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LEARNING BRIEF

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New Frontiers in Gender and Financial Inclusion: Evidence from the WGCD Learning Agenda

IN 2015, the Bill and Melinda Gates Foundation launched the Women and Girls at the Center of Development (WGCD) Grand Challenge, funding 22 projects working in Asia and sub-Saharan Africa to advance gender equality and the empowerment of women and girls. The WGCD Learning Agenda has grown into a partnership of 38 Gates-funded investments to support mutual learning between partners and joint dissemination to build the evidence base on intentional, effective gender equality programming. This brief demonstrates best practices from four investments that address women's financial inclusion and their digital financial

inclusion. Emerging research from the four projects highlights the importance of parallel investments in more conventional aspects of financial inclusion, such as building knowledge and capacity to:

- Be numerate and financially literate;
- Understand the time value of money;
- Use a bank account and other financial services; and
- Develop relevant business plans and manage savings in resource poor environments.

“New Frontiers in Gender and Financial Inclusion” is a forthcoming supplemental issue of *Development in Practice*, which features six articles around lessons learned in digital financial inclusion. These publications underscore the importance of addressing social norms around women’s use of money and bank accounts and access to technology, engaging men proactively in women’s economic empowerment and facilitating household discussions about financial control and decision-making.

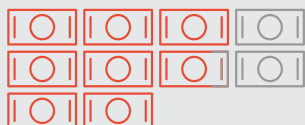
BOMA’S POVERTY GRADUATION MODEL

Contributing authors: Jaya Tiwari, Emily Schaub and Naziha Sultana

A graduation program for rural women fosters savings and business skills while shifting intrahousehold power dynamics, but women remain constrained by limited literacy and numeracy and traditional norms around savings.

BOMA’s Rural Entrepreneur Access Project (REAP) seeks to empower ultra-poor women in rural northern Kenya who represent the “last mile” of financial inclusion. REAP is a two-year gender-focused poverty graduation program that seeks to transform the situation of vulnerable women by providing them with the tools, training and resources necessary to start and maintain small businesses, establish sustainable incomes and move out of poverty. The program created business groups, savings groups and mentorship opportunities, which included life skills training on topics such as women’s rights and family planning. Women who participated in the program received a phone and SIM card and were encouraged to save in a group-based mobile savings account.

By the end of the program,
household income had
RISEN BY 78%



Businesses fostered by the BOMA project contributed to that increase as much as \$100 a month. Nearly 100 percent of participants had managed to generate and sustain savings,

compared with only a third of participants who held savings at baseline. The program also saw an increase in girls’ schooling from 56 to 68 percent. Focus group discussions with the husbands of participants revealed a shift in intrahousehold power dynamics and decision making – which, in concert with findings from in-depth interviews with the participants themselves, appeared to indicate that women’s dependence on male earnings had decreased and that they were able to make more financial decisions on their own. Over time, women were also more involved in financial discussions.

Yet the role of digital technology in the program was not seamless. Mobile phones were not consistently used and savings behavior followed traditional risk aversion. Savings in the form of cash and livestock continued even when women were also making deposits into savings accounts. This speaks to the comfort and familiarity with these methods and underscores a possible lack of trust in digital savings. Moreover, the value of liquidity remains high as the livelihoods and expenditures of participants continue to demand easy access to ready money for immediate expenditures in the community.

CARE’S LINK UP AND DIGITAL SUB-WALLETS

Contributing Authors: Sarah Eckhoff, Grace Majara Kibombo, Melch Muhame Natukunda, Christian Pennotti and Karen Vandergaag

Savings group linkages and digital products tailored to meet women’s unique needs support women’s financial inclusion and entrepreneurship.

