



DIGITAL FINANCIAL SERVICES
(DFS) WORKING GROUP



CASE STUDIES OF MULTISECTORAL APPROACHES TO INTEGRATING DIGITAL FINANCIAL SERVICES FOR WOMEN'S FINANCIAL INCLUSION



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EXECUTIVE SUMMARY

Even though the level financial inclusion has increased steadily over the last decade there still exists a nine percent gender gap in access to financial services in developing and emerging economies. Despite the best efforts of regulators and policymakers, this figure has remained unchanged since 2011.

Globally there is a seven percentage points in gender gap due to multifaceted and complex reasons that are often beyond the control of financial regulators. At the same time, digital financial services (DFS), particularly mobile money and related services, have shown remarkable growth in several countries. Given the digitalization drives in most sectors, this study explores whether the use of DFS in sectors other than financial services can be used to accelerate women's financial inclusion and reduce gender inequality.

The study focuses on the health, agricultural and MSME sectors all of which have a high participation by women and where the use of DFS can potentially increase women's financial inclusion.

The study is based on desk research and targeted interviews from key informants from AFI network to reinforce the practical aspects of the financial services and policies. Four case studies are presented, with complementary examples cited. The case studies consist of two studies in the health sector (the M-TIBA 'health wallet' service in Kenya and the Trimester Save maternal health savings product in Ghana); a study on the digitalization of the poultry agricultural value chain in Ghana and a study on women entrepreneurs as mobile banking agents in Pakistan.

These case studies show there is potential for increasing women's financial inclusion with these services. However, in general, their take-up and usage by the women they are offered to does not fully meet expectations. This is primarily because most of the services are provided on a gender-neutral, and not gender-sensitive or gender-transformative basis, with most of the case studies and examples driven by the private sector business development initiatives. These are generally informed by a gender-neutral business case (except for TrimesterSave, where the business

case was intrinsically built around expectant women). In all cases, there was limited or no involvement from regulators, policymakers or the public sector.

This study concludes with a set of detailed recommendations for regulators, including the need to establish active multisectoral coordination forums, build synergy between women's financial inclusion and national efforts toward women's economic empowerment, and enhance the awareness of service providers to consider gender responsive benchmarks in product delivery. This case study aims to provide insights into how the integration of DFS across multiple sectors can deepen women's financial inclusion and enhance the awareness of financial regulators and policymakers of their potential for doing so.

1. BACKGROUND

Globally, progress has been made in deepening financial inclusion, yet women continue to be disproportionately excluded from access to financial services, accounting for more than half of the world's unbanked population of 1.7 billion in 2017¹.

The gender gap in financial inclusion is persistent, as evidenced by Global Findex Survey data, with a seven percent gender gap globally. In the developing world there has been a marginal improvement from 2011 to 2017, but the gap remains at eight percent, with some differences across regions as shown in the table below.

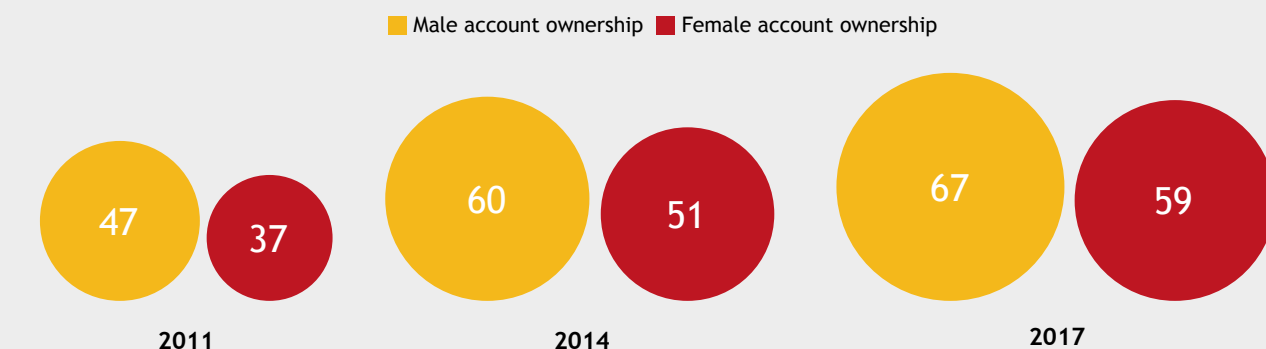
Women are also less likely to own a mobile phone, with men being eight percent more likely to own a phone and 20 percent more likely to use mobile internet².

In response to this situation, the support and promotion of gender inclusive finance (GIF) and women's economic empowerment have been a prominent feature of the Alliance for Financial Inclusion's (AFI) network since the inception of the Alliance in 2008. This commitment is explicitly expressed in the Denarau Action Plan (DAP) that was adopted by the AFI membership at the 2016 AFI Global Policy Forum in Nadji, Fiji. The DAP acknowledges the financial inclusion gender gap and presents a ten-point action plan for members to use to develop gender-sensitive and -transformative regulatory and policy interventions as well as activities to close the financial inclusion gender gap.

Members across the AFI network continue to share their knowledge of and experience in developing specific knowledge products to support one another to bridge

- 1 World Bank, 2017, The Global Findex Database 2017 https://globalfindex.worldbank.org/sites/globalfindex/files/2018-04/2017%20Index%20full%20report_0.pdf
- 2 Margaret Miller, Leora Klapper, Ghada Teima & Matthew Ganser, 2020, How can digital financial services help a world coping with COVID-19? <https://blogs.worldbank.org/psd/how-can-digital-financial-services-help-world-coping-covid-19>

FIGURE 1: ACCOUNT OWNERSHIP GENDER GAP - DEVELOPING WORLD



Source: Global Findex 2017, World Bank Group

TABLE 1: REGIONAL GENDER GAP IN ACCOUNT OWNERSHIP 2017

REGION	MALE %	FEMALE %	GENDER GAP
EUROPE AND CENTRAL ASIA (EXCL. HIGH-INCOME COUTRIES)	69 %	62 %	7 %
LATIN AMERICA AND THE CARIBBEAN	59 %	52 %	7 %
MIDDLE EAST & NORTH AFRICA (EXCL. HIGH-INOME COUNTRIES)	52 %	35 %	17 %
SUB-SAHARAN AFRICA	48 %	37 %	11 %
SOUTH ASIA	75 %	64 %	11 %
EAST ASIA & PACIFIC (EXCL. HIGH-INCOME COUNTRIES)	73 %	68 %	5 %

Source: Global Findex 2017, World Bank Group

the financial inclusion gender gap. These knowledge products can be found on the AFI website, with the most notable summarized in Annexure A.

The adoption of digital financial services has grown substantially over the last decade and continues to do so. Mobile money has been the most prominent of these services and its usage has driven increasing levels of financial inclusion in many countries, particularly in sub-Saharan Africa, where active accounts grew by 20 percent in 2020.³

26

Since 2016, 26 mobile operators across Africa, Asia and Latin America covering 14 AFI members⁴ have formally committed to reduce the gender gap in their mobile money customer base.

The increased mobile money take-up is due to a higher number of enabling regulatory frameworks, improved mobile infrastructure, more affordable mobile devices and the wider reach of agency networks. The increasing importance of FinTech solutions has meant that most traditional services are now available digitally together with many newer DFS products.

However, women still face more barriers than men in accessing DFS.⁵ These constraints can be categorized as follows:

- > Limited financial capability and financial literacy: National demand-side surveys consistently indicate that, in many countries, women have a lower level of financial literacy and confidence in their financial capability than men.
- > Lack of assets for collateral: As women typically have far lower ownership of land and property, their ability to provide 'traditional' collateral to lenders is limited.
- > Lack of formal identification: Women are less likely than men to have formal identification documents, which is necessary to fulfil minimum know-your-customer (KYC) requirements.
- > Fewer women have ownership of and control over mobile phones and SIM cards than men, which puts them at a disadvantage in access to DFS.
- > Service delivery is not designed to address or reflect the socio-cultural constraints faced by women, especially in communities with strict gender barriers. Women are challenged in accessing DFS when they are mostly facilitated by men as agents. unwelcome at bank branches.

