND AFTERWARDS



SPECIAL REPORT

CONTENTS

EXECUTIVE SUMMARY	3
THE CASE FOR URGENCY	5
BUILDING RESILIENCE AND MITIGATING CRISES: THE ROLE OF WOMEN'S FINANCIAL INCLUSION	8
DATA FOR EFFECTIVE POLICYMAKING DURING A CRISIS	17
COLLABORATIVE EFFORTS FOR GENDER INCLUSIVE FINANCE	21
DIGITAL FINANCIAL SERVICES AND CRISIS RESPONSE	24
CREATING SUSTAINABLE GENDER-INCLUSIVE DFS POLICIES	40
KEY RECOMMENDATIONS	44
CONCLUSION	48
ACRONYMS	50
TERMINOLOGY	50
REFERENCES	51
ANNEX	57

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EXECUTIVE SUMMARY

This special report explores how AFI members have managed to protect and promote women’s financial inclusion and effectively apply it as part of a crisis response toolbox against the backdrop of the global COVID-19 pandemic.

Unless urgently addressed, the setbacks experienced by girls and women due to the pandemic are bound to accumulate and form a drag on growth instead of elevating the multi-trillion-dollar opportunities for women’s economic inclusion in developing countries. A case of socioeconomic “long COVID” may affect human capital development and entrench gender and social inequalities for the foreseeable future.

Encouraging evidence is mounting - including in large countries like Bangladesh, Egypt, Nigeria, and Pakistan - that gender-intentional policies can invert even previously widening gaps. The contributions of women delivering faster and more sustainable growth that Gender Inclusive Finance (GIF) can help unlock have increasingly been understood in recent years. The pandemic has now added tangible evidence that a gender lens to policy translates into a more effective crisis response, which is of relevance to resource-constrained policymakers in emerging markets. GIF also emerges clearly as a policy priority for building crisis resilience into the economy, financial system, and climate change agenda.

Women constitute a prime target for livelihood support and sustaining aggregate demand because they are key pillars of the informal economy, often responsible for everyday household finances, yet disproportionately vulnerable to income shocks and tied to some of the other most vulnerable groups via their care responsibilities.

Often, though, this growing recognition has yet to translate into action: GIF knowledge products deserve wider reach (a survey of 30 AFI members implies less than one-third familiarity and one-sixth active usage), National Financial Inclusion Strategies (NFIS) predominantly remain gender-neutral, or group women under vulnerable populations while very limited in-depth research has been undertaken to understand which specific policies are effective for GIF in crisis situations.

Effective, sex and age-disaggregated data became evident as a weak point in the greater application of GIF during the crisis. A nearly universal notion of its importance and the improved possibility of collection and analysis contrasts with the lack or low frequency of collection of sex-disaggregated data on the supply-side, gaps in coverage of providers, limited use of cost-effective demand-side data, and gender intentional analysis to inform policy. A set of pioneering regulators demonstrate, though, how sex-disaggregated data collection and analysis efforts do enable evidence-based policymaking and boost efficiency in a rapidly evolving, complex crisis.

In crises that disrupt economic and social interactions, policy responses require new alliances and intensified coordination both within the public sector and with a broader set of providers. Combining fiscal, monetary, and regulatory crisis response became a widespread reality during the pandemic. The most innovative and impactful interventions, though, emerged from coordination routines often enabled by previous NFIS implementation, and they leveraged specialist expertise from stakeholders who have women on their agenda.

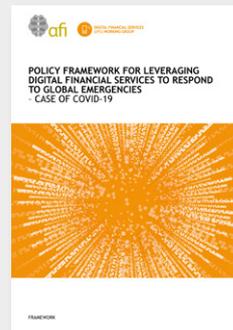
Digital Financial Services (DFS) has proven to have a central role in advancing (women’s) financial inclusion while delivering a crisis response.

The nexus of DFS and women featured prominently, especially in social relief policies: in the scale-up of conditional cash transfers, new programs for vulnerable groups, and support for informal income earners. The latter stood out for innovations in multiple developing countries, achieving large-scale gains in financial inclusion and mitigating pandemic disruptions in ways previously unfeasible.

Swift reactions in the DFS space during the crisis built on an enabling environment which policymakers launched ahead of such a crisis, and for which a gender-intentional approach produced superior outcomes. Key items include a market accessible to various types of providers, investment in agent networks and merchant acceptance, and consumer protection. Applied jointly with initiatives to broaden the use of formal financial services, especially for women, these are key measures to build resilience to future crises.

AFI's DFS working group published a Policy Framework for Leveraging Digital Financial Services to Respond to Global Emergencies - Case of COVID-19,¹ which provides policy guidance to regulators within the AFI network and beyond, in developing relevant policy and regulatory responses to mitigate the effects of global pandemics by leveraging DFS. Although this guidance is immediately relevant to the COVID-19 outbreak, it is also applicable for other emergencies, including natural and man-made disasters such as cyclones, earthquakes, conflicts, forced displacements, etc.

Financial sector stability and women's financial inclusion have proven mutually reinforcing rather than trade-offs when policy resources for crisis response are contested. The renewed spirit of the Denarau Action Plan (DAP),² which was recently updated by AFI members at the 2022 Global Policy Forum is very timely. Embedding a gender lens in financial sector development and inclusion policies is an indispensable priority to deal with more frequent socioeconomic disruptions that go beyond central bank and regulator textbooks.



Policy framework for leveraging digital financial services to respond to global emergencies - case of COVID-19

> [View here](#)



Denarau Action Plan

> [View here](#)

1 Available at: <https://www.afi-global.org/publications/policy-framework-for-leveraging-digital-financial-services-to-respond-to-global-emergencies-case-of-covid-19/>

2 Available at: https://www.afi-global.org/wp-content/uploads/2022/09/Denarau_Accord-22_stg3.pdf

THE CASE FOR URGENCY

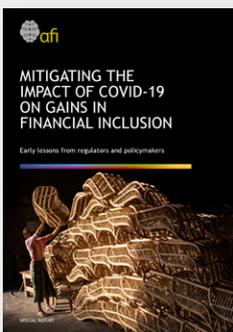
Despite concentrated efforts to combat its effects, COVID-19 continues to disrupt lives and economies in many parts of the world with the effects of the pandemic still lingering, and uncertainty over new variants.

Although the consequences of this unprecedented crisis have yet to be fully measured, as effective sex disaggregated data is still lacking in many jurisdictions, developing economies and vulnerable populations have been the most impacted. Applying a gender lens to policy responses, particularly to all new policy developments, is essential to effectively mitigate the lasting social and economic damage brought about by the pandemic.

This study explores how often resource-constrained AFI members have successfully applied financial inclusion objectives and a focus on women as joint policy lenses to achieve an effective crisis response. In dealing with large-scale disruptions, women's financial inclusion is a critical enabler if: a) it ensures that delivery structures (i.e. accounts, mobile wallets, agency networks, cashless payment interfaces, etc.) are made available to women and are designed for inclusion and usability of women, and b) it ensures that the choice and design of crisis response policies reflect the priorities, needs and constraints of women.

70%

Significant financial inclusion gains have been made in the last decade, including for 70 percent of the world's unbanked population represented by the AFI network,³ yet 760 million women are still financially excluded.⁴



Mitigating the Impact of COVID-19 on Gains in Financial Inclusion.

> [View here](#)

However, the global gender gap in access to financial services started to narrow in 2021 but remains wide in parts of South Asia, the Middle East and North Africa, as well as a few African economies, and is increasing in parts of Latin America and the Caribbean (LAC), and Sub-Saharan Africa.

Encouragingly, some large countries like Bangladesh, Egypt, Nigeria, and Pakistan with gender-intentional responses during the crisis saw an inversion of gaps that had previously been widening.⁵ Even still, the pandemic's economic challenges to formal employment pose a risk to financial inclusion overall.

Women are suffering outsized economic impacts, including unemployment and loss of income, due to their disproportionate representation in informal work and services sectors, such as retail commerce and hospitality which were the most affected by mobility restrictions and could not easily shift to work-from-home operations. As school and childcare facilities closed intermittently or over longer stretches of time,⁶ the unpaid domestic care burden fell primarily on women. These factors are exacerbated for women who also have intersecting vulnerabilities, such as rural dwellers, youth, older persons, persons living with disabilities, and forcibly displaced persons. It is also worth pointing out that while employment levels for men have, in many instances, nearly caught up and returned to pre-pandemic levels, the levels for women have not.⁷

3 Alliance for Financial Inclusion. 2021. Mitigating the Impact of COVID-19 on Gains in Financial Inclusion. Available at: <https://www.afi-global.org/publications/mitigating-the-impact-of-covid-19-on-gains-in-financial-inclusion-early-lessons-from-regulators-and-policymakers/>

4 Calculated based on the UN Population Division's Population Prospects: 2019 Revision for ages 15 and above with Global Findex 2021 data (26 percent exclusion for women and 21.7 percent for men, equivalent to 633.5 million excluded men).

5 CCX analysis on the basis of Global Findex data from 2011, 2014, 2017 and 2021. For Bangladesh, the gender gap shrank from 29 to 19 percent between 2017 and 2021, for Pakistan from 28 to 15 percent, for Nigeria, from 24 to 20 percent, and for Egypt from 12 to 6 percent (though Findex figures fall well short of local supply-side figures).

6 In Uganda, schools only reopened on 10 January 2022, after some 22 months of closure but in many other countries, a patchwork of closures, remote and hybrid instruction has introduced an enormous degree of unpredictability into the lives of parents of kindergarten and school-age children, especially mothers. See for example, the variation over time and school districts documented for the United States at: <https://crpe.org/pandemic-learning/tracking-district-actions/>

7 International Labour Organisation. 2021. An uneven and gender-unequal COVID-19 recovery: Update on gender and employment trends 2021. Available at: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_824865.pdf

National strategies and agendas have often overlooked women's productivity, which contributes to economic diversification, positive development, and income equality. Recognition of the necessary and integral role of women in the financial stability and resilience of national economies⁸ has recently led to greater emphasis on addressing women's financial exclusion.

AFI members endorsed the DAP in 2016, which supports members in accelerating women's financial inclusion and closing the financial inclusion gender gap across AFI jurisdictions.

Global efforts were facing strong headwinds in increasing women's financial inclusion even before the devastating effects of the COVID-19 pandemic. While many policymakers were developing enabling ecosystems for women's financial inclusion, progress was being held back by factors outside of the regulators' sphere of influence, including national ICT infrastructure, the availability of a national identity system, and social and cultural norms which negatively impact women.

The constraints of care responsibilities and sectoral trends were quoted by a majority of the 30 AFI members surveyed as reasons for them to identify women as more negatively affected by the pandemic.⁹ Some AFI members who were surveyed lacked data to assess the impact of the pandemic on financial services usage. Over half saw an equal or higher negative impact on women in all aspects of financial inclusion for women while one member surveyed felt that men were disproportionately affected. Over half of the AFI members felt that women were pushed into loan default more so than men.¹⁰

Concentration in informal work also meant that women were often unable to access conventional formal sector government support efforts.

60%

Some 740 million women working in the informal sector saw their income drop by 60 percent in the first month of the pandemic.¹¹

19%

During the first half of 2020, women's employment was estimated to be 19 percent more at risk than that of men given the crisis-exposure of the sectors in which they cluster¹² along with their increased unpaid housework, elder care, childcare, and education of children at home during lockdowns.

Unexpected healthcare expenditures linked to their care responsibilities added to their financial stress as well as significant increases in the levels of gender-based violence (GBV) that they suffered. For 25 to 34 year old women living in emerging markets, the pandemic was seen as causing poverty more frequently by one-fifth than for their male peers, while 47 million women and girls were expected to be pushed into extreme poverty altogether.¹³ Even where remote work was or has been made an option, there are reasons to believe that women's earnings and career perspectives will be more heavily weighed than those of men.¹⁴

Unless urgently addressed, the pandemic-related setbacks experienced by girls and women will accumulate and be a drag on growth, instead of lifting the multi-trillion-dollar opportunities for women's economic inclusion in developing countries.¹⁵

8 McKinsey's 2015 report on the "Power of Parity," setting the value of the opportunity of gender equality at USD12 trillion, is one example of this trend. Available at: <https://www.mckinsey.com/featured-insights/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>

9 Only one respondent cited men being more affected due to sectoral impacts. Four respondents did not discern any consistent gender patterns to the pandemic's socioeconomic impacts. AFI Survey for this study: an online survey conducted from October 2021 to January 2022 in which key executives from around one-third of AFI members participated, including six Gender Inclusive Finance Committee members. A total of 30 country-level responses (after consolidation and data quality control) were reflected, of which 22 institutions were central banks, nine from Sub-Saharan Africa, six from Latin America and the Caribbean, four from South Asia, three each from the Pacific and MENA, and two each from Eastern Europe & Central Asia, and East & Southeast Asia. A separate survey report and documentation of responses has been shared with the GIF team.

10 AFI survey for this study.

11 UN Women, From Insights to Action: Gender Equality in the Wake of COVID-19. 2020. Available at: <https://www.unwomen.org/en/digital-library/publications/2020/09/gender-equality-in-the-wake-of-covid-19>

12 McKinsey and Partners, COVID-19 and gender equality: Countering the regressive effects. 2020. Available at: <https://www.mckinsey.com/featured-insights/future-of-work/covid-19-and-gender-equality-countering-the-regressive-effects> (Note: the estimated effects are based on sex-disaggregated sectoral employment data in the first half of 2020 from India and the US)

13 UN Women, From Insights to Action. 2020.

14 Available at: <https://www.economist.com/business/2021/08/28/why-women-need-the-office>

15 Available at: <https://www.economist.com/middle-east-and-africa/2021/02/06/africas-recovery-from-covid-19-will-be-slow>

It is through this vicious cycle that this crisis and future ones will trigger years of lost progress.¹⁶

COVID-19 restrictions and lockdowns increased the need for digital connectivity, while the ability to use mobile internet has become even more vital to access critical information and services, including health and education, and to keep working or earn an income.

36%

Low and middle-income countries, primarily in South Asia, have seen a reduced gender gap in mobile internet use, from 50 percent in 2019 to 36 percent in 2020, but the pandemic may be disproportionately impacting women's handset ownership in some countries.

Furthermore, literacy, digital skills, and affordability continue to impede access to smart, as opposed to feature mobiles, and women use a narrower range of services than men, leading to a gender gap.¹⁷

Economic policymakers worldwide quickly moved in early 2020 to implement policies and regulations to mitigate the socioeconomic impacts of COVID-19. For financial sector regulators, AFI trackers¹⁸ and a survey for this study showed that financial sector stability was the principal objective of COVID-19 policy responses, with financial inclusion a lesser consideration. Provisions were made to reduce costs and increase access to digital financial services, facilitating the distribution of social support electronically. Policy responses mainly targeted the micro, small, and medium enterprises (MSME) sector, which were the most profoundly impacted by the crisis.

However, these policy priorities and the tools for their implementation were not primarily designed to meet the disproportionate challenges faced by women, and they frequently, but unintentionally reinforced, rather than counterbalanced women's lower formal economic¹⁹ and financial inclusion. Gender considerations only entered the picture with the second wave of policies.

16 See, for example, the UN's "Financing for Sustainable Development Report." Available at: <https://developmentfinance.un.org/fsdr2021> and UNICEF's Covid impact report. Available at: <https://reliefweb.int/sites/reliefweb.int/files/resources/UNICEF%2075%20report.pdf>

17 GSMA. 2021. Connected Women: The Mobile Gender Gap Report 2021. Available at: <https://www.gsma.com/r/wp-content/uploads/2021/06/The-Mobile-Gender-Gap-Report-2021.pdf>

18 A dedicated dashboard on COVID-19 policy responses is available at: <https://www.afi-global.org/covid-19/>

19 In 2019, the formal labor market participation rate for women stood at only 47% compared to 74% according to the ILO. Available at: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_734479.pdf

BUILDING RESILIENCE AND MITIGATING CRISES: THE ROLE OF WOMEN'S FINANCIAL INCLUSION

The recent COVID-19 pandemic presents a call to action for adopting a gender-lens in crisis response to fend-off or at least mitigate long-term damage. The combination of financial inclusion and a gender-lens holds important potential as a standard feature of public policies for a whole set of crises, such as natural disasters, unrest, political upheaval, or economic turmoil, while also allowing for speedier post-crisis recovery and achieving faster, equitable, and sustainable economic growth.

WHY GIF SHOULD BE AN ESSENTIAL POLICY PRIORITY

For future shocks, the pandemic shows that the conventional toolkit used by central banks, financial sector regulators and supervisors, to design monetary, fiscal, and other policy responses can be further enhanced by looking at ways to quickly deliver support to those who most need it while backing the informal sector and its workforce. Responses to COVID-19 point to encouraging improvements, as faster, wider-reaching, and better coordinated responses are possible, and putting women's financial inclusion at the heart of the financial regulator's mandate is the key to getting there.

Women are indispensable beneficiaries of financial assistance, as they very often are at the heart of communities, responsible for the care of vulnerable groups and expenditures on health, nutrition, and education, and tasked with making ends meet in household finances. Designing and delivering support policies - including financial service channels - for the inclusion of and usability by women is, therefore, essential. As half of the population facing greater challenges, designing interventions for women's priorities, needs, and constraints is instrumental to maximize their impacts. Economically empowered and productive women lead to better outcomes for everyone, including thanks to their improved resilience to crises.

The pandemic's social and economic upheavals across the world have provided a stark reminder of the importance of capacities for delivering funds,

swiftly and widely, to avoid the collapse of livelihoods and sustain previously viable businesses, bolstering their ability to maintain or reignite their operations. Often more fiscally constrained, developing nations must make tougher choices in how to best support aggregate demand and avoid long-term scarring of human capital that will have a dramatic effect on future productive capital - all while avoiding a critical destabilization of the financial sector which itself is an essential enabler of long-term growth prospects.

Women's financial inclusion is not merely a tool for crisis response, it must consistently be a central policy objective and guiding principle. Beyond its inherent benefits to those newly included, GIF is instrumental in catalyzing economic growth in a more inclusive and stable manner.



UNCDF has mapped the many ways in which financial inclusion is instrumental to eight key Sustainable Development Goals,²⁰ in other words, the pathways in which financial services create positive socioeconomic impacts.

The AFI DAP commitments already reflected the understanding that policymakers cannot hope to achieve the SDGs or respective national objectives without opening these pathways to the female half of their populations.²¹ The Reserve Bank of Fiji is an example of an AFI member that has fully mainstreamed the focus on women into its financial inclusion strategies, since 2010, in recognition of their instrumental and essential role.²² With their size and position, women are not just any vulnerable group but a key for future development opportunities.

20 See UNCDF's "Financial Services Impact Pathways." Available at: <https://impactpathways.uncdf.org/>

21 This even applies in advanced economies, as indicated by the increased economic inclusion of women as a main pillar of the economic program of the former government of Shinzo Abe ("Abenomics") to catalyze Japan's growth trajectory.

22 Fiji National Financial Inclusion Strategy (NFIS) 2010-2014, 2016-2020 and 2022-2030.

GIF represents a suitable guiding principle to facilitate a more resilient socioeconomic fabric. Inequality - a corollary of broad gender gaps in access to and usage of financial services - reduces the effectiveness and transmission of monetary policies.²³

Women’s financial inclusion as a guiding principle promises structural benefits to public servants tasked with managing the economy and financial sector by driving greater economic stability and improved resilience to withstand shocks. GIF does so, both at the level of the financial sector (see Table 1, below) itself and the level of women as economic actors. These categories of benefits also relate to financial inclusion, more generally. However, the over-representation of women among the unserved and underserved populations as well as their documented profiles as

clients with attractive risk-return profiles²⁴ mean that unlocking improved financial sector resilience calls for GIF rather than default financial inclusion policies.

23 Luiz Awazu Pereira de Silve. 2021. Monetary policy, technology and inequality. Available at: <https://www.bis.org/speeches/sp210113.pdf>

24 Women and Women MSME benefits such as greater loyalty, word-of-mouth, openness to cross-selling, better saving and repayments patterns have been amply documented, e.g. in the series of the IFC’s Banking on Women Business Case Updates, available at: https://www.ifc.org/wps/wcm/connect/0e657775-6e3f-4e1d-8b3e-00b529216282/Banking+on+Women_NPLBusinessCaseUpdate_2021_FINAL.pdf?MOD=AJPERES&CID=nTzCu.z) and “Measuring the Value of the Female Economy” by the Financial Alliance for Women, available at: <https://financialallianceforwomen.org/download/measuring-the-value-of-the-female-economy-2021-edition/>

25 A recovery and inflationary pressures triggered by large-scale fiscal stimulus in those markets which leads central banks to tighten monetary policy can end up tightening conditions in developing countries by way of portfolio outflows and devaluations - throttling an incipient recovery.

