WOMEN'S FINANCIAL INCLUSION IN SENEGAL

New Faces New Voices ;

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WOMEN'S FINANCIAL INCLUSION IN SENEGAL

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Executive Summary

Senegal is a member of the Economic Union of West African States. It is politically stable and its economy is growing strongly. It is encouraging foreign direct investment for infrastructure and telecommunication, which will create a better environment for the expansion of financial services, and for agriculture, which is important for developing rural areas.

However, it faces many problems common to Sub-Saharan countries such as poverty, low educational attainment, poor infrastructure in rural areas and a traditional common law that is prejudicial for women in rural areas.

It ranks 16th out of 48 Sub-Saharan African countries, in the World Bank's *Doing Business* report and is making efforts to improve its performance.

Senegal has made some promising advances which form a good base for increasing financial inclusion in general and for women's financial inclusion, in particular. It has a National Gender Strategy, and is implementing the Financial Inclusion Strategy, developed by the Banque Centrale des États de l'Afrique de Ouest (BCEAO) for which it has strong international partners to assist in its implementation. This covers the period 2016 – 2020.

Senegal has also established the Observatoire de la Qualité des Services Financiers, whose objective is specifically to promote financial inclusion through improving quality.

There needs to be more rigorous implementation of the gender equality strategy to improve women's position in society, from legal rights over ownership and control of property, to literacy and a more active role in the economy. This would help reduce the very high dependency rate of 88% meaning that there would be more economically active people to support the inactive (mainly older people and children).

The banking sector is dominated by commercial banks, a mixture of international, regional and local banks. In common with banks in many other countries, the Small to Medium Enterprises (SME) sector is not considered a priority and women-owned SMEs even less so. These are considered the domain of the microfinance institutions, also known as Services Financiers Déscentralisés (SFD), of which there are many but only a few strong ones. Donors such as UNCDF, ADB, IFC are providing assistance to some of these institutions, both banks and MFIs, to increase their outreach to SMEs and rural areas. The report draws attention to the danger that in the overall move to financial inclusion, women's financial inclusion specifically is not given the importance it deserves.

The strong growth of digital financial services has resulted in an increase in financial inclusion. According to the World Bank's Global Findex, the percentage of the adult population with an account (either with a financial institution or a mobile money account) increased from 6% in 2011 to 42% in 2017, with most of this increase attributable to mobile money. However, account ownership at a financial institution increased to 20%, also a creditable performance.

At the same time, informal financial services such as Tontines continue to flourish, to such an extent that there is now MaTontine, a phone-based service that allows 10 people to create a virtual tontine.

Digital financial services (DFS) are a key driver of the expansion in the use of financial services, not only the mobile money issued by the mobile money operators, but also digital services provided by banks, MFIs and money transfer operators. There is an increasing tendency for these services providers to cross boundaries, for example Orange Money has applied for a banking licence.

DFS is a key element of the financial inclusion work led by UNCDF.

DFS in general has been positive in increasing women's financial inclusion, but mainly in terms of access to payment services.

There is little gender disaggregated data, and it would be very useful to have a FinScope survey, as was done in the DRC and Cameroon, to get a better understanding of usage and barriers to usage. It can generally be said that any barrier to access to financial services will impact women more than men.

Comparing Senegal's financial service landscape with the model of best practice developed by Women's World Banking, the conclusion is that there is still some way to go until the policy framework, its implementation, and the FSP's strategies will result in real financial inclusion. However, the trend is positive and there are a number of areas where NFNV will aim to move the agenda forward.

INTRODUCTION

Women's financial inclusion has been an underused source of growth that if addressed can contribute to sustainable and inclusive development. In addition to its economic benefits, women's financial inclusion promotes greater equality and societal well-being as recent research provides solid evidence of women using their earned income and savings more productively than men, channelling a large share to children's nutrition, clothing, health and education.[1] Given the important role women play in shaping the next generation, their financial inclusion will lead to greater security and prosperity for women and men, their families, enterprises and communities.

According to Amatus and Alireza, financial inclusion, since the last decade, has become a core objective of many developing nations as a strategy to further develop their economies and financial systems.[2] Furthermore, a number of scholars have found that the prevailing poverty in less developed economies is directly linked to financial exclusion. This observation has made the drive towards financial inclusion even stronger.

The drive towards financial inclusion is spurred by the fact that half of the world's adult population does not have an account at a formal financial institution. About 77 percent of adults living on $2 a day or less do not have a bank account and there are extreme disparities in access to and usage of formal financial services across and within countries.[3]

This report is part of a 3-country study covering Cameroon, the Democratic Republic of the Congo (DRC) and Senegal, which seeks to explore the state of women's financial inclusion in Francophone countries. The present report provides an overview on women's financial inclusion in Senegal and is divided into four parts. The first part presents the environment in which women's financial inclusion takes place in Senegal. The second part of this study provides information about women's access to financial services in Senegal followed by the third part that assesses the readiness of the financial sector to best serve women. Finally, the report presents recommendations to various stakeholders that have an interest in improving women's financial inclusion nationally and regionally.

FRAMEWORK OF ANALYSIS

The World Bank defines financial inclusion as the proportion of individuals and firms that use financial services.[4] It makes a distinction between financial inclusion and access to finance where financial inclusion means universal access for individuals and SMEs, at a reasonable

[1] Triki, T. and Faye, I (2013). 'Financial Inclusion in Africa: The Transformative Role of Technology', pp. 106-115. African Development Bank (AfDB) African Development Bank Group.

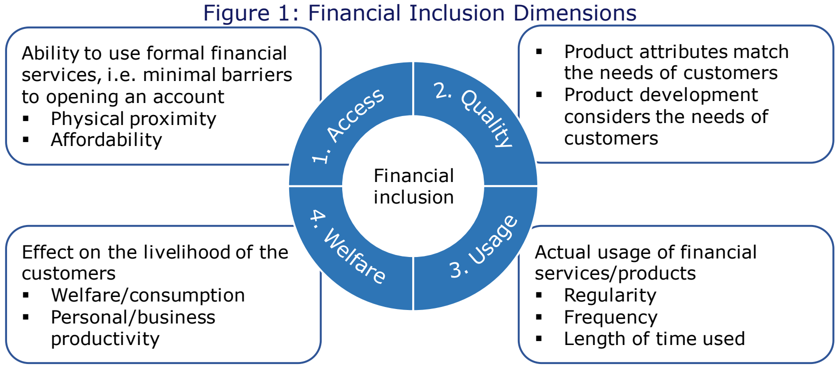
[2] Amatus, H. and Alireza, N. (2015). 'Financial Inclusion and Financial Stability in Sub-Saharan Africa (SSA)'. International Journal of Social Sciences, Vol. 36, No.1.

[3] Aguera, P. (2015). 'Inclusion financière, Croissance et Réduction de la Pauvreté'. World Bank Group

[4] World Bank, Global Development Financial Report 2014 – Financial Inclusion

cost, to a wide range of financial services, provided by reasonable and sustainable institutions.[5] Thus, while access to finance looks at access from a purely quantitative dimension, financial inclusion adds a qualitative dimension to it, considering the quality of financial services, which jointly promote personal, and businesses welfare, as summarized in Figure 1 below.

Figure 1: Financial Inclusion Dimensions



Source: World Bank

This framework will be used to women's financial inclusion in Senegal as well as in the other two countries under research. Though the framework includes four dimensions, in this study the fourth, Welfare will not be included due to limitations in the data of customers that is comparable for all three research countries.

[5] World Bank – Financial Inclusion Overview

PART I: ENVIRONMENT FOR WOMEN'S FINANCIAL INCLUSION IN SENEGAL

1 Context

Senegal is located in West Africa and has a national territory of 196,722 square kilometres. It is a geographically and culturally diverse country with 5 languages, a desert in the north and a tropical climate in the south. Senegal is considered a bastion of democracy in West Africa and remains the only country in the region that has never experienced a military coup. The capital is Dakar.[6]

According to the latest population census conducted in 2018, Senegal has 16.3 million inhabitants. The census shows that 2,476,400 (15%) of the population live in the Greater Dakar region (0.3% of the territory) and 42% live in rural areas. The gender distribution of the population is almost equal, with women accounting for 50.4% of the entire population.[7] The predominant religion is Islam.

Senegal ranked 164 out of 189 countries on the *Human Development Index*, scoring particularly low on educational attainment.