- > Existence of discriminatory laws: In some countries, laws favoring men, such as inheritance law and family law, prevent women from accessing financial services.
- > Income levels: Women are more likely to lack the income levels needed to be able to qualify for or maintain a DFS account.

In addressing the persistent gender gap in financial inclusion, there are three focus areas to keep in mind:

- > The use of DFS to address the gender gap and the constraints that women face in accessing DFS products. AFI's Policy Framework for Women's Financial Inclusion Using Digital Financial Services, with the identified policy pillars, is a useful reference tool in this context.
- > The supporting policies and infrastructure needed to advance financial inclusion are, in most cases, more important for women than men. These include sex-disaggregated data, national and digital ID systems and alternative means of assessing credit risk, since women are disproportionately affected by a lack of access to collateral.
- > A gender-neutral policy or approach does not lead to equality but simply replicates the existing structural barriers. The needs and realities of women's lives must be explicitly considered by using a gender-sensitive or -transformative approach to achieve women's economic empowerment.

Addressing the issues relating to gender economic equity requires a holistic and intersectional approach that considers all influencing factors and involves all segments of society in which women operate. Broad stakeholder involvement is a key enabler.

This study attempts to determine the potential for deepening women's financial inclusion by integrating DFS within the infrastructure of the sectors with a high participation of women. It analyzes specific instances of their use of DFS in these sectors, highlighting gaps, opportunities and lessons for advancing financial inclusion for women.

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

4 Malaysia, Maldives, BCEAO (Mali and Senegal), Bangladesh, Rwanda, Burundi, Tanzania, Uganda, Ghana, Zimbabwe, Pakistan, Kenya, Paraguay, DRC.

5 Alliance for Financial Inclusion 2016, Policy Framework to Support Women's Financial Inclusion, AFI March <https://www.afi-global.org/publications/btg-policy-frameworks-to-support-womens-financial-inclusion/> & Alliance for Financial Inclusion 2020, Lessons on Enhancing Women's Financial Inclusion using Digital Financial Services (DFS), AFI May https://www.afi-global.org/sites/default/files/publications/2020-06/AFI_WFI_DFS_SR_ISBN_digital.pdf

2. WOMEN'S FINANCIAL INCLUSION AND THE INTEGRATION OF DFS IN THE HEALTH, AGRICULTURE AND MSME SECTORS

The case studies discussed below will show the potential of the health, agriculture and MSME sectors to advance women's financial inclusion through the integration of DFS with their infrastructure.

Women rely on and participate in these sectors to a significant extent, especially in developing and emerging economies. All three sectors are characterized by increasing online activity, such as the provision of healthcare services, the digitalization of agricultural value chains and the increasing on-boarding of MSMEs onto digital platforms. The use and integration of DFS with the increasingly digitalized services and support structures of these sectors therefore have the potential to increase and deepen women's financial inclusion. These case studies have been selected to provide insight into this potential.

70% In addition, in many developing countries, providing primary healthcare is seen as the responsibility of women in the family. Additionally, women comprise an estimated 70 percent of the global healthcare workforce and more than 75 percent in many specific countries⁶.

The maxim "access to funds determines quality of healthcare" is very relevant for women in vulnerable segments of the population, such as rural and low-income groups. This is especially so for maternal and child health because a lack of timely access to funds can have fatal consequences. Innovations in DFS are an opportunity for a society's most vulnerable, including women, to effectively plan for and have timely access to funds for health emergencies through savings, credit, micro insurance and crowdfunding products. Offering these products to low-income customers through the traditional financial system is risky and expensive.

However, DFS can facilitate both less expensive deployment and more extensive reach, especially to the last mile.

Beyond helping households afford access to healthcare, DFS can significantly improve transactions by actors in the health sector. This includes payments by patients for care and products, salary payments for healthcare workers, and payments among providers in the ecosystem (e.g. pharmacies, laboratories, insurance, donors, etc).

Innovative partnerships among stakeholders have led to the introduction of low-cost health insurance to lower income groups and improving their potential to access affordable and timely healthcare. For example, MicroEnsure, a technology service provider, delivers insurance to 42 million consumers by mobile phone in Africa, the Caribbean and Asia in partnership with mobile network operators, microfinance organizations and cooperatives.

66% Maternal health care remains a concern in most developing countries with sub-Saharan countries alone accounting for about 66 percent of global maternal deaths.⁷

Though there are many reasons for this, access to finance for timely healthcare could help address this problem. DFS is facilitating innovations in access to finance for maternal health care.

DFS has proven to be effective when used to respond to health and humanitarian disasters. This was evident during the Ebola epidemic in Sierra Leone where the timely remuneration of health workers was affected via digital payments.⁸ The effectiveness of DFS continues to be validated during the COVID-19 pandemic by its use during lockdowns to facilitate financial transactions for daily survival, especially for the most vulnerable in the community, such as women.⁹

6 Mathieu Boniol, Michelle McIsaac, Lihui Xu, Tana Wuliji, Khassoum Diallo, Jim Campbell March 2019, Gender equity in the health workforce; <https://apps.who.int/iris/bitstream/handle/10665/311314/WHO-HIS-HWF-Gender-WP1-2019.1-eng.pdf>

7 Genesis Analytics, 2018, Exploring fintech solutions for women

8 Lauren Braniff, Pamela Riley, December 2017, A Digital Finance Prescription for Universal Health Coverage; <https://www.cgap.org/blog/digital-finance-prescription-universal-health-coverage>

9 Refer to annex for AFI publications on the Role of DFS in response to COVID- 19

44%

The agricultural sector holds immense potential for women's financial inclusion.¹⁰ Women comprise 43 percent of the sector's labor force in developing countries and it is a key source of employment in rural areas.

This ranges from around 20 percent in Latin America to more than 50 percent in sub-Saharan Africa and parts of Asia. In a few countries, it exceeds 80 or even 90 percent.¹¹ Agricultural households in developing countries usually engage in both employment and non-employment activities to sustain themselves. Non-employment activities include own-use production of goods and services, such as subsistence agriculture, household management and caring for children and other dependents who are members of the household. When own-use production work and other non-employment activities are taken into account, it can be seen that many more women work unpaid and for considerably longer hours than men.¹² For example, in Pakistan, women work up to an additional 4.9 hours a day compared with men.¹³ Supporting women with digital solutions, opportunities for work and the training to use DFS could enhance their productivity and market access.

The impact of digitalization of financial services in agriculture can be seen in three areas: The direct use of DFS, such as the use of mobile money and index-based insurance; the digitalization of value chains that links all actors in the value chain with one another and provides DFS services specific to a value chain; and, digital platforms that facilitate the provision of a range of services, usually for smallholder farmers. Digitalization has significant potential for increasing efficiencies that benefit all participants in the sector. This is particularly important for women, who will benefit from more readily available information, improved access to markets from direct contact between buyer and seller, and greater access to financial services. That said, there are still many barriers that women face from capitalizing on opportunities in the marketplace.

90%

Micro, small and medium enterprises (MSMEs) are the engine of growth for most economies. MSMEs representing more than 90 percent of businesses worldwide, providing more than 50 percent of employment.

In emerging economies, formal MSMEs contribute up to 40 percent of GDP¹⁴ and SMEs create seven out of 10 jobs.¹⁵ Women-led MSMEs are key enablers of economic advancement for women and make significant contributions to development; they represent around 35 percent of MSMEs in developing and emerging markets. Globally, approximately 252 million women are entrepreneurs, and another 153 million women operate established businesses¹⁶.

Limited access to finance is a major constraint on MSME growth. It is the second-most cited obstacle by MSMEs wanting to grow their businesses in both emerging markets and developing countries.¹⁷ In terms of unmet financing needs, MSMEs owned by women comprise 32 percent of the finance gap in developing countries despite comprising just 23 percent of all MSMEs.¹⁸ If informal enterprises are considered, the percentage is actually far higher, as informal enterprises are unlikely to access finance directly. In developing countries, the unmet financing needs of MSMEs is an estimated USD5 trillion or 1.3 times of MSME lending.¹⁹

Digitalization in the MSME sector is evident in many forms, such as the rapidly growing use of digital payments; the availability of digital access to both traditional financing and alternative financing instruments such as peer-to-peer lending; the use of digital business support services; and, in the leveraging of digital platforms to increase efficiencies and reach markets that would otherwise not be possible. These developments are particularly important to women in the MSME sector because they help to reduce the gender gap in the use of financial services by facilitating women's access to credit. While systemic biases and social norms continue to inhibit women from participating in the sector, DFS represent a potential solution to these challenges.