26 Ibid.

TABLE 1: PROMOTING WOMEN’S FINANCIAL INCLUSION POLICIES AND THEIR BENEFITS TO THE FINANCIAL SYSTEM

FINANCIAL SYSTEM BENEFIT	DESCRIPTION
STRUCTURALLY IMPROVED TERMS FOR FUNDING THE PRIVATE SECTOR BY LOWER COST-OF-FUNDS	Emerging markets financial institutions (and sometimes the entire sector) often experience a shortfall of locally sourced core demand deposits to fund their lending activities, leading to structurally higher interest rates as they need to rely on costlier wholesale funds (local and international). Renowned as more disciplined and frequent savers, and often in control of household budgets when it comes to precautionary (health, education, old age) and discretionary savings, women are the prime constituency to address mobilizing local currency funding. Women are typically also the major recipients of international and domestic remittances, which currently, may channel several percentage points of GDP cashed out at agents rather than into deposits.
LOWER RISK OF LIQUIDITY OUTFLOWS	Preserving financial sector liquidity is a major factor for resilience and a major challenge for developing countries experiencing a crisis, especially where foreign portfolio investments play an important role. Dependence on such non-domestic funds presents a risk for local financial conditions when interest rates in advanced economies rise. This becomes a serious threat to post-crisis recovery when economic cycles in developing markets are synchronized with those of major advanced economies - such as in a global event like a pandemic. ²⁵ A broader base of local small retail and business depositors - for which a women’s angle is instrumental - is part of a structural defense against this risk to recovery.
DIVERSIFIED LOAN PORTFOLIOS AND ENHANCED THEIR RISK PROFILES	Just like a broader funding base, a more diversified loan portfolio of a developing country also adds to resilience: more households that borrow with fewer cluster risks due to large corporate borrowers or due to the few sectors linked to the global economy. The strong evidence for women borrowers being (substantially) less risky across segments and loan types further promises to contribute to risk diversification. ²⁶
ENHANCED MACROECONOMIC STABILITY TO LIMIT SHOCKS TO THE FINANCIAL SYSTEM	When successfully pursued, women’s financial inclusion will complement and positively reinforce both sector-level resilience and the resilience of individuals and households to withstand financial threats to their livelihoods while cushioning the impact of crises on aggregate demand. Formal financial services offer coping mechanisms that can make a difference when a crisis hits. They can also provide access to a portfolio of insurance and savings offers to build-up financial safeguards, together with faster access to digital transfers from their network when physical access is often hindered by mobility constraints imposed by public health measures or restrictive everyday social norms.

Importantly, the alternative to building women's resilience - and thereby that of society, the economy, and the financial sector - with gender-intentional policies, is not a neutral baseline. Rather, it means remaining exposed to exacerbating the impacts of crises for which the conventional toolkit of central bankers and the public sector is poorly prepared. In the absence of formal coping mechanisms, households are easily overwhelmed by negative shocks, and the impact is disproportionately felt by women. In this way, the ripple effects not only multiply in terms of affected individuals but also in the long-term damage triggered by the erosion of human capital via poor nutrition, lack of schooling, and earlier and more frequent childbirth which diminishes lifetime earnings and the productive capacity of present and future generations.

Newly sensitized by the pandemic, most surveyed regulators see GIF as becoming a more prominent aspect of their policymaking process.²⁷ It has become clear that presumably gender-neutral approaches are not up to the task and gender sensitive or gender transformative policy is what is needed.

CLIMATE CHANGE AND GENDER INCLUSIVE FINANCE

AFI members have been exposed to a steep learning curve in recent years in their traditional core competency of macroeconomic policymaking because they are having to develop unconventional responses to repeated global slumps. At the same time, entirely new dimensions have emerged on the agenda like the effects of climate change and women's financial inclusion.

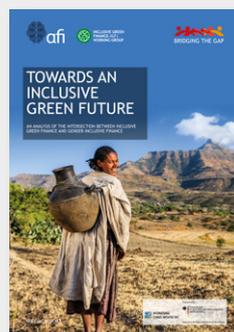
The European Central Bank's Chief Economist, Philipp R. Lane, indicated the linkage of these topics:

“

We will not build a safer, greener, and more resilient world, unless women are equal participants in the economy, in society, and in policymaking. This is especially true in a crisis period, such as today.²⁸

”

AFI responded with the publication “Towards an Inclusive Green Future: An Analysis of the Intersection Between Inclusive Green Finance and Gender Inclusive Finance”.²⁹ As social, economic and cultural factors compound, women have been identified as particularly vulnerable to risks induced or exacerbated by climate change.³⁰



Towards an Inclusive Green Future: An Analysis of the Intersection Between Inclusive Green Finance and Gender Inclusive Finance

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If the focus of climate change policies is on risk, as in the important activities of AFI members on financial sector stability, any perspective that fails to diligently consider the risks facing women would seriously misunderstand the extent, shape and location of climate change risks to financial institutions.³¹ Another, positive nexus of the two topics lies in the positive contributions of women to mitigating human-induced climate change as they shape consumption and investment choices that determine carbon footprints and resource use of households in emerging markets. Access-to-finance and the payment rails for pay-as-you-go solutions are enablers for women to make such choices in the interest of a sustainable future.³²

Though both topics are still developing areas on their agendas, financial sector regulators can indeed move to make a difference on Inclusive Green Finance (IGF) and GIF in three manners: a) by using their convening power to put these issues on the agenda of a country's financial sector; b) by mobilizing international subject-matter experience via their professional networks;³³ and c) by mandating reporting of sex-disaggregated data on loan exposures to start building a basis for evidence-based policymaking.

²⁷ AFI survey for this study.

²⁸ ECB video message for International Women's Day 2022. Available at: <https://www.youtube.com/watch?v=YgUYTtDkNw>

²⁹ Please see: <https://www.afi-global.org/wp-content/uploads/2022/05/Towards-an-Inclusive-Green-Future.pdf>

³⁰ As summarized by Balgis Osman-Elasha, lead author of the UN Intergovernmental Panel on Climate Change's Fourth Assessment Report. Available at: <https://www.un.org/en/chronicle/article/women-in-shadow-climate-change>

³¹ Interview with AFI's IGF team, March 2022.

³² These, in turn, have been shown to enhance the business case for financial inclusion via partnership revenues as well as enhanced overall user activity as documented from several years of GSMA member pilots. Available at: <https://www.gsma.com/mobilefordevelopment/blog/the-role-of-mobile-network-operators-in-pay-as-you-go-solar/>

³³ In addition to AFI's growing body of IGF knowledge products, such efforts can also draw on tools such as the European Investment Bank's Climate Risk Country Score. Available at: <https://www.eib.org/en/stories/climate-change-risks-developing-countries>

IGF and GIF ought to be on any agenda for future-proofing financial systems to the kind of crises facing developing economies and for maximizing the prospects for sustainable and equitable growth. The policy experience gained during the COVID-19 pandemic, therefore, can be very instructive in preparing for the structural crisis represented by climate change and the future shocks it holds for developing economies.

POLICY PRIORITIES AND PATTERNS IN APPLYING GIF DURING THE PANDEMIC

This study's research³⁴ revealed that despite the DAP commitments, the notion of the central importance of financial inclusion as a mission-critical part of macroeconomic policies and the gender-lens as a key perspective for impactful policy design are not yet a reality across the whole AFI community; and neither in their level of importance nor with regards to what such a role financial inclusion and a gender lens, as a combined set of policy perspectives, could and should mean in practice. AFI members first focused on the stability of the financial sector and financial inclusion, while the role of a gender-lens did not receive the same level of policy focus in the pandemic response.

Policymakers recognize that there is a strong set of reasons to focus on women to avoid risking progress made in women's financial inclusion, meet the overarching objective to not leave anyone behind, and foster economic stability and growth.³⁵ This also aligns with the commitment of AFI members to the Kigali Statement³⁶ on the financial inclusion of disadvantaged groups.

The wider set of surveyed regulators, though, remain at an earlier stage on this journey, and there are opportunities to build their capacity on how policy opportunities can be tailored to support women more effectively both during a crisis and afterwards. There are also opportunities for regulators to enhance their understanding of a policy's impact on different segments of the population as at present, this is difficult to assess from a gender perspective.

Respondents feel strongly about the importance of showing the business case for serving the women's market to financial service providers (FSPs) to change perceptions and trigger action (see Table 2). This can be difficult with the scarcity of sex-disaggregated data among regulators and because business case modelling is not normally included on the list of competencies of public agencies. When considering a broader range of policy options, some policies with a high average score (such as financial literacy campaigns, merchant

HIGHLIGHTING EXPERIENCE: FROM COVID-19 TO IGF

In Paraguay, COVID-19 gave way to extreme drought conditions as the most important challenge to the macroeconomic outlook and the livelihoods of families in agri-commodities exporting Paraguay. In Egypt, IGF policies were deployed alongside GIF policies already present during the pandemic, e.g. with a large fund for on-lending for IGF purposes like better irrigation and replacing higher-polluting fuel for vehicles and baking ovens. Fiji's Reserve Bank made questions about citizen's coping mechanisms to recent climate disasters an integral part of a national sex-disaggregated demand-side survey conducted to supply new information for financial inclusion policies.



HIGHLIGHTING EXPERIENCE: RESERVE BANK OF ZIMBABWE (RBZ)

Mainstreaming GIF as a cross-cutting issue within the National Financial Inclusion Strategy, as well as being a signatory to the SDGs has enabled the Reserve Bank of Zimbabwe to build institutional momentum to focus on addressing the barriers to women's financial inclusion without needing to further justify a 'gender lens' in their COVID-19 responses. As women are explicitly identified as a central enabler of the country's developmental goals, the RBZ can effectively call on the collaboration of internal units and across the public sector for policies and initiatives that are gender intentional.



Kigali Statement

> [View here](#)

³⁴ AFI member survey for this study.

³⁵ Reserve Bank of Zimbabwe, interview by AFI. 2021. Special Report on Women's Financial Inclusion Policy Responses to COVID-19

³⁶ Available at: https://www.afi-global.org/wp-content/uploads/2019/09/Kigali_FS_20_AW2_digital.pdf

payments, and research into the actual needs and constraints of women) receive only narrow support. On the other end of the spectrum, the reduction of transaction fees which has received attention in a number of major mobile money markets appears to be popular but divisive.

However, the pandemic did catalyze the emergence of policies for overcoming bottlenecks to financial inclusion in some countries as it became urgent to reach those most affected. It also became clear that digital financial services were crucial to safely preserving access to financial services. The AFI Policy Change Survey 2020³⁷ reports that of all COVID-related policies and regulatory reforms, 25 percent were related to digital financial services, with “noted progress in digital ID systems, mobile communications, digital payment systems, and the usage of e-money and mobile wallets”.³⁸

32%

With 32 percent of all 93 policy changes reported to AFI for 2021, DFS accounted for an even larger share in the second year of the pandemic.

101

The total since 2019 added up to 101 DFS-related policy changes undertaken by 40 AFI members.³⁹

The experience of the pandemic may help the mainstreaming of a gender-lens and dedicated policies targeting women, at least in financial inclusion policymaking.

40%

Among the AFI members surveyed, 40 percent indicated that achieving financial inclusion objectives will require prioritizing gender-intentional policies.

36

However, another 36 percent believe that women will require special attention in only a few policy areas, while the remainder did not anticipate a structural reconsideration of women’s roles in financial inclusion strategies and policies.⁴⁰

An analysis of AFI gendered policy responses paints an interesting picture of the policy patterns in the existing regulatory landscape. Fifty AFI member jurisdictions submitted 133 different gendered policy measures,



AFI Policy Change Survey 2020

> [View here](#)



AFI Policy Change Survey 2021

> [View here](#)

allowing for a comprehensive COVID-19 policy response dashboard and analysis.⁴¹ DFS and regulatory policies only account for a combined 26 percent of the policies assessed. Despite having the highest likelihood of improving GIF, these policies appear to have received limited attention throughout the pandemic. The policy responses are outlined in Table 3:

There is also a regional disparity in the distribution of policies with a gender angle. Sub-Saharan Africa accounts for an average of 39 percent of all policies in the GIF dashboard, peaking at 60 percent of DFS policies - more than triple the proportion of the next largest region, the Middle East, and North Africa. Sub-Saharan Africa’s policy count leadership may be a direct result of the sheer quantity of governments reporting policies to the GIF dashboard - 17 member countries from Sub-Saharan Africa while only nine members from LAC.

37 Available at: https://www.afi-global.org/wp-content/uploads/2021/06/Policy-Change-report_FINAL.pdf

38 Alliance for Financial Inclusion. 2021. Mitigating the Impact of COVID-19 on Gains in Financial Inclusion. Available at: https://www.afi-global.org/wp-content/uploads/2021/09/AFI_COVID19_SP_10.04.21.pdf

39 Alliance for Financial Inclusion. 2022. Policy and Regulatory Reforms in the AFI Network 2021. Available at: https://www.afi-global.org/wp-content/uploads/2022/06/2021_Policy-Change-report.pdf

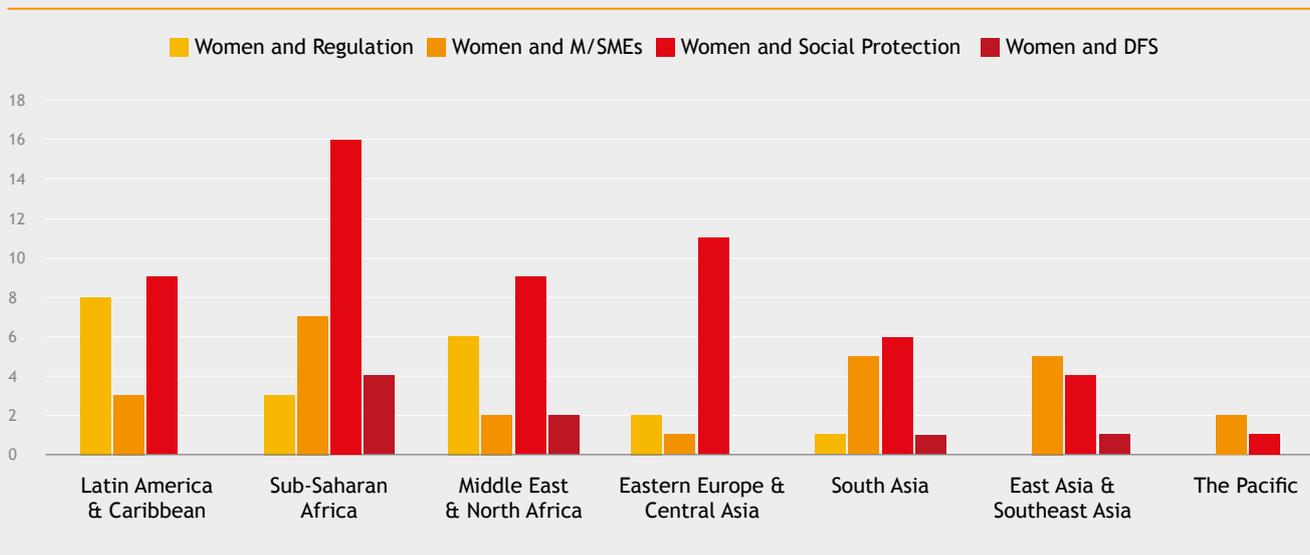
40 AFI survey for this study.

41 Alliance for Financial Inclusion. 2022. COVID-19 Policy Response & Dashboard. Available at: <https://www.afi-global.org/covid-19/>

TABLE 2: AFI MEMBER RESPONSES TO POLICY

POLICY CATEGORY	AFI MEMBER RESPONSES TO POLICIES
WOMEN & SOCIAL PROTECTION MEASURES	Social protection measures included policy areas such as unemployment benefits, cash transfers, disability allowance, child or family support, and targeted education interventions which made up 41.3 percent of the total policies assessed in the dashboard. Many of these policies assisted by making funds available to women whether directly or indirectly - through gender neutral policies that targeted population segments with a disproportionate number of women. Forty percent of the policies were specific to child or family support supporting the claim that women’s home and family care duties have increased extensively since the onset of the pandemic. More importantly, most policies did not appear to improve financial inclusion among unbanked or underbanked women as they were typically linked to records of formal employment, tax payments, were paid in cash, or required an account at a formal institution (the opening of which had become more challenging during the lockdown).
WOMEN & MSMEs	MSME measures were the second largest category, accounting for 32 percent of the assessed policies, which included guarantee schemes, wage subsidies, tax assistance, refinancing assistance, incubators or accelerators, and digitalization; of which refinancing assistance was the largest category. These policies primarily focused on providing MSMEs with public funds to alleviate the pandemic’s economic impacts. A number of countries successfully implemented gendered policies that explicitly helped women led MSMEs. Colombia, for instance, established a USD20 million public trust fund (Fondo Mujer Emprende) for women entrepreneurs and women-led businesses. ⁴² Similarly, Malaysia allocated MYR30 million (USD7.1 million) to help women entrepreneurs navigate their businesses online. Despite these bright spots, the majority of these policies that were implemented were largely gender neutral or make only a passing reference to women’s inclusion in policies that should implicitly include them.
WOMEN & REGULATION	Regulatory policies accounting for 18 percent of policies cover areas such as institutional flexible working, institutional childcare support, employment support, financial strategy or financial education, and regulatory frameworks. These policies offer holistic responses to women’s needs by addressing the glaring issues of financial education, increased home care burdens, and COVID-19 specific obstacles to informal sectors, among other issues specifically relevant to women around the world.
WOMEN & DFS	DFS policies, which address digital payments, electronic know your customer (e-KYC), digital identity (ID), digitizing savings groups, and information and communications technology (ICT), also represent asymmetric opportunities to undercut the impacts of COVID-19 while improving GIF. However, these policies only represent 7.5 percent of the policies collected. These policies were largely gender neutral, but due to their ubiquitous accessibility, allow more women to take advantage of their services through policies.

FIGURE 1: FREQUENCY OF GENDER-INCLUSIVE POLICY RESPONSES TO THE COVID-19 PANDEMIC BY REGIONS.⁴³



42 Alliance for Financial Inclusion. 2022. COVID-19 Policy Response & Dashboard.

43 AFI Gender Inclusive Finance COVID-19 Policy Response Tracker, as per 1 July 2021.

However, accounting for the greater number of Sub-Saharan member states still leaves Sub-Saharan Africa as the comparatively largest regional origin of tracked policies. The difference in policies may also point to different stages in the lifecycle of the GIF policy.

53%

Forty-four percent of LAC countries recorded only one policy compared to 53 percent in Sub-Saharan Africa.

The differences in African policymaking appear to be in the complexity of their approach. Three members from Sub-Saharan Africa have implemented policies in three or more policy areas which accounted for the most of any region. However, only Ghana implemented policies in all four policy areas, suggesting a more holistic and strategic approach to GIF. The Bank of Ghana also currently holds the Chair of AFI's high-level Gender Inclusive Finance Committee.

THE ROLE OF AFI'S POLICY FRAMEWORKS ON GIF

As part of its efforts to fulfil commitments made under the DAP, the AFI community started to work on consolidating and sharing its experience in this field

of policy. Out of this work, a body of knowledge has been built that expanded the opportunities for AFI members to build their capacity and knowledge on gender inclusive finance. This Special Report intends to complement this set of available expertise and encourage its continued and expanded use.

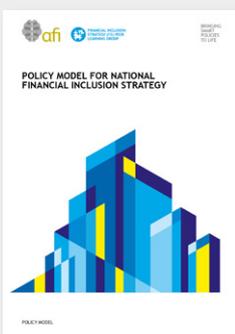
To promote women's financial inclusion, AFI offers the following selection of knowledge products that can largely be categorized in Table 4:

These resources represent useful tools and roadmaps for regulators seeking evidence-based and data-driven policy solutions to the challenges of women's financial inclusion. As opposed to developing policies from scratch, policymakers can rely on the knowledge products developed and published by AFI that capitalize on the knowledge and experience of their peers.

A survey of AFI members for this study indicates that for the topic of GIF, AFI knowledge products informed and influenced only a minority of respondents.⁴⁴ The full set of these knowledge products deepen and enhance the understanding of aspects which this special report highlights as being at the heart of creating actionable GIF policies.

TABLE 3: LIBRARY OF PRACTICAL GUIDANCE AND EXPERTISE FOR POLICYMAKERS

DEVELOPING NATIONAL FRAMEWORKS



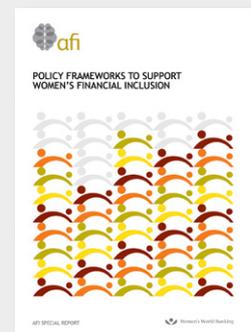
Policy Model for National Financial Inclusion Strategy⁴⁵
> [View here](#)



Bridging the Gender Gap: Promoting Women's Financial Inclusion⁴⁶
> [View here](#)



Guideline Note 27: Integrating Gender and Women's Financial Inclusion into National Strategies⁴⁷
> [View here](#)



Special Report on BTG: Policy Frameworks to Support Women's Financial Inclusion⁴⁸
> [View here](#)

44 Alliance for Financial Inclusion. 2021. Gender Inclusive Finance: COVID-19 and Women's Financial Inclusion Survey.

45 Available at: https://www.afi-global.org/sites/default/files/publications/2020-09/AFI_NFIS_PM_AW2_digital.pdf

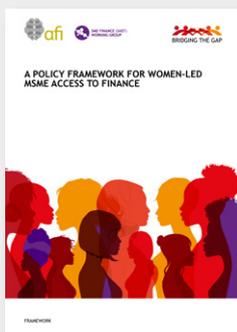
46 Available at: https://www.afi-global.org/wp-content/uploads/publications/2017-11/AFI2017_Gender_full_AW_ISBN_digital.pdf

47 Available at: <https://www.afi-global.org/sites/default/files/publications/2017-03/GuidelineNote-27%20FIS-Gender%20and%20FIS.pdf>

48 Available at: <https://www.afi-global.org/publications/btg-policy-frameworks-to-support-womens-financial-inclusion/>

TABLE 3: LIBRARY OF PRACTICAL GUIDANCE AND EXPERTISE FOR POLICYMAKERS *continued*

GENDER ISSUES IN BUSINESS AND BANKING



Policy Framework for Women-led MSME Access to Finance⁴⁹
 > [View here](#)



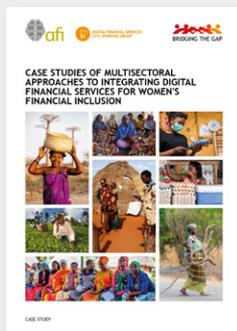
Gender Considerations in Balancing Financial Inclusion and AML/CFT⁵⁰
 > [View here](#)



Gender Issues in DFS - Special Report: Lessons on Enhancing Women's Financial Inclusion Using DFS⁵¹
 > [View here](#)



Gender Issues in DFS - Policy Framework for Women's Financial Inclusion using DFS⁵²
 > [View here](#)



Gender Issues in DFS - Case Studies of Multisectoral Approaches to Integrating Digital Financial Services for Women's Financial Inclusion⁵³
 > [View here](#)



Gender Issues in Data Collection and Reporting - Guideline Note on Sex-Disaggregated Report Templates⁵⁴
 > [View here](#)

49 Available at: https://www.smefinanceforum.org/sites/default/files/AFI_SMEFWGBTG_PF_AW2_digital.pdf

50 Available at: https://www.afi-global.org/wp-content/uploads/publications/2018-11/AFI%20GSP_laundering_stg7.pdf

51 Available at: <https://www.afi-global.org/publications/lessons-on-enhancing-womens-financial-inclusion-using-digital-financial-services-dfs/>

52 Available at: https://www.afi-global.org/sites/default/files/publications/2019-09/AFI_DFS_Women%20FI_AW_25.09.19_digital.pdf

53 Available at: <https://www.afi-global.org/publications/case-studies-to-multisectoral-approaches-to-integrating-digital-financial-services-for-womens-financial-inclusion/>

54 Available at: https://www.afi-global.org/wp-content/uploads/2020/12/AFI_GN39_AW_digital.pdf

DATA FOR EFFECTIVE POLICYMAKING DURING A CRISIS

When assessing policy effectiveness, data is a necessary tool in the best of times. But under emergency conditions, the importance of having good, disaggregated data increases by orders of magnitude. Policymakers, financial regulators, financial service providers (FSPs), MSMEs, and the public-at-large rely on the collection and provision of timely, accurate data to guide their approach to an unfolding crisis. COVID-19 laid bare this reality as policymakers and stakeholders sought to better understand the effectiveness of policy interventions aimed at mitigating pandemic impacts.