CARE initiated two projects in East Africa to address formal and informal barriers to women’s financial inclusion. The LINK Up Project, implemented in Kenya and Tanzania, aimed to connect mixed-gender informal savings groups and their individual members to financial service providers (FSPs) through alternative channels such as mobile phones, mobile money agents and mobile money.¹ CARE’s evaluation found

that members of savings groups that opened accounts with LINK Up FSPs increased the amount of money they were saving with their groups, due to an increase in their confidence in the safety and security of their money. As a result, group members could access larger loans and the LINK Up savings groups members experienced a higher rate of return on their savings than the typical rate of return for

members of unlinked informal savings groups. Groups with the highest proportion of women saved more, suggesting that women were generating, gaining access to and exercising control over resources. Furthermore, women's decision-making over how to spend their savings increased, as did their ability to achieve their financial goals. Group cohesion for LINK Up savings groups improved slightly or remained the same as members reported increased trust in the group treasurer and other group officials after the account was opened. In fact, women who had left the groups before they opened accounts returned because of their increased trust in the digital mechanisms and increased transparency. **LINK Up demonstrated that having a group account was an effective vehicle for increasing women's overall trust in and confidence navigating the financial services sector.**

Building on these findings, the digital sub-wallets project used a two-pronged design: a digital financial product tailored

to meet the unique needs of women largely excluded from financial systems and a dialogue intervention to transform inequitable gender norms and relations within households in support of improved outcomes for women entrepreneurs. Digital sub-wallets, a passcode protected "pocket" within a digital savings account, was designed to provide privacy and security to women, whose savings are vulnerable to appropriation by their husbands. Each sub-wallet was designated for savings for specific expenses, such as school fees, groceries or celebrations. CARE facilitated conversations between female participants and their spouses or other male decision-makers in the household. Subsequently, women reported increased participation in financial planning and improved decision-making at the household level. As both programs reported substantial changes in savings behaviours and amounts saved throughout the projects, these results strongly affirm the validity and worth of offering these types of programs to support women's financial inclusion.

FINANCIAL INCLUSION IN INDIA

Contributing authors: Rashi Sabherwal, Devesh Sharma and Neeraj Trivedi

Digital banking has seen countless successes but full inclusion of women still lags.

Research from Harvard University critically analyzes the government of India's policy to bank every person in India and the schemes through which it facilitates the initiative. The programs vary in aim: some link to employment, utility payments or financial accounts. However, all have recently been linked to financial services through direct benefit transfers (DBTs). DBTs are being used to link payments to women's bank accounts from public workfare programs like MNREGA² to reduce payment delays by providing officials with easily accessible and actionable information about transfers and to deliver information on bank transactions via voice calls. Delivering DBT payments into rural women's accounts may increase their meaningful use of financial services, but there are several outstanding specific challenges that women face. The paper identifies four: **(1) limited physical access**

to banking services; (2) lack of information and financial literacy; (3) inadequate attention to poor woman-centric product design; and (4) strong preferences for liquidity that compel women to store savings in cash. These barriers highlight the need for financial service providers to better understand low-income, rural women's financial needs and behaviors and provide services that take those needs into consideration. India is an example of a country that has made a concerted effort in terms of infrastructure and policy to encourage low-income unbanked populations to enter the formal sector, even attempting to remove literacy barriers through the widespread use of biometric identification (iris scans and fingerprint records). Yet, even under these conditions, barriers to financial inclusion persist and fester.

MY ORAL VILLAGE

Contributing author: Brett Hudson Matthews

Digital financial solutions are possible for illiterate and innumerate populations.