10 FAO, Employment, work and time use in agricultural contexts: what data do we need for gender analysis? <http://www.fao.org/3/i2050e/i2050e02.pdf>

11 <https://data.worldbank.org/indicator/SL.AGR.EMPL.FE.ZS>

12 FAO, Employment, Work and Time Use in Agricultural Contexts: What Data Do We Need for Gender Analysis?

13 FAO, IFAD and WFP, 2020, Rural Women and Girls 25 Years after Beijing <https://docs.wfp.org/api/documents/WFP-0000120322/download/>

14 https://www.afi-global.org/sites/default/files/publications/2020-12/AFI_MSMEs_survey%20report_AW_digital_0.pdf [https://www.worldbank.org/en/topic/sme/finance#:~:text=SMEs%20account%20for%20the%20majority,\(GDP\)%20in%20emerging%20economies](https://www.worldbank.org/en/topic/sme/finance#:~:text=SMEs%20account%20for%20the%20majority,(GDP)%20in%20emerging%20economies)

15 Ibid

16 Policy Framework for Women's Financial Inclusion Using Digital Financial Services

17 [https://www.worldbank.org/en/topic/sme/finance#:~:text=SMEs%20account%20for%20the%20majority,\(GDP\)%20in%20emerging%20economies](https://www.worldbank.org/en/topic/sme/finance#:~:text=SMEs%20account%20for%20the%20majority,(GDP)%20in%20emerging%20economies)

18 <https://www.sme/financeforum.org/data-sites/msme-finance-gap>

19 Ibid.

A. INTEGRATING DFS IN HEALTHCARE FOR WOMEN'S FINANCIAL INCLUSION

This section explores the integration of DFS with the delivery of healthcare with a focus on mobile money-enabled financial products. The demand for better access to healthcare and the increasing penetration of mobile telephony have led to an emerging DFS ecosystem for healthcare services that offers digital payments, savings, crowdfunding, and micro insurance, among others.

This transition from basic DFS such as savings and credit to the secondary ones mentioned above can be seen in the healthcare sector of both emerging and developing countries.

CASE STUDY 1: THE M-TIBA SERVICE IN KENYA^{20,21,22,23}



Kenya's M-TIBA digital payments and administration platform was established in 2015 to assist all low-income Kenyans to obtain healthcare who are most affected by out-of-pocket healthcare expenses. Although its design and deployment are not gender-specific, the platform represents an immense opportunity to advance women's financial inclusion, which is explored here.

WHAT IS M-TIBA AND WHO ARE THE SERVICE PARTNERS?



The M-TIBA digital platform aims to meet the **United Nations Sustainable Development Goal** of the universal provision of "essential health services" by ensuring timely access to healthcare, especially for low-income households.

The FinTech and payments administrators CarePay, PharmAccess Foundation, Safaricom and UAP Insurance are M-TIBA's service partners. They offer a range of financial products, including a commitment-based mobile savings accounts ("health wallet"), health insurance for beneficiaries, and health funds and payments management services for donors and clinics. M-TIBA also offers management services for linked healthcare providers and health insurers. The M-TIBA account can be used to receive remittances and offers free personal accident insurance up to the value of approximately USD80.

The M-TIBA account is linked to Kenya's National Hospital Insurance Fund (NHIF) via an app that allows clients to pay premiums digitally. This is critical for the participation of informal sector workers who comprise

²⁰ Pamela Riley, September 2018, A Digital Platform to Manage Out-of-Pocket Health Care Expenses, CGAP blog; <https://www.cgap.org/blog/digital-platform-manage-out-pocket-health-care-expenses>

²¹ Wayan Vota, May 2019, 4 Case Studies Using Digital Financial Services to Improve Global Health, ICTWorks; <https://www.ictworks.org/digital-financial-services-improve-global-health/#.YGmHTy1h3Up>

²² <https://mtiba.com/about-m-tiba/>

²³ Based in part on an interview with M-TIBA/Safaricom representatives, Benjamin Makai and Ms. Karen Basiye, on 15 April 2021.

over 80 percent of Kenya's workforce because their enrolment in the insurance scheme is voluntary. NHIF costs roughly USD5 a month for a family, and enrollment remains low.

HOW DOES M-TIBA WORK?

The M-TIBA operational model relies on a network of accredited healthcare providers linked on the M-TIBA platform. All treatments and transactions are managed on the platform. Launched in 2016, it has 4.7 million users as of 2021 and has signed up 3,128 healthcare providers. The platform handles more than 1048 million transactions and over a million treatment claims per annum²⁴.

Users of the M-TIBA platform can use it to deposit money into their savings accounts, send and receive money, and pay for medical treatment using the regional M-PESA mobile money service.²⁵ M-TIBA functions as a secure channel for the sending and receipt of funds by users. For example, funds sent by family and friends can be earmarked exclusively for the user's health expenditure. The user can also use her M-TIBA account as a secure channel to receive subsidies and vouchers from donors. The donor funds are managed to address any specific objectives that donors might have (e.g. treatment of malaria). M-TIBA funds are for use at participating healthcare providers, thereby protecting healthcare financing. Participating healthcare service providers that meet M-TIBA criteria

have access to the system and receive training in the M-PESA electronic payments system and business management. The linking of the service providers and management support for them has improved efficiency and reduced costs in the overall healthcare system.

M-TIBA users can also choose and search for nearby in-network service providers using their mobile phones. M-TIBA affiliated service providers use internationally recognized SafeCare standards and M-TIBA continuously works with service providers to improve their standards and administration.

M-TIBA has been designed with the ease of making deposits, access to contributions from family and friends, government subsidies and product vouchers with patients in mind.

Having financial resources for preventive services also reduces the risks of long-term, costlier illnesses. Service providers and health insurance companies participate in more efficient payment and information services, while donors can track the use of funds more effectively.

²⁴ <https://mtiba.com/>

²⁵ <https://www.ictworks.org/digital-financial-services-improve-global-health>



An aid worker collects health and (mal)nutrition data during a field visit in Mandera, northeastern Kenya. (Photo by marlenefrancia/Shutterstock)

IMPACT OF M-TIBA ON WOMEN'S FINANCIAL INCLUSION

While there is still limited sex-disaggregated data on M-TIBA, a market acceptance pilot of the platform in 2015 produced encouraging evidence on the impact of M-TIBA on women in low-income groups. An assessment included 5,000 mothers with children under the age of five who lived in informal settlements around Nairobi. In the first six months of the pilot, 63 percent had used the health wallet and 14 percent said they might have delayed seeking help if they were not M-TIBA users.²⁶

63%

In the first six months of the pilot, 63 percent had used the health wallet and 14 percent said they might have delayed seeking help if they were not M-TIBA users.²⁶

A CarePay nationally representative survey conducted in August 2020 on mobile services used for healthcare confirmed the impact of M-TIBA on healthcare financing. Over 37 percent of respondents reported using their mobile phones for healthcare-related purposes, mainly for insurance and payments. Among the most-used mobile services were the Kenya National Hospital Insurance Fund, M-PESA and M-TIBA.

93%

In terms of the healthcare experience, 93 percent reported that their usage of mobile-enabled services improved it by allowing them greater control, access to quality care and a better payment process.

58%

However, out-of-pocket payments were still made in 58 percent of visits to service providers, the majority of which were made by those who were not registered as M-TIBA users.

CONSIDERATIONS FOR LEVERAGING M-TIBA FOR WOMEN'S FINANCIAL INCLUSION

The aforementioned survey provides a glimpse into the potential of M-Tiba to reach low income women. Though M-TIBA is a gender-neutral product driven by business case considerations, with no focus on gender-responsive design or delivery, it has strong potential to facilitate women's financial inclusion by enabling women to deepen their use of DFS beyond mobile payments and microinsurance.

An enhanced, targeted marketing and support for women could improve the reach, access and usage of the product by women.