Persistent data gaps on financial inclusion, especially when it comes to sex-disaggregated data, stand in stark contrast with the emerging consensus on the importance of data.

73%

For instance, 72 percent of survey respondents noted that the impact of policy responses will be assessed to guide policy for the recovery and after the pandemic.⁵⁵

42%

Yet, 42 percent of respondents had not undertaken any measures to strengthen the availability of timely data during the COVID-19 pandemic.

This is unfortunate considering the historical record of financial sector policymakers on leading on evidence-based policy when it comes to monetary policy⁵⁶ and the rapidly increasing technological possibilities for gathering and analyzing increasing sets of data with less time lags.

DATA AVAILABILITY

Innovations in data collection, storage and analysis have launched a raft of new tools to uncover insights about users of financial services products. As more FSPs migrate to the use of online and digital services, they attract users eager to engage their platforms through digital means such as mobile money and mobile banking.

More connectivity allows for increased generation and collection of different data that help explain user behavior through insights and analysis. Some AFI members has made use of sex-disaggregated, supply-side data to track and determine financial activity throughout the pandemic - for instance, Banco Central del Paraguay, Bank Bangladesh, Reserve Bank of Zimbabwe, Bank of Ghana, National Bank of Rwanda.⁵⁷ Their analytics have allowed regulators to identify emerging issues and challenges faced by women - such as major issues with collateral - and how to address them through evidence-based policymaking - such as credit guarantee schemes to address collateral shortfalls.

More importantly, various activities can be digitalized, which permits data generation at greater volume and speed - further promoting analytic insights through “computationally intensive techniques such as artificial intelligence (AI), including machine learning applications on vast troves of data”.⁵⁸

Lower-cost storage and high-capacity computing power facilitate the usage of different data troves such as mobile phone data, social networks, logistics delivery data, retail outlet data, and payments network data. The databases developed from these sources allow FSPs to either provide new services or enhance old services such as improving “credit analysis, process efficiency, risk management, product design, customer service and other areas”.⁵⁹

55 AFI survey for this study.

56 Available at: <https://www.economist.com/leaders/2021/10/23/a-real-time-revolution-will-up-end-the-practice-of-macroeconomics>

57 AFI member interviews conducted in March, November, and December 2021.

58 Feyen, Erik, Jon Frost, Leonardo Gambacorta, Harish Natarjan, and Matthew Saal. 2021. Fintech and the digital transformation of financial services: implications for market structure and public policy. White Paper, Bank for International Settlements. Available at: <https://www.bis.org/publ/bppdf/bispap117.pdf>

59 Feyen, et al. 2021.

HIGHLIGHTING EXPERIENCE: CENTRAL BANK OF EGYPT (CBE)

Initiated before the crisis as part of its financial sector development strategy, Egypt's new Banking Law took effect in September 2020 and proved timely for the CBE's pandemic preparedness. It brought Egypt's banking sector and the regulatory capabilities of the CBE to the forefront of financial sector evolution by adding a dedicated chapter for payments systems, addressing the issuance of digital currency, as well as open APIs and directly licensing payment service providers.

Egypt's ongoing digital transformation in payments and finance opened up the potential of more data from more sources to enhance the bankability of Egyptians and facilitate evidence-based policymaking. For the former, an alternative data hub as a central service to FSPs collects alternative data from mobile wallets, card payments, and other data sources. By permitting its use for behavioral credit scoring, most Egyptians can now be assessed for taking out loans. The breadth and depth of available data now permits FSPs - in principle - to offer increasingly personalized financial products. Data can be disaggregated across sex, age, geography, and a set of other factors.

In its Financial Inclusion Data Hub, Egypt collects, aggregates, analyzes, and disseminates supply-side data. By obtaining portfolio data at the level of individual clients, with unique identifiers, the CBE can aggregate across FSPs and get a timely and accurate picture of women's financial inclusion. This helped the CBE maintain a good sense of developments in the financial sector throughout the pandemic (see also the AFI Case Study from 2019).



SEX-DISAGGREGATED DATA

Sex-disaggregated data is a key building block in understanding women's financial inclusion and implementing meaningful policymaking. Sex-disaggregation is often not yet a mandatory feature of reporting to regulators, leading to gaps in the completeness of information AFI members have at their disposal. Reported datasets often show a split by sex only in aggregate figures per provider and at the level of accounts rather than by (anonymized but uniquely identified) individual clients - making it impossible to consolidate data across all providers to get the correct sense of how far financial inclusion has progressed.

While balance sheet data (accounts, and especially for loans: amounts) is typically reported, transaction data only rarely is, making it challenging to confidently judge not just uptake but also usage of everyday financial services. And in the realm of SME banking, a lack of uniform national level definitions assigning a sex to a business client⁶⁰ and the challenges of providers to consistently collect such information leave anything beyond sole proprietorships a blind spot to regulators.

To really serve as a catalyst of regulatory and commercial action on women's financial inclusion, the analysis of gender data is at least as relevant as the availability of such data. Substantial data is often already available, AFI members in LAC (e.g. Peru, Colombia, Ecuador, and Honduras) have shown by way of annual reports of financial inclusion or even dedicated reports on gender gaps in financial inclusion, how data can provide important indications of trends and inform calls to action. This is far from typical, though, among financial sector supervisors. Practices of using sex and age disaggregated data to inform strategy and product design remain an exception at FSPs. This includes data-rich FinTechs⁶¹ and many growing microfinance institutions who seek to diversify away from their legacy of strong exposure to women. Financial sector regulators setting the agenda and leading the way on sex-disaggregated data, therefore, carries particular importance.

The real value in promoting GIF comes from turning collected data via analysis into relevant insights about gendered patterns, gaps, and resulting market opportunities. GIF data of such a nature can reduce the need for prescriptive action by the regulator if communicated well to an audience of FSP decision-makers, thereby triggering action on the supply-side.

Because of gaps in availability and analysis, after more than 18 months of the pandemic, evidence on gendered effects of the pandemic is often not readily available. This is in contrast with the practice of using data to inform monetary policy. Sex-disaggregated supply-side data, for instance, collected in Paraguay, Zimbabwe, and Bangladesh, has shed light on a rapidly evolving situation, thereby facilitating swift counter-measures - such as the RBZ spotting a 12 percent drop in the share of women's newly issued loans.⁶²

⁶⁰ See, for example, definitions by the IFC. Available at: https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/priorities/ifcs+definitions+of+targeted+sectors or the broader ones of the 2XChallenge at: <https://www.2xchallenge.org/criteria>

⁶¹ Financial Alliance for Women. 2020. Only 11 percent of FinTechs segment their market by gender.

⁶² Reserve Bank of Zimbabwe, interview by AFI. 2021.

However, in many cases, FSPs are only likely to collect or disclose sex-disaggregated data with little attention to how the data could be leveraged to influence their decision-making. An absence of regulatory policies to improve women's financial inclusion means that FSPs are likely to maintain the status quo of lending practices which have largely left women disadvantaged and excluded from existing financial structures.

The importance of sex and age-disaggregated supply-side data is slowly translating into purposeful regulation and analytical capabilities around the world. Only 19 percent of respondents reported that fully sex-disaggregated data was collected prior to the pandemic - an area with considerable room for improvement.⁶³ The Women's Financial Inclusion Data (WFID) Partnership so far, can refer to only a handful of case-studies about partial implementations of a proper "gender data ecosystem",⁶⁴ and many regulators remain in the "awareness" stage or early parts of the "consideration" stage of the pathway to (women's) financial inclusion as catalyzed by data.⁶⁵ Momentum in moving to deliberate action on sex disaggregated data has yet to reach the critical stage for most regulators.⁶⁶ A country's context, complexity, time, costs, and multi-stakeholder collaboration present notable challenges to swift and full implementation. Eventually, though, building momentum to tackle such gender data challenges comes down to the awareness and sense of urgency of regulators.

Strengthening the financial position of women by expanding their access to and use of a variety of financial solutions has improved financial inclusion and brings more of their financial lives into view of supply-side GIF data collection efforts. Pandemic response policies that have this effect, therefore, not only deliver assistance but enhance the capacity of regulators in their evidence-based policymaking.

Prioritizing such data-driven policymaking implies facilitating the collection and submission of sex-disaggregated data from FSPs. Although the possibilities for sourcing and gauging near-term data have grown exponentially, relatively little has found its way in the mainstay of financial sector policies, i.e. monetary policymaking,⁶⁷ and even less so in the financial inclusion-related policy process.

Realizing the potential of gender evidence-based policymaking, Bangko Sentral ng Pilipinas (BSP) launched a survey of MSMEs with a gender lens to understand the pandemic's impact in detail to design more effective lending programs⁶⁸ at a time when

getting policy responses right the first time matters even more than usual. For a similar motivation, the World Bank partnered with policymakers during Ebola and famines, and during Covid-19 in some 100 countries to deploy rapid response phone surveys.⁶⁹

HIGHLIGHTING EXPERIENCE: COMISIÓN NACIONAL DE BANCOS Y VALORES (CNBV), MEXICO

Mexico's principal financial sector regulator, CNBV, used sex-disaggregated data to identify the need for action - as reflected in gender gaps in the principal categories of financial services - and define meaningful policy reforms. Based on the evidence about consistent patterns of women repaying their loans at better rates than men, CNBV permitted financial institutions to post less risk capital for such loans to female clients.



Rather than requiring the mobilization of scarce public funds to subsidize women's market activities, sex-disaggregated data can open a path to mobilize the commercial self-interest of providers. The experiences of pioneering banks serving the women's market documented annually in the Financial Alliance for Women's "Measuring the Value of the Female Economy"⁷⁰ or the IFC Banking on Women "Business Case Updates"⁷¹ indicate that AFI members are likely to encounter ample evidence in sex-disaggregated data to make the case for the business merits of reaching and serving women clients and women SMEs.

63 Alliance for Financial Inclusion. 2021. Gender Inclusive Finance: COVID-19 and Women's Financial Inclusion Survey.

64 Data2X. 2021. Data2X Resource Center. Available at: <https://data2x.org/resource-center/>

65 WFID estimated that around 70 percent of FSPs, but also regulators, have yet to move towards a dedicated collection and analysis of sex-disaggregated supply-side data. Available at: https://data2x.org/wp-content/uploads/2019/08/The_Way_Forward.pdf

66 WFID published six case studies and an overview of gender-data ecosystems that are at various stages of this journey. Available at: <https://data2x.org/resource-center/wfid-synthesis-brief/>

67 The Economist. 2021. Enter third-wave economics. Available at: <https://www.economist.com/briefing/2021/10/23/enter-third-wave-economics>

68 Alliance for Financial Inclusion. COVID-19 Policy Response & Dashboard 2022.

69 Delius, Antonia, Kristen Himelein, and Utz Johann Pape. 2020. Conducting Rapid Response Phone Surveys to Fill Data Gaps. Poverty and Equity Notes; No. 29, Washington, DC: World Bank.

70 Financial Alliance for Women. 2021. Measuring the Value of the Female Economy. Alliance Analytics 2020 Edition. Available at: <https://financialallianceforwomen.org/download/measuring-the-value-of-the-female-economy-2020/?wpdmdl=18434>

71 International Finance Corporation and FMO. 2020. Non-Financial Services - The Key to Unlocking the Growth Potential of Women-led SMEs for Banks. Available at: <https://indd.adobe.com/view/0b78e68d-deeb-4a25-8470-dce34a695050/>

However, generating such “business cases” is not typically a core competency of financial sector regulators but it is a sphere where they can bring their influence to bear.

HIGHLIGHTING EXPERIENCE: RESERVE BANK OF FIJI (RBF)

In 2019, the Reserve Bank of Fiji introduced its supply-side disaggregated data collection policy which requires that FSPs standardize, collate, and report disaggregated data by sex, age, and location. The supply-side data, which is submitted to the RBF on an annual basis, is supplemented by demand side surveys, such as the one conducted in 2020. Similarly, The Palestine Monetary Authority noted that their implementation of a National Financial Inclusion Strategy (NFIS) and the connected efforts at gender data practices was meant to mitigate the persistent gender gap afflicting the country’s women.



DATA COLLECTION

Disaggregated data should be systematically collected across various levels to ensure deeper levels of applicability and validation. These include the policy, institutional, provider and program levels; allowing for analysis of “gender gaps, analyzing trends or bottlenecks, and policy design.”⁷² Ultimately, this new data regime should permit policymakers to better understand - and eventually bridge - the persistent gender gap.

These countries are not outliers. Sixty-two percent of respondents advised that, prior to the pandemic, they received supply-side data either once per quarter or once per month.⁷³ The next step in this data regime is to establish sex and age disaggregated requirements as part of the data collection methodology.

Widespread collection of personal data creates new privacy risks that must be addressed by both policymakers and FSPs:

- > confidential data leaks (an ever-present risk for large data warehouses which are popular targets for hackers and cyberattacks)
- > persistent or high-profile data breaches (have the potential to erode confidence and trust in data collection systems as well as FSPs brandishing innovative data systems)⁷⁴

This has legitimate implications for women’s financial inclusion:

- > women “have a lower propensity to share data than men” - likely due to lower levels of trust in the financial services sector⁷⁵
- > regulatory and behavioral changes during and post-COVID-19 will likely affect the FinTech landscape as stakeholders address these risks

The new landscape will require changes in enforcement, oversight, and consumer protection to address these risks:

- > policymakers will need to balance the benefits of increased data collection and analysis against the cyber risks created under a new data regime
- > regulators will need to weigh “new antitrust rules for the digital era, data mobility requirements, and data protection laws” to address the policy trade-offs⁷⁶
- > the policy areas will require interdepartmental collaboration across different government branches to navigate the different public and legislative authorities involved
- > private sector buy-in will have to be ensured to successfully implement the policy

Thus, collaboration will require regular input from financial sectors regulators, central banks, industry regulators, FSPs and new market entrants such as FinTechs and microfinance institutions (MFIs). Peer learning and international collaboration will both be integral to leverage concurrent experiences and lessons to answer complex policy questions.

72 Alliance for Financial Inclusion. 2019. Policy Framework for Women’s Financial Inclusion Using Digital Financial Services. Available at: https://www.afi-global.org/sites/default/files/publications/2019-09/AFI_DFS_Women%20FI_AW_25.09.19_digital.pdf

73 Alliance for Financial Inclusion. 2021. Gender Inclusive Finance: COVID-19 and Women’s Inclusion Survey.

74 Sahay, et al. 2020.

75 Feyen, et al. 2021.

76 Feyen, et al. 2021.

COLLABORATIVE EFFORTS FOR GENDER INCLUSIVE FINANCE

Efforts to mitigate the impacts of the COVID-19 pandemic on socioeconomic health and financial stability have brought into sharp focus the critical importance of effective collaboration at all levels, domestically and internationally, to support livelihoods and strengthen the financial inclusion of populations, especially the most vulnerable.

Just as multilateral and multi-sectoral collaboration on the health front was crucial to successful global responses to COVID-19 as an infectious disease outbreak, international and domestic collaboration, and the exchange of evidence-based analysis and data-driven practices through peer learning was recognized by regulators as vital to designing financial responses.

Financial regulators and policymakers do not have full control over the outcome of policy interventions, as other government actions impact GIF policies, while potential clients rely on FSPs and new market entrants such as FinTechs and MFIs and their actions to translate policy into market action. In any crisis, policymakers need to actively engage relevant stakeholders, and

pull together diverse experts with cross-functional perspectives to generate new solutions and adapt responses to solve rapidly changing, complex problems.

Just as effective data collection requires inter-departmental and inter-ministerial domestic collaboration as outlined in the previous section, input from AFI members highlighted that some lessons had already been learned on the need to engage government ministries to implement effective national financial inclusion strategies and achieve development goals. For example, the Bank of Ghana reported that no one from the Gender Ministry participated in drawing up their first NFIS, so there was no “institutional voice for the gender lens in the room”.⁷⁷ Their updated Digital Financial Inclusion Policy drew in a gender lens to DFS interventions, enabling more flexible linkages between formal financial services and savings groups. As the Philippines experienced - and subsequently corrected - especially in countries with only minor gender gaps, it may easily happen that outside of crisis times, institutions with dedicated gender expertise are left out to keep coordination forums lean.⁷⁸

⁷⁷ AFI Member Interview, Bank of Ghana. 10 November 2021.

⁷⁸ Expert Interview, UNSGSA. December 2021.

⁷⁹ Not included in the average rating of other regulators is the response from the Comisión Nacional de Bancos y Seguros de Honduras, which rated collaboration with the Banco Central de Honduras as very relevant under “other stakeholders”.

TABLE 5: AFI MEMBER RANKING OF THE RELEVANCE OF DOMESTIC INSTITUTIONS IN THE RESPONSE TO THE COVID-19 CRISIS

COLLABORATION WITH DOMESTIC INSTITUTIONS	RANKING (5-VERY RELEVANT)
MINISTRY OF FINANCE	4.29
FINANCIAL SECTOR ASSOCIATIONS (E.G. OF COMMERCIAL BANKS, MICROFINANCE INSTITUTIONS, ETC.)	4.19
FINANCIAL SECTOR REGULATORS COVERING OTHER TYPES OF PROVIDERS	3.90 ⁷⁹
MINISTRY OF SOCIAL AFFAIRS	3.57
GOVERNMENT ENTITIES	3.48
MINISTRY OF WOMEN, GENDER EQUALITY, OR SIMILAR DEPARTMENTS	3.33
CIVIL SOCIETY AND PRIVATE SECTOR ASSOCIATIONS	3.29

There are, however, significant regional variations, specifically between the regions with the highest number of respondents - sub-Saharan Africa and LAC. SSA members universally rated collaboration with the Ministry of Finance as very relevant (average 5) and rated the Ministry of Women or Gender Equality as more relevant at 4.33 than the Ministry of Social Affairs at 4.00. In contrast, LAC members found the Ministry of Women and Gender Equality to be the least relevant stakeholder at 2.67.

The COVID-19 pandemic also expedited pragmatic collaboration between the public and the private sector to improve policy effectiveness and address the challenges lockdowns caused on financial access, particularly for those most in need of social support.

International collaboration has also been vital in ensuring that the impetus of AFI members' towards achieving the SDGs through financial inclusion is maintained and supported with technical resources for the appropriate and proportionate implementation of international standards without any unintended consequences that may jeopardize financial inclusion.

HIGHLIGHTING EXPERIENCE: CENTRAL BANK OF EGYPT (CBE)

The CBE chose to institutionalize the activities of commercial banks related to financial inclusion and mandated that commercial banks establish financial inclusion units - the first country to legislate such requirements for FSPs.

Banks often do not see the value in pursuing financial inclusion, making it difficult to obtain their buy-in when promoting inclusionary efforts. This dynamic is changing as financial inclusion departments report directly to financial services CEOs, securing both a space on corporate agendas and the attention of top management.

Banks had to prepare financial inclusion strategies with targets and KPIs, which the CBE reviewed. In Egypt, these changes bore fruit both prior to and throughout the pandemic - suggesting that banks may need to be jumpstarted through legislative mandates to initiate a serious consideration of unserved and under-served segments, if the market environment and their business models lead them to bypass mass market clients.



Overall, members appreciate that AFI provides policymakers, private sector partners, and others with a unique opportunity to engage in an inclusive dialogue on recent innovations and private sector developments, with the goal of developing more informed policies and encouraging sustainable investments where they are most needed.

Collaborative efforts between policymakers and FSPs can create an enabling environment that promotes women's financial inclusion across the distinct life stages of women and girls, while cooperation among regulators, FSPs, FinTechs, other new market entrants, and civil society can ensure that any progressive changes are long-lasting and effective. Ensuring that FSPs have the correct regulatory environment to facilitate the production and delivery of gender-specific financial products and services is the key to developing an effective financial inclusion regime. Proportional Know your Customer (KYC) requirements, ID provision and expanded infrastructure are all necessary to achieve these goals in the near-term.