Brett Hudson Matthew, founder of My Oral Village, a global non-profit developing financial service solutions for innumerate and semi-numerate populations, looks more deeply into the particular challenges faced by last mile populations in meaningfully using financial products and services. Oral communities are an oft-overlooked sub-culture that literate communities have done little to understand. Those without literacy and numeracy skills live in a literate-

focused world that often ignores their specific needs and does not provide them with the privacy on which retail financial services are premised, as privacy is routinely breached when financial transactions take place in oral contexts. Yet illiterate and innumerate people have found creative solutions to understanding the numbers on paper money, or memorized symbols and signs in order to engage in transactions, board transit and navigate government services and cities. My

Oral Village tested various skills around the use of financial services in Bangladesh in 2012 and found that illiterate users of microfinance services could not read written numbers larger than a couple of digits, and sometimes could not read those either. However, both men and women could adequately count cash. If in a cash market, for example, they could efficiently count local currency, even if that meant counting units in thousands or millions. Learning from how

non-literate and non-numerate populations identify numbers and patterns and investing in technologies that incorporate these learnings may prove essential to their meaningful financial inclusion. This may be particularly true for digital technologies and Matthews offers a number of powerful recommendations for how digital technologies need to be modified to make them truly accessible to non-literate populations.

CONCLUSION

Examining projects like these in greater detail affords a nuanced understanding of the existing challenges to banking last mile populations and offering them financial services that support their livelihoods and meet their economic and wellbeing needs. These projects also highlight the particular challenges of banking women and non-literate and non-numerate populations through gender intentional and transformative programming. They underscore that digital financial technologies can be powerful tools to foster women's financial inclusion. However, parallel programming to address rigid gendered norms and overcome gender- and context-specific are also required. Financial inclusion and digital financial inclusion are not automatic and require a host of parallel investments in women's literacy, numeracy and intrahousehold bargaining and negotiation that enable women to retain control over their earnings and savings.

Going to scale using large government programs, as exemplified in the case of India, can offer a rapid route to banking the unbanked, but it also requires localized solutions and thoughtful multi-layered programming to overcome the persistent barriers and exclusions.

The research also tells us a great deal about the challenges of using these strategies and interventions to promote greater gender equality, including the task of bringing projects to scale effectively and preserving their contextual specificity. However, the insights gained through this research underscores the imperative of working with multiple partners and allies in the development arena to improve design technology interventions and to engage NGOs and development practitioners, bankers and regulators, policymakers and communities to deliver financial services that give women what they need to succeed on their own terms.

Featured Publications

1. Arnold, J. & Gammage, S. (2019). [Gender and financial inclusion: The critical role for holistic programming](#). *Development in Practice*, 29:8, 965-973, DOI: 10.1080/09614524.2019.1651251.
2. Eckhoff, S., Kibombo, G. M., Natukunda, M. M., Pennotti, C., & Vandergaag, K. (2019). [What works to increase financial inclusion and women's financial autonomy? Intentional designs showing promise](#). *Development in Practice*, 29:8, 974-987, DOI: 10.1080/09614524.2019.1651824.
3. Hendriks, S. (2019) [The role of financial inclusion in driving women's economic empowerment](#). *Development in Practice*, 29:8, 1029-1038, DOI: 10.1080/09614524.2019.1660308.
4. Matthews, B. H. (2019). [Hidden constraints to digital financial inclusion: the oral-literate divide](#). *Development in Practice*, 29:8, 1014-1028, DOI: 10.1080/09614524.2019.1654979.
5. Sabherwal, R., Sharma, D., & Trivedi, N. [Using direct benefit transfers to transfer benefits to women: a perspective from India](#). *Development in Practice*, 29:8, 1001-1013, DOI: 10.1080/09614524.2019.1653264.
6. Tiwari, J., Schaub, E., & Sultana, N. [Barriers to "last mile" financial inclusion: Cases from northern Kenya](#). *Development in Practice*, 29:8, 988-1000, DOI: 10.1080/09614524.2019.1654432.: 10.1080/09614524.2019.1654432.

¹For more on mobile money, see <https://www.gsma.com/mobilefordevelopment/mobile-money/glossary/>.

²Mahatma Gandhi National Rural Employment Guarantee Act. MNREGA is

an employment scheme that guarantees a minimum of 100 days of paid work per year to every household whose adult members volunteer to do unskilled manual work.