M-TIBA holds great potential to facilitate a specialized insurance offering for women's healthcare, specifically obstetrics (preconception, pre-natal and post-natal care) and gynecology (general reproductive health care). Usually, financing these specialized healthcare needs (e.g. maternal care, fistula, breast, and cervical care) are provided under donor or public welfare assistance which remain limited in reach and sustainability. A partnership with relevant donor and public welfare programs could provide co-funding for a women's health-specific micro-insurance product. The incorporation of other complementary products (such as micro loans, savings, and credit) to address gaps in the financing of women's healthcare also has the potential to enhance usage of M-TIBA by women.

26 <https://www.ictworks.org/digital-financial-services-improve-global-health/>

27 M-TIBA, February 2021, Consumers and COVID-19 Driving Digitization in Healthcare; <https://mtiba.com/consumers-and-covid-19-driving-digitization-in-healthcare/>

28 <https://www.capitalfm.co.ke/business/2021/02/covid-19-driving-digitization-of-healthcare-in-kenya-report/>

CASE STUDY 2: TRIMESTER SAVE IN GHANA ²⁹

Trimester Save is a startup healthtech with a fintech offering that provides mobile money-based savings for expectant mothers. The product was developed in response to challenges faced by women from low-income groups to access finance for maternal health care. The product makes it possible for women to incrementally accumulate savings to complement the National Health Insurance Scheme which provides insurance for basic maternal care.

Access to adequate finance during the pre and post-natal period influences the survival of both mother and baby. Inadequate access to finance by women during this period can exacerbate health vulnerabilities, with the potential to trigger emergencies and leading to possible maternal and neonatal mortality.

HOW DOES THE PRODUCT WORK?

The product leverages mobile money and partnerships with a savings and loans provider to facilitate targeted small savings by users. An agreement between Trimester Save and the Ghana Health Service allows access to public health centers where Trimester Save leverages

periodic antenatal classes to market and on-board the product to women attending the classes. Trimester Save offers financial literacy training (specifically on saving for emergencies) with the antenatal classes. To achieve scale, it is working towards a partnership with the Association of Rural Banks to reach rural communities.

The provider is exploring the incorporation of complementary services such as partnerships with ride hailing services, retailers of fast-moving consumer goods and a micro-pension fund (providing a flexible joint investment and annuity product) to enhance product usage.

The program is still in its early-stage or inception phase as a FinTech, but market acceptance has been encouraging:

- > The sign-up rate of women at discussion sessions is between 20 and 30 percent. Women who are already mothers are more likely to sign up, being more aware of the need to have readily available savings compared with first-time mothers.
- > About 80 percent of deposits are from between 20 and 30 percent of the clients. The service turned out to be appreciated as a financial management product, rather than a product just for a specific purpose.

²⁹ Based on an interview with Dr. Elvis Kuma Forson, a qualified gynecologist and CEO of Trimester Save on 26 March 2021. Ms. Clarissa Kudowor from the Bank of Ghana was also present.



Woman carries a baby on her back while working, Ghana. (Photo by Anton_Ivanov/Shutterstock)

- > The women using the product are satisfied that it meets their need to save towards their delivery. However, the partnering financial services provider is not geared to handle the short-term funding scope of Trimester Save. This is because the women usually start saving when they are pregnant and tend to access the funds within the nine months of pregnancy or upon delivery.
- > During the COVID-19 lockdown, Trimester Save deposits increased by 161 percent though other savings and deposit products by the partnering FSP saw a net decline due to increased withdrawals to deal with the adverse effects of the pandemic and lockdown.
- > Trimester Save has turned to machine learning to generate user profiles and behaviors to enhance product design and business case projections.

ORANGE MONEY

A life/disability and maternal health insurance product in Mali has similar characteristics. Orange Money³⁰ and other service partners launched a savings product (Sini Tonon) and an associated life/disability and maternal health insurance product (Tin Nogoya) on the Orange Money platform.

The products have extended the use of DFS while meeting the needs of users, particularly women. Of the women using the Sini Ton savings product 55 percent did not save before, compared with 48 percent of men not saving before.

97%

Of the women using the Tin Nogoya insurance product, 97 percent have never been insured before, so this is their first take-up of digital insurance. This reinforces the need for such a product for women from low-income groups.

CONSIDERATIONS TO ENHANCE THE FINANCIAL INCLUSION OF WOMEN WITH TRIMESTER SAVE

The product has great potential to facilitate financial inclusion among women from low-income groups as they are its direct customer base. Its scope can be enhanced by partnerships with FSPs to cover life cycles beyond maternal care, such as extending savings or complementary trust accounts for the baby, as well as savings to cover other key women's healthcare issues. By doing so, this could attract longer-term savings beyond pregnancy from women. Emerging evidence points to the importance of involving husbands and

partners in the savings product as this has the potential to improve the level of savings by a client and increase the sustainability of the program.

Periodic demand-side surveys examining the health financing needs of the targeted women at various phases of their life cycle could inform product design and delivery to improve the relevance and functionality of the products for women's financial inclusion. Trimester Save could leverage on data from relevant players such as health service providers for this.

There are also examples of use cases that have taken a more focused approach, rather than a broad-based ecosystem or systemic approach, such as the following:

MARIE STOPES MADAGASCAR — DIGITAL PAYMENTS PROMOTE ACCESS TO ESSENTIAL SERVICES

Marie Stopes Madagascar (MSM)³¹ offers a subsidized voucher program to increase access to voluntary family planning services. Clients present the voucher to any of MSM's 42 local healthcare providers (usually operated by women) in exchange for family planning services. MSM utilizes mobile money instead of traditional payment methods (typically cash) to reimburse service providers, making it feasible to include and reimburse healthcare service providers in remote, rural, and hard to reach areas.

This demonstrates that digital payments can significantly strengthen the reach, efficiency, and sustainability of women-focused health services while catalyzing deeper usage of DFS by women.



Madagascar. (Photo by Nok Lek/Shutterstock)

Governments and regulators can actively assist in extending DFS usage in the health sector to the advantage of women:

30 <https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2016/03/Connected-Women-Orange-Mali-Case-Study-FINAL.pdf>

31 USAID, 2019, The Role of Digital Financial Services in Accelerating USAID's Health Goals <https://www.usaid.gov/digital-development/digital-finance/role-digital-financial-services-accelerating-usaids-health-goals>

- > The Ministry of Health and Family Welfare in India has deployed nearly a million Accredited Social Health Activists (ASHAs) as a key component of the National Rural Health Mission. ASHAs are community-based women who act as a healthcare facilitator, a service provider and a health activist in the community. They are paid incentives for the types of activities they perform. These payments are subject to administrative challenges and, when paid in cash, are often not received on time. As this can serve as a demotivator, the National Health Mission in the state of Rajasthan has used a software platform (ASHA Soft) to streamline the administration and to pay the incentives digitally into bank accounts of the 47,000 ASHAs in Rajasthan. An assessment done in 2020 found that the scheme directly benefitted the women and recommended its extension.
- > A market survey in Egypt revealed that disease and injury are the most significant financial risks faced by families. Egypt's Financial Regulatory Authority responded to this situation by drafting an insurance law to expand coverage for low-income households, with technical assistance from international donors. The law gives incentives for the provision of health insurance. Insurers are encouraged to use technology to market, issue and collect premiums on policies digitally, as well as to receive and process claims. This has enabled the private sector to extend products to this market. For example, Democrance is a software-as-a-service FinTech that provides insurance products digitally to underserved populations. Democrance works with some of the largest MFIs in Egypt to offer credit life insurance, which pays the outstanding amount owed by a borrower on a loan in the event of his or her death; and hospital cash products designed to offset incidental costs such as transport or lodging associated with hospitalization. Women entrepreneurs from low income groups with a microfinance loan for their business form a large part of the customer base for credit life insurance.

Key insights into Integrating DFS in Healthcare for Women's Financial Inclusion Market and appreciation for the products and services mentioned, as well as information from other deployments, provide evidence of the potential for increasing women's financial inclusion through the use of DFS in women's access to healthcare.

