

EMPOWERING WOMEN THROUGH FINANCIAL INCLUSION

Better access is just the first step

There is a growing focus on improving women's access to financial products and services to help them transform their lives. This is a positive trend—but the latest research shows that access alone is not enough.

Financial inclusion is about ensuring equitable access to and use of affordable and appropriate financial products and services that meet people's needs. It is considered a key enabler for most of the Sustainable Development Goals (SDGs), especially SDG 5 (gender equality and women's economic empowerment).

The good news is that according to the Global Financial Inclusion Index, the proportion of adults around the world with access to formal financial services rose from 51 percent to 62 percent in only three years (2011 to 2014). By 2017, it had reached 69%.

Despite this general progress, more than a billion women worldwide are still excluded from formal financial



Financial products and services that address the needs of women across the whole financial process can help women save, invest, and plan for the future.

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services, and the gender gap has not budged since 2011. International recognition of the gender gap on financial inclusion—and the need to address it—is growing.

Most efforts at financial inclusion aim to dismantle barriers to access. While this is an important first step, access-focused approaches often overlook other factors that are key to effective financial inclusion. To successfully transform their lives and livelihoods, women need more than just access. They need to be able to leverage financial products and services.

This can mean helping women become more financially literate so they can make strategic use of financial products and services. It also means considering and responding creatively to the barriers and social norms that may prevent women from harnessing the potential of financial inclusion to improve their lives.

SEEKING EVIDENCE-BASED SOLUTIONS

Canada's International Development Research Centre (IDRC) supports research that [makes the case for a more transformative approach to financial inclusion](#) and leads to positive changes in the lives of marginalized women.

Our approach **does not view** financial inclusion as an end in itself, but as a means of improving livelihoods and fostering women's economic empowerment. Generally, this means focusing on research that analyses the extent to which financial products, services and policies foster economic opportunities and empowerment for women.

The cutting-edge research projects that we support also seek to inform policy frameworks, remove impediments to women's access to and use of financial services (in partnership with regulators), and help providers develop innovative products and services that better reflect women's needs.

FOCUSING ON ACTION RESEARCH

IDRC-supported research is informing policies and practices through active engagement of researchers with a wide range of stakeholders, financial institutions, non-profits, social enterprises, government, community-based

organizations and the private sector. Partnerships are essential for large-scale impact.

Along with generating knowledge and evidence, we support peer learning and knowledge sharing to inform global discourse. We facilitate links with global platforms so researchers and practitioners can share evidence and experiences to inform international debates on financial inclusion. We also support capacity building and peer learning for policymakers, regulators and financial service providers to help them develop products and services that address the obstacles women face.

INCREASING FINANCIAL OPPORTUNITIES FOR WOMEN'S ECONOMIC EMPOWERMENT

IDRC's support of [Proyecto Capital](#), a regional initiative in 14 Latin American countries, is helping to integrate financial inclusion into social protection programmes to make it easier for members of poor households to open and access bank accounts and accumulate savings. Proyecto Capital has supported financial inclusion initiatives linked to social grants that have allowed hundreds of thousands of low-income people, mostly women, to access formal financial services.

This IDRC-supported research has shown that women's use of financial services will only increase if services and



IDRC / James Rodriguez

To be effective, financial innovations must be designed to address gender-related social and cultural factors.



Connecting service providers with information on women and gender dimensions of services allows providers to better meet the needs of women.

products meet their needs and address gender-based constraints. The project demonstrated that financial inclusion has a positive impact on investment and livelihoods, but for this to happen, financial literacy and building trust are essential.

FOSTERING GENDER TRANSFORMATIVE CHANGE

Efforts to close gender gaps in financial inclusion tend to focus on developing new financial products and services that target women, but the broader social and cultural constraints that can prevent women from making the best use of these products and services are often not taken into account. Social norms and household decision making and bargaining processes can result in low uptake or limited impacts on women's economic empowerment and labour market decisions.