National poverty was last measured in 2011 at 46.7% (national poverty line) and 38% using the international poverty line (US$1.9 PPP). Although there has been no new household consumption data since then. the World Bank believes that there was a decrease in monetary poverty, driven by the primary sector in rural areas, and construction and services in urban areas[8]. According to the same source, it is estimated that poverty should begin to fall faster—from 34% in 2017 to 31.2% in 2020 (IPL). This improvement is attributed to growth in agriculture and services, remittances, and public construction, the latter in urban areas.

Inequality within Senegal is moderate, and slightly lower than the Sub-Saharan African average. However, geographic disparities are very pronounced, with almost 2 out of 3 residents being poor in rural areas, especially in the south, versus 1 in 4 in Dakar.

1.1 Economic Environment

Senegal is a member of the West African Economic and Monetary Union (WAEMU) and several of its major macroeconomic and financial policies are designed and implemented at that level. This includes the financial inclusion strategy.

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[6] Senegal: bastion of democracy, migration priority for the EU, 2018 - http://www.europarl.europa.eu/RegData/etudes/IDAN/2018/570490/EXPO_IDA(2018)570490_EN.pdf

[7] Country Meters Info, 2018

[8] World Bank (https://www.worldbank.org/en/country/senegal/overview)

Senegal is a lower middle-income country with the potential to attract investment, particularly given its political stability. It is the fourth largest economy in the West African subregion. The Gross Domestic Product (GDP) was US$ 24.137 billion in 2018.[9] Preliminary figures presented by the World Bank indicate that Senegal's economic growth was 6.8 percent in 2017, the third year in a row of a growth rate of over 6%. The sectors that are the main drivers of the country's economy include mining, construction, tourism, fishing and agriculture. Senegal's main exports are gold, fish, petroleum products and cement. In 2017 services played, a large role is contributing to GDP by 58.8% in contrast, though the country is rich in resources, industry plays a less prominent role in the GDP contributing 24.3%. Threats to Senegal's economy include periodic lowland and seasonal flooding; as well as deforestation, overgrazing, soil erosion, desertification and overfishing[10]. The primary sector of the economy is the most dynamic, growing at over 7% (due particularly to agriculture), but the secondary sector is picking up and expected to take the lead in a few years' time.

Agriculture represented about 17% of GDP in 2017.[11] About 49.5% of households in Senegal are smallholder farmers. According to World Bank statistics, there are 423,000 agricultural producers and processors, of whom 38% are women.

Efforts have been made to facilitate investment and in the last four years foreign direct investment (FDI) has increased. Further improvements in road transport infrastructure and logistics are expected to continue this trend.

All these investments are important for the provision of financial services, on one hand because infrastructures and telecommunications shorten the distances and provide alternative delivery channels, respectively. On the other hand, investments in agriculture are important given that they provide income generating activities for a portion of the population that is already involved in that sector.

Access to a mobile phone is now a key element in access to financial services. According to The Mobile Economy in Sub-Saharan Africa 2017, mobile penetration in Senegal is around 53%, with 8.4 million unique subscribers.[12] This is above average for sub-Saharan Africa. However, the GSMA's '*Connected Women – The Mobile Gender Gap report 2019'* estimates that in SSA overall, there is a gender gap of some 15% in access between men and women.

1.2 Business Environment

According to the World Bank's '*Doing Business* (2020)' report, the country ranked 123 out of 190 countries, an improvement on its ranking of 140 the previous year. It was 16 out of 48

[9] World Bank, 2017 - https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=SN-NG-GH-CM-CI

[10] Invest in Senegal A competitive investment destination in West Africa, 2017 - https://www2.deloitte.com/content/dam/Deloitte/za/Documents/africa/za_ASG_Country%20Reports_Senegal_Repro.pdf

[11] Source: http://datatopics.worldbank.org/gender/country/senegal

[12] The Mobile Economy Sub-Saharan Africa 2017

Sub- Saharan African countries and ranked above all the other members of the Economic Union of West African States (ECOWAS), except Togo and Cote D'Ivoire. The reforms which led to the improved ranking were the introduction of credit bureaus and electronic payment of taxes. The actual process of registering a business is not too onerous, requiring 4 procedures and taking 6 days.

The Senegalese population of working age represents 53.9 percent of the total population. The total age dependency ratio (individuals 15 and younger and 65 and older) is high at 85.6 percent, adding to pressure on the productive population.[13] The declared unemployment rate is 10.80 percent.[14]

Levels of literacy (51.9% of the population, and 39.8% of women), job inequality and inactivity point to the weak position women have in Senegal.

Women are mainly active in the informal sector and in agriculture. There was a noticeable improvement in female entrepreneurship in Senegal. From 2007 to 2013, the total share of female-owned firms in the country grew from 23.8% to 32.1%. [15] This may have been assisted by the many programmes introduced to support women's entrepreneurship and detailed in the SNEEG 2015.

1.3 Women's Role in Society

Senegal's 2001 constitution guarantees equality between women and men. The country ratified in 1985, the Convention on the Elimination of All forms of Discrimination against Women, and the Optional Protocol on violence against women in 2000. Discriminatory practices, especially in the domains of the family and inheritance, persist. While in urban areas laws protecting women are generally respected, rural areas are still dominated by customary and religious practices, and few women are aware of the legal rights that are in place to protect them.

However, in the Global Gender Gap 2017, Senegal ranks 91st out of 144 countries, with high gender disparity in political empowerment and economic participation and opportunity.[16]

Senegal is one of 25% of Francophone Africa's economies, which have regulations restricting employment for women[17], although progress has been made in some areas, such as registering land titles and information provision. Furthermore, there are no laws relating to equal pay.

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[13] Country Meters Information, 2018

[14] Trading Economics, 2017

[15] https://www.pep-net.org/sites/pep-net.org/files/typo3doc/pdf/files_events/2015_kenya_conf/PMMA_12576.pdf

[16] The Global Gender Gap Report 2017, http://www3.weforum.org/docs/WEF_GGGR_2017.pdf

[17] Women, Business and the Law 2018

The *Social Institutions & Gender Index 2015* notes that customary or religious laws that condone early marriage and unequal inheritance practices infringe on women's and girls' rights. In Senegal, unequal inheritance practices continue, undermining women's and girls' access to and control over land and assets.[18] Polygamy is both legal and common, and is another constraint to women's equality.

Box 1: Strategy for Equality and Gender Equality[19]

A Strategy for Equality and Gender Equality (SNEEG) (2016 2026) has been designed to create a global frame of reference integrating the various components of society to contribute to the realization of the vision of equality and gender equity in Senegal. It is positioned as a practical tool which will enhance the visibility of gender issues, on the one hand, the implementation of appropriate measures to ensure equality between men and women and on the other hand, promotion of changes in gender dynamics. To do this, the SNEEG has adopted a both analytical and forward-looking approach to enhance the position of women by strengthening its potential socially and economically promote these objectives in rural as well as in urban areas. The SNEEG also aims to involve more women in decision making by strengthening their representation in those fora, which set strategic directions and priorities for action in the country.

The lead agency for the implementation of the strategy is the Ministry for Women, the Family and Children, with support from UN Women. In a report posted on the UN Women website in 2019, it reported:

'Globally, some progress on women's rights has been achieved. In Senegal, as of February 2019, 41.8% of parliament seats are held by women.

However, work still needs to be done in Senegal to achieve gender equality. The proportion of women aged 20-24 years old who were married or in union before age 18 is 28.8%. The adolescent birth rate is 77.5 per 1000 population as of 2016, up from 72.5 per 1000 population in 2014.

In Senegal, only 36.7% of indicators needed to monitor the SDGs from a gender perspective are available, with gaps in key areas such as Unpaid Care and Domestic Work, Key Labour Market indicators such as Gender Pay Gap and Skills in Information and Communication Technology (ICT). In addition, many areas such as gender and poverty, women's access to assets including land, physical and sexual harassment, and gender and the environment currently lack comparable methodologies for comprehensive and periodic monitoring. Addressing these gender data gaps is a prerequisite for understanding the situation of women and girls in Senegal and for achieving the gender-related SDGs commitments.'[20]

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[18] Social Institutions & Gender Index 2015, https://www.oecd.org/dev/development-gender/BrochureSIGI2015-web.pdf

[19] Stratégie pour l'égalité et l'égalité des genres 2016-2026, http://www.directiongenre.com/docs/SNEEG%202.pdf

[20] https://data.unwomen.org/country/senegal

The report also noted that the National Statistics Service does not produce gender disaggregated data, because it does not have the budget.