- > Digital payments and improved access to health delivery are mutually reinforcing. While digital payments improve the operational efficiency of healthcare delivery (eliminate/minimize travel costs

and risk of fraud or theft), they also facilitate deeper financial services usage among women, especially the underserved and those in hard-to-reach areas.

- > Digitalization of donor or public-led vouchers for women's healthcare (e.g. family planning, maternal health) is an effective tool in driving financial inclusion for women both from the demand and supply sides.
- > Since healthcare providers are usually trusted community centers, such centers could be leveraged as agents or focal points to engage and onboard women to DFS-based platforms. In communities where social and cultural practices influence women's engagement with men, women healthcare workers and maternal centers are viable options as DFS agents for women. The shared use of community centers would also reduce onboarding costs for service providers.
- > In the integration of DFS with access to and delivery of healthcare for women's financial inclusion, it is necessary that the needs and requirements of the women are determined and due cognizance is given to their financial and digital literacy levels.
- > A multi-stakeholder approach involving all relevant actors in the ecosystem (e.g. relevant policy agencies, healthcare providers, pharmacies, community-based women's groups, mobile money providers, etc.) is critical. This would ensure harnessing of resources, integration of relevant value chains to increase use cases, and minimize duplication of effort, among others. Where feasible, public-private partnerships could be explored to enhance ease of funding and the operationalization of DFS integration into healthcare for women's financial inclusion.
- > Extending the services (e.g. savings, credit, insurance, etc.) to cover the wider scope of women's healthcare, obstetrics and gynecology has the potential to expand the target clientele for the product and increase women's financial inclusion.
- > Collection, analysis and use of sex-disaggregated data has the potential to enhance policy interventions for regulators and market approaches for providers. Yet it remains nascent across providers. Enhancing advocacy and enabling gender-sensitive and gender-transformative policy interventions by regulators would be helpful in improving the collection, analysis and use of sex-disaggregated data.

B. INTEGRATING DFS IN AGRICULTURE TO ACCELERATE THE FINANCIAL INCLUSION OF WOMEN

The agriculture sector has been characterized by increasing digitalization of financial transactions and services. The following case studies and complementary examples show the use cases and opportunities to integrate DFS with agriculture to improve women's financial inclusion.

CASE STUDY 3: DIGITALIZATION OF THE POULTRY VALUE CHAIN BY MTN GHANA³²



MTN is the largest mobile network operator in Ghana and leads the country's fast-growing mobile money sector with MTN MoMo³³ which has a 57 percent share of the subscriber market. Its mobile money service operates under its subsidiary, Mobile Money Ghana.

As part of its market development strategy, it initiated a program to digitalize the value chain of key products and industries in the agriculture sector, specifically the cocoa and poultry market industries.

The scope of the value chain digitalization (VCD) involves the integration of a digital payments capability (MTN MoMo) to enable the origination and finalization of transactions by all actors in the value chain on a digital platform. The digital platform was established with the database of all actors in the value chain. The platform provides for seamless payments between all actors and the ability to transfer money to other systems outside the network, such as bank accounts.

Data generated from the digitalized payment transactions provide an assurance of the credit worthiness of clients which are a viable alternative to collateral for the access of credit.

70% This case study focuses on the VCD of the poultry industry in which **women make up 70 percent of the labor force** (but only seven percent own farms)³⁴ as compared with the cocoa industry in which 25 percent of farmers are women.³⁵

The Bono region is the key poultry hub of the country, supplying about 50 percent of all eggs sold. In the Bono region poultry hub, it is estimated that women

³² Based on an interview with Mr. Eli Hini, Head of MTN MoMo in Ghana and Mr. Ernest Mamphey from MTN MoMo on 25 March 2021. Ms. Clarissa Kudowor from the Bank of Ghana was also present.

³³ <https://techpoint.africa/2020/06/11/ghanas-measures-mtns-dominance/>

³⁴ <https://www.acdivoca.org/2019/05/boosting-womens-entrepreneurship-in-ghanas-poultry-sector/>

³⁵ <https://www.solidaridadnetwork.org/news/women-in-the-cocoa-sector-in-ghana-poised-for-action/>

comprise over 80 percent of wholesale egg sellers. Prior to Bono's VCD, transactions in the poultry ecosystem were mainly done in cash, especially among egg sellers. Hence though the VCD is a gender-neutral business development initiative, it has had an extensive and direct effect on the financial inclusion of women.

To implement VCD for the poultry industry, MTN Mobile Money leveraged an ongoing poultry industry development program, Ghana Poultry Projects, and utilized its platforms to market to women and other participants in the value chain, engage with them and eventually onboard them. This centered around the opening of MTN MoMo merchant wallets for the participants for business enterprise functionality. MTN provides training and support for participants who sign on to the VCD. It continuously assesses the needs of the actors in the industry to ensure that the VCD addresses their financial needs.

For the women who comprise the majority of the downstream segment of egg sales, the MTN MoMo merchant account provides a ready-made cash flow analysis they can rely on to determine the profitability of their business and manage their income and expenditure. Prior to this, many had minimal formal record keeping of their sales and other transactions. MTN also assists clients to open bank accounts that link with their merchant wallets for ease of transacting. The use of MTN MoMo as the means of payment for the VCD reduces costs and administration for participants, as there are no additional bank charges and processes.

MTN is looking into incorporating other elements of the value chain, such as transport services, in the VCD. As transport is integral to the industry's operations, it will increase the scope of use cases of the VCD. It is also considering extending the VCD into the retail market to widen its client base.

CONSIDERATIONS TO ENHANCE FINANCIAL INCLUSION FOR WOMEN

Though the VCD was designed within a gender-neutral framework, it has achieved significant and measurable financial inclusion for women in view of the large number of women who work in the poultry industry. Innovative policy incentives can take this further. For example, incentives could be offered to those who leverage the VCD to reach new markets and other industries, enhance product servings, and collate data to inform and accelerate women's financial inclusion.

Similarly, a specialized design and delivery focus could deepen the potential of the VCD for women's financial inclusion. Also, the integration of gender benchmarks and indicators for the ongoing assessment of the industry will enable the incorporation of gender responsive initiatives in the design and delivery of the VCD. There is significant opportunity to collect and analyze sex-disaggregated data to provide even deeper insights for including complementary products and services.



Smallholder selling eggs at the local market. Ghana. (Photo by Anton_IvanovShutterstock)

KENYA: DIGIFARM MULTI-FUNCTION DIGITAL PLATFORM



The rise of multi-function platform services is evident in many fields. DigiFarm is an example of such a platform for the agriculture sector in Kenya.

52%

Agriculture is a major contributor to Kenya's GDP, with a direct contribution of 26 percent and a further 27 percent through linked sectors.³⁶ Women's contribution to the agricultural labor force is estimated at 52 percent.

DigiFarm is owned and operated by the mobile network operator, Safaricom. It offers smallholder farmers access to the agriculture ecosystem for the sharing of information and to conduct financial transactions.³⁷

The design of the DigiFarm platform was informed by in-depth data on the daily lives of smallholder farmers and the solutions they require most for their business.³⁸ The platform is gender-responsive, with a gender-specific market outreach informed by sex-disaggregated data and segmentation of women farmers.³⁹

50%

The overall impact of DigiFarm's services has been positive, with increases in income and production generally ranging between 20 percent and 50 percent per service.⁴¹

From a women's financial inclusion perspective, there are two main considerations:

- > Registered women farmers are using DFS to a greater extent than their male counterparts, thereby broadening their use of DFS. The gender-specific market outreach is likely the main contributor to this state of affairs
- > Women farmers are less likely to take up the DigiFarm range of services than male farmers. This probably relates to the relative levels of trust in the financial system between men and women, but it could also be reflective of the inherent bias that women experience in business, leading to a reluctance to take up such services.

Overall, DigiFarm and similar platforms can potentially increase women's financial inclusion, particularly in rural areas. Gender-specific market interventions contribute positively, but the initial value proposition and market position require careful design and should be adjusted based on the experience of women users.

36 <http://www.fao.org/kenya/fao-in-kenya/kenya-at-a-glance/en/#:~:text=Agriculture%20is%20key%20to%20Kenya's,cent%20of%20Kenya's%20rural%20people>

37 "Kenya: Safaricom Launches DigiFarm Depot In Burnt Forest Town To Bolster Agribusiness." MENA Report, Albawaba (London) Ltd., May 2018.