AFI members recognized this importance - giving the engagement of financial sector associations and representatives of providers the second-highest score right after the Finance Ministry. Such coordination with FSPs becomes an essential precondition where the rapid rollout of new or significantly widened social transfer systems require the outreach and delivery capabilities of these providers, for instance, where those with informal income are for the first-time receiving benefits as in programs in Togo, Paraguay, or Madagascar.

Where regulators moved to enhance the affordability of mobile and DFS with fee reductions or temporary waivers that had predominantly concerned women and low-income clients, close coordination with FSPs has been highlighted by AFI members and stakeholders as essential.⁸⁰ Such strong interventions in the economic viability of FSPs need to find the right balance to avoid permanently damaging the existing DFS being offered, and instead, target a joint vision of growing the pie with a notably higher rate of financial inclusion.

⁸⁰ Interviews with AFI members, Kenya, South Africa, and stakeholder interviews with Vodafone and GSMA in March 2021.

The pandemic gave renewed urgency to achieving progress on financial inclusion - and FSPs for whom regulators reserve systemic importance in bank-led models of (digital) financial inclusion need to step up their contribution. In the case of Egypt, during the pandemic, this also meant forging ahead with a model that entrenched a bigger role for third parties such as mobile network operators (MNOs), agent network managers, payment providers and various business-to-business (B2B) FinTechs. A new division-of-labor with characteristics of cooperation and competition has emerged in the country as another format of system-level collaboration, which the CBE credits with being instrumental in the speeding up of financial inclusion in recent years with the number of women with accounts growing by 1.7 times in the five years to the end of 2021.⁸¹ Paraguay's central bank also emphasized that they would never have been able to rollout support to informal workers via the 70 percent additional mobile wallets within weeks without the trust, and routines of coordination of the NFS working group with mobile payment providers.⁸²

There is a particular need to coordinate efforts during pandemics and other fast-moving crises, while during more regular economic shocks, the coordination of fiscal and monetary response is highly advisable. Under these other types of disruptions to social and economic activity, a broader set of actors need to be actively involved like coordinating timing and the extent of preventive measures with the support and relief to mitigate their economic impact and outreach and mobilization (e.g. also for accompanying "impact enhancers" like financial and digital skills training).

81 Interviews with AFI member, Egypt in March and November 2021 and February 2022, and the CBE's recently released "Core Set of Financial Inclusion Indicators". Available at: <https://english.ahram.org.eg/NewsContent/50/1202/466003/AlAhram-Weekly/Economy/Financial-inclusion-on-the-rise.aspx>

82 AFI member interview, Banco Central del Paraguay, November 2021.

DIGITAL FINANCIAL SERVICES AND CRISIS RESPONSE



“
The role of digital transformation during the course of the COVID-19 pandemic was fundamental for the growth of the financial sector.⁸³

”

Comisión Nacional de Bancos y Seguros (CNBS),
Honduras

Social-distancing rules created a massive business continuity risk to the standard operations of FSPs. Without DFS, conventional financial services would have shut down in the face of public health measures as in the case of crowded branches and ATMs.

DFS carried high hopes for boosting financial inclusion long before the pandemic as highlighted by the ongoing work undertaken by AFI's DFS Working Group which culminated in a Policy Framework on Women's Financial Inclusion (WFI) using DFS in 2019. Such hopes rest on the ability of DFS to bring down the cost of acquisitions and services, and to overcome the challenges of women (and other underserved segments like rural or low-income people) to find the time, money, and social acceptance to attend conventional bank branches for small-value transactions. Consequently, DFS tends to be high on the policy agenda: only two out of 30 regulators in this study's survey did not already have DFS as a priority area with specific objectives for their access and usage as part of financial inclusion policies. However, for 60 percent of respondents, DFS strategies were exclusively gender-neutral, and only three respondents stated that their policy documents identified specific issues related to increasing access and usage of financial services by women.⁸⁵

Bringing a gender lens to more DFS policy processes, therefore, holds strong upside to replicate and scale-up the experience of countries that have seen higher financial inclusion with decreasing gender gaps due to positive DFS adoption. The Central Bank of Kenya met its DAP commitment of halving the gender gap by 2021 as mobile money soared to serving 81 percent of the population with nearly no gender gap, at all. For commercial banking, a roughly 10 percent gender gap remains, despite Kenya's solid offer of mobile banking. At 50 percent account ownership, Kenyan men are still one quarter more likely to use

banks.⁸⁶ Half a year into the pandemic, Peruvian women have already undertaken more frequent mobile transactions, despite a substantial gap in ownership of bank accounts (53.9 percent versus 62.5 percent for men).⁸⁷ In the Philippines, with the pandemic and major cyclones following in short order, one in four financially included adults were onboarded (and are still active) since 2020 via e-money accounts.⁸⁸ Women are observed as making particular use of these more versatile and resilient ways of handling their finances.⁸⁹ In nearby Papua-New Guinea, 90 percent of women receiving financial literacy training opened accounts and kept active usage well above the rate of men.⁹⁰ Among DFS-led providers, Tyme Bank in South Africa is an example of strong growth in the face of macroeconomic adversity due to a dedicated strategy for engaging and activating women clients (leveraging a partnership with supermarket chains).⁹¹

Among all COVID-19 policy responses tracked by AFI as of 10 September 2021, 20 out of 104 mitigation policies and 28 recovery policies are classified as digital financing.

This makes it the second most frequent category of interventions after SME finance, which covered 26 response policies.⁹²

83 Comisión Nacional de Bancos y Seguros. 2021a. Informe de Brecha de Género en el Sistema Financiero de Honduras (translated from Spanish by CCX). Available at: <https://www.cnbs.gob.hn/blog/2021/05/17/informe-de-brecha-de-genero-mayo-2021/>

84 Alliance for Financial Inclusion. 2020. Lessons on Enhancing Women's Financial Inclusion Using Digital Financial Services (DFS). Available at: <https://www.afi-global.org/publications/lessons-on-enhancing-womens-financial-inclusion-using-digital-financial-services-dfs/>

85 Alliance for Financial Inclusion. 2021. Gender Inclusive Finance: COVID-19 and Women's Financial Inclusion Survey. Global Findex, also covering youth between 15 and 18 years of age, observed a five percent gender gap on mobile money (66 to 71 percent) and 12 percent for accounts at formal institutions (45 to 57 percent). Both types of market penetration were lower than in 2017.

86 FSD Kenya. 2021a. 2021 FinAccess Household Survey. Available at: <https://www.fsdkenya.org/blogs-publications/publications/finaccess-household-surveys/>

87 Instituto de Estudios Peruanos. 2021. Inclusión Financiera en el 2020. Available at: https://repositorio.iep.org.pe/bitstream/handle/IEP/1205/Trivelli_Mendoza_Inclusion-financiera-2020-persistentes-brechas-genero.pdf?sequence=1&isAllowed=y

88 As reported by AFI member BSP in its Financial Inclusion Dashboard. Available at: https://www.bsp.gov.ph/Media_And_Research/Financial%20Inclusion20Dashboard/2021/FIDashboard_1Q2021.pdf

89 Available at: <https://www.eco-business.com/news/women-embrace-digital-banking-in-typhoon-hit-philippine-province-as-covid-drives-entrepreneurship/>

90 AFI member interview with Bank PNG in December 2021.

91 Expert interview with Tyme Bank in November 2021; and the story of Zoon's evolution in Mike Quinn "Failing to Win", December 2021, independently published.

92 AFI, COVID-19 Policy Response & Dashboard 2022.

However, among surveyed regulators - where six out of ten had only gender neutral DFS policies - the majority did not see any patterns of DFS policies resulting in a stronger boost to women's access and usage in their countries and nearly one in five even expected lower growth for women.⁹³

DFS represents an area where policy responses from AFI members to the pandemic most frequently went beyond a more defensive stance intended to secure the financial sector and its credit exposure into the active promotion of services, providers, and infrastructure that can expand financial inclusion. Women were not typically an explicit focus for these DFS policies during the pandemic - but rather on emergency relief.

41%

Accounting for 41 percent of the interventions recorded in AFI's GIF COVID-19 policy tracker, social protection shows up as the leading set of pandemic response with links to women.

The degree to which uptake of DFS by women helped to limit the impact of the pandemic is not yet well-documented. In Kenya, with one of the highest rates of DFS adoption, usage, and overall financial inclusion, gender gaps continued declining as women's inclusion rose during the pandemic. In parallel, Kenyan women's financial health did not deteriorate more than their male peers, probably helped by access to DFS as a lifeline.⁹⁴

Policies that effectively support households and businesses during a crisis, thus, focus on harnessing various key use cases of DFS rather than merely seeking to expand access.

DFS USE CASES AND CRISIS RESPONSE

GOVERNMENT-TO-PERSON TRANSFERS (G2P)

G2P transfers are indispensable and rapid elements of crisis response give access to formal financial services for women and underserved communities, while Digital G2P enables swift transfers of relief payments to communities around the world. Rapid progress was primarily achieved with DFS providers that were well-established, ideally remote, digital activation strategies for clients.⁹⁵ In the absence of pre-existing remote onboarding and simplified KYC regulations, temporary waivers of limits on such practices unfolded with similar effects, if the cultural and social norms in a country did not present formidable hurdles to women.⁹⁶ The impact

of such waivers was more complex and uneven than the headline figures suggest.

The longer-standing focus on women in social policy, rather than financial inclusion policy, has shown up in a positive gender gap for the unprecedented results of G2P-induced progress on financial inclusion. Out of 477 million new social protection digital accounts opened during the first two years of the pandemic, globally, 55 percent were by women. For some 80 million women this was their first account, ever. In Brazil alone, G2P reached 14 million women as first-time users of digital savings accounts.⁹⁷ G2P has opened the door to long-term engagement with formal financial services but focused action needs to be taken to keep these women active users of formal services, so they do not drop out.

For policymakers hoping to effectively support aggregate demand, in a crisis that disrupted incomes throughout society, a focus on women appeared particularly advisable: as managers of household finances, they were likely to spend liquidity support swiftly and focus on basic needs while as caregivers to children, youth, older relatives and special-needs dependents they provide access to other vulnerable groups.

With a strong history of conditional cash transfers, the LAC region had positive precedents for using G2P to drive financial inclusion, especially of women as heads of households. Following in such footsteps, Argentina, Brazil, and Colombia, saw an estimated 40 million outbreak, international and domestic collaboration, and the exchange of evidence-based analysis and data-driven practices through peer learning was recognized by regulators as vital to designing financial responses.

Financial regulators and policymakers do not have full control over the outcome of policy interventions, as other government actions impact GIF policies, while

93 AFI, Gender Inclusive Finance: COVID-19 and Women's Financial Inclusion Survey 2021.

94 Kenya National Bureau of Statistics. 2021. Available at: <https://finaccess.knbs.or.ke/impact/financial-health/finhealth-components>

95 Economist Intelligence Unit. 2020. Global Microscope 2020: The role of financial inclusion in the COVID-19 response. Available at: <https://www.eiu.com/n/campaigns/global-microscope-2020/>

96 Pakistan, for instance, has long faced challenges in terms of restrictive notions of an appropriate presence for women in public settings like a bank branch, their engaging with non-family members such as male agents or their concerns about harassment after sharing their personal contact data. Please see the GSMA's Digital identity and social cash transfers. Available at: <https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2019/12/Digital-identity-and-social-cash-transfers-Web2.pdf>

97 Sirtaine, Sophie, Jamie Zimmermann and Klaus Prochaska. 2022. How Can We Build on COVID-19 Progress in Women's Financial Inclusion. CGAP Blog. Available at: <https://www.cgap.org/blog/how-can-we-build-covid-19-progress-womens-financial-inclusion>

HIGHLIGHTING EXPERIENCE: BANCO CENTRAL DEL PARAGUAY

Thanks to frequent supply-side data on individual clients, Banco Central del Paraguay (BCP) noticed that the disruption by the pandemic appeared to be affecting informal clients more, which accounts for two-thirds of female economic activity, and therefore, the conventional crisis response needed to be amended. The Finance Ministry was willing to launch a dedicated income support program for informal workers. The Ministry used the absence of records (tax IDs, social security, or pension) to indicate target beneficiaries. In the last decade, Paraguay has been a pioneer in Latin America on mobile money. Its ecosystem with multiple providers and some 1.7 million active wallets accessible from simple feature phones was fit for low-income users. BCP was able to mobilize providers thanks to well-established working groups for the National Financial Inclusion Strategy. Within the first few weeks, 1.3 million new wallets were opened at participating providers, equivalent to one in four adult Paraguayans, attracted by support of 25 percent of their minimum salary. Distribution of in-kind food aid, which had been considered an alternative, would have neither achieved the same scale or speed, and at commercial banks, only around 140,000 new basic accounts were opened. Emergency support was amplified through DFS.



potential clients rely on FSPs and new market entrants such as FinTechs and MFIs and their actions to translate policy into market action. In any crisis, policymakers need to actively engage relevant stakeholders, and unbanked open accounts due to the digital disbursement of various COVID-19 stimulus programs.⁹⁸ Pre-existing programs, like Paraguay's Tekoporã, that had laid the groundwork for resilience during lockdowns with itinerant ATMs and the opening of basic accounts with debit cards were able to swiftly ramp-up financial support.⁹⁹

The pandemic triggered innovative DFS solutions. Paraguay, Togo, Mozambique, and Peru also leveraged the possibilities of DFS designed for low barriers-to-usage by supporting informal workers whose livelihoods were disrupted by the pandemic and who had no safety net, stressing the urgency to identify and facilitate access, at scale, when cash hand-outs would clash

HIGHLIGHTING EXPERIENCE: TOGO'S DFS PROGRAM

Togo has less than one-sixth the purchasing power GDP per capita of Paraguay but thanks to similar policy pragmatism and a pro-inclusive DFS ecosystem, the country was able to realize a similar vision of crisis support for the informal sector. Its Novissi G2P Programme has reached nearly 820,000 beneficiaries (roughly one in five adults) of which 63 percent are women. This reflects the higher monthly benefits for women with targeted communications via advertisements and social media, and a very simple sign-on process via a short code that works across participating MNOs offering the mobile wallets and is the same sequence of numbers as the program's helpline. T

he focus on women was a deliberate policy choice to account for their greater vulnerability to multi-dimensional poverty, likelihood of spending on essential needs, and estimates that they account for around six in 10 informal workers in the country. The disbursement in two-week intervals was also intended to facilitate women's patterns in meeting household needs while nearly universal voter IDs were used for the sign-up process. Driven forward by a small team in the Ministry of Digital Economy and Digital Transformation, the system was set up and coordinated via an emergency inter-ministerial committee, and the program was launched within 10 days. One week after launch, 450,000 beneficiaries had already received their first payment.



with public health precautions. In Nigeria, the analysis of purchasing patterns of recharging mobile phone credit was used by authorities with the help of MNOs to identify informal workers in urban areas suffering revenue loss. They could then be contacted to receive support into mobile wallets.¹⁰⁰ In Peru, informal workers eligible for the Bono Independiente scheme receive a code and a link to access a simplified mobile banking system through SMS when they do not have a bank account.¹⁰¹

98 The Economist. 2022. The pandemic has accelerated Latin America's startup boom. Available at: <https://www.economist.com/the-americas/2022/01/15/the-pandemic-has-accelerated-latin-americas-startup-boom>

99 World Bank Group. 2020.

100 Available at: <https://www.centerforfinancialinclusion.org/three-ways-governments-expedited-social-payments-during-covid>

101 Davidovic, Sonja, Soheib Nunhuck, Delphine Prady, Hervé Tourpe. 2020. Beyond the COVID-19 Crisis: A Framework for Sustainable Government-To-Person Mobile Money Transfers. IMF Working Paper No. 2020/198. Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3721222

It is too early to tell whether the G2P initiatives translated to formal financial services. Detailed supply-side data will help to disentangle this phenomenon from the reactions of previously banked clients, however, the initial signs are hopeful. Paraguay observed a permanently higher level of active wallets one year after the launch of the temporary support to informal workers. In Togo, mobile wallets rose by one-fifth in 2020 while transactions increased by 55 percent in number and 63 percent in value.¹⁰² Mobile money doubled its market share among Togo's women from 2017 and 2021 (from 16 to 32 percent) and narrowed the gender gap from 11 to 9.4 percent. In Paraguay, previous gender gaps were even reversed (from 4.1 to -0.4 percent, i.e. women ended up leading men in holding mobile wallets) as mobile money use expanded.¹⁰³ These experiences have also added substantially to the body of knowledge on designing DFS-led G2P programs for economic empowerment and impacts on women's lives, for example, with the D3 Framework (Digitize, Direct, Design).¹⁰⁴

INTERNATIONAL REMITTANCES

Remittances have served as an important pandemic relief measure for diaspora countries of labor migrants,¹⁰⁴ which held up better than previously expected and did not require scarce fiscal capacity from recipient countries. On the contrary, remittances seem to have distributed some of the historically large stimulus from OECD countries to the Global South.

Travel restrictions may have funneled remittances away from informal networks and personal delivery, into formal delivery channels. Domestic lockdown measures, however, did end up depressing remittance flows suggesting that the reliance on the cash-out interface at remittance agents became a bottleneck in many cases.¹⁰⁶ Mexico, Nigeria, and South Africa declared remittance agents an essential service to avoid disruption of this income support.¹⁰⁷

Migrants remitting to countries that have seen strong pre-pandemic DFS adoption were likely to encounter and appreciate the set of FinTech providers that have emerged to compete with the expensive incumbent providers on price and convenience.¹⁰⁸ FinTechs like SympliFi for the West African diaspora and MiPaisa in Mexico are even starting to take the next logical step and translate remittance flows into expanded access to loans for recipients.

26% Yet, by early 2021, among remittances services monitored by the World Bank, only 26 percent of services were digital and the average charge for sending USD200 was still 6.2 percent - more than double the SDG target of three percent.

The most inexpensive providers offered one percent charges¹⁰⁹ indicating the potential for improved purchasing power to recipient households in addition to the benefits for financial inclusion and resilience that come from shifting international remittances to DFS.

This matters as remittances account for more than five percent of GDP in over 60 low and middle-income countries,¹¹⁰ and the majority of recipients are female, for instance, up to 95 percent in Tajikistan,¹¹¹ and around two-thirds to 70 percent in some LAC markets.¹¹²

Compared to their economic relevance, remittance-related policies appear limited. The KNOMAD Global Knowledge Partnership on Migration and Development tracked 55 policy interventions relating to access to financial services but only a few dealt with international remittances. The Commercial Bank of Ethiopia started offering foreign exchange-denominated savings accounts to non-residents, Pakistan's EasyPaisa waived fees for many markets and offered free ATM cards for remittance recipients, while in India,

102 Banque Centrale des États de l'Afrique de l'Ouest (BCEAO). 2021. Evolution des services financiers numériques dans l'UEOMA - Année 2020. Rapport Annuel. Available at: https://www.bceao.int/sites/default/files/2022-05/Evolution_Services_Financier_Numerique_UEOMA_2020.pdf

103 World Bank. 2022. With Global Findex data as of 2021.

104 See Zimmerman et al. 2020 for how these principles seek to boost the women's empowerment impact of G2P.

105 Kpodar, Kangni, Montfort Mlachila, Saad Quayyum, and Vigninou Gammadigbe. 2021. Defying the odds: Remittances held up during the COVID-19 pandemic. Available at: <https://voxeu.org/article/defying-odds-remittances-held-during-covid-19-pandemic>

106 Ibid.

107 KNOMAD. 2021. Remittances in Crisis. How to keep them flowing. Website and Policy Tracker. Available at: <https://www.knomad.org/covid-19-remittances-call-to-action/>

108 Disruptors include international payments specialists like TransferGo, WorldRemit, Remitly, and others but also digitally led local challenger banks like Alif Bank in Tajikistan which deployed interfaces between domestic payments systems and international remittance networks.

109 Global Partnership for Financial Inclusion (GFPI). 2021. 2021 Update to Leaders on Progress.

110 KNOMAD. 2021.

111 International Labour Organisation. 2010. Migrant Remittances to Tajikistan: The Potential for Savings, Economic Investment and Existing Financial Products to Attract. Available at: https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-moscow/documents/publication/wcms_308938.pdf

112 International Organization for Migration. 2018. Gender, Remittances and Migration. Notes 63% for Guatemala, 70% for Colombia. CNBS 2021b records nearly 68% in 2020. Available at: <https://www.iom.int/sites/g/files/tmzbd486/files/2018-07/Gender-migration-remittances-infosheet.pdf>

113 KNOMAD. 2021.

MoneyGram partnered with Federal Bank Ltd. to deposit remittances into new accounts.¹¹³

HIGHLIGHTING EXPERIENCE: GHANA AND JORDAN

Among AFI members, Ghana has made remittances one of the key areas where it wants to foster innovation - which is happening in a sandbox linked to mobile money operators who are the face of financial inclusion in the country. The Central Bank of Jordan acted in March 2020 to enable the online opening of e-wallets at the same time as well as enabling the transfer of international remittances into such mobile wallets.



Policy action to foster more such streamlining of remittances into DFS should be aligned with the G20 Global Partnership for Financial Inclusion (GPII) policy goals, innovation programs by the United Nations Capital Development Fund (UNCDF),¹¹⁴ the interests of stakeholders like GSMA, and previous work by AFI subgroups.¹¹⁵

The potential benefits are attractive - an improvement in remittance costs by two percent would bring additional purchasing power of some USD10.6 billion annually.¹¹⁶ Such benefits would weigh particularly strongly for women and in many of the poorest countries where remittances carry outsized importance. The priorities for policymakers should be, on the one hand, to enable the reception of international remittances as broadly as possible into DFS and traditional bank accounts, while on the other, to promote these services with temporary incentives and financial literacy campaigns informed by the profile of women recipients.