A study by the World Bank and IFC entitled *"Women, Business and the Law: Removing Barriers to Economic Inclusion"*, found that 21 out of 28 countries in Sub-Saharan Africa did not grant "equal capacity under the law to women and men." The study further revealed that married women have more legal restrictions than unmarried women. In Senegal for instance, married women cannot be heads of households in the same way as married men and they cannot choose where to live the same way men do.[21] Moreover, widowed women in Senegal do not have the same inheritance rights under the Islamic Law, stating that an heir can only be a male, to inherit the entire estate.[22]

In terms of property ownership, separation of property is the default marital property regime.[23] This regime does not recognize the marriage as a partnership and can lead to an unequal distribution of assets, primarily prejudicing women given their disadvantaged status in relation to men. With regards to land ownership, women, particularly in rural areas, are not equally treated in the allocation of land. Women can only access land either through inheritance or collectively through women's groups.[24] Although the law does not exclude women from the transmission of allocated rights to their beneficiaries, in practice, women are discriminated through the customary land tenure, which gives members of the rural community privileged access to land, in a context where the rural councils are mostly made up of customary landowners.[25]

Even with significant gains, access and quality of social services in Senegal remain challenging. Despite almost universal enrolment in primary school, the quality of education remains low; illiteracy remains high and a low percentage of children complete basic education. Likewise, quality health services are inaccessible to many Senegalese in rural and semi-urban areas.[26]

In terms of education, even though the levels of enrolment in primary school is higher for women (78.3%) that men (70.1%) as well in the secondary school (38.9% versus 35.4%), in tertiary school, it is the other way around, i.e. only 8.5% of women reach it against 13.4% men. Despite current higher levels of enrolment in primary school, young females (15-14 years old) have a lower literacy rate (39.8%) compared to their male counterparts (64.8%).[27] Level of education and literacy is one of the key determinants for financial inclusion.

21 World Bank (Women, Business and the Law", 2016, pp.9

22 CEDAW 2010, Senegal, pp.66

23 Ibid

24 CEDAW 2010, Senegal, pp. 59

25 CEDAW 2010, Senegal, pp. 59

26 USAID/Senegal Country Development Cooperation Strategy 2012-2017

27 http://datatopics.worldbank.org/gender/country/senegal (data for 2017)

2 SENEGALESE FINANCIAL SECTOR

2.1 Structure of the Financial Sector

Senegal's financial sector is regulated by the Banque Centrale des États de l'Afrique de l'Ouest (BCEAO), the Central Bank of the West African States, covering Benin, Burkina Faso, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal and Togo.

2.1.1 Commercial Banks

Senegal's financial sector is dominated by commercial banks, which account for about 90% of the financial system. The principal commercial banks are SGBS, Ecobank, Attijariwafa Bank. There are also development banks, such as the Banque Nationale de Développement Économique (BNDE), which joined the Senegalese banking system in January 2014, and Banque Islamique du Sénégal (BIS), founded in 1982.[28]

With a population that is 95% Muslim, the country is well suited to lead the development of Islamic finance in the region. Senegal was the first West African country to issue an Islamic bond when it issued a $208 million bond in June 2014. The purpose of the bond was to invest in the Ministry of Economics and Finance administrative building. Senegal has since served as a model for Nigeria and Côte d'Ivoire, both of which are trying to move into the market for Islamic finance.

Despite the improvement and diversification in the supply of financial products in Senegal during the last several years, banking sector penetration, in terms of geography, remains fairly low which explains in part the low level of utilization of traditional bank products.

Table 1: Access to Commercial Banks

Access Ranking	Senegal	LMC	SSA
Commercial Bank's branches per 100,000 adults	4.6	4.4	3.9
Financial account ownership (% of adults)	17.4	41.8	28.9
ATMs per 100,000 adults	4.8	13.1	4.7
Firms using banks to finance investment (% of firms)	19.2	21.4	18.3

Source: 2015 WBG Financial Capabilities Survey (Senegal) and 2014 Global Findex (other economies); Enterprise Survey data (latest available year by country); World Development Indicators.

However, given the commercial banks enthusiastic adoption of digital financial services in recent years, brick and mortar branches are becoming less important in the financial landscape and with network coverage much more so, though it should be remembered that most agents for digital services need access to the banking network to be able to re-balance their float when necessary.

Although finance for SMEs in general and for women-owned SME's in particular are not generally a priority for Senegalese banks, the BNDE recently secured a line of credit from the

[28] Senegal: Financial System Stability Assessment Update , 2005 - https://www.imf.org/external/pubs/ft/scr/2005/cr05126.pdf

African Development Bank (ADB) for €22.5 million to finance SMEs[29]. BNDE says it will use the funds to increase its funding to SMEs in the agricultural value chain. ADB will also provide technical assistance to the bank. The aim is to create 1,000 jobs in rural areas, principally for youth and women.

2.1.2 Microfinance Institutions

The microfinance sector, known as Services Financiers Descentralisés comprises 234 institutions, providing a limited range of financial services to low-income households. The sector is dominated by cooperatives and "mutuelles" (non-profit organizations that are governed by their members and whose funds come mainly from membership fees and deposits). Most institutions are small, the largest being UCCMS, UM-PAMECAS, Baobab SN and ACEP[30].

Some 50% of the sector's activities is concentrated in Dakar. They help raise global access to the financial system to about 20% of the population. They form a key part of the BCEAO's financial inclusion strategy (see next section), but they are historically weak. International donors, such as GIZ have implemented programmes to strengthen the sector[31] and UNCDF has recently funded programmes, under its Mobile Money for the Poor (MM4P) to enable to MFI's to adopt digital technology[32.]

IFC has announced that it will provide advisory services for three years to MicroCred Senegal, supporting the development of mobile financial services as well as products adapted specifically to the needs of the rural clientele. Within three years, MicroCred Senegal estimates it will have added 127,000 new clients with the support of IFC's combined investment and advisory services.

2.1.3 Insurance Companies

Insurance companies account for most of the rest of the domestic financial system. There are some 25 insurance companies, both international and local. As in many African countries, insurance for consumers is still an embryonic industry, though in recent years, business has been boosted by banks' requirements that their credit customers take out insurance on the assets financed.

29 http://www.bnde.sn/fr/actualites/la-bad-met-plus-de-22-millions-deuros-la-disposition-de-la-bnde

30 Direction De La Réglementation Et De La Supervision Des Systèmes Financiers Décentralisés, Situation Trimestrelle des SFD

31 https://www.giz.de/en/worldwide/20956.html

32 https://www.uncdf.org/senegal

2.1.4 Digital Financial Services

Senegal has made strong progress in the introduction of digital financial services (DFS), which are an important contributor to financial inclusion. The BCEAO issued regulations governing this area in 2015 and DFS are now a major player in the financial services landscape. They have been introduced by commercial banks, such as Banque Atlantique's Wizzal Money and Sociedade Générale (SGBS)'s YUPI, MFIs, and payment service companies (often known as OTCs, because they offer 'over the counter' services), as well as mobile network operators. The main MMOs are Tigo and Orange Money. They offer users the ability to access their electronic money accounts through withdrawal / deposit points, make transfers between e-money accounts, pay utility bills and merchants. Collaboration with the banks mean that it is now possible to transfer money from a bank account to an electronic money account and vice versa.[33]

Payment service companies play a major role in providing accessible services, permitting person-to-person transfers, without the need for a bank account. Of these, Wari and Joni-Joni are the most popular services, with Wari claiming an 80% market share. These companies are gradually adding additional services, such as bill and merchant payments. For international transfers – the Senegalese diaspora is estimated at over 500,000 - RIA, Money Express and Western Union are the most commonly used. Wizall Money, a subsidiary of Banque Atlantique, entered into a partnership with WorldRemit, in early 2020, to facilitate international transfers.

Another interesting aspect of DFS in Senegal is the increasing desire to cross boundaries between different types of institutions. For example, in 2018, Wari, an OTC operator launched an unsuccessful bid to buy Tigo, one of the main MNOs. And Orange, an MNO has applied to the regulator for a banking licence.