38 <https://www.cropin.com/blogs/unlocking-the-potential-of-new-age-digital-farmers-a-mercy-corps-success-story/>

39 https://www.cgap.org/sites/default/files/event_documents/2021_04_06_Webinar_Digital_Finance_Svcs_Women_Farmers_Slides.pdf

40 <https://www.cropin.com/blogs/unlocking-the-potential-of-new-age-digital-farmers-a-mercy-corps-success-story/>

41 The impact is still being quantified through on-going random control trials

TABLE 2: DIGIFARM SEX-DISAGGREGATED DATA ON TAKE-UP AND USAGE OF SERVICES

DIGIFARM HAS JUST OVER ONE MILLION SUBSCRIBERS.⁴⁰

	% OF REGISTERED USERS	MALE	FEMALE
REGISTRATION	-	64%	36%
ELEARNING	40%	54%	46%
INPUT LOANS	<7%	52%	48%
ACCESS TO MARKETS AND DIGITAL PAYMENTS	32%	48%	51%

Government organizations can play a key role in establishing and extending DFS for women in agriculture. For example, FINAGRO in Colombia is a public-private partnership mandated by law, linked to the Ministry of Agriculture and Rural Development and supervised by the Financial Superintendency of Colombia. FINAGRO launched PASAC, Project in Support of the Agricultural Financial System in Colombia to promote financial inclusion for smallholder farmers, reduce rural poverty and promote gender inclusion and financial literacy in the agriculture sector. In 2014, it signed an agreement with the Government of Canada, Banco Agrario de Colombia, 40 financial institutions, and 30 cooperatives.

PASAC focuses on digital financial tools and uses alternative data for its credit assessment tool, DECISION. This DFS tool is accessible through a smartphone and tablet and combines data collected on-site with data on the applicant and general sector-specific data. These are processed using an algorithm to determine the creditworthiness of applicants.

57%

By 2019, 136,000 credits had been granted to 80,000 farmers while 3,500 credit officers (57 per cent of whom were women) received training on the new algorithm and DECISION tool.

The use of digital tools and the presence of women credit officers should be of significant benefit to women farmers.

KEY INSIGHTS FROM INTEGRATING DFS IN THE AGRICULTURE SECTOR TO ACCELERATE THE FINANCIAL INCLUSION OF WOMEN

The significant involvement of women in the agriculture sector holds considerable potential for improving their financial inclusion using DFS, and there are encouraging signs this is beginning to be realized:

- > Evidence-based targeting to inform product design, marketing, outreach and delivery is critical to the success of integrating DFS into agriculture for women's financial inclusion. It is important that the unique realities and differences within the women segments (such as cultural, economic, position or participation within the value chain, financial and digital literacy) are considered for maximum impact.
- > As with the healthcare sector, a broad-based, multi-stakeholder approach is needed to enable meaningful financial inclusion of women in the agriculture sector via DFS. The range of products

and services should cut across key use cases and relevant financial services to ensure the integration of DFS adequately addresses the enterprise and financial needs of women while providing a sustainable business case for service providers. The use of FinTech to enable a full range of services is an important component of service provisioning in agriculture.

- > From a policy perspective, regulators and government can play a significant role in advancing women's financial inclusion in agriculture by:
 - Identifying priority areas and value chains in the sector where there is higher participation of women and encouraging and enabling their digitalization
 - Implementing specific incentives, subsidies and cash transfers for women
 - Collaborating with the private sector, universities and other stakeholders in leveraging DFS
- > Public private partnerships remain a critical enabler of integrating DFS across the agriculture sector with a gender focus. The facilitating role of relevant policymakers and regulators leading financial inclusion is very important in driving and defining these partnerships for impact.

C. DFS SUPPORT FOR MSME DEVELOPMENT AND FINANCIAL INCLUSION FOR WOMEN

Women in business face many constraints in gaining access to finance. Apart from the disadvantages MSMEs face in general (such as lack of interest from established lenders, lack of traditional collateral and financial information), they have to deal with gender bias in lending decisions and cultural barriers.

DFS, particularly where the credit decision employs innovative alternatives to circumvent traditional requirements, can offer effective solutions. This section highlights some innovations in digital lending which have great potential to accelerate women's financial inclusion in the MSME sector.

CASE STUDY 4: WOMEN ENTREPRENEURS AS MOBILE BANKING AGENTS IN PAKISTAN^{42,43}



In Pakistan, only seven percent of women have an account at a formal financial institution, with the gender gap at 28 percent.

The promise of mobile banking to improve this situation has not yet materialized. Four organizations have partnered to improve women's financial inclusion: mobile FSP JazzCash, consumer product supplier Unilever, the Pakistan development finance company Karandaaz Pakistan, and the global organization Women's World Banking (WWB).

The objective of the partnership is to utilize existing initiatives to establish an agent banking model that will **effectively serve women from low-income communities**.

A major contributing factor to the gender gap among rural women is that women often feel uncomfortable transacting with male banking agents. As 99.9 percent of agents for JazzCash were male, women were reluctant to take up the JazzCash mobile product. The project therefore leveraged Unilever's extensive network of female retail agents in rural and low-income communities called Guddi Baajis to deploy a network of female JazzCash agents.

In conjunction with JazzCash and Unilever, WWB established joint field teams to engage and onboard rural women shop owners as JazzCash Guddi Baajis, including providing business support to the women to improve sales. This results in both JazzCash and Unilever extending their agency footprint at reduced cost, as these shop owners are agents for both companies.

⁴² Women's World Banking, 2018, The Power of Partnership: A Corporate Collaboration to Advance Women's Financial Inclusion in Pakistan; <https://www.womensworldbanking.org/insights-and-impact/the-power-of-partnership-a-corporate-collaboration-to-advance-womens-financial-inclusion-in-pakistan/>

⁴³ <https://propakistani.pk/2017/12/15/jazzcash-unilever-collaborate-promote-financial-inclusion-women/>

The joint field teams trained rural women shop owners to become agents. Each shop owner was registered with both companies as a retailer, and familiarized with JazzCash and Unilever products. Sales training was provided and each was given promotional materials she could use to increase the visibility of her shop.

At the same time, it helped women shop owners to increase their revenue, since they can sell products from both companies.

43%

A pilot to establish the feasibility of the approach demonstrated that average earnings for participating women shop owners increased by USD9.40 per month from JazzCash commissions. The pilot involved 32 women shop owners, who opened 566 new JazzCash accounts with 43 percent of these acquired by women.

The pilot also demonstrated that with training and support, rural women can become successful mobile banking agents.

According to its CEO, Aamir Ibrahim, JazzCash is an attempt to provide basic financial services to the unbanked segment in Pakistan, especially women. By adding women to its agent network, it aims to increase women's use financial services by providing them with a comfortable environment to conduct business.⁴⁴

CONSIDERATIONS TO ENHANCE FINANCIAL INCLUSION FOR WOMEN

The partnership proved that by taking women's needs and their position in society into account and establishing women mobile banking agents, it is possible to improve women's adoption of mobile banking products. Such agents provide a more conducive environment for women to engage in.

There are numerous examples of service providers utilizing existing digital systems to offer additional digital financial services.



One such example is **Kopo Kopo** in Kenya, a digital platform for 12,500 small merchants,⁴⁵ the majority of whom are women.

It began as a digital merchant acquisition platform to enable small merchants to accept digital payments, primarily for M-Pesa. Kopo Kopo analyses data relevant to a merchant's business in order to provide it unsecured cash advances.⁴⁶

44 <https://propakistani.pk/2017/12/15/jazzcash-unilever-collaborate-promote-financial-inclusion-women/>

45 <https://www.gsma.com/mobilefordevelopment/resources/kopo-kopo/>

46 <https://www.slideshare.net/nancywidjaja/bridging-the-small-business-credit-gap-through-innovative-lending-by-accion-venture-lab-71187556>



Woman sewing traditional colorful sindhi ralli blanket. Pakistan. (Photo by Kisat Entertainment/Shutterstock)

In essence, a merchant's transaction history is transformed into an alternative credit history, enabling convenience, no guarantors, virtually immediate disbursement, and is offered with no late fees or penalties. The business owner selects the percentage of daily sales to allocate to repayments via the Kopo Kopo digital platform, and Kopo Kopo automatically deducts that percentage each time the customer receives a payment.