PAYMENTS AND THE DIGITAL ECONOMY

Getting money into the hands of vulnerable people is just the start. Keeping money circulating in the formal system is essential to permanently strengthen the financial sector's funding base and generate better data, for evidence-based policymaking, as well to build track records against which responsible, unsecured lending can become feasible.

The experience in India¹¹⁷ and of many stakeholders in the African context¹¹⁸ suggests that to keep people from cashing out, they need: a) the confidence of

being reliably able to get money if needed, and b) the opportunity and capability to easily use DFS for everyday transactions at no or low-cost. Responsible for most daily household expenditures¹¹⁹ and often strongly present in smaller scale retail commerce, women, as consumers and merchants, are the key constituency for achieving such widespread use of DFS.

In Morocco's crisis response, Bank al-Maghrib (BAM) noted that without such everyday use cases, DFS-enabled support payments cannot by themselves overcome cash habits.¹²⁰ Money funneled to beneficiaries was cashed out - often in full, at the earliest opportunity. The benefits of digital payments in reducing physical interactions and preventing the spread of a contagious disease were lost. BAM responded by making the expansion of digital payment acceptance at (small) merchants a policy priority. Togo, as part of the Novissi aid program, also provided the new DFS users with advice and localized messages on paying at stores and for services.¹²¹

This mirrors the focus of the Central Bank of Egypt. As financial inclusion and digitization of payments have been closely linked pillars of the CBE's financial sector development plans for years, both also shaped their crisis response. The CBE combined the expansion and digitization of social transfers (with its Meeza debit card playing a key role) with the large-scale rollout of POS terminals in poor neighborhoods while increasing the services that could be performed, there.¹²²

114 UNCDF. 2021. UNCDF's program for "Inclusive Digital Solutions to Support Migrants and Remittances", running since spring 2020, seeks to leverage remittances into increased financial inclusion and boost insurance, savings, and credit.

115 Alliance for Financial Inclusion. 2018. The African Financial Inclusion Policy Initiative (AfPI) had set up a dedicated Remittances Subgroup under the Expert Group on Financial Inclusion Policy (EFFIP) in 2017 that worked out "A Policy Framework for Innovative Cross-Border Remittances in Africa", while at the DFS Working Group, a subgroup on innovative remittances collected insights from various regions in "Innovative Cross-Border Remittance Services: Experiences from AFI Member Countries".

116 GPII 2021 had indicated a global remittance volume of USD580 billion, and a weighted average cost of around five percent while the SDG target stands at three percent and many of the DFS providers offer rates below this benchmark.

117 India Agent Network Manager and Payment Service Providers, interview by AFI. 2021. Women's Financial Inclusion, DFS and Covid-19 Response Policy.

118 Bank Al-Maghrib, Central Bank of Egypt, World Bank, and EBRD stakeholder interviews. 2021. Women's Financial Inclusion, DFS and Covid-19 Response Policy.

119 A global survey by Nielsen in 2016 found that 89 percent of women reporting primary or at least shared responsibility for daily purchases. Available at: <https://www.nielsen.com/us/en/insights/article/2019/women-primed-and-ready-for-progress/>

120 Bank al Maghrib. 2021.

121 Debenedetti, Luciana. 2021. Togo's Novissi Cash Transfer: Designing and Implementing a Fully Digital Social Assistance Program during COVID-19. IPA, Recovr Case Study. Available at: <https://www.poverty-action.org/sites/default/files/publications/Togo-Novissi-Cash-Transfer-Brief-August%202021.pdf>

122 Central Bank of Egypt. 2021.

This tackling of both the “chicken and egg” on receiving and using income in a cashless format, contributed to Egypt increasing financial inclusion to 56.2 percent of the population 16 of years and above, with a more than 2.5 times increase in the number of women owning a transactional account, implying a reduction of the relative gender gap.¹²³

Important for keeping money flowing to and from women whose livelihoods were disrupted by the pandemic, DFS also became a priority for entrepreneurs to stay in business.

Digitizing business has significant opportunities for women. The hurdles to entry that have stood in the way of women can now be increasingly bypassed: upfront finance for a physical store, access to wider markets, time, and mobility constraints due to care responsibilities and social norms. Social media-linked sales have taken-off and helped women monetize their advantages in building engagement and social capital on their own terms.¹²⁴

Several countries have recognized the relevance of boosting women’s digital opportunities as entrepreneurs and gig workers¹²⁵ in building a more resilient economic basis, providing alternative income opportunities during the pandemic. As the nexus to financial inclusion policies, electronic payment options for clients are nearly always¹²⁶ an integral part of setting up a digitally enabled business. The business model, therefore, creates a default opt-in to formal financial services for women entrepreneurs who otherwise often might have operated their business informally.

Nigeria’s Bank of Industry partnered with SME-focused impact investor SME.NG to launch Ebi Marketplace, an integrated app-based platform for digital business-to-consumer (B2C) and business-to-business (B2B) sales, access to finance, networking, and non-financial services to boost business growth. In Uganda, Zimba Mart launched a dedicated e-commerce platform with assistance to women SMEs (WSMEs) migrating to online sales. Honduras and Costa Rica both ramped up national capacity building programs to provide more digital economy-related skills to women micro businesses and SMEs (MSMEs).¹²⁷ And in Fiji, the digital opportunities of making home-based businesses more viable and scalable are becoming a key part of the national strategy to rebalance the country’s economy with women’s entrepreneurship and less dependence on tourism, which predominantly employed many men.¹²⁸ The provision of a new digital wallet and payments platform

co-developed with MasterCard and FintechPacific, plus a credit guarantee scheme with more generous terms to such women MSMEs are part of this effort.¹²⁹

In markets with restrictive lending practices, women-led businesses could particularly benefit from solutions that tap sources of finance beyond banks - for instance, commercial partners in the value chains in which they operate. Such solutions would help alleviate financing constraints more sustainably than liquidity provision in crisis response. With shorter and fewer audited track records and less collateral, such constraints were always more binding for women-led businesses.¹³⁰ Egypt offers several examples of “embedded finance” provided by larger firms to women micro and SMEs which are part of their value chains. Such financing emerged in the face of the inability of these small businesses to access either bank or microfinance funding. For instance, the retail distribution aggregator MaxAB or e-commerce platform Brimore which operates principally via female sales agents are both arranging to pre-fund the working capital of their (female) business partners from the two start-ups own balance sheets.¹³¹ Given the interest of corporates in the continued distribution of their products during a crisis,¹³² embedded finance may well be more resilient to such shocks than bank lending. For efficient processes and to collect data to feed the credit algorithms, players such as these Egyptian startups also make sure their business partners use formal financial services, thereby, further enhancing women’s financial inclusion.

123 At 16 million women and 20.8 million men with transactional accounts, the relative gender gap has narrowed: the ratio of female to male users rose from ca 70 percent in Findex 2017 to now 77 percent. Please see: <https://english.ahram.org.eg/News/465264.aspx>

124 Bin-Humam. 2021. Brennan. 2017. See also IFC’s Digital2Equal initiative.

125 Freelancers offering digital services on short assignments to clients, potentially worldwide, often via platforms.

126 Just as e-commerce platforms Jumia in Africa or MercadoLibre in Latin America started out offering payment-upon-delivery, semi-digitized (women-run) restaurants during East Africa’s lockdowns combined WhatsApp ordering with cash to delivery drivers.

127 Alliance for Financial Inclusion. 2022. COVID-19 Policy Response & Dashboard, see the linked documents for further details.

128 Reserve Bank of Fiji, interview by AFI. 2021. Special Report on Women’s Financial Inclusion Policy Responses to COVID-19.

129 Alliance for Financial Inclusion’s GIF Gender Inclusive Finance (GIF) COVID-19 Policy Responses in AFI Member Jurisdictions, the credit guarantee for women includes 75 percent versus 60 percent coverage on up to USD75,000 versus 60,000.

130 World Bank Group. 2022. Enterprise Surveys: What Businesses Experience. With CCX calculations: with a female top manager, across all observed non-EU enterprise surveys, firms were less likely to have an account (84.6 percent versus 87.1) or to have any line of credit from a bank (31.1 percent versus 33.8 percent), but more likely to have a recent loan application rejected (14.2 percent versus 12.4 percent). Available at: <https://www.enterprisesurveys.org/en/custom-query>

131 Interviews with CEOs of MaxAB and Brimore. 2021.

132 And typically facing less stringent mark-to-market accounting and risk capital rules which constrain lending during crises.

WAGE DIGITIZATION

Though typically not part of crisis response to the pandemic, the push for cashless wage payments creates important crisis response opportunities. This is particularly relevant to regions and countries with low wage costs and preferential trade arrangements, such as Central America, Bangladesh, Vietnam, Cambodia, or Ethiopia where many (mostly female) employees receive recurring payments from a few large employers centered in export-oriented sectors such as the garment industry.¹³³

HIGHLIGHTING EXPERIENCE: BANGLADESH

Bangladesh's garment sector is a prominent example with 90 percent of its 4.5 million workers being women. It has been a key focus for Bank Bangladesh's push for closing gender gaps that were catalyzed by the pandemic. By November 2019, one-third of garment workers had seen their wages digitized and in 2020, another 2.5 million (56 percent) were included, achieving the pre-Covid target of 90 percent wage digitization ahead of time. In factories that participated, financial inclusion went from around 20 percent to 98 percent. This outreach allowed Bangladesh, during the lockdown of its factories, to swiftly support these women's income to help their households stay out of poverty. The government disbursed support to roughly five million workers via mobile finance.

Similar initiatives are being developed for Cambodia's garment sector, in response to growing evidence that women's financial inclusion benefits both factory owners (the breakeven point is estimated at less than four months) and female workers who saved money and time on their (so far, in-cash) person-to-person payments.

There is strong evidence that Bangladesh's gender gap - one of the world's largest by the time of the 2017 Findex survey - has shrunk due to the digitization drive. Women's access to mobile finance accounts had been growing twice as fast as that of men and likely left women in a better position to weather the economic shock. After a cleaning of inactive accounts, almost 50 million female mobile accounts stood alongside 58 million for men by 2021. As a result of this positive momentum, women and men are forecast to continue the upward trend over the next decade, doubling women's financial inclusion to around 70 percent by 2030.



In the context of a pandemic, wage digitization through a gender lens may even have particular importance for low-income countries. The ability to reliably pay critical workers in healthcare, infrastructure, transport, and emergency response is a foundational capacity for deploying and sustaining non-financial crisis response policies. Sierra Leone's government was able to digitize 30,000 health worker payments within two weeks during the 2014 Ebola outbreak, saving USD10.7 million over the course of 13 months.¹³⁴ Once achieved, wage digitization creates new capabilities for crisis response policies: it provides the basis in terms of data and channels for liquidity support to be rolled-out to formal sector employees by way of ad-hoc wage support or furlough schemes, as undertaken by Bangladesh during the crisis.

BROADER FINANCIAL NEEDS FOR RESILIENCE

Bangladesh's experience also illustrates how women's digital financial inclusion creates the rails for a more complete serving of financial needs, which in turn, enhances the resilience of households, building on the ability to pay and be paid swiftly, easily and at low-cost, together with a whole host of offers, financial solutions, and public policy options which become substantially more feasible for commercial providers. On the back of Bangladesh's wage digitization, several health insurance and care providers sought to gain these women as clients.¹³⁵

75%

This experience mirrors trends throughout emerging markets: digital utility payments were available in 75 percent of countries where DFS is applied to avoid interruptions in the basic services of households - which during lockdowns can be an actual risk.

46%

During the pandemic in 2020, 46 percent of mobile money providers reported an increase in bill payments.

¹³³ As of January 2022, the US suspended trade preferences for Ethiopia, Mali, and Guinea for political reasons.

¹³⁴ Better Than Cash Alliance. 2016. Saving Money, Saving Lives. A Case Study on the Benefits of Digitizing Payments to Ebola Response Workers in Sierra Leone; and Goodwin-Groen, Ruth et al. 2020. Advancing Women's Digital Financial Inclusion. Analysis, Global Partnership for Financial Inclusion.

¹³⁵ FinTech for Health. 2022. The "Fintech for Health" initiative attempts to foster such extension from DFS-led inclusion to healthcare coverage, globally. Available at: <https://fintechforhealth.sg/what-is-fintech-for-health/>

But also, newer water, sanitation and hygiene services, and household-level pay-as-you-go (solar) electricity provision have now become viable, well into the low-income and rural segments. These services, in turn, appear to reinforce the intensity and breadth of mobile financial services above a control group baseline, even in markets in Sub-Saharan Africa that are comparatively advanced in DFS adoption.¹³⁶

The wider deployment of insurance cover for risks to which even middle-class families have only limited ability to cope, such as prolonged illness or death of the breadwinner, major droughts for farmers, and extensive property damage to their residence, would be an especially important DFS contribution to crisis resilience. Paraguay's support program for poor households recognized this and in 2017, incorporated microinsurance cover for life, accident, and disability of the (women) beneficiaries.¹³⁷

HIGHLIGHTING EXPERIENCE: KENYA

Kenya's recent FinAccess survey indicates that the country's resilience to withstand shocks has been substantially depleted and needs to be rebuilt. Like other studies that show prudential behavior by women, the survey's results suggest that women are likely to be the natural allies of policymakers. Despite fewer women classified as financially healthy, a majority (at a nearly equal rate to men) reported (successful) financial planning and the ability to put money aside for old age.

The biggest challenge for Kenyan women - and their peers around the world - is the scarce ability to cope with unforeseen risks in timing and extent. This is where everyday money management and savings are overwhelmed. Insurance solutions that diversify and transfer risk are the more fitting answer. Given the issues of trust and financial literacy in emerging markets, savings linked insurance may ease the spread of such solutions - particularly among women.



Though less able to withstand major emergencies than insurance, enhancing the savings capacity of citizens is another key to building resilience - at the level of individuals and the financial sector via the mobilization of savings from informal formats as a local, diversified funding source. The CBE has, therefore, continued its initiative for the digitization and formalization of "gameya" rural savings groups in Egypt during the pandemic, designed in a way that makes the transition to formal solutions feel organic to women savers.¹³⁸

SHAPING A DFS ECOSYSTEM FOR WOMEN

Research for this study encountered two main (preparedness) factors that determined the ability of policymakers and regulators to effectively respond to a crisis:

- > **Having a plan** - quite literally, in the form of pre-existing concepts to guide the evolution of the financial sector in a digital (and ideally: inclusive and gender-sensitive) manner such as a National Financial Inclusion Strategy (NFIS), Financial Sector Development Strategy, and Payments Strategy.
- > **Having capable and willing allies** - in the form of a vibrant digital finance ecosystem, that any policy response could leverage, notably to support the most vulnerable segments. Such allies could include other ministries such as the Ministry of Finance, Ministry of Women or Ministry of Education, the main commercial banks and microfinance institutions, the telco providers and regulators, and the FinTech association (if there is one), along with any national women's business associations.

As the two are connected, the vision underlying the former shapes the latter - and both influence whether the reshaping of consumer priorities and expectations, as occurred in the pandemic, leads mostly to the migration of previously banked customers onto DFS or if providers manage to also attract and convert clients at and beyond the frontier of inclusion. Headline numbers of a substantial increase in the number and value of digital payments,¹³⁹ on their own, do not yet provide clarity on this.

Three aspects stand out in the experience of countries before and during the pandemic that have seen success with mobilizing allies in the form of FSPs to the cause of women's financial inclusion:

- a) the creation of a level-playing field for a broad range of capable, well-funded FSPs that show an interest in the mass market;

136 GSMA. 2021. State of the Industry Report on Mobile Money. Available at: https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2021/03/GSMA_State-of-the-Industry-Report-on-Mobile-Money-2021_Full-report.pdf

137 World Bank Group. 2020.

138 Full details can be found in the AFI case study: Gender Savings Groups: Formalizing Village Savings Groups with a Gender Lens - Egypt Case Study. Available at: https://www.afi-global.org/wp-content/uploads/2021/01/Egypt_CaseStudy_SG_WEB_Final_V5.pdf

139 Interviews with AFI Members the Central Bank of Egypt, Central Bank of Mozambique, Central Bank of Rwanda, and Central Bank of Morocco in 2021.

- b) an active promotion of gender-intentionality of those FSPs; and
- c) an enabling of their engagement of the unserved and under-served women by way of market infrastructure (agent networks, interoperability, merchant acceptance).¹⁴⁰

This presents a positive learning opportunity for other regulators to follow.

A LEVEL PLAYING FIELD FOR FSPs

Regulators in broader-based DFS ecosystems reported an overall better experience with faster adaptation by the financial sector and more capabilities that regulators could harness for their pandemic responses. In such markets, the competition from new entrants had often led banks to upgrade their alternative channels and actively compete for lower-income clients and informal businesses (such as in Tanzania with NMB and CRDB, and Kenya with KCB and Equity Bank). There were also markets, such as in Togo or Mozambique, where policymakers came up with pragmatic schemes to support the informal economy at scale and with short lead-times, even when pre-pandemic rates of DFS usage were well below those in East Africa and the macroeconomics were challenging.¹⁴¹

In East Africa, as the market where banks first had to face capable, digitally-enabled non-bank competitors, recurring high-quality demand-side surveys show a similar picture of progress. Over the course of the past decade, financial inclusion rose rapidly, to near universal levels, and the gender gap narrowed markedly, as expansion of the banked share of the population was dwarfed by non-bank mobile finance providers.¹⁴² This trend also held during the pandemic as growth rates of active mobile payments users outpaced mobile or internet bank users, despite the higher base of the former.¹⁴³

The advantage of mobile money providers over conventional financial institutions has been most evident in low-income countries.

Whereas ownership of accounts at such institutions barely exceeded population growth (+1.5 percent for women and +0.4 percent for men) since the previous Global Findex survey in 2017, the reach of mobile money overtook such accounts by 2021 - among women, mobile money even doubled.¹⁴⁴

HIGHLIGHTING EXPERIENCE: COSTA RICA AND HONDURAS

With a vibrant emerging fintech sector, and interoperable payments accessible for individuals, Costa Rica saw transactions multiply by more nearly nine times in 2020 and another fourfold in 2021, raising the total from 6.2 to 223.4 million transactions.

Over 1.6 million additional net users joined in the first two years of the pandemic, growing the user base by nearly 160 percent. Thanks to simplified accounts and several offers by commercial banks focused on women or women entrepreneurs predating the pandemic, Costa Rica has seen women's financial inclusion continue to progress; women borrowers held up better in terms of average loan size, number of borrowers, and their repayment compliance.

In neighboring Honduras, sex-disaggregated supply-side data allowed AFI member CNBS to detect that women's DFS use of traditional financial institutions grew notably faster than men's in terms of users, transactions, and values.

Women's transactions on mobile apps increased by 6.3 million (+111 percent) versus 6.2 million (+83 percent) for men. Women's share among users of web and mobile apps grew from 42.4 percent of all users to 47.8 percent.



140 Alliance for Financial Inclusion. 2020. African Financial Inclusion Policy Initiative, Regional Policy Framework to Strengthen Agent Networks for Digital Financial Services (DFS). Available at: https://www.afi-global.org/sites/default/files/publications/2020-10/AFI_AfPI_agent%20networks_framework_AW3.pdf

141 BCEAO. 2021. The Finscope Survey for Mozambique in 2019 reported only 32 percent of adult men and 26 percent of women with mobile money; for Togo a study by BCEAO had indicated that only 34 percent of Togolese adults have an active e-wallet while 84 percent had registered for one by 2019.

142 Interview with AFI member the National Bank of Rwanda. 2020; Central Bank of Kenya, FSD Kenya et al. 2021; Rwanda went from 20 percent women banked and 16 percent served by other formal providers (mobile money, principally) at a 15 percent formal services gender gap in 2012, to 34 percent banked women plus an additional 40 percent served by other formal providers and a seven percent gender gap in 2020.

143 Interview with AFI member National Bank of Rwanda. 2021: After over 31 percent in fiscal year 2020, mobile payment users grew by over 25 percent in the year to June 2021 versus only over 11 percent for mobile banking and over 21 percent for internet banking.

144 World Bank. 2022. With Global Findex data as of 2021 - fewer mobile money deployments in middle-income countries translate into mobile money reach that is on average well below that of conventional financial institutions.

This experience of the disproportionate contribution of non-bank DFS models is borne out in several other AFI markets that deployed DFS interventions during the pandemic. In Paraguay, banks and mobile money operators could serve with their respective entry-level accounts in disbursing the government's COVID-19 G2P, however, mobile money saw nearly 10 times as many new active accounts, and while DFS agents grew by 42 percent in the first 18 months since December 2019, 12 percent of branches were closed.¹⁴⁵ In Togo, mobile agent numbers rose by 81 percent to more than 31,000 in 2020 even as their activity rate remained at a high 73 percent (versus 57 percent across UEMOA).¹⁴⁶

In Bangladesh, the success of the wage digitization built on the presence of strong DFS providers like the massive bKash, which banks such as Dutch Bangla Bank (DBBL), as trusted partners to corporate clients, were able to work with. In this combination, 245 factories signed up for wage digitization with DBBL's "Rocket" payroll account.

In Southern Africa, regulators felt the absence of non-bank DFS in terms of less agile client service or support to the informal economy during the crisis. Where such players were active, regulators had more levers to drive DFS uptake and expand financial inclusion, more sex-disaggregated data to make gender sensitive policy decisions, more channels for getting funds to households and small businesses, and felt better placed in pushing back on habits of hoarding and using cash.¹⁴⁷

It is, therefore, in the interest of regulators to strike a balance between prudent regulation and allowing a broad set of financial service providers in the market, to play out their respective ambitions in capturing market share by serving unserved and underserved clients. In the case of Egypt, the CBE seeks to achieve this with a mixed model of collaboration and competition, where banks remain principal providers of regulated financial services, but payment service providers can run agent networks, take care of onboarding, and offer some transactional services.