As regards interoperability, the African Development Bank has announced that the first project to be financed from its US$400 million programme to support financial inclusion projects in Africa is a $11.3 million grant to the Central Bank of West African States. The funds will help fund a mobile money interoperability platform.

Whilst DFS are undoubtedly important for financial inclusion, it should be noted that the excitement generated by DFS in recent years has to some extent displaced the focus on women's financial inclusion. As noted earlier, there is an important gender gap to close in relation to access to mobile phones.

3 Financial Inclusion Strategy

The BCEAO adopted a financial inclusion strategy in 2016 for the period 2016 – 2020. In 2017, it issued a Note summarizing the vision, mission and global objectives of the strategy. Its main objective is to achieve access to and use of appropriate, affordable, quality products

[33] An ethnographic study on mobile money attitudes, perceptions and usages in Cameroon, Congo DRC, Senegal and Zambia, 2017

and services for 75% of the adult population. National committees have been established in each member country to oversee the implementation of the strategy.

The 5 strategic axes identified are to:

i. Promote a legal, regulatory framework and effective supervision;
ii. Clean up and strengthen the microfinance sector;
iii. Promote innovations favourable to the financial inclusion of excluded populations (young people, women, SMEs, rural populations and people with low financial education ...);
iv. Strengthen financial education and client protection of financial services; and
v. Put in place a fiscal framework and policies favourable to financial inclusion.

Financial education events have been held and in November 2018[34], the Central Bank held a regional financial inclusion week, including a workshop to set out its initiatives. One of these was a programme to strengthen MFIs, seen as key to extending financial services to the informal sector. There was considerable emphasis on bank charges including the introduction of specified services which must be provided free of charge, transparency in pricing and clear information for customers. This is important as customers with low levels of literacy struggle to understand the conditions attached to banking services. Another key area was a specific initiative to support SMEs, providing an enterprise-level diagnostic, capacity building in the areas of management, production of accounts, and a line of credit, supported by the Central Bank.

The workshop included representatives and presentations from a variety of international organisations such as the World Bank, CGAP, FinMark Trust, Banking Frontiers Associates and UNCDF. UNCDF has been working in Senegal for some years, first with a programme strengthening and, since 2015, in promoting digital financial services.

Still in the context of the financial inclusion strategy, the ADB also intends to use part of its programme funds for strengthening financial services across Africa, for financial education initiatives to reduce the gender gap in the use of financial services.

34 https://www.bceao.int/fr/content/les-ateliers-de-la-semaine-de-linclusion-financiere-dans-luemoa

Box 2: UNCDF'S work in Senegal

One result of the adoption of this strategy has been the launch of the United Nations Capital Development Fund (UNCDF)'s Mobile Money for the Poor (MM4P) programme, in partnership with MasterCard. In the first phase, up to 2019, the program claims the following successes:

The number of users in 2019 represents 29% of the adult populations, compared with 13% in 2015, so there is still some way to go to meet the BCEAO target of 75%.

One of the key objectives of the project was to develop a network of agents in rural areas. The project placed particular emphasis on the involvement of youth and women. The task was difficult owing to the patchy connectivity in the often-isolated rural communities as well as the poor provision of liquidity and the informal nature of businesses which complicated compliance with know-your-agent requirements. It also became apparent that because of social norms, in order to recruit women, it was necessary to engage with their husbands to ensure that they were supportive. In the Financial Inclusion Week workshop in November, it was reported that 60% of agents are female.

The project also worked with PAMECAS, an MFI, to use DFS to develop a credit-scoring system to enable the institution to lend to youth and women without collateral.

UNCDF has identified 5 key lessons for the next phase, which started in 2019:

- The need for strong financial backing, particularly for the agent network franchising model;
- The need for improved connectivity in rural areas
- Interoperability allowing the easy transfer of funds from one operator to another
- Enhanced customer empowerment particularly around financial education and entrepreneurship
- The ability to take services developed in Senegal across borders

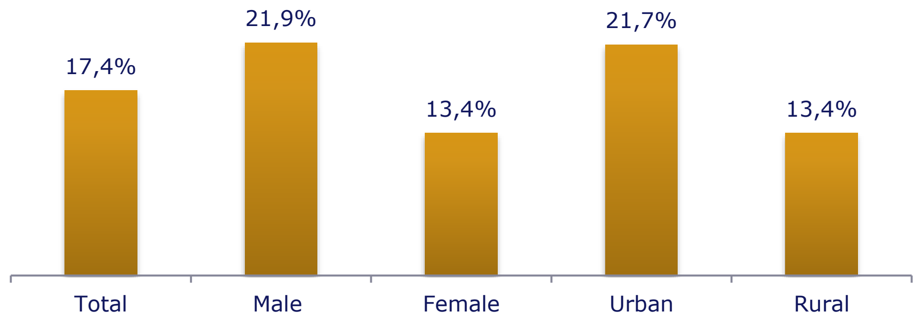
There is no specific objective regarding women's financial inclusion in this programme, though this could be achieved through enhanced customer empowerment, and financial education.

PART II: WOMEN'S FINANCIAL INCLUSION IN SENEGAL

1 WOMEN'S ACCESS TO FINANCE IN SENEGAL

According to the World Bank's Financial Capability survey, published in 2016, approximately 17% of adults in Senegal reported owning an account at a formal financial institution, and in terms of gender, 13.4% for women and 21.9% for men. The survey showed that Senegal's financial inclusion level increased between 2011 and 2014 - 2015, from close to 6% in 2011 to reach 15.4% in 2014 and 17% in 2015. [35]

Figure 2: Levels of Financial Inclusion



Source: Enhancing Financial Capability and Inclusion in Senegal, 2016

In the World Bank's *Global Financial Index 2018*, account ownership was reported as 42.3% of all adults, a considerable increase. While account ownership at a financial institution, had risen only modestly to 20.4%, mobile money account ownership had increased to 31.8%. It also reported that 38.4% of women and 38.8% of people living in rural areas had an account, indicating that access to digital financial services is having a significant impact on women's financial inclusion.

2 SUPPLY SIDE OF FINANCIAL SERVICES

To assess the supply side, three out of the four financial inclusion dimensions will be used namely: **access to financial services**, **usage of financial services**, and the **quality of the products and the service**[36]**.** This analysis is based on selected financial inclusion indicators from the World Bank *Global Financial Inclusion Database* (2019)[37] and comparing Senegal with the average for the Sub-Saharan Africa rankings and the Lower Middle Income (LMI) rankings. Additional information is provided from the interviews conducted as part of this study.

[35] Enhancing Financial Capability and Inclusion in Senegal, 2016

[36] Global Partnership for Financial Inclusion – G20 Financial Inclusion Indicators