This inherent flexibility in repayments matches the fluctuating business volumes of merchants and is one of the reasons why women merchants prefer Kopo Kopo to traditional lending products. Using non-traditional data for credit assessment, it directly assists women small merchants who typically do not have credit histories.

Kopo Kopo also provides merchants with a range of customer relationship management data tools to help better manage, track, and segment transactions across their business and to launch loyalty campaigns with their clients. Kopo Kopo also directly assists small retailers in business development and market penetration by providing them with customer relationship data and the appropriate analytical tools. Transactions can thus be segmented and tracked for marketing purposes, for example. This enables women to increase revenue without having to engage other service providers.



Another example is **Lidya**, a Nigerian SME digital lender that has been increasing its market impact since 2016.⁴⁷

It offers an online platform that provides MSMEs access to unsecured loans of between USD500 and USD15,000. MSMEs use the platform's online invoicing, which helps in managing their short-term financing needs. Lidya then uses the data as the basis for digital invoice-based lending. Over 100 data points are analyzed to determine whether a business will be fit for financing. Through this digital process Lidya has been able to keep non-performing loans low and operational costs in check, while maintaining a high repeat loan rate. Due to Lidya's strong social mission to enable the unbanked, underserved and vulnerable segments to access finance, women in the MSME represent a key clientele. Though Lidya is not a solely women-focused digital lender, it represents a viable alternative to the difficult traditional credit landscape for the significant proportion of women in the MSME market who have a limited credit history. Generating credit-decision information from the integration with digital business services has the added benefit of seamless loan application process, without any underlying biases influencing the outcome of the application. This type of service offering can help bridge the financing gap faced by women-owned and -led MSMEs.

⁴⁷ https://www.lidya.info/ng/en/about_us/



Shopkeeper using point of sale machine. Nigeria. (Photo by vic josh/Shutterstock)

Regulators can play a crucial role in extending DFS to small enterprises. For example, in the Philippines, **Bangko Sentral ng Pilipinas (BSP)** is targeting street vendors to increase the use and advantages of digital payments. The aim is to make the use of digital payments so widespread that payments to street stalls can be done via mobile phone. Many street vendors are women, so this objective supports greater digital financial inclusion for women. The first target is the 88 percent of Filipino smartphone owners who do not use their phones for payments. Most Filipinos are unaware that digital payments are available, and surveys indicate that many of those who are aware lack trust the service. BSP is addressing this by undertaking an aggressive social media campaign. One strategy for increasing user adoption of digital payments is by using QR codes as part of a national payments system. This is because they can be easily implemented by a wide range of businesses, ranging from grocery shops and SMEs to corporations. BSP is working with telcos, FinTechs and the government to lower the prices charged for internet services and thus reduce digital transaction costs.

KEY INSIGHTS FROM DFS-SUPPORTED MSME DEVELOPMENT FOR WOMEN'S FINANCIAL INCLUSION

Women-led MSMEs face the dual constraint of the finance gap that all MSMEs face, as well as the gender gap in the use of formal financial services. They also face the realities of challenges with stringent regulatory requirements such as KYC, inadequate financial literacy and often cumbersome administrative procedures. Integration of DFS into the operational and financial landscape of MSMEs enhances their ease of access to financing and usage of financial services.

- > Though gender-neutral DFS solutions have shown some encouraging evidence of promoting women's financial inclusion, it is important for regulators to encourage providers to incorporate gender-specific benchmarks, targets or indicators in the design and delivery of products.
- > To enhance the use case of DFS by women-led MSMEs, it is important for FinTech solutions to provide an end-to-end service using DFS. By this it is meant that the service should deal with the complete process chain to complete a transaction (e.g. loan application), with the use of DFS embedded in the process as required.
- > Access to finance by women-led MSMEs is a key challenge to women's financial inclusion that can be addressed through the use of alternative data sources and moveable collateral systems to inform decisions by credit providers, including the use of

data outside the financial system, while safeguarding data privacy and protection. However, the algorithms used for decision-making may contain bias as well, based on the assumptions of the developers. This can be addressed by internal focus teams or by the use of a toolkit, for instance from Women's World Banking, to detect and mitigate bias.

- > Coordination among regulatory authorities is required to enable greater financial participation by women. Financial, trade, tax and licensing authorities should ideally cooperate to enable the deployment of inclusive digital services across the sector and end-to-end transactions.
- > The digital divide in terms of access to the internet and mobile services is constraining women's access to DFS. For instance, women are seven percentage points behind men in terms of ownership of a mobile phone. This gap can be addressed by regulators and mobile service providers by making phones more affordable and by structuring the acquisition of phones in a more credit-friendly manner.
- > Governments can play a role in advancing DFS to all citizens, irrespective of industry segment. In Bangladesh, Access to Information (A2i), a cross-government agency with the mandate to improve government services to citizens, has found that it would benefit both government and citizens if government programs shared and used a unified government payments platform that would consolidate and simplify delivery. A2i partnered with CGAP, the Bill & Melinda Gates Foundation, the Better Than Cash Alliance and PWC in 2016 to conduct an as-is assessment and to design an inclusive digital platform for government payments, while utilizing existing payments infrastructure in the country. By 2019 the system was established to such an extent that piloting could commence with the involvement of different government departments. The role of Bangladesh Bank (BB) was critical, in that it allowed low-value accounts to be opened through biometric identification only; it allowed e-KYC verification against the national ID database and biometric authentication for transactions in National Payment Switch Bangladesh; and it built and maintained an ID-to-account mapper. In this way government and the regulator's efforts extended the digital infrastructure in the country, enabling FSPs and benefitting users of the national payments system.

3. KEY LESSONS IN INTEGRATING DFS ACROSS NON-FINANCIAL SECTORS FOR WOMEN'S FINANCIAL INCLUSION

- 1 The study has shown the potential of DFS in the health, agriculture and MSME sectors to advance financial inclusion for women, but it is not a case of simply ensuring that such services are provided; care should be taken to ensure that interventions take into account the following considerations:
 - > Adopt a targeted, evidence-based approach that considers the needs and requirements of the various women in the segment
 - > Follow a holistic approach, taking into account all actors and role players in the system and ensuring their alignment
 - > Build in gender-sensitive and gender-transformative monitoring and evaluation to inform product and program development
 - > Ensure on-going coordination between policymakers and service providers in interventions to integrate DFS across sectors
- 2 The private sector and entrepreneurs are the most likely initiators and developers of services utilizing DFS and other digital services in non-financial sectors. Participation or leadership of regulators and policymakers in facilitating such initiatives is minimal.
- 3 Services and initiatives do not appear to be inspired by or directly linked to national strategies or policies on financial inclusion or women's financial inclusion. They are informed by the business development objectives of the private sector. While this may assist with sustainability, the enabling roles of regulators and policymakers can accelerate their reach and impact.
- 4 The results of these initiatives, particularly with regards to adoption and usage by women, indicate that such initiatives address some financial needs of women in the various sectors. However, instances of low adoption and significant levels of dormancy indicate that there are gaps within the current approaches and more needs to be done to ensure sustained uptake and usage of DFS by women.
- 5 The initiatives often lack a gender lens and are approached on a gender-neutral basis. Their use by women is then a consequence of general market needs and not a deliberate attempt at enhancing women's financial inclusion. This approach does not lead to results that adequately meet the needs of the different sectors of the women's market. The exceptions to this are healthcare services intended exclusively for women. Even then, there was little evidence that the needs and realities of lives of women who would use these services were adequately assessed and verified prior to the services being deployed.
- 6 A holistic ecosystem approach is critical to enhancing the relevance and use cases of the DFS products. Effective mapping of players and financial services is essential. Meeting the needs of users throughout the business life requires the participation of service providers across the entire ecosystem. The absence of a central facilitator renders this objective challenging.