In the South Pacific, Bank PNG used its quarterly collection of fully sex-disaggregated, supply-side data to launch a voluntary commitment by all CEOs of FSPs on financial inclusion targets with five-year projections adding up to two million additional accounts, so as to mobilize and document an effort for women's financial inclusion.¹⁴⁸

ACTIVE PROMOTION OF WOMEN'S FINANCIAL INCLUSION

There is growing evidence that women's digital financial inclusion does not emerge on its own from technological possibilities, often aimed at multi-banked middle-class clients. Substantial structural challenges remain. A seven-percentage point gap at the global level for mobile phone ownership and 15 percentage points for mobile internet is overshadowed by much larger gaps concentrated in the Middle East and North Africa (MENA), Sub-Saharan Africa and South Asia. DFS that require smartphone solutions exclude more than half of women in these three regions, by design.

FinTechs probably underperformed their potential in mitigating the pandemic due to a lack of gender-intelligence in solution design.

28%

Their gender gap in users is nearly 28 percent (i.e. nearly twice the gap of mobile internet) and as FinTechs underperform in converting women, they miss out on some 70 percent uplift in revenue.¹⁵⁰

An industry that prides itself on data and learning cycles appears to have a blind spot when it comes to setting gender as an important analytical category - possibly due to male dominated start-up teams¹⁵¹ and design thinking around gender neutrality, but in practice, male-centric products and services and male early-adopters. Dedicated attention of policymakers may be required to avoid letting these turn into permanent gaps: for instance, encouraging more female representation in venture capital and FinTech founding teams, and explicit initiatives, such as hackathons on women-specific needs and challenges. The regulator can also use their leverage when setting up sandboxes and providing licenses to ensure targets for meeting women customer's needs are achieved.

145 AFI member interview with BCP in November 2021.

146 BCEAO. 2021.

147 AFI member interview with the South African Treasury in 2021; AFI member interview in Namibia in 2021.

148 AFI member interview with Bank PNG in December 2021.

149 GSMA. 2021. State of the Industry Report on Mobile Money. Latin America, Europe & Central Asia and East & Southeast Asia show no to very small gender gaps, however, and mobile internet is rapidly approaching super-majorities even among women.

150 Financial Alliance for Women. 2021.

151 In 2020, less than five percent of partners at US venture capital funds were women, please see: https://assets.ctfassets.net/https://assets.ctfassets.net/jh572x5wd4r0/7qRourAWPj0U9R7MN5nWgy/711a6d8344bcd4fbc0f1a6dcf766a3c0/WVC_Report_-_The_Untapped_Potential_of_Women-Led_Funds.pdf

Mobile money providers are also not always converting the full potential of DFS to drive women's financial inclusion. Whether the operational model, including the technology choice and business model, is set up for inclusion matters strongly - as illustrated by the contrasting experiences of Honduras and Kenya.

Honduras' leading mobile wallet, TigoMoney, had already reached one million users in 2015 (out of 6.4 million in working age). With nearly 55 percent of active users, this mobile wallet has a positive gender gap in contrast to conventional banking. But as it requires a smartphone - beyond the means of many Honduran women - mobile money added less than three percent of the adult population on top of those with a financial institution account by 2017. TigoMoney lost clients in the years before the pandemic and only regained and surpassed this level due to renewed interest in DFS during the pandemic in 2020.¹⁵²

The continued rise of Kenya's mobile finance ecosystem with a narrowing gender gap stands in contrast to this. Enabled by the USSD standard that allows customers to operate from simple handsets and, since 2017, also backed by voice-directed IVR (inclusive to visually impaired customers or those with lower levels of literacy) for market leader M-Pesa,¹⁵³ the pandemic saw progress even among the remaining segments that are the most challenging ones to reach and serve. Women's access to formal finance grew from an already high 80 percent to over 81 percent of adult women, while the rate for men slightly declined.¹⁵⁴

To actively promote a gender lens for DFS solutions, policymakers have several complementary options:

1) The primary way to put GIF on the agenda of FSPs is by appealing to their commercial interest.

Surveyed regulators agreed: to promote GIF after the crisis, stating the business case scored very high overall and was chosen most often as 'of high importance'. While estimating the addressable market requires deeper analysis, the key characteristics of women as an attractive segment can be documented from supply-side data, as is done yearly, for instance, by the Financial Alliance for Women for its members. Women are lower risk clients, more likely to repay, have strong savings behavior, a receptiveness to a broader set of financial services when building strong relationships with banks, better loyalty, and stronger propensity to word-of-mouth.¹⁵⁶

Such patterns of women as attractive clients are also observed in the DFS space. Before the pandemic, the leading mobile money operator in Ghana, MTN, had seen that among new adopters of the service in 2017 and 2018, women subscribers ramped up their transaction value not just faster than the existing customer base but also faster than men, leading to faster growth in value per subscriber for the operator.¹⁵⁷

2) As a second option, policymakers can consider engaging FSPs on ways to make unserved and underserved segments more lucrative. Larger-scale G2P initiatives present an especially substantial revenue opportunity to FSPs: directly for the transaction services and indirectly in cross-selling to the newly acquired clients for which the state covers acquisition costs and saves marketing expenditures for FSPs by enrolling new users in bulk. The opportunity created for FSPs by winning G2P distribution mandates also creates an opening for a more constructive dialogue between regulators and FSPs on reducing client transaction charges, which should boost the attractiveness of the service and its adoptions. In the context of digitized G2P, Fiji observed, for instance, that a fee waiver during the pandemic resulted in a strong increase in mobile transfers, with women actually showing stronger use of remittances and bill payments.¹⁵⁸ If additional revenue for FSPs from G2P-induced volume growth does not compensate for shortfalls from waivers, right away, they are bound to going forward as new habits of DFS usage become permanent.

152 Comisión Nacional de Bancos y Seguros. 2021a.

153 Ngumi, Willie. 2019. "Mobile based voice biometric identity: an emerging technology that could assist vulnerable populations." GSMA Mobile for Development Blog. Kenya has a seven percent gender gap in adult literacy - the same as the world average. Available at: <https://www.gsma.com/mobilefordevelopment/programme/digital-identity/mobile-based-voice-biometric-identity-an-emerging-technology-that-could-assist-vulnerable-populations/>

154 Central Bank of Kenya, FSD Kenya et al. 2021.

155 Ten times scored as four out of five for importance during and after the pandemic in advancing GIF.

156 See for instance the series "the value of the female economy" by Financial Alliance for Women available at www.financialalliance.org; the IFC's updates from their "Banking on Women" program, available at: www.ifc.org; or the 2020 publication of the IFC and FMO on the business case for investing in non-financial services for women SMEs, available at: <https://www.fmo.nl/news-detail/36ed3e8e-8f21-4b13-992c-733e5f03749b/non-financial-services-to-women-are-a-win-win-for-banks>

157 GSMA. 2021. State of the Industry Report on Mobile Money. Andersson-Manjang and Naghavi. Reported by MTN Ghana's mobile money subsidiary, January 2017-December 2018.

158 AFI member interview with the Reserve Bank of Fiji in November 2021 and February 2022.

Incentives to providers to design for inclusion present an opportunity to guide the near universal interest in enhancing digital service channels towards a pro-inclusive direction.¹⁵⁹ Among the more than 160 FinTechs surveyed by the Financial Alliance for Women during the early-lockdown phases of the pandemic, nearly 40 percent (and 67 percent of women-focused FinTechs) felt that regulatory incentives and grants held the greatest potential to help FinTechs serve the women's market.¹⁶⁰ Such incentives might include technical assistance on GIF issues, and funding for digital financial literacy campaigns or procured for G2P services.

- 3) Thirdly, regulators can help lift the veil of ignorance about the various segments of the women's market - and especially its unserved and underserved parts.** What are its specific needs and constraints, which sub-segments can be distinguished, and how have providers around the world successfully dealt with this market? By drawing on statistics, demand-side research, and opening the door to international expertise, policymakers can provide some of the insights that are crucial for a successful strategy and solution design but for which FSPs often lack the necessary starting point or initial spark. It makes sense to explain why this is needed if requesting a differentiated GIF approach.

In Bangladesh, such guidance has mobilized the strategic interest of providers in the women's market. Key banks, MFIs, and mobile money operators label women as a core element of their strategy, driven by commercial considerations of growth and differentiation (rather than corporate social responsibility). They explicitly mark unbanked, small business owners, and rural women as segments of interest.¹⁶¹ This is in contrast, for instance, to the situation in Central America, where such interest is sparse, and banks still squarely focus on urban middle-class clients.¹⁶²

In addition to their own efforts, policymakers can join and reinforce an emerging set of initiatives co-owned by the private sector, such as the GSMA Connected Women program's Commitment Initiative¹⁶³ or a global version of the UK's "Invest in Women" code of financial intermediaries, which is set to be launched in 2022 led by the World Bank's We-Fi initiative.¹⁶⁴ The 2XChallenge is an effort by international development finance institutions to raise dedicated funding to empower women, which mobilized USD11.8 billion in a first phase between 2018 and 2020.¹⁶⁵ Instead of regulatory targets around gender gaps, when providers intend or have a

clear notion of how to achieve such targets, voluntary industry initiatives and highlighting the successes of those institutions willing to lead on this front should be considered. An emerging set of inclusive FinTech funding should offer opportunities for policymakers to align their innovation and inclusion agendas.¹⁶⁶ Such opportunities for encouraging private initiatives may rally industry capacities in a more sustainable fashion to the cause of women's financial inclusion.

THE "RAILS" ON WHICH TO RUN EFFECTIVE CRISIS RESPONSE

Next to a clear set of policy priorities and the related enabling regulation, the infrastructure of a country's DFS ecosystem was a key feature of preparedness to deal with the challenges and opportunities of the pandemic. Achieving such preparedness becomes a matter of urgency in the context of fast recurring natural and geopolitical disruptions.

Issues of connectivity and the affordability of mobile handsets and data packages tend to fall into the remit of competition authorities, telecommunications regulators, and public sector investment budgets.¹⁶⁷ Financial regulators have an interest in using whole-of-government alignment, such as in a multi-stakeholder NFIS process to lobby for such supportive policies. Competition authorities, which prevent market abuse and open the door to players willing to bring down prices for market share gains,¹⁶⁸ as well as

159 CNBS. 2021a. Ninety-two percent of the 26 supervised financial institutions in Honduras were found to be developing or enhancing DFS channels in early 2021.

160 Financial Alliance for Women. 2020.

161 Survey of seven commercial banks, three microfinance institutions and three mobile financial service providers in Bangladesh by ConsumerCentriX in 2021.

162 Interviews with a leading commercial bank, microfinance operators and cooperatives in Honduras by ConsumerCentriX in 2020.

163 GSMA, Connected Women Commitment. 2020. 16 providers have made or extended their commitment for the 2020 to 2023 timeframe, 37 had set commitments for the 2016 to 2020 timeframe to reduce gender gaps among their users, please see: <https://www.gsma.com/mobilefordevelopment/connected-women/the-commitment/>

164 Interview with stakeholder We-Fi by AFI in 2021.

165 Available at: <https://www.2xchallenge.org/>

166 Roots of Impact. 2021. New Frontiers for Financial Inclusion: Gender Impact & FinTechs Align. Feasibility Study. Available at: <https://www.roots-of-impact.org/wp-content/uploads/2021/02/Gender-Inclusive-Fintech-Fund-Executive-Summary.pdf>

167 GSMA has collected policy recommendations for the affordability of internet-enabled phones: <https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2022/04/Making-internet-enabled-phones-more-affordable-in-low-and-middle-income-countries.pdf>; as did the Alliance for Affordable Internet previously in 2020. From luxury to lifeline: Reducing the cost of mobile devices to reach universal internet access. Web Foundation: <https://a4ai.org/report/from-luxury-to-lifeline-reducing-the-cost-of-mobile-devices-to-reach-universal-internet-access/>

168 The rapid expansion of mobile phone ownership and usage in India, for instance, is credited to the price competition by market entrant Reliance Jio: <https://telecom.economictimes.indiatimes.com/news/53-women-aware-of-mobile-internet-compared-to-19-in-2017/86585867?redirect=1>

telecommunications authorities to standardize low rates for USSD usage and extend network coverage, are likely prime candidates for such alignment. Within their own scope of responsibilities, successful regulators have improved access to DFS and the connectedness of the DFS services of competing providers.

The contrasting experiences of Central America and East Africa illustrate how a more inclusive mobile space and DFS offers have fared during the pandemic. A 37 percent increase in the number of users of mobile wallets in Honduras in 2020 represented only an increase in the share of mobile money users of less than six percentage points of the adult population (from 15.4 to 21.1 percent).¹⁶⁹ Despite a higher baseline, Kenya's mobile banking managed the same relative growth taking use in the market from 25.3 to 34.4 percent between 2019 and 2021. The inverse gender gap remained with even 38.8 percent of women using mobile banking. Even mobile money by telecommunications providers rose by two percentage points to 81.4 percent of its faster growing population.¹⁷⁰ In neighboring Tanzania, the market leading M-Pesa mobile wallet grew its 30-day active clients by 10.7 percent during the first year of the pandemic, bringing active mobile money clients to around 54 percent of adults.¹⁷¹

The advantages that Kenya and Tanzania had in the preparedness of their DFS ecosystem included interoperability of mobile and conventional finance, a very dense network of service outlets to onboard and serve clients who may be new to formal and digital finance, as well as technologies for its client interfaces that fit with the digital skills and types of handsets that low-income clients possess, especially women.

Interoperability in payments across providers and channels is the key to the utility of formal transactional services, increases competition and brings down costs, thereby enhancing the attractiveness for the unserved and underserved to migrate away from the cash economy. Countries like Ghana and Tanzania which did not have a dominant provider¹⁷² have found that interoperability has catalyzed user growth.

In this vein, the African Development Bank is funding a switch infrastructure for interoperability in Ethiopia to facilitate digital financial inclusion. With the urgency of pandemic response, it is part of a continent-wide facility to enable digital financial inclusion of the more than 330 million unbanked Africans, 60 percent of whom are women.¹⁷³

HIGHLIGHTING EXPERIENCE: PERU

In Peru, a sector-wide initiative between financial institutions, telecom companies and the government ensured that interoperability was built into the design of a common platform on which mobile money offers could be launched and compete.

With this in place, as the pandemic rolled over Latin America with some of the world's highest mortality ratios, the number of unique mobile wallet users grew to nearly 4.9 times its previous value gathering 4.7 million new users - or more than one in five adults in Peru - in the two years to June 2021, more than 72 percent of that growth coming since June 2020.

Women have disproportionately benefited from Peru's more inclusive financial system. A ten percentage point gender gap countrywide in account ownership and even 20 in the two main urban centers in 2016 has shrunk to 2.3 and eight percentage points, respectively, as account ownership rose from 36 percent of women to 51 percent.



In the journey to fully digital financial inclusion, the availability and quality of the interfaces between the conventional, cash economy and DFS are vital - especially for unserved and underserved women.

169 Comisión Nacional de Bancos Seguros. 2021a. Calculations based on World Bank data on the population aged 15 to 64 years.

170 FSD Kenya. 2021a.

171 Calculations based on user numbers and market share reported in the 2021 Annual Report of Vodacom Tanzania, available at: <https://vodacom.co.tz/annualResults>

172 As was arguably the case with Safaricom for mobile telephony in Kenya and by extension over the M-Pesa service for its subscribers, which in the early stages, could only interact with other Safaricom clients. Ghana's GhPPS switch is a good example of full interoperability across payments providers and interfaces.

173 Alliance for Financial Inclusion. 2022. GIF COVID-19 Policy Responses in AFI Member Jurisdictions.

Agents (either itinerant or with a fixed location such as a store) that perform client acquisitions, cash-in/cash-out (CICO) transactions, and a set of other financial services are the principal format of such an interface. Their role may be transitory once the migration to DFS is sufficiently advanced: Kenya's Equity Bank, for instance, strongly focused on the mass market and women, agents which had equaled branch and ATM transactions by 2015, were already overtaken by mobile self-service in 2016.

10%

This growth continued at 10 percent per annum until 2019 (a time when mobile transactions grew six-fold), and in the first pandemic year recorded the first-ever drop in attendance by 13 percent (while transaction values, still rose by 16 percent).¹⁷⁴

However, most emerging markets are well behind Kenya on this journey.

During crises that disrupt conventional distribution channels of financial services, a dense network of agents constitutes critical infrastructure of often “undervalued ‘first responders’”.¹⁷⁵ As the pandemic unfolded, the GSMA registered only five countries that had designated mobile money agents as essential services by August 2020.¹⁷⁶ Already highlighted as early as 2013 in the Philippines with assistance to families affected by typhoon Yolanda, the investment by international donors in MTN mobile money agents as part of the response to Liberia's Ebola epidemic,¹⁷⁷ or India's channeling of USD22 billion in support payments to some 200 million women holders of basic financial inclusion accounts early in the pandemic, CICO agents are essential for crisis response in cash economies.

Given their importance, the reliable functioning of CICO agents should be a priority. Requiring and reviewing FSP's plans for ensuring performance standards (via training, supervision and support with liquidity management to also meet usage spikes) becomes an important part of pandemic-proofing financial systems as highlighted by regulators in AFI's African Financial Inclusion Policy Initiative.¹⁷⁸ Interoperability initiatives like in Tanzania¹⁷⁹ or the Shared Agent Network Expansion Facility (SANEF) in Nigeria¹⁸⁰ and pragmatic requirements for agent selection are ways for policymakers to facilitate such infrastructure.

To expedite the move to fully digital finance, acceptance of payments at the small businesses where women interact with the everyday finances of their households becomes the next frontier of service networks.

Countries like China or Indonesia have promoted QR codes to boost access points to DFS payments at merchants - where payments data appears to have boosted small business finance by FinTechs but also banks.¹⁸¹

The participation of women as CICO agents is another policy focus that merits consideration, especially for countries and areas where social norms present major constraints to women's mobility (as for example, captured in the indicators of the OECD's Social Institutions and Gender Index SIGI¹⁸²), there is evidence that the absence of female agents is a mismatch with client preferences¹⁸³ and may have contributed to gender gaps as DFS saw faster uptake by men.

174 Equity Group Holdings Plc. 2021. FY 2020 Investor Presentation. Branch and ATM transactions had essentially stagnated since 2013, and in 2020 dropped faster than agents in terms of the number and value of transactions. Available at: <https://equitygroupholdings.com/investor-relation/?cat=investor-presentations#images-5>

175 As the brief report from April 2020 by MSC on CICO Agents labels them, see Narain et al. 2020.

176 GSMA. 2021. The Impact of COVID-19 Regulatory Measures on Mobile Money. Available at: https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2021/09/Impact_of_COVID19_Regulatory_Measures_Mobile_Money_case_studies_final-1.pdf

177 USAID. 2022. Strengthening Mobile Money Agent Networks: Replication Guide. Available at: https://www.usaid.gov/sites/default/files/2022-05/USAID_Mobile_Money_Networks_Replication_Guide.pdf

178 Alliance for Financial Inclusion. 2020. African Financial Inclusion Policy Initiative, Regional Policy Framework to Strengthen Agent Networks for Digital Financial Services (DFS).

179 International Finance Corporation. 2016. User Insights in Enabling Interoperable Mobile Money Merchant Payments in Tanzania. Available at: <https://www.ifc.org/wps/wcm/connect/fea2a1aa-150b-42a8-8d91-b2b7e219b7c8/Tanzania+Report+PUBLIC.PDF?MOD=AJPERES&CVID=LVNjbiX>

180 Ahimbisibwe, Doreen, Edward Obiko, and Anup Singh. 2020. Perspectives on shared agent networks from emerging economies. Available at: <https://www.microsave.net/2020/06/30/perspectives-on-shared-agent-networks-from-emerging-economies/>

181 Beck, Thorsten, Leonardo Gambacorta, Yiping Huang, Zhenhua Li and Han Qiu. 2022. Big techs, QR code payments and financial inclusion, BIS Working Papers No. 1011. Bank for International Settlements. Available at: <https://www.bis.org/publ/work1011.pdf>

182 Country profiles for 2019 can be accessed at: <https://www.genderindex.org/country-profiles/>

183 International Finance Corporation. 2018. Closing the Gender Gap: Opportunities for the Women's Mobile Financial Services Market in Bangladesh. Co-authored with Bank Bangladesh. Available at: <https://www.bb.org.bd/fnansys/paymentsys/127980-wp-public-finalreviewedreportwomenmfsbd.pdf>

AFI highlights that the challenge for policymakers lies in the absence of data¹⁸⁴ and analysis about the extent of gender gaps in the agent network and the degree to which this constitutes a problem for women, as perceived by themselves and in the eyes of their male family members.¹⁸⁵ The recent AFI knowledge product Regional Policy Framework To Strengthen Agent Networks For Digital Financial Services¹⁸⁶ explores this topic in greater detail.



Regional Policy Framework to Strengthen Agent Networks for Digital Financial Services (DFS)

> [View here](#)

Seeking to build on evidence of improved performance, such as from India and Papua New Guinea, CGAP in 2021 embarked on research in six countries to further understand how gender-intentionality can enhance agent networks.¹⁸⁷ Bangladesh Bank has taken note, and sees increasing the number of women as CICO agents as an important contributor to higher levels of financial inclusion.¹⁸⁸ Its South Asian peer institution, the State Bank of Pakistan, has set a 10 percent target for the share of women agents by 2024 as part of its new “Banking on Equality” policy of GIF.¹⁸⁹ In Egypt, payments provider Fawry has trained and deployed 300 women agents particularly in poor urban areas since 2019.