A recent [scoping exercise supported by IDRC](#) revealed that social and cultural norms determine women's ability to control their own resources as well as their ability to make full use of financial innovations and services. Failing to take these insights and norms into account reduces the effectiveness and impacts of interventions, which can lead to unintended negative consequences.

It is not easy to shift embedded norms. But well-designed, strategically implemented financial products and services can play a role, and so can effective regulations. Building on these insights, IDRC is supporting in-depth research in

[Tanzania](#), [Kenya](#) and [Zambia](#) to explore the link between gender and social norms, financial inclusion interventions, and women's economic empowerment. Using a mix of qualitative and quantitative approaches, the research is uncovering what interventions financial inclusion should be coupled with to have a meaningful impact on the lives and livelihoods of marginalized women.

SPURRING INNOVATIVE PRODUCTS AND SERVICES FOR WOMEN AND YOUTH

There is growing evidence on the economic benefits of increasing financial services for women. However, many banks and other service providers are unaware that women constitute a unique and significant market opportunity. They may also not know how to serve and attract women as clients. Banking fees and a lack of services that address women's specific needs and constraints are among the key barriers to financial inclusion for women. To address these gaps and spur innovation, [IDRC is collaborating with the Financial Alliance for Women \(FAW\)](#). This [partnership](#) focuses on three program areas: capacity building, peer learning, and business case creation and data use (including a Business Case Tool for Financial Services Providers).

Similarly, a [partnership project with Financial Sector Deepening Africa](#) is harnessing financial surveys and the emerging power of "big data" to help service providers improve their offerings for women and youth. Piloted in

Tanzania, Zambia and Sierra Leone, this pioneering work brings together local researchers, financial experts and private sector providers—including banks, insurers and mobile banking operators—to make a business case for investing in data use and analysis.

“The marginalised in underserved markets within the financial sector are no longer anonymous. The amount of information and data on these market segments has grown considerably over the years. Using data analytics to develop insights into customer preferences can be a powerful spur to financial inclusion.”

– Mark Napier, Director of Financial Sector Deepening (FSD) Africa

CREATING ENABLING POLICY FRAMEWORKS

In francophone Africa, less than 13 percent of the adult population has a bank account—and the concentration of women in the informal sector means they are less likely than men to have access to institutional financial services. A [project with New Faces New Voices \(NFNV\)](#)—a pan-African advocacy group—is exploring ways to tackle gender gaps in access to finance in francophone Africa and exploring opportunities on both the demand and supply sides of the financial services sector. Through policy framework analysis and focus group discussions with male and female entrepreneurs, this work is helping policymakers in Cameroon, the Democratic Republic of Congo and Senegal address barriers in the current regulatory environment.

Similarly, a project with the [African Center for Economic Transformation \(ACET\)](#) is assessing the effectiveness of existing financial inclusion initiatives and their relative success or failure to achieve goals in select sub-Saharan countries. It will also track progress, compare approaches, gauge the impact of different approaches, and draw lessons for policymakers, regulators and service providers. The findings will inform high-level policy dialogues at the Pan-African Coalition for Transformation.

Regulators tend to view financial inclusion as an important but largely gender-neutral policy issue. However, inclusion is not gender-blind. [IDRC is working alongside the Alliance for Financial Inclusion \(AFI\)](#) to strengthen the capacity of financial regulators to develop institutional strategies that incorporate gender considerations. Supported by peer-to-peer learning events, workshops, toolkits and evidence synthesis, these efforts are fostering gender-responsive policy frameworks.

BRINGING A GENDER LENS TO LOCAL PRACTICE AND GLOBAL DEBATES

Financial inclusion is not an end in itself. Rather, it is a means of improving livelihoods and fostering women’s economic empowerment. For this to happen, we need to rethink common approaches, go beyond access, and figure out how to make financial inclusion an instrument for transforming lives. Guided by this understanding, IDRC’s work is harnessing the potential of financial inclusion to make a real difference in the lives and livelihoods of marginalized women in the global South.



Policy makers, regulators, and service providers can play a key role in closing gender gaps in financial inclusion by including gender dimensions in their decision making and maintaining ongoing evaluations of effectiveness.

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