[37] Even though the database was updated in 2017 the data are from 2015

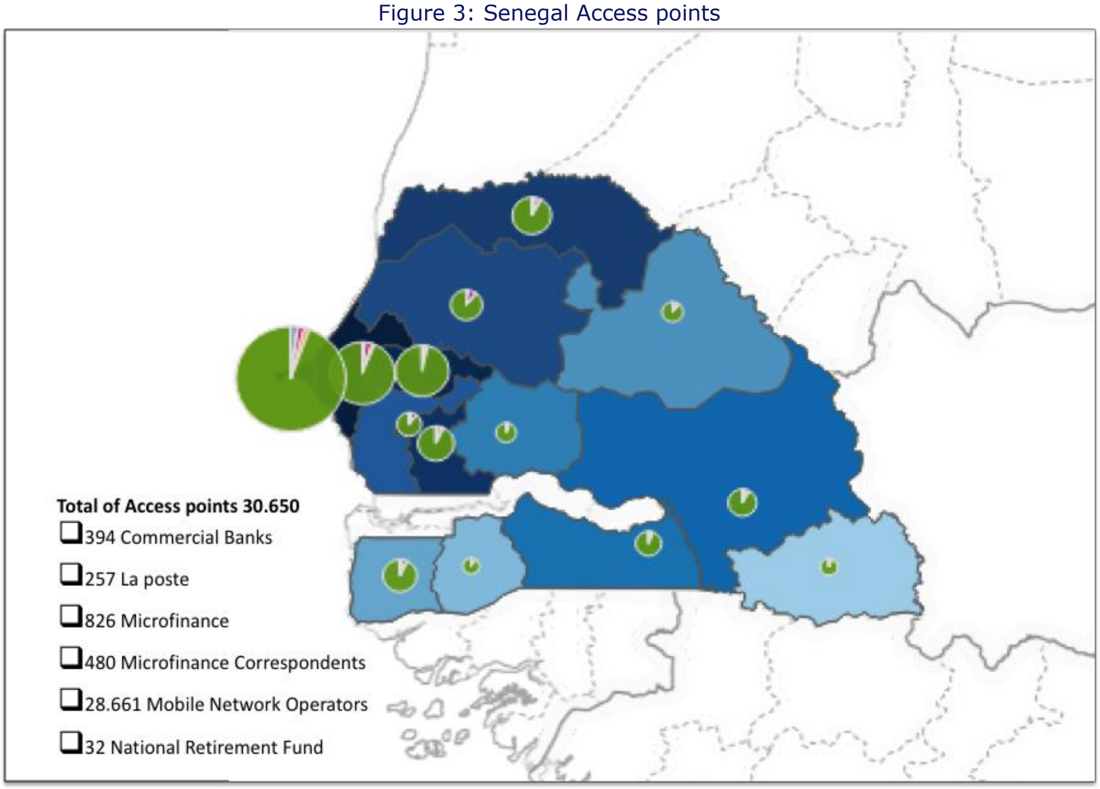
2.1 Access to Financial Services

The accessibility dimension refers to the extent to which financial service providers provide access points to the customer in terms of traditional physical banking and digital channels, which are solutions that help overcome mobility and distance constraints. The dimension also looks at how easy it is for customers to meet the requirements imposed by formal financial service providers for accessing financial services (for example, employing low or tiered KYC requirements, if allowed by regulation), and affordability.

2.1.1 Physical access

Almost half (41%) of all financial access points are concentrated in Dakar. The distribution is similar for physical branches and mobile money agents. However, the physical number of mobile money access points across the country tells us that all 14 regions are benefiting greatly from this development.[38] Banking apps on the phone also reduce the need for bricks and mortar branches but it should be remembered that many of these require smartphones which are for the time being mainly concentrated in the cities.

Figure 3: Senegal Access points



Source: http://243ewmp04.blackmesh.com/t/Prod_Platform/authoring/Senegal/SupplyandDemandMap?%3Arender=false

[38] The Mobile Economy Sub-Saharan Africa 2017

2.1.2 Know Your Customer (KYC)

In order to comply with international regulations to prevent money laundering and financing of terrorist organisations, financial institutions worldwide apply 'know your customer' or KYC regulations. These generally require proof of identity, proof of residence and now source of funds.

In 2016, Senegal reformed regulations that had previously imposed additional requirements on married women when applying for identification cards. The new regulations no longer require the identification cards of married women to include the husband's name. As a result, the wife no longer needs to provide supporting documentation to establish the husband's name, and the procedures are now the same for both men and women. In the same year, Senegal enacted a new national identity law, introducing biometric cards; and the application process is now the same for men and women.

The World Bank's *Global Findex* conducted a survey of registered and unregistered adults. According to this some 27.5% of adults in Senegal are not registered. Although no data disaggregated by gender is available for Senegal, the findings showed that overall, in low income countries there is significant gender gap i.e. women are much less likely to have an ID card than men.

Documentation requirements for opening a bank account in Senegal are similar to most other countries:

Table 2: Requirements to open a bank account in Senegal

	Check account for employee	**Check account for unemployed**	**Savings account**	**Savings account for a minor**
1. Certified copy of ID card/Passport	X	X	X	
2. Three passport-size pictures	X	X	X	
3. Proof of income (e.g. 3 pay slips)	X	X	X	
4. Proof of address	X	X	X	
5. A deposit (varying according to the bank)	X	X	X	
6. Signed parental authorization				X
7. Certified copy of the child's and his parents' passport				X

Source: *http://www.expat.com/en/guide/africa/senegal/12204-opening-a-bank-account-in-senegal.html*

The need to certify a document can be problematic for prospective customers in peri urban and rural areas, because of the distance they have to travel for the purpose and the cost. It is doubtful if it really increases security.

Proof of address can be problematic. Many poorer people may not have a utility bill, or it may be in the husband's name, and in many rural areas there are no formal addresses.

Given that many women are working in the informal economy, they may find it difficult to provide proof of income. However, opening a mobile money account only requires the presentation of valid ID, making it considerably more accessible.

2.1.3 Access to Credit

The financial services providers interviewed for this report, whilst acknowledging that women entrepreneurs are a relatively small part of their business, didn't accept that this was because of discrimination but because women businesses are generally smaller and less formal.

The previously cited report which identifies the rise in women owned enterprises up to 2013, entitled '*Female Entrepreneurship, Access to Credit and Firms' Productivity'*[39] concludes that women entrepreneurs do not suffer discrimination in access to credit. On the other hand, it doesn't conclude that this means that there is not a need for programmes promoting their access to credit. Rather it points to the better use of credit made by women as a reason to promote women's enterprises. It also notes that on average, women business owners are better educated than their male counterparts, possibly indicating few employment opportunities, leading them to start their own business

2.1.4 Affordability

Affordability refers to the costs associated with accessing financial products and services and its adequacy varies according to the user's ability to afford these costs. The rapid growth in the use of mobile money indicates that people do have a need for a relatively cheap and convenient service, principally for payments and remittances. It's important that customers have sufficient information to allow themselves to select financial products that are most affordable and suitable for them.[40]

About 8% of the unbanked report not having an account because it is too expensive.[41] This may also be due to the costs associated with ownership of a formal account, from explicit costs (balance enquiry and withdrawal charges) to implicit costs (transport).

2.2 Usage of Financial Services

Each financial service serves a purpose, as detailed in Table 3 below.

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39 https://www.pep-net.org/sites/pep-net.org/files/typo3doc/pdf/files_events/2015_kenya_conf/PMMA_12576.pdf

40 Enhancing Financial Capability and Inclusion in Senegal, 2016

41 World Bank Survey, pp.40

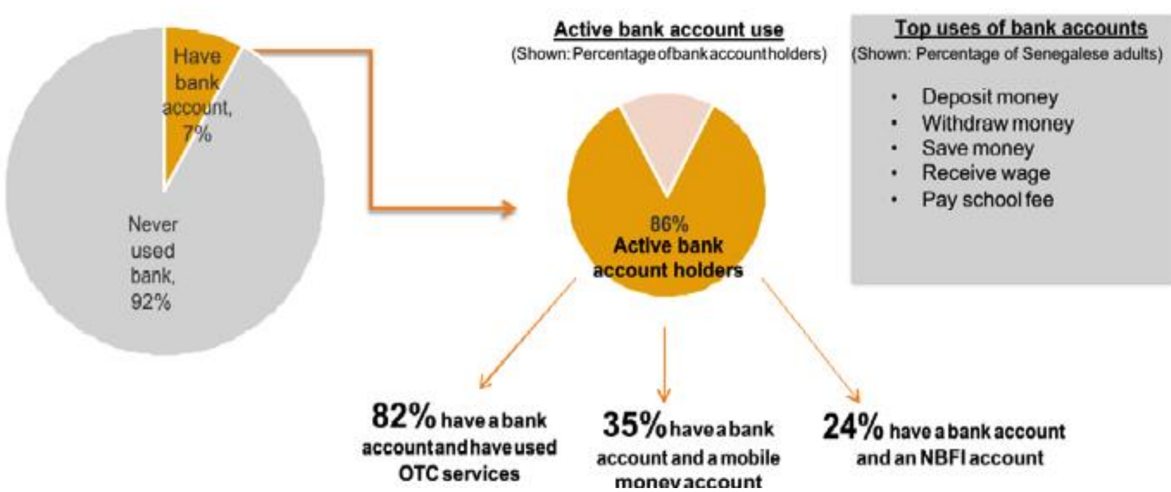
Table 3: Uses of Financial Products

	INDIVIDUALS/MICRO ENTERPRISES	SMALL AND MEDIUM ENTERPRISES
Credit	▪ Consumption smoothing ▪ Investment in human development (health, education, etc)	▪ Financing for working capital and for investment ▪ From financial institutions or through supply chain
Savings	▪ Cushion in case of shocks ▪ Low risk source of self-financing	▪ Firms rely primarily on retained earnings (savings) for financing
Insurance	▪ Risk management tool for managing shocks	▪ Lowers risk of business activity
Payments	▪ Electronic/innovative retail payments, Government payments (including Conditional Cash Transfers) and remittances	▪ Firms rely on payments for eficiente low cost, safe transactions

In Senegal, the most used bank products are deposit accounts, followed by credit cards, loans and mortgages. Approximately 10% of Senegalese adults currently report using a deposit or checking account. Men are 4% more likely than women to use a bank account (12% versus 8%), a difference that remains even after controlling for other socioeconomic and demographic characteristics.