Considering the need for (more) female agents or dedicated service outlets catering to women is ideally part of a broader assessment that financial inclusion stakeholders should lead on what constitutes the principal constraints to bringing more women into the formal financial services ecosystem. This includes ways of getting them interested in these services, channels for acquiring them as clients and how to effectively onboard them to complete registration and turn from first-time to routine users of these services.

Offering women and men a choice of multiple access points as part of the design of G2P programs during crisis relief and beyond is emerging as a pragmatic, evidence-based way of identifying rather than presuming which solutions work best in the eyes of a diverse set of beneficiaries - and in turn, creating a push for more female agents where this has been revealed as a consumer preference.¹⁹⁰

184 So far, baseline research on agent networks has been completed in 14 countries: <https://www.microsave.net/signature-projects/ana-reporting-on-agent-networks-across-11-countries/>

185 IT falls under the lack of supply and demand-side data, two out of five market constraints identified in UNCDF’s “Inclusive Digital Economies and Gender Equality Playbook” published in June 2021. Available at: <https://tinyurl.com/9tbemxj6>

186 Available at: https://www.afi-global.org/sites/default/files/publications/2020-10/AFI_AfPI_agent%20networks_framework_AW3.pdf

187 Available at: https://www.findevgateway.org/sites/default/files/publications/2021/2021_06_CGAP_Background_Gender_in_CICO.pdf
A recent podcast by MSC also explores the potential of female agents: <https://www.microsave.net/2022/05/18/transforming-cash-in-cash-out-leveraging-the-potential-of-female-agents/>

188 AFI member interview in writing, Bank Bangladesh in November 2021.

189 Available at: <https://www.sbp.org.pk/BOE/index.html>

190 The element of choice is more broadly seen as a way to enhance the uptake and impact of G2P programs which are a principal tool for crisis response as indicated by CGAP in a 2021 blog post: <https://www.cgap.org/blog/let-her-choose-supercharging-g2p-women>

CREATING SUSTAINABLE GENDER-INCLUSIVE DFS POLICIES

Gender sensitive DFS policies must be enabled and safeguarded to contribute to women's financial inclusion, while threats and weaknesses should be pre-emptively addressed if crisis situations are to instigate a lasting expansion of DFS that serve women's interests. Progress is not yet assured - a few countries have already seen a drop in usage.

Costa Rica's interoperable retail payments system linking any local currency account to a mobile (SINPE Móvil) saw 42 percent of the 2.9 million new subscribers in 2020 and 2021 unsubscribe from the service again. This drop is substantially higher than the roughly 25 percent of the much smaller user numbers in the years before the pandemic started. Usage patterns also suggest that clients are only slowly building trust in the system. The first half million of adopters who signed up checked their account balance more than twice per money transfer, and although outpaced by transaction growth since, the number of account balance and last transactions checks per user doubled during the pandemic.¹⁹¹

Among AFI members that do have recent data, similar patterns can be observed: Paraguay saw a levelling-off of DFS activity in the second phase of the pandemic.¹⁹² In Bangladesh, an update of mobile finance accounts in April 2021 based on activity saw a downward revision of user statistics by eight percent.¹⁹³ Such effects are to be expected during a rapid growth spurt but they also indicate that there is no room for complacency about DFS growth trends boosted by the crisis. It is not a foregone conclusion that users will not revert to cash without a policy focus to sustain usage.

Public health responses to the pandemic showed that the objective utility of DFS is not sufficient to drive women's financial inclusion.

People's money (especially if they have little) is as equally an emotional issue as their body and health. Key stakeholders need to be prepared to patiently make the case for DFS and invest in the onboarding of new users.

Persistent gender gaps, documented by the GSMA, in the awareness of mobile money offers indicate that women will need to be key targets for such outreach.¹⁹⁴

Supporting women to make proper use of formal and digital finance also matters to avoid the risk of structurally undermining the potential of DFS with poor user experiences. In handling tight household budgets, previously unserved and underserved women have little margin of error in trying out new technologies and offers, and need to get it right ideally on the first try. Otherwise FSPs will be hard-pressed to retain new users let alone gain new ones as women's word-of-mouth can also work to widely share negative experiences.

If policymakers want to safeguard the potential of DFS to achieve progress on GIF, they will be interested in preventing the emergence of bad user experiences for all major sources and mitigating their impacts when they do happen. Regulators do seem to recognize the importance of such prevention: consumer protection and financial literacy were the policy areas where most respondents had acted before or during the pandemic, specifically targeted at GIF. However, such financial and digital skills building were among the least frequently chosen policies for promoting GIF during the pandemic and for the post-pandemic recovery.¹⁹⁵

To avoid facing any future crisis ill-prepared, such safeguards to the sustainability of DFS for women ought to be put in practice, soon - as the pace of disruption seems to rise.

191 Banco Central de Costa Rica. SINPE Móvil statistics. Calculations by CCX. Available at: <https://tinyurl.com/2p97njZz>

192 Banco Central del Paraguay (BCP). 2021. Presentation by BCP Financial Inclusion Unit for World Savings Day, "Datos y tendencias de inclusión financiera".

193 Bangladesh Bank. 2021. Mobile Financial Services statistics (third quarter).

194 GSMA State of the Industry 2022, based on the 2021 GSMA Consumer Survey - these gaps are smaller (with the exception of Indonesia) than gender gaps in account usage, suggesting that women grasp and act on the usefulness of DFS possibly better than men.

195 Alliance for Financial Inclusion. 2021. Gender Inclusive Finance: COVID-19 and Women's Financial Inclusion Survey.

BUILDING CAPABILITIES TO ENCOURAGE THE TRANSITION TO FORMAL FINANCIAL SERVICES

Whether financial inclusion effectively enables sustainable and inclusive development, thereby building resilience to future shocks and facilitating crisis response policies depends on the degree to which citizens transition to formal and digital finance. Globally, slightly more than one in three registered mobile wallets are active,¹⁹⁶ even with the push to digital channels that the pandemic provided, and usage numbers are plateauing. AFI members need not only to facilitate access but target usage and ensure quality products and services are available.¹⁹⁷ This task is particularly relevant for women's financial usage of products and services as they often have informal sources of income, make many small everyday financial transactions, and put money aside for education, home improvements, medical emergencies, or old age - these transactions are all particularly entrenched in a country's cash economy. If women experience an adverse interaction with a DFS provider, they are also less likely to give DFS another chance.

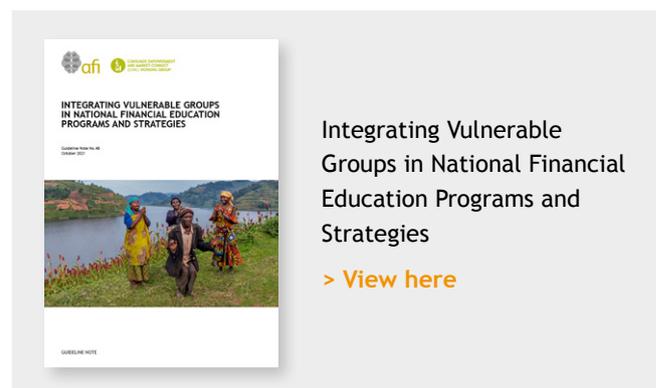
Where financial inclusion initiatives have a specific gender-lens, the need for such preparation of clients, onboarding, and support in adopting active use is often recognized more easily. In the most recent drive to digitize wage payments in Bangladesh, explicit attention was given to training workers and helping them gain knowledge and confidence about digital financial transactions. Merely opening accounts and transferring their wages in cashless format was insufficient for women to benefit from digital payrolls. Learning sessions about the safe use of DFS, group visits to cash-out points, and planning their daily schedule to include time for such interactions with agents were important in seeing continued adoption. The participating FSPs bKash (by BRAC) and DBBL Rocket (by Dutch-Bangla Bank) saw the benefits in improved uptake and usage. Bank Bangladesh shares this sense of the importance of awareness and practical literacy on everyday financial tools and sees it as the key to achieving women's financial inclusion, especially in a challenging social norms context.¹⁹⁸

Active in Cambodia and 15 other countries, HERProject, led by Business for Social Responsibility (BSR), a corporate social responsibility initiative of global brands, developed a wide range of open-source materials, including posters, videos and tech tools in local languages specifically reflecting the concerns and constraints faced by female workers in the garment sector. Hands-on advice on savings, budgeting and wage spending helps ensure that DFS is not only used

but benefits the financial resilience and health of each woman, and her family.¹⁹⁹

Many private sector, non-governmental organizations (NGOs), and international development stakeholders are ready to partner on such activities. Tried and tested content and capacity building formats are often already available. In response to the pandemic but usable in other crisis contexts, the HERProject put together HERessentials, a package to help workers, and especially women workers, to build their adaptive capacity and resilience in the face of crisis.²⁰⁰

Not all the required financial literacy can be built in-time before first usage. Especially in the context of a crisis that demands urgent change in behaviors, human interfaces for serving clients become an important fallback solution. This topic is explored in much greater depth in the Guideline Note on Integrating Vulnerable Groups in National Financial Education Programs and Strategies.²⁰¹



¹⁹⁶ GSMA State of the Industry Report 2022, which found activity at the global level dropping again to 37% after a recent rise.

¹⁹⁷ Experiences from Latin America with the importance of financial inclusion were documented recently by the regional development bank CAF: <https://www.caf.com/es/conocimiento/visiones/2021/05/como-estan-la-inclusion-y-educacion-financiera-en-america-latina/>

¹⁹⁸ FI member interview in writing with Bank Bangladesh in November 2021.

¹⁹⁹ Klapper, Requejo and Svarer. 2021. More information about the HERProject can be found at: <https://herproject.org/>

²⁰⁰ This open-source content can be accessed at: <https://herproject.org/resources/covid-19>

²⁰¹ Available at: <https://www.afi-global.org/publications/integrating-vulnerable-groups-in-national-financial-education-programs-and-strategies/>

The successful growth of digitally-led challenger bank TymeBank in South Africa (recently also licensed in the Philippines) is driven by this recognition. Its management attributes their outperformance in gaining and retaining clients, especially female, to the deliberate choice of ramping up staff at the contact center as client needs for human assistance shot up during the pandemic (rather than pushing chatbots or other non-human interfaces), and the role of staff next to the self-service fully-digital terminals located in supermarkets around the country.²⁰² While possibly not an area for mandatory regulation, supervisors can encourage and inform about such practices that improve effective women's financial inclusion and financial capabilities and at the same time boost the lifetime value of these clients.

The incorporation of (digital) financial literacy in “teachable moments” that offer opportunities for users to undertake learning-by-doing is a principle that emerged from the AFI community. These lessons were captured in AFI's “Digital Financial Literacy Toolkit”.²⁰³ For a purposeful approach, the regulator as a central node needs to work with FSPs but also complement and ensure in a three-phased process that such initiatives are responsive to market needs.²⁰⁴ In the South Pacific, a joint apex body for planning, running, and monitoring financial inclusion activities set up by the central bank and the various sub-sectors of the financial system rolled out digital and in-person capacity building to accompany the shifts required by pandemic and DFS including those for bank staff.²⁰⁵



Policy Note on
Digital Financial
Literacy for ASEAN

> [View here](#)

Crisis response policies involve content that calls for actively educating (even experienced) financial sector clients. Communication is particularly sensitive in the context of debt moratoria²⁰⁶ while ambiguities that leave financial institutions to specify the features of the debt relief or clients uncertain about who is eligible can damage consumer trust or trigger moral hazard which aggravates the pandemic-induced deterioration of loan portfolio quality. During the pandemic, such risks were

observed in Tunisia and Madagascar.²⁰⁷ Empowerment to know and exercise one's rights²⁰⁸ is of relevance for women who often feel already less well-informed and at ease in interacting with staff at banks or microfinance institutions. Efforts to enhance financial capabilities are thus a force multiplier for effective financial inclusion and effective crisis response, alike.

MANAGING CONSUMER PROTECTION NEEDS

COVID-19 ushered a new cohort of consumers into the market for formal financial services, thus, boosting financial inclusion. However, the pace of adoption has often outstripped the pace of consumer protections, and the effective awareness and use of such protections by users where they do exist - and left new users vulnerable to predatory business practices or cyber risks - among a litany of new risks. The overlap of new users with new FinTech providers with aggressive business practices may especially create friction. This topic can be explored in much greater detail in the Guideline Note on Financial Consumer Protection During a Crisis.²⁰⁹



Financial Consumer
Protection During
a Crisis

> [View here](#)

202 Interview with Tyme Bank in November 2021.

203 Available at: <https://www.afi-global.org/publications/digital-financial-literacy-toolkit/>

204 Alliance for Financial Inclusion. 2021. Digital Financial Literacy Toolkit; and AFI. 2021. Policy Note on Digital Financial Literacy for ASEAN. Available at: https://www.afi-global.org/wp-content/uploads/2021/10/AFI_ASEAN_PN_141021.pdf

205 AFI member interview with Bank PNG and the Centre for Excellence in Financial Inclusion (CEFI) in December 2021. Trainings included DFS products, debt management, e-commerce, and transition to work-from-home.

206 Available at: <https://www.cgap.org/research/covid-19-briefing/debt-relief-pandemic-lessons-india-peru-and-uganda>

207 Interview with the EBRD on 22 April 2021; Interview Accès Banque Madagascar.

208 Available at: <https://www.caf.com/es/conocimiento/visiones/2021/05/como-estan-la-inclusion-y-educacion-financiera-en-america-latina/>

209 Available at: https://www.afi-global.org/wp-content/uploads/2021/12/CP_During_a_crisis-2022.pdf

210 CGAP Blog. 2022. Break the Bias: Evidence Shows Digital Finance Risks Hit Women Hardest. Available at: <https://www.cgap.org/blog/break-bias-evidence-shows-digital-finance-risks-hit-women-hardest>

Disappointing user experiences or even breaches of trust spread fast by word-of-mouth among low-income clients likely to revert to cash and present a risk of undermining the acceptance of any DFS, and that women are more vulnerable to such DFS-related risks.²¹⁰

The inclusion of many users without previous exposure to formal and DFS creates a need for regulatory precaution. Building and communicating sound consumer protections and dispute settlement mechanisms jointly with demanding and supervising sound cybersecurity practices, therefore, becomes crucial for regulators.²¹¹

The level of digital literacy of vulnerable or unbanked and underbanked women segments creates an area of concern for regulators. This manifestation of cyber risk will require a two-pronged approach for policymakers looking to maintain the sustainability of the pandemic's DFS inclusion gains. Firstly, they must prioritize the development, implementation, and standardization of cybersecurity protocols for FinTechs as well as financial services incumbents. This aspect of regulation can benefit from extensive development and collaboration with the private sector and its expertise. Moreover, contingency planning should be in place for when data breaches inevitably take place. Whether this means better encryption methodology or anonymization of data, regulators must enforce these measures to confidently sell DFS to women and other hesitant segments. Secondly, policymakers will need to improve women's digital literacy to promote their safe use of digitally delivered financial services alongside the benefits of remaining in the digital money system - as opposed to the ever-tempting reversion to cash transactions.

To preserve their opportunity to build an inclusive financial system that serves as a foundation for future crisis resilience, financial sector regulators need to strengthen the ongoing practice of consumer protections and ensure they are gender sensitive to the needs of various women's market segments, as well as those of other vulnerable groups.

They should obtain disaggregated provider data about consumer complaints and build profiles of clients who are experiencing challenges for evidence-based policymaking. As a source for insights in this way, consumer protections can also serve to actively help shape financial inclusion policies and make them more responsive to the realities and constraints of those at the frontier of financial inclusion.

HIGHLIGHTING EXPERIENCE: BANK AL-MAGHRIB (BAM), MOROCCO

With a mediator entity established a few years ago and active reporting by financial institutions, Morocco's Bank al-Maghrif (BAM) observed a spike in complaints in the early peak of the pandemic, especially related to loan repayments, that informed its revision of guidance given to lenders. This monitoring of issues raised by clients also allowed BAM to assist in improving the effectiveness of interventions by other stakeholders, such as the need to revise which sectors were eligible under a guarantee scheme for MSMEs. Financial education programs run by AFI members like BAM offer more opportunities to improve the understanding of how well the financial ecosystem works for new users. When issued codes and offered incentives, the experience of participants in such events can be tracked on digital interfaces such as websites and apps.



The AFI community's recognition for the heightened need for purposeful consumer protections in the context of the pandemic where DFS is to play a central role has been made available in the "Policy Model on Consumer Protection in Digital Financial Service".²¹²



Financial Consumer Protection During a Crisis

> [View here](#)

210 CGAP Blog. 2022. Break the Bias: Evidence Shows Digital Finance Risks Hit Women Hardest. Available at: <https://www.cgap.org/blog/break-bias-evidence-shows-digital-finance-risks-hit-women-hardest>

211 Interview with the World Bank Group in 2021 on the AFI - Special Report on Financial Inclusion Policy Responses to COVID-19 in Africa.

212 Available at: <https://www.afi-global.org/publications/policy-model-on-consumer-protection-for-digital-financial-services/>

KEY RECOMMENDATIONS

Within the financial services ecosystem, the pandemic was an important wake-up call for policymakers about novel risks and policy responses.

The next crisis will have different features but may again disrupt public life and conventional service outlets due to civil unrest,²¹³ public health emergencies, natural catastrophes, and extreme weather events, made more likely by climate change. Policymakers need to, therefore, widen their toolbox and look to build more agility and resilience for the system to withstand such diverse crises. As this study illustrates, women's financial inclusion can be a key component for that to happen.

GIF AS AN URGENT PRIORITY FOR FINANCIAL REGULATORS

This special report suggests that the best time to apply a gender lens to inform financial inclusion policies was before the pandemic, but the second-best time is now. AFI members who were leaders in crisis response tended to enter the pandemic well-prepared by policy frameworks that covered women and benefited from a local ecosystem of providers that was at least ready to swiftly onboard excluded women.

Their experience also demonstrated that, rather than presenting any trade-off between genders, a gender-lens to policy responses enhances the breadth and impact of their interventions. AFI members that have progressively integrated women's needs into their strategies were motivated by their expectation of how instrumental and pivotal women are to the effectiveness of their policies and the achievement of national development goals for all citizens.

Six years after the adoption of the DAP, the power of designing for inclusion by way of a gender lens can still unfold its transformative effects in many more countries. Women as a dedicated target segment in financial inclusion policies remain an exception. The predominant grouping of women with others, such as vulnerable populations, comes with the risk of blurring the needs of the narrower groups who are facing specific vulnerabilities, while complicating the case for the female half of the population, not as supplicants in need of a handout, but an indispensable segment for providers. For policymakers in countries with major gender gaps or comparatively low levels of overall

financial inclusion, the broad impact of a gender lens also constitutes a more immediate priority for scarce resources, capabilities, and executive attention.²¹⁴

Many gender neutral NFIS initiatives and incomplete sex and age disaggregation of data²¹⁵ suggests a need for continued efforts at making the case for the gender lens to policymakers:

- 1) As a segment without targets for crisis recovery in the short-term, financial inclusion in the medium-term and sustainable national development in the long-term will not be reached.
- 2) As a lens through which the standards for policies, ecosystems, technologies, and commercial strategies can be properly set for inclusion.

The demonstrated women-friendly potential of DFS-led financial inclusion policies, and women's first-hand experience with such tools and the risk of disruption provides a good backdrop to get serious about the GIF and crisis response agenda.

EVIDENCE-BASED POLICYMAKING: BUILD BETTER DATA PRACTICES

In stark contrast to the nuanced near-time labor market and inflation data, financial inclusion and the effects of a fast-evolving crisis that does not mirror historic patterns and encompasses wide sections of the population and the economy, come with little data for AFI members. As a result, there is little tangible data on effective solutions.

Pioneering regulators provide a hint that there are practical ways to overcome this constraint. Faster, affordable methods, like the rapid response surveys that the World Bank conducted with several African countries (e.g. Ethiopia, Malawi, Nigeria, Tanzania, and Uganda) offer such examples on the demand-side,²¹⁶ while response panels or mobile surveys have become

213 Furlong. 2022. As in the early January 2022 protests in Kazakhstan, where the [Kaspi.kz](https://ksp.kz) digital banking app came to be used by half the population for the purchases of daily goods, however, this was disrupted when the internet cut by the authorities. This again illustrates the value of low-threshold technology solutions like USSD and IVR not just as entry-level options for more challenged users but also as fallback options to vulnerable digital connectivity. Please see: <https://www.rferl.org/a/kazakhstan-crisis-almaty-nur-sultan/31642716.html>

214 AFI member survey for this study. There is an important distinction to reflect, here: if the policy objective is financial inclusion as a means to faster sustainable growth, a pragmatic prioritization for expected impact given available inputs implies a gender-lens is essential. For policy objectives typically associated with public sector institutions not focused on the financial sector, degrees of vulnerability may indeed be the more adequate guiding principle.

215 Alliance for Financial Inclusion. 2021. Gender Inclusive Finance: COVID-19 and Women's Financial Inclusion Survey.

216 Sagesaka, Akiko and Oseni. 2022. LSMS-supported high-frequency phone surveys on COVID-19: new harmonized datafiles and variables available. Available at: <https://blogs.worldbank.org/opendata/lms-supported-high-frequency-phone-surveys-covid-19-new-harmonized-datafiles-and>

widespread. These can be a cost-effective, fast, and flexible method to fill data gaps.²¹⁷

Building on broader demand-side research, tracker surveys that check-in with panels or cohorts as a smaller subset of previous respondents are another tool to map the progress of a disruption like the pandemic as well shifts in financial service usage in an innovation context at shorter intervals. With three waves of their MSME Covid-19 Tracker Survey that built on a sample of microbusinesses from the 2019 FinAccess survey, Kenyan stakeholders were able to get a clearer sense of how businesses fared during the pandemic.²¹⁸

For supply-side data, recurrence and comparability is a given and can be improved by standardized and automated processes.²¹⁹ Expansion of coverage to digital lenders, MNOs, MFIs, cooperatives, and others helps push data to the frontier where inclusion advances.