4. REGULATORY AND POLICY CONSIDERATIONS TO ENHANCE WOMEN'S FINANCIAL INCLUSION THROUGH MULTISECTORAL DFS INITIATIVES

The multisectoral approach has demonstrated encouraging outcomes for accelerating women's financial inclusion but will require an enabling regulatory and policy framework to guide coordinated interventions, stakeholders, and objectives.

The following are recommended for the consideration of regulators and other authorities in facilitating multisectoral interventions for women's financial inclusion.

- > A national strategy on women's financial inclusion embedded within either the NFIS or a national DFS strategy would serve as a centralized framework to ensure effective coordination by the key/relevant authority, streamline objectives across key stakeholders, consolidate resources (including expertise), and facilitate monitoring and evaluation.

If such a framework on women's financial inclusion does not exist, then authorities should work towards integrating specific women's financial inclusion benchmarks with relevant frameworks. Beyond financial inclusion and relevant policy frameworks such as NFIS, NFES and DFS policy, authorities should seek to build synergies between the strategy for women's financial inclusion and national policies on women's economic empowerment. This will pave the way for the integration of women's financial inclusion interventions across multiple sectors. By supporting value chains or industry segments with a higher participation of women with digitalization initiatives, FSPs and FinTech firms can achieve business sustainability as well as increase women's financial inclusion. Policy frameworks could include specific incentives, subsidies and cash transfers for women in the relevant segments.

- > With the increasing role and potential of FSPs to facilitate women's financial inclusion through DFS, authorities should encourage FSPs to integrate gender responsive benchmarks with product design, outreach and delivery. This could include:
 - Encouraging collection, reporting and use of supply-side sex-disaggregated data to inform women-focused policies
 - Encouraging FSPs to use gender responsive indicators in their market research to inform gender responsive interventions in product design, outreach and delivery



Pregnant woman waiting for an ultrasound scan at the Kolonyi hospital in Uganda. (Photo by Dennis Wegewijs/Shutterstock)

- Extending the scope of market monitoring and evaluation systems to assess the progress and impact of potential cross-sectoral initiatives.
 - Encouraging FSPs to entrench gender responsive digital financial literacy and consumer protection in their products to enable sustained adoption, usage and trust of DFS by vulnerable women's segments
 - Establishing infrastructure and regulations to enable women's financial inclusion as part of the broader financial inclusion agenda, such as on digital payments systems interoperability, simplified KYC, and digital ID
 - Coordinating FSPs, academic and research institutions and other stakeholders to make informed use of DFS to advance women's financial inclusion
- > The lead financial inclusion authority should facilitate mapping, mobilization and coordination of all relevant players across sectors to integrate DFS for women's financial inclusion. Possible stakeholders include regulators (insurance, securities, pensions, telecommunications), ministries of health, agriculture, education, women/gender, trade, etc.
 - > All government organizations and ministries should pursue digitalization of government-to-person (G2P) and government-to-business (G2B) payments. The lead financial inclusion authority should play the coordinating role to ensure that such a policy is established through an inclusive digital payments system.
 - > Gender responsive objectives and indicators should be made part of a national FinTech strategy and new policy development. Jurisdictions with a regulatory sandbox, FinTech innovation office or programs should consider incorporating gender responsive benchmarks to catalyze the development of gender responsive innovations.
 - > Authorities should explore opportunities to facilitate social enterprise co-financing of interventions and product innovations for women's financial inclusion. This is critical to address private sector concerns about the business case for investing in women's financial inclusion, especially for low-income groups, in the short to medium term.
 - > As FinTech holds significant promise for women's financial inclusion, regulators should provide technical support to FinTech firms to entrench women-responsive initiatives in their product design and delivery. This could range from innovative policy incentives, industry awareness and moral suasion.

5. SUPPLY SIDE CONSIDERATIONS TO ENHANCE WOMEN'S FINANCIAL INCLUSION THROUGH MULTISECTORAL DFS INITIATIVES

The supply side of DFS integration in other sectors to advance women's financial inclusion raises some issues that FSPs need to consider. These include:

- > Scale is important to enhance the impact of DFS products on women's financial inclusion. Strategic partnerships such as between fast moving consumer goods companies and women-focused community or religious organizations and women-owned retail outlets could facilitate this. Public-private partnerships can leverage private sector business development strategies for public interventions to drive women's financial inclusion
- > The business case for delivering a product targeted at women from low-income groups is challenging for many FinTech firms and FSPs in the short to medium term. Financing incentives for such financial inclusion efforts is needed to support firms to navigate the early stage of business development while they work towards achieving scale and business sustainability. Access to finance for start-ups and DFS providers such as government MSME funds could be used to alleviate the financial constraints.
- > FSPs are encouraged to leverage programs or industry segments with significant women's participation, such as the industries discussed in this report, as well as education and the retail segment, and in particular government initiatives to advance women's economic inclusion, such as in tourism and hospitality. Focusing on such segments provides an effective launch pad for targeted impact on women's financial inclusion.
- > FinTech firms and other DFS providers require an ecosystem-wide view of the financial needs of women-led MSMEs and will benefit from data generated as a result of the interaction of such MSMEs with other actors in the ecosystem, such as suppliers, customers, logistics companies, etc. This will inform the design of gender responsive FinTech and DFS solutions. FinTech firms and other DFS providers are encouraged to seek partners that can provide the necessary insights.

6. CONCLUSION

The case studies in the health, agriculture and MSME sectors provide convincing evidence of the potential of integrating DFS to accelerate the reach of women's financial inclusion. Given the importance of these sectors in the lives of women, a multisectoral approach has merit and should be pursued.

To realize this potential, greater cooperation between policymakers, regulators and DFS providers, including FinTech providers, is required in order to enable gender-specific and gender-transformative initiatives at the scale required to make a meaningful impact.



ANNEXURE A

AFI DOCUMENTS REFERENCING GENDER INCLUSIVE FINANCE AND DFS

The Denarau Action Plan (implemented in 2016) and the Gender Inclusive Finance Committee, effectively laid the groundwork for AFI's initiatives and activities on women's financial inclusion and gender equality. AFI's initiatives toward gender equality.

Title: Survey Report on SME Finance Policies for Micro, Small and Medium Enterprises (MSMEs) Owned by Women and Women Entrepreneurs

Date: March 2017

Synopsis: Survey description and findings

Reference to sectors other than financial: MSMEs

Title: Gender Considerations in Balancing Financial Inclusion and Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT)

Date: November 2018

Synopsis: National/digital identity and related infrastructural issues are crucial elements of AML/CTF implementation

Reference to sectors other than financial: National identity

Title: Communicating Women's Financial Inclusion

Date: March 2019

Synopsis: How to communicate women financial inclusion

Reference to sectors other than financial: Communications

Title: Policy Framework for Women's Financial Inclusion Using Digital Financial Services

Date: September 2019

Synopsis: Four policy pillars

Reference to sectors other than financial: General

Title: Bringing the Informal Sector Onboard

Date: March 2020

Synopsis: Issues in addressing informal enterprises, mostly women-owned, and guidelines to be followed

Reference to sectors other than financial: Informal micro-enterprises; digital identity

Title: Lessons on Enhancing Women's Financial Inclusion Using Digital Financial Services (DFS)

Date: May 2020

Synopsis: Addressing the gender gap within a policy framework, case studies and the state of policy interventions

Reference to sectors other than financial: MSMEs

Title: Policy Framework for Leveraging Digital Financial Services to Respond to Global Emergencies - Case of COVID-19

Date: June 2020

Synopsis: Seven policy pillars to facilitate DFS in emergency situations, payments, enabling infrastructure

Reference to sectors other than financial: Healthcare, government, vulnerable population segments

Title: Why the Economic Response to COVID-19 Needs to be Financially Inclusive and Gender-Sensitive

Date: September 2020

Synopsis: Five pillars for developing a fully inclusive and gender-sensitive financial system

Reference to sectors other than financial: Healthcare

Title: Guideline Note on Sex-Disaggregated Data Report Templates

Date: November 2020

Synopsis: A how-to on obtaining sex-disaggregated data

Reference to sectors other than financial: Data collection

Title: A Policy Framework for Women-Led MSME Access to Finance

Date: January 2021

Synopsis: Constraints & Policy Framework with seven pillars