As the graphic below shows, it is common for people to use multiple financial services. In this survey, 35% of bank account holders also had a mobile money account, and more than 4 out of 5 have used the payment services provided by an OTC operator.

Figure 4: Full service bank account ownership[42]



Source: Consumer Behaviours in Senegal Analysis and Findings 2016

42

It should be remembered that non-usage of financial services is not necessarily lack of access. It can be that the person feels no need for it. The most common reason for not having a bank account, even if there is a bank in the vicinity is that the person has no spare money to put in it. The rapid take-up of digital financial services reflects a more widespread need for access to payment services. However, for an entrepreneur, traditional banking products – savings and credit – are more important. It is widely recognised that access to a range of financial services for individuals and SMEs at a reasonable cost, gives them the opportunity to realise their entrepreneurial aspirations, helping individuals and enterprises invest in their income generating activities and work their way out of poverty. MFIs satisfy a part of this need, usually for lower income households or for microenterprises in the informal sector which is why the BCEAO is focusing on them in their financial inclusion strategy.

The World Bank *Global Findex* also has interesting data on account ownership and usage of financial services, though not disaggregated by gender beyond overall account ownership.

Table 4: Usage of financial services[43]

Adults (% age 15+, unless otherwise stated)	**Senegal**	**SSA**
Account ownership - all adults	42,3	42,6
Account ownership - women	38,4	36,9
All adults - financial institution*	20,4	32,8
All adults - mobile money	31,8	20,9
Services used in last year		
Made or received digital payment	39,5	34,4
Used a mobile phone to access an account	29,4	20,8
Used a debit or credit card to make a purchase	5,1	7,5
Saved at a financial institution	7,3	14,9
Saved using a savings club or person outside the family	23,8	25,3
Borrowed from a financial institution or used a credit card	7,8	8,4
Borrowed any money	45	45,7
Outstanding housing loan	4,3	4,7

*Bank or MFI
Source: World Bank

In the absence of formal accessible and affordable financial products and services, many Senegalese, and particularly women, save in savings groups, known locally as Tontines.

This savings system is above all a system of distribution of resources at the local level. In Senegal the tontine is almost exclusively managed and used by women. The principle of the Senegalese tontine is simple: each week the member deposits a fixed sum (generally between 500 and 1000CFA) with the group and monthly one or more families are assigned in turn and transparently (often in the presence of a women's council) a large sum. The remaining credit

43 2018 World Bank The Little Data Book on Financial Inclusion

can be allocated to a family particularly or temporarily in need. Tontines are found all over the country, but particularly in rural areas.

MaTontine, a digital services platform, is replicating the system to be used anywhere where 10 people agree to participate.

2.3 Quality of Financial Services

The quality aspect measures whether financial products and services meet customer needs, the variety of options available to customers, and customer awareness and understanding of these financial products. In recent years, the Senegalese authorities have initiated a number of reform initiatives to improve the operational and legal environment of the financial sector.

An important element of ensuring quality service is the existence and robust implementation of consumer protection laws, and an essential part of this is an effective complaints procedure. Consumer protection, together with financial education comprises the 4th axis of the BCEAO'S Financial Inclusion Strategy. The Ministère de l'Economie et des Finances established the Observatoire de la Qualité des Services Financiers (OQSF)[44] in 2009, whose overall mission is to increase the level of financial inclusion by guaranteeing access to quality services. As well as mediating customer complaints about financial services, has a role in liaising with the BCEAO and the financial institutions about new regulations. It has produced a number of reports of customer satisfaction levels with various sectors – banks (2016), microfinance institutions (SFD) (2017) and mobile money operators (2019). In 2012, it issued a report on the unbanked population, and made key recommendations for encouraging a greater use of formal financial institutions.

The creation of a credit bureau would also assist in sharing information about clients amongst FSPs and allow them to lend with more confidence.

Financial education is also key in promoting quality in the services offered and UNCDF cites this as one of the key lessons from the first phase of their MAP work – 'Enhanced customer empowerment particularly around financial education and entrepreneurship'. Note that they don't make specific reference to women's empowerment. The evidence is mixed regarding the efficacy of traditional entrepreneurship training which tend to concentrate on formal aspects of business management such as book-keeping. A research project in Togo tried a different approach – see Box 1.

[44] www.oqsf.sn

Box 1: Teaching personal initiative beats traditional training in boosting small business in West Africa

Standard business training programs aim to boost the incomes of the millions of self-employed business owners in developing countries by teaching basic financial and marketing practices, yet the impacts of such programs are mixed. The researchers tested whether a psychology-based personal initiative training approach which teaches and promotes a proactive mindset that focuses on entrepreneurial behaviours can have more success. A randomized controlled trial in Togo assigned microenterprise owners to a control group (N=500); a leading business training program (N=500); or to personal initiative training (N=500). Four follow-up surveys track firm outcomes over two years and show personal initiative training increases firm profits by 30 percent, compared to a statistically insignificant 11 percent for traditional training. The training is cost-effective, paying for itself within one year.

Source: https://science.sciencemag.org/content/357/6357/1287

PART III: THE FINANCIAL SECTOR'S READINESS TO SERVE WOMEN

This section describes the readiness of Senegal's financial sector to serve women clients. It starts by describing high-level actions from the BCEAO and the government of Senegal that explicitly show the agenda towards financial inclusion in general, and women's financial inclusion, in particular. Subsequently, this section compares the current modus operandi of financial institutions serving women clients in relation to international best practices.

1 Higher Level Commitment – Regulatory and Policy Frameworks

The BCEAO has defined its financial inclusion strategy and set up national committees in each member state to implement it. Moreover, it has sought out and cooperated with international agencies, such as UNCDF and the ADB to support its implementation.

The BCEAO has identified financial education as a key element in its financial inclusion strategy to build the financial capability of the Senegalese on the fundamentals of financial services, not only as a pre-requisite for improving knowledge of personal finance, but also to transform this knowledge into action.

Senegal has launched its national strategy for gender equality SNEEG 2016 – 2026 which specifically recognises the need for women's increased access to financial services in order to drive economic empowerment.

The region has a strong digital agenda. Senegal, together with other member states of the West African Economic region has taken important steps to make its digital environment conducive for various players, with the result that it has experienced tremendous growth in the use of electronic and mobile payments recently. A 2016 *Global Information Technology Report* (GITR)[45] examines the increasing proliferation of technology and its effects on advancing global prosperity through its *Networked Readiness Index*.[46] In 2016 Senegal was in 107th position, out of 139, being the eleventh highest ranked among African countries. Senegal scored relatively strongly on political and regulatory environment and business innovation environment, but was weaker in the areas of infrastructure, affordability and skills.

[45] The Global Information Technology Report 2016 – Innovating in the Digital Economy

[46] The Network Readiness Index measures the capacity of countries to leverage Information & Comunications Technology (ICTs) for increased competitiveness and well-being. The index rests on six principles: (i) a high-quality regulatory and business environment is critical in order to fully leverage ICTs and generate impact; (ii) ICT readiness—as measured by ICT affordability, skills, and infrastructure—is a pre-condition to generating impact; (iii) fully leveraging ICTs requires a society-wide effort: the government, the business sector, and the population at large each have a critical role to play; (iv) ICT use should not be an end in itself. The impact that ICTs actually have on the economy and society is what ultimately matters; (v) the set of drivers— the environment, readiness, and usage—interact, coevolve, and reinforce each other to form a virtuous cycle.

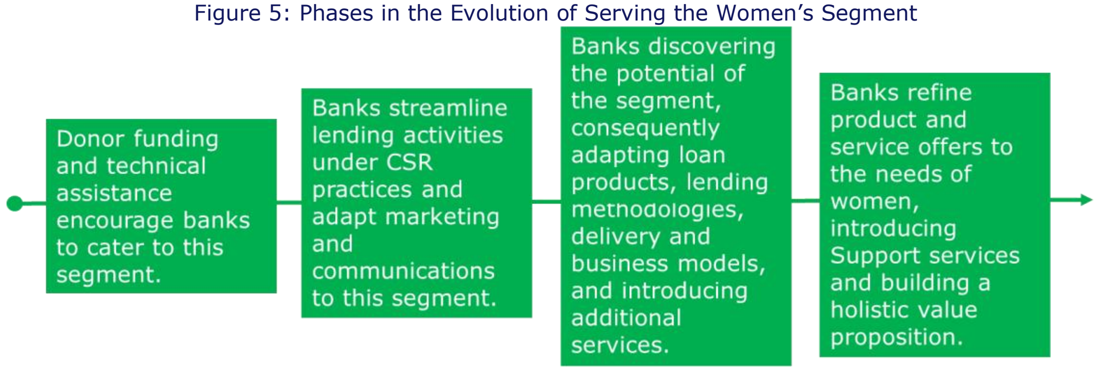
It also lost ground for rates of individual usage, though this may have changed given the strong growth since 2016.[47] Business and Government usage scored well.

2 International Best Practice in Serving Women

The diagnosis of supply-side readiness to serve women in Senegal is based on Women's World Banking Global Best Practices in Banking for Women-led SMEs. To date, this is the most concise best practice found for women's financial inclusion. Although the best practices are directed at women in business, the same will be applied to individual women given the objectives of the current report. These best practices are based on the best practice of banks that have increased their exposure to women-led SMEs over the years, reflecting the attractiveness of this segment.[48]

The analysis of the current practices of financial services providers in serving women, will also allow it to be seen where Senegal stands in relation to serving the women's market segment, as depicted in Figure 5, below.

Figure 5: Phases in the Evolution of Serving the Women's Segment



Source: Adapted from Global Best Practices in Banking for Women-Led SMEs

This section is based on the results of in-depth interviews with a sample Senegal's financial institutions, which allowed the report to evaluate the current status of the Senegalese financial system procedures, practices and product-adequacy for women. This also touches on how the financial sector responds to women's needs for **convenient**, **reliable**, **secure** and **confidential** financial service provision. Senegal's financial system diagnosis in relation to women's best practices is detailed below.

[47] The Global Information Technology Report 2016 – Innovating in the Digital Economy, pp.29

[48] Women World Banking (2014) "Global Best Practices in Banking for Women-led SMEs"

Good Practice 1

Know your market and customer: *Assess the opportunity of serving women and women-led SMEs through market research and understand the conditions within which women-led businesses operate.*

Senegal's Status (Poor)

Results from the interviews with financial institutions show that banks and other financial institutions do not conduct market research to understand the women's market segment and how to better serve them. In fact, this is not a common practice for their general product offering, which makes it difficult for them to justify the need to have market research on women. They rely mostly on client feedback and engagement, on an ad-hoc basis, to inform their product development and marketing strategies. This is a strategy that various financial service providers (FSPs) referred to as their alternative to formal/structured market research.

Banks and DFS providers do not have data on clients disaggregated by gender, nor is this a requirement of the Central Bank. This is an essential first step to measuring women as an important segment in its own right.

Good Practice 2

View women-led SMEs as a distinct group: *Make women-led SMEs a distinct group rather than a mere extension of the existing retail or commercial business; segment women-led SMEs into different sub-groups.*

Senegal Status (Poor)

The only bank with a specific focus on women is the Banque National pour le Développement Économique, a publicly owned development bank.

The remaining banks claim that having a gender policy is not part of their strategic plan, as they do not discriminate on the basis of gender. In fact, some banks report that approximately 25 percent of their portfolio comprises women entrepreneurs. Some banks are still exploring the potential of using alternative channels for targeting the women's market specifically. One bank reported to be funding women through MFIs, as these have increased access to women clients, particularly in agriculture and livestock value chains.

Banks segment their markets by industry with local business, education and health services being common within our sample. Agriculture also seems to be an attractive segment as all the banks provide financing products and services, either across or within the value chain of different crops (e.g. tea, coffee, horticulture, & dairy). Furthermore, the majority of the banks train their staff on their strategic positions, although they acknowledge that this is an area that could be further improved. Therefore, it could be concluded that if/when women become a strategic segment for commercial banks, they would follow the same practices to develop the segment's product offering and service delivery.

Good Practice 3

Find a champion and build internal capacity: *Leadership buy-in and internal alignment are prerequisites for the long-term success of a strategy that focuses on the women's market. Assign accountability to a unit/group within the bank, build internal staff capacity and embed key performance indicators (KPIs) into performance measurement systems.*

Senegal Status (Poor)

In the interviews, and in the literature research found no institutions which have gone as far as establishing KPIs for the business with women.

Good Practice 4

Adjust credit processes, underwriting standards and delivery models: *Implement credit scoring and risk-adjusted pricing to ensure sustained profitability. Offer flexible collateral and integrate lending into value chains by accepting forward contracts with suppliers and counterparties. Adapt delivery models to better reach women entrepreneurs.*

Senegal Status (Poor)

Banks report that generally the same credit processes, underwriting standards and bank/product access requirements apply for both men and women. Banks are also unaware that women have lower loan default rates than men as this is analysed on a case by case basis.

With regards to delivery channels, the Senegalese financial sector is actively pursuing the introduction of innovative solutions based on digital finance. The majority of commercial banks are offering digital solutions to their clients, ranging from e-wallets to integrated services with the MNOs. Furthermore, several banks are developing new products in this space including micro-lending solutions. The digital finance boom is not limited to commercial banks. Although integration is slower in MFIs, the larger ones, such as PAMECAS, KAJAS, ACEP and Caurie, are headed in this direction.

In an interview, a representative of UN Women expressed some reservations about the real interest of banks and indeed the BCEAO to take major measures to improve women's financial inclusion, rather than simply relying on the growth of digital financial services (DFS).

The case of Agency Banking in Nigeria

Diamond Bank in Nigeria has successfully reached unbanked low-income women with its BETA Savings account, developed with Women's World Banking. With convenient account access through a network of mobile agents and an affordable pricing structure, BETA Savings has seen 40 percent year-on-year growth since 2012. Currently, 37 percent of BETA Savings customers are women. The Bank has introduced a new incentive scheme to increase that percentage, where BETA agents received cash rewards, higher commissions, and incentives, such as dinners with Diamond Bank Executives, for writing up more women clients.

BETA savings accounts relieve customers of the need to go to a physical bank branch to open and operate an account. Rather, "BETA Friends" – female bank agents – attend open-air markets with mobile devices, enabling women to setup accounts and make deposits and withdrawals without having to leave their stalls.

Of greater significance, women are able to open BETA savings accounts without documentation or minimum balance requirements due to Nigeria's tiered Know Your Customer Requirements (KYC), which enables Diamond Bank to open low-value accounts with basic personal information. Since its launch, BETA has reached more than 275, 000 clients.

Following the success of BETA, Diamond Bank launched BETA Target Savers Accounts – another innovative digital product designed to increase women's financial inclusion. These accounts enable women to save for specific goals, such as financing childbirth or a child's education. Diamond Bank also permits women to take out loans without having to provide collateral through the BETA Kwik Loan, a service that operates via BETA technology.

Note: Diamond Bank was recently acquired by Access Bank plc

Source: Jennifer McDonald, Women's World Banking (2013), " Global Best Practices for Women's Financial Inclusion", Lagos

Good Practice 5

Offer women a mix of products and services: *Provide a holistic value proposition, including core professional products and a link to personal products. Provide value-added non-financial services that women-led SMEs highly value.*

Senegal Status (Poor)

In general, the Senegalese financial sector does not tailor their products to women. However, the MFIs seem more inclined to developing these areas than other players in the sector. Broadly speaking, it is felt that the existent product offering can cater equally to men and women.

In the interviews, no examples of the provision of non-financial services, such as business development training were identified.

Good Practice 6

Invest in proving the business case: *The business case for serving women-led SMEs exists. However, banks need to collect and analyse the data according to gender in order to prove to their own Boards that investing in the women's market segment makes good business sense so they can continue to support investment in this segment.*

Senegal Status (Poor)

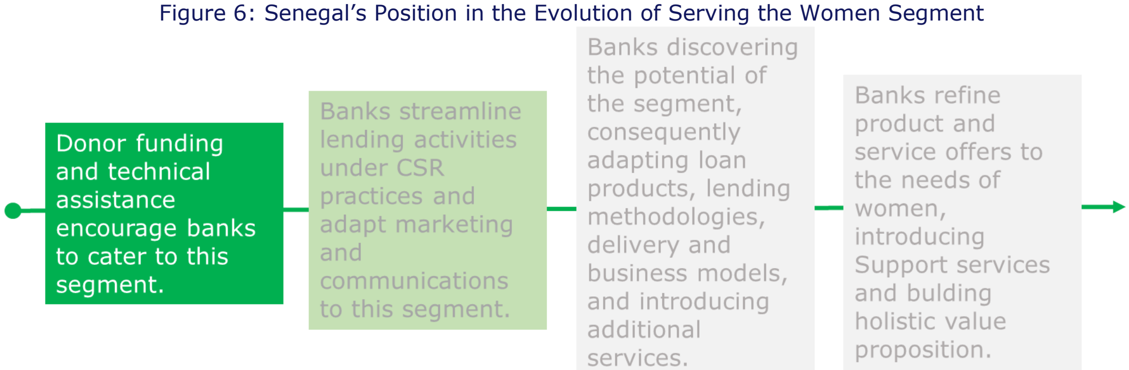
Currently most banks are not able to collect sex-disaggregated data, which could enable them to develop a business case to serve women.

3 Conclusion

Financial inclusion, as measured by Global Findex has registered impressive results in Senegal from 5.8% of adults having an account in 2011 to 42.3% in 2017, showing the power of having an oriented growth strategy that is inclusive of financial sector development. The BCEAO set a target of 75% financial inclusion by 2026. It is difficult to see how this can be achieved with the current level of account ownership of 42%, and it will interesting to see what additional measures the Central Bank will introduce in the second five years of the strategy Even account ownership is not a stand-alone measure of financial inclusion, since this requires active use of the account.

Senegal provides an example of how country commitment to advancing financial inclusion is critical to achieve positive results. The analysis of the financial sector's preparedness to serving women shows that Senegal is still in its early stages of serving women effectively, as highlighted in Figure 6 below. Women's financial inclusion is still driven by government and development partners funding and technical assistance, to encourage financial institutions to serve this segment, as indicated in the first phase of the evolution process. The financial sector, as a whole, still needs to further adopt the second phase of the evolutionary path.

Figure 6: Senegal's Position in the Evolution of Serving the Women Segment



Source: Adapted from Global Best Practices in Banking for Women-Led SMEs

In relation to the third and fourth phases of evolution, the financial sector has shown little interest in aligning their practices, procedures and lending methodologies to better suit women's needs. In fact, most banks do not differentiate their structures and product offering by gender, claiming their products are designed to meet the needs of all adult Senegalese regardless of whether they are male or female. Whilst progress has been made in the uptake and usage of digital financial services, there is little underlying thinking about how to include more women in this development.

The lack of, or limited orientation towards women from the FSPs, results in poor performance of the financial sector, in relation to Women's World Banking Best Practices in serving women. FSPs in Senegal do not conduct market research to assess the opportunity of serving women as individuals and as business owners (Good Practice 1). FSPs do not regard the women's market segment as a distinct group. FSPs do not have a gender policy in their institutions (Good Practice 2). The lack of a women-oriented vision, influences the way FSPs implement their credit scoring, collateral requirements and adapt their delivery models to better reach women as individuals and as entrepreneurs (Good Practice 4). Furthermore, FSPs do not offer a mix of products and services that respond to the various needs of women - from non-financial services such as training, to financial services that respond to their business and personal needs (Good Practice 5).

Recommendations for areas of intervention for NFNV with policymakers, donors and financial institutions

In this section we recommend where action is required to improve women's financial inclusion and where NFNV could concentrate its efforts to advance this.

1 Policy Makers

The Government

Many barriers to women's financial inclusion are not specific to the financial sector, but stem from women's generally weak position in society. There appears to be a lack of political will to implement the SNEEG effectively, allowing customary law to prevail in rural areas, in detriment to women's social and economic empowerment. Some reforms are yet to be legislated, such as property and inheritance rights. Widespread polygamy also puts women at a disadvantage.

NFNV will seek to collaborate with the Ministry for Women, Children and the Family, and with UN Women to identify areas to address which would increase financial inclusion for women.

The Banque Centrale des États de l'Afrique de Ouest (BCEAO)

The BCEAO should evaluate which barriers for women financial inclusion lie within its jurisdiction and study how these barriers can be relaxed or removed to further include women in the formal financial sector. Their ambitious target for 75% financial inclusion by 2026 will be more easily achieved if they address the latent potential of women, particularly women entrepreneurs

The BCEAO should study the possibility of introducing tiered Know Your Customer Requirements (KYC), which enables banks to open low-value accounts with basic personal information, as in the case of MNOs.

The Central Bank should be more robust in its promotion of women's financial inclusion. Its main initiatives are directed at MFIs, who mainly serve the informal sector and at SMEs, through a specific line of credit. The Central Bank could make it plain to banks that they are expected to respond to the financial inclusion strategy with more specific, measurable targets. They don't need encouraging to introduce DFS – these are now the future of banking – but they do need to be encouraged to pay more attention to the effect of these services on women's financial inclusion.

A useful first step would be to invite FinMark Trust to conduct a Finscope Survey, as many other countries have done, which would be a rich source of data available to all stakeholders. Furthermore, based on FinScope surveys, some countries have conducted Access Frontier analysis, which not only estimates the potential demand for financial services but also illustrates the financial inclusion impacts in situations where certain barriers are relaxed. These analyses provide nationwide market research that could be used as a starting point for banks wanting to define a gender segmented strategy or improve their product offering.

The BCEAO in general and Senegal in particular has a number of strong international partners to help it increase financial inclusion, such as UNCDF, ADB, AFD, World Bank and USAID. It must ensure that the programmes implemented by these partners have a strong cross-cutting gender approach, and do not relegate gender to separate programmes, unless it is necessary to address issues that particularly affect women. For example:

- The recently announced IFC programme with MicroCred could also be an opportunity to engage with a donor to ensure that women are given due weight in the conduct of the work.
- Encourage a donor to work with an FSP to conduct the kind of entrepreneurship training trialled in Togo, which aims to foster a more pro-active mindset in business management.

Require donors to publish more information on their projects to encourage replication of the successful ones and due analysis of the unsuccessful ones

The BCEAO should look to success stories in other African countries, such as Diamond Bank's BETA account which targeted women in the markets, and encourage FSPs to emulate them.

The BCEAO should also encourage the provision of non-financial services, such as BDS, to support financial services. Women often need more encouragement and assistance in how to best use the financial services on offer, and non-financial services can pay off handsomely in terms of customer performance and loyalty. (see also below - entrepreneurship training)

Senegal is to be congratulated on the creation of the Observatoire de la Qualité des Services Financiers (OQSF) clearly signaling its intent to guarantee robust consumer protection. It has produced some useful sector reports. It could be encouraged to research specifically women's consumer protection.

2 Donors

UNCDF is clearly the lead donor in promoting financial inclusion in Senegal. However, as noted previously, its ambitious and wide-reaching is not strong on women-specific initiatives. DfID in the context of its ÉLAN programme in DRC recognizes the tendency to marginalize gender equality[49] in its programmes and is taking steps to address it. It could be useful to maintain contacts with UNCDF and ADB regarding their financial inclusion programmes to ensure that they guard against this.

3 Financial Service Providers

[49] https://www.elanrdc.com/cas-dtudes-et-tudes-de-marché

The FSPs are not unsympathetic to increasing the female customer base. They are just not sure how to do it, or in the case of regional and international banks, whether they have the freedom to do it. More information about the value of expanding services for women should be shared with the banks to make the business case. There is ample evidence that women are more reliable and more loyal customers than men.

Key recommendations for the financial service providers are:

- Disaggregate data by gender. Until you can measure your performance it is difficult to change it and then monitor progress
- Review the mix of products to assess whether they correspond to women's needs.
- Nominate a champion within the organization to ensure that real changes are made and that all employees are aware of the importance of women customers. Often a simple change of attitude at branch level can have a significant impact.

Encourage a bank to introduce entrepreneurship training of the kind tested with such success in Togo, based on building self-esteem, critical thinking and a pro-active mindset.

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