Mandating sex-disaggregation should certainly become a standard. A growing number of AFI members have embarked on remedying this issue. Some, like Paraguay or Fiji, have already been able to reap the benefits. Countries that have established interoperable payment systems may already have data on usage that can be readily available in sex-disaggregated format. One example of such a quick win is Nigeria's NIBSS hosting all interbank payment data across all types of providers, data on transactions at agents, and all such data coming with unique identifiers for individual users.²²⁰

Finally, new and alternative sources of data have shown initial indication of their relevance. Similar to alternative measures to estimate aggregated production or consumption activity,²²¹ social media and smartphones generate information to assess the multifaceted impact of a crisis. Aggregate data on mobility at various types of locations (e.g. workplaces, public transportation, hotels, and restaurants) provided by Google give a sense of how much social activity receded independent of whether mandated for public health concerns or driven by the precautionary behavior of citizens.²²² Analysis of terms dominating search engine requests or social media channels provides a sense of the constraints, urgencies, and priorities of the population.

Though prone to gender gaps and far from universally used in many developing countries, such sources can help complement the picture, especially when waiting for conventional statistics can come at a substantial cost.

LEVERAGING INCENTIVES AND PROMOTING POSITIVE BEHAVIOR THROUGH G2P AND DFS

To boost the recovery, financial support to households and businesses will remain a priority - creating ongoing opportunities for expanding women's financial inclusion. Successful G2P programs deployed rapidly via DFS have proven their potential, even for low-income countries. As uncertainty over the extent of any current and subsequent waves persists, stakeholders promoting financial inclusion should consider preparations for similar efforts in their country, if not already rolled out.

While policy priorities may vary, targeting women is set to offer a pragmatic focus for channeling funds in the interest of impact. As prime decisionmakers on household budgets in many jurisdictions, women are likely to demonstrate high spending propensity while typically having lower and more volatile income sources. As a collateral benefit, women tend to be closely linked via economic and care responsibilities to other vulnerable groups in the focus of pandemic response such as youth, older persons, or special-needs children.

Experience in countries like Paraguay, Mozambique and Togo suggest that key success factors include a capable set of providers that can (and, ideally, already do) offer entry-level accounts or wallets and have countrywide reach, digital self-service channels with technology and literacy requirements that broad sets of low-income citizens can fulfil and a sign-up process that either has no relevant hurdles of access and KYC or for which the authorities present ready workarounds (e.g. sign-up is actively handled by authorities with wide reach). Where such key success factors are not yet in place or cannot be established in the near-term, financial sector regulators ought to take note: missing items likely represent major structural gaps for advancing financial inclusion for women and other groups that remain unserved or underserved.

217 Delius, Himelein and Pape. 2020. Provide background and practical guidance for deploying this tool to inform policy.

218 FSD Kenya. 2021b. "Finaccess MSE Covid-19 tracker survey 2021." 2019 FinAccess household survey. Available at: <https://www.fsdkenya.org/thematic-areas/mse/finaccess-mse-covid-19-tracker-survey/>

219 For instance, CNBS in Honduras is currently transitioning to a template with sex-disaggregated data for reporting that is part of an electronic interface via which banks submit their information. APIs of modern core banking systems and the evolution of RegTech and SupTech solutions should make such automated, regular reporting increasingly feasible.

220 GRID3. 2020. A 2019 data analytics pilot indicated the detailed insights (also by age and region) it could afford on financial inclusion but also on transactional data and usage of the SANEF shared agency network.

221 The Economist speaks of the move to "third-wave economics" driven by real-time, high-frequency, and alternative data. Available at: <https://www.economist.com/briefing/2021/10/23/enter-third-wave-economics>

222 During the pandemic, Google made such aggregate mobility data publicly available at: <https://www.google.com/covid19/mobility/>. Policy-makers may be able to forge partnerships to obtain such data permanently or at least once again in any future crisis.

These positive experiences in rapidly reaching and supporting large numbers of previously included women and vulnerable citizens points to the relevance of policymakers providing active guidance for inclusive technology choices by regulated institutions. Gender-lens insights would suggest that regulators ought to offer at least one low-threshold-to-use channel option. Pandemic relief presents a particular opportunity: as contractors of repeating bulk payments that reach large numbers of new clients, policymakers can use commercial incentives and technical assistance as bargaining chips to get providers to adopt such technology choices. This ‘carrot’ is likely more swiftly effective than the ‘stick’ of regulation. While other government entities are likely in the driver’s seat for support programs, regulators responsible for financial inclusion should actively seek to be part of and help guide such efforts.

Regulators and policymakers must build KYC requirements that do not create additional barriers for women. Successful measures during the pandemic including simple entry-level accounts or wallets as in G2P programs should be governed by pragmatic risk-based KYC regulations that favors inclusion. As with technology, implementation may require active guidance to commercial banks to apply such standards.²²³ A gender lens often shines a light on the challenges that women often have, not merely with possession of ID but accompanying rules like documentary proof of residence or providing a passport photo for documentation.

A gender-intelligent policy response interested in a rapid and large expansion of reach would likely give priority to simplified and tiered KYC rather than electronic KYC. In low-income countries where half of women do not even have an ID²²⁴ but well into middle-income countries, eKYC may still be unrealistic for a substantial number of citizens to meet or uneconomical to apply for providers when dealing with low-income clients. The importance of effective crisis response provides AFI members with an opportunity to bring such best practices to their jurisdiction by rallying political support in the interaction with government stakeholders seeking to uphold more demanding standards. The AFI community offers ample evidence that such pragmatic KYC rules are feasible without undue risk to security interests or inviting international scrutiny.²²⁵

BUILDING GENDER INCLUSIVE FINANCE PROGRAMS THAT FOSTER RESILIENCE

While the work of properly incorporating a gender lens into national financial inclusion frameworks requires a somewhat longer timeline, more ad-hoc revisions to existing policies and improved coordination under

the explicit objective of reaching more women should be feasible. There are a few areas where immediate changes are possible, as mentioned in the report - gender inclusive remittance policies would help boost the support and purchasing power of diaspora communities that would disproportionately benefit women. Solutions to translate remittance flows into (women’s) access to loans in times of need are already in the market. Cost savings, convenience, and resilience to disruption by lockdowns present strong incentives to adopt DFS solutions - and thereby advance women’s financial inclusion.

Policymakers should reinforce these tendencies and work towards two objectives:

- > Entrench the new formal and DFS habits of recently onboarded users to at least preserve the gains made against a post-pandemic reversal to cash and informal practices.
- > Channel the new latent interest in formal accounts by women and their families into actual sign-up for service in women’s names.

Women are often not the primary breadwinners in joint households but tend to be the primary budget-controller of households. As such, winning them over in transitioning the everyday use cases of money management to formal and digital solutions from current cash-based practices is essential for entrenching new usage patterns. Against a backdrop of widespread concerns among small merchants in emerging markets about the tax implications of making their cashflows more visible by accepting cashless payments, women are the key constituency for regulators to achieve merchant payment digitization by way of the pull of consumers where the push of regulators and providers has produced only limited success.

Adoption of technologies that simplify such transactions for end users - in ways that are feasible for most women is one way to move beyond cash.²²⁶ Regulators could incentivize women to request cashless payments, such as fostering loyalty schemes or offering lotteries administered with the payments settlement.²²⁷

223 For example, many Nigerian banks continue to request documentation above the entry-level of KYC 2.

224 The World Bank offers a dataset on ID and birth registration at <https://id4d.worldbank.org/global-dataset>. However, AFI members have highlighted that some data may no longer present current realities for their country.

225 See for instance, the March 2019 Special Report by AFI on KYC, inclusion, innovation, and integrity. Available at: <https://www.afi-global.org/sites/default/files/publications/2019-03/KYC-Innovations-Financial-Inclusion-Integrity-Selected-AFI-Member-Countries.pdf>

226 Which means that in countries with low smartphone penetration or low mobile data affordability, the ease of QR Code payments is not necessarily more inclusive than the merchant ID numbers that need to be entered via a USSD short code (see for example, the “Lipa na M-Pesa” merchant payments of Kenya’s Safaricom).

FSPs can contribute in other ways to entrenching these usage patterns by leveraging the track records of newly collected data on cashflows, which now run through the formal financial system. Household budgets and the planning of savings objectives become easier to grasp and achieve via easy to use apps with a visualization of expenditure patterns offered by providers as a non-financial service.

To avoid setbacks of reversion to cashless payments, regulators should consider adopting the measures of AFI peers (or making permanent their own temporary rules) regarding the simplified onboarding of users and fee reductions or waivers. The latter, though, requires close coordination with private sector providers to avoid undercutting their economic viability but instead growing the pie by way of expanding client numbers, transaction volumes, and value.

To ensure that this securing and intensification of DFS usage involves and benefits women, policymakers should ensure that the digitization of conditional cash transfers and other financial support from governments and international donors, is prioritized for women as beneficiaries and representatives of final beneficiaries (household units, child support) so that accounts are opened and maintained in women's names. This would revert the current situation where women more often co-use accounts of (men) others,²²⁸ and help slowly shift the bargaining power and appreciation of women in their families.

Hands-on financial education campaigns that foster digital and financial literacy of everyday relevance are not a pre-condition for DFS interventions but can be an important impact-enhancer,²²⁹ especially for women. As content is not specific to any FSP, regulators are well placed to initiate sector-wide, cost-shared efforts for country-wide campaigns,²³⁰ while encouraging FSPs to be ready with dedicated concepts for onboarding new clients.²³¹

Policymakers should require sufficient banking agents for issues arising during onboarding and resolution of service problems. This does not need to come at the exclusion of offering self-services like a chatbot (and encouraging ever more novel solutions via regulatory sandboxes) but is essential until the public has sufficient experience with, and trust in, such new solutions. Closer to people's homes and often integrated into women's daily errands, agents present a much lower hurdle for in-person interaction than bank branches considering women's constraints on time, mobility, and the perceived decency of dealing with

strangers. They are also a lower cost consideration for FSPs compared to establishing bank branches, albeit they do not offer a full range of services when compared to a bank branch.

If well selected and supported, agents can be a highly successful format for the assisted onboarding that most women require, and which many men also benefit from. Women-focused growth stories like South Africa's TymeBank or Safaricom's campaign to get more women to actively adopt mobile internet²³² are built on this recognition. Indeed, with their setup there is rather a structural gender gap in favor of being able to address women. For countries whose DFS ecosystem is not yet as embedded in the economic lives of women and men as in Kenya,²³³ policymakers are well-advised to make this channel a focus of enabling (women's) financial inclusion infrastructure in 'normal' times and prop it up in times of crisis, for example, with classification as an essential service and liquidity support.

The study's survey results were encouraging in placing such capacity building as the most widely appreciated policy tool. Policy responses that focused on building out the skills of women entrepreneurs via scalable platforms to grow their businesses and make DFS a standard in their business operations are examples that promise tangible results for women's financial inclusion.

227 With a lottery of VAT invoice receipts for consumers, Mongolia has expedited the formalization of small business revenues. Please see: <https://www.bloomberg.com/news/articles/2018-12-25/mongolia-s-tax-collectors-are-the-real-winner-in-national-lotto>

228 GSMA State of the Industry 2022, for instance, finds women in five of seven observed countries (exceptions: Indonesia and Kenya) less frequently holding an account in their own name, and in five of eight declaring more frequently than men their usage of someone else's mobile money account as a reason for not having one of their own.

229 Alliance for Financial Inclusion. 2020. Roadmap to the Sustainable and Responsible Financial Inclusion of Forcibly Displaced Persons. Available at: https://www.youtube.com/watch?v=qgfrWkl8_Hk&list=PLnGqLe9ZniECWNiKVi8uCl330y7CeaKon&index=2

230 If sector-wide cooperation is challenging to achieve, cooperation by a few FSPs can be effective. Weaving practical financial literacy lessons and calls-to-action into Kenya's most popular soap opera proved highly effective for three FSPs involved: Women's World Banking. 2017. How a Popular TV Show Shifted Social Norms Around Women's Banking Habits in Kenya, Available at: <https://www.womensworldbanking.org/insights-and-impact/popular-tv-show-shifted-social-norms-around-womens-banking-habits-kenya/>

231 Letshego. 2021. Stakeholder interview. Microlender Letshego reported, for instance, on its "digital eagles" campaign of sending ambassadors to groups of clients (e.g. at companies) and assisting them with digital channel use.

232 GSMA. 2021. Safaricom's Maisha Ni Digital Campaign found that "hands-on, in-person support, both at the point of sale and from their peers, is highly valued by customers, particularly women". Previously 34 percent less likely to use mobile internet, the campaign designed with a gender-lens led to the adoption of 500,000 new 4G smartphone users, of which 54 percent were women.

233 Even there, only in 2020 did transaction value at Equity Bank's main mobile channel surpass that of agents.

CONCLUSION



The COVID-19 pandemic continues to disrupt families and economies around the world. The enduring impact on the financial inclusion of women is clear. Gender-inclusive DFS and sex disaggregated data collection is necessary to inform impactful policymaking, but we must act now. DFS-enabled social support that has reached women and targeted groups well beyond previous state programs and policymakers should consider ways to preserve and expand on these achievements.

Data and processes from these programs should be well-documented to build institutional memory and capacities on which future crisis responses can be built in an expedited way. DFS-led, women-focused social support programs could be preserved with transfers no longer intended to replace income shortfalls but instead, augmenting low-incomes and smooth cashflows in non-crisis periods. This may require not particularly large sums that could transition into conditional cash-transfer programs that are considered important drivers of social impact and poverty relief.²³⁴ The direct flow of funds to target populations is likely to offer opportunities for donor support that would be more challenging to obtain for discretionary spending or budget support. Such efforts accompanied by further financial inclusion initiatives and enabling policies, through digital G2P programs could provide an important “initial spark” for catalyzing the migration to formal and digital ways of managing household finances and transacting, every day.

Access to flexible loan offers at short notice can also help fill gaps in coping with unforeseen events. To reinforce the crisis resilience of its population, regulators have an interest in widening access-to-finance, especially for women and women-led businesses that tend to be more credit-constrained even in more normal times.²³⁵ Moving from collateral-based to more prudential risk-based regulation that facilitates unsecured lending is one of the major steps to clear hurdles disproportionately limiting women’s access to finance.

Initiatives that foster the emergence of less rigid collateralized lending (movable collateral registries, leasing, working capital finance) also add value here, but tend to work on longer timelines than the spaces of digital lending and buy-now-pay-later which benefit from strong investor interest. While this creates an opportunity for policymakers to channel global risk capital towards better access-to-finance, these opportunities currently in vogue with venture capitalists also require policy attention in terms of consumer

protection and financial literacy to enhance market effectiveness and resilience rather than adding risk.

Open data initiatives are of particular importance for the financial system to rebuild its ability to score potential borrowers more accurately. The evaporation of purchasing power is likely to have exacerbated women’s data scarcity for credit, invalidating past data and patterns identified by algorithms. Combined with such sharing of data, guarantee schemes often applied during the pandemic can foster innovation on top of boosting credit supply, by providing risk cover to expedite the industry’s relearning process for credit assessments.

A broader set of enablers that disproportionately facilitate uptake by women will need to be in place: tiered-KYC, consumer protections, electronic signature, fully digital onboarding for more complex products and a payment system that facilitates easy payment of premiums or swiping of excess balances into longer-term savings at no cost.

Integration into digital financial interactions and the provision of more flexible loans are also key elements for boosting female entrepreneurship. The digital economy, both in terms of delivering digital services as well as digital access to markets, is a particular boon to time and mobility-constrained women, whether due to care responsibilities, inability to afford help and transport, or restrictive social norms.

Finally, with an eye to the increasing risk of crises triggered by climate change, the nexus of GIF and IGF merits close attention as a key to building greater resilience in AFI member countries. Women’s financial inclusion, as an enabler for funding adaption measures at the household level, via pay-as-you-go solutions is an evident focus. Prioritizing the emergence of greater financial risk-sharing and coping mechanisms is another space where stakeholders promoting financial inclusion can push the IGF and GIF agendas, simultaneously. The imminent wave of innovation related to raising funds for the ecosystem’s protection and for monetary incentives at the household and community levels for ecologically-sound action is another opportunity for financial sector regulators to channel into their financial sector communities and where inclusive policies and peer-learning can help create a recovery that indeed builds back better.

²³⁴ Millán, et al. 2019 documents many of these, principally Latin American examples, but finds mixed evidence about longer-term, cross-generational impacts.

²³⁵ While credit supply may still stall during a crisis, this is a challenge that regulators’ conventional toolbox of liquidity injections, guarantee schemes, and flexibilization of prudential regulation can address.

ACRONYMS

AFI	Alliance for Financial Inclusion
ATM	Automatic Teller Machine
B2B	Business to Business
B2C	Business to Consumer
CEO	Chief Executive Officer
CICO	Cash-in, Cash-out
DAP	Denarau Action Plan
DFS	Digital Financial Services
EKYC	Electronic Know Your Customer
FSP	Financial Services Provider
G2P	Government to Person
GBV	Gender-Based Violence
GIF	Gender Inclusive Finance
GPFI	Global Partnership for Financial Inclusion
ICT	Information and Communications Technology
IFC	International Finance Corporation
IVR	Interactive Voice Response
IGF	Inclusive Green Finance
KPI	Key Performance Indicator
KYC	Know Your Customer
LAC	Latin America and the Caribbean
MENA	Middle East and North Africa
MFI	Microfinance Institutions
MNO	Mobile Network Operators
MSME	Micro, Small, and Medium Enterprises
NFIS	National Financial Inclusion Strategy
NGO	Non-Governmental Organization
QR Code	Quick Response Code
SDGs	Sustainable Development Goals
SME	Small and Medium Enterprises
UNCDF	United Nations Capital Development Fund
USSD	Unstructured Supplementary Service Data
WFI	Women's Financial Inclusion
WFIID	Women's Financial Inclusion Data Partnership
WSME	Women-Owned/Led Small, Medium Enterprises

TERMINOLOGY

GENDER AWARE

An understanding that the roles and social relationships of women and men are varied and that this has a profound influence on their needs and aspirations.

GENDER BIAS

Prejudiced actions or thoughts that affect a person or a group of people based on their perceived gender. Such bias results in unequal and unfair treatment, including gender-based discrimination in the workplace or gender stereotyping in the media. It also leads to unequal and unfair access to resources such as income, food, health care, land ownership, and education. Gender bias can be conscious or unconscious, explicit, or implicit. It can occur in the public sphere, such as in access to financial services or documentation required for bank accounts, as well as in the private sphere within households.

GENDER BLIND

Failure to recognize gender as a determinant of social outcomes that result from the implementation of projects and policies.

GENDER INTENTIONAL

Taking conscious steps to identify and understand gender-based barriers and constraints, followed by actions to overcome them.

GENDER LENS

A perspective on issues with particular attention to how gender differences and relations can impact investments and project actions. It can be used to analyze power structures and roles in various contexts providing insights into the effect of an action (investment or project) on imbalances in gender power relations.

GENDER NEUTRAL

A concept, an entity, or a style of language that is not associated with the male or female genders. A gender-neutral policy or regulation does not consider the needs of different genders. In practice, it is frequently gender blind as it does not account for systematic, embedded, or internalized bias.

GENDER TRANSFORMATIVE OR TRANSFORMATION

An approach that identifies the root causes of gender inequality in the field of financial inclusion before analyzing and transforming inequitable gender norms and power dynamics into positive outcomes that directly enhance gender equity.

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ANNEX

Annex 1 Policy Options: Overview of answers of participating AFI member institution executives to “How effective are these policies in protecting or advancing GIF during the pandemic?” with scores of 5 = very well to 1 = not at all. Note: no scores of 5 were assigned by the surveyed AFI members.²³⁶

POLICY OPTION	AVERAGE SCORE	# OF SCORE 4	"DO NOT KNOW"	TOTAL # OF RESPONSES
Fully digital onboarding of new clients	3,53	9	3	18
Financial Literacy programs	3,50	5	1	11
Simplified/entry-level accounts	3,47	7	2	17
Collateral requirements for loans/unsecured lending	3,44	8	3	21
Demonstrating a business case to financial service providers	3,41	10	4	21
Transaction fees	3,40	4	3	13
Increasing acceptance of e-payments at merchants including small and informal businesses	3,40	6	1	11
Digitization of government support programs (G2P)	3,36	5	1	12
Alternative data collection and usage for lending	3,35	9	4	21
Dispute settlement standards	3,33	5	4	16
Dedicated research to provide better information about the needs and constraints of (unserved and underserved) clients	3,30	5	2	12
Digital literacy programs (i.e. skills to use mobile phones and digital devices)	3,30	5	4	14
Electronic Know-Your-Customer processes	3,29	5	4	18
Loan guarantee schemes or loan loss mitigation schemes	3,29	5	3	17
Consumer protection regulations	3,29	7	2	16
Active market involvement by state-owned financial service providers	3,25	5	4	16
Tiered Know-Your-Customer requirements	3,08	4	4	16
Open APIs/Open banking standards	3,00	4	6	20
Other policy interventions (please specify and rate on a scale from 1-5)	3,00	0	0	2
Monetary incentives to financial service providers	2,93	3	5	19

236 AFI member survey for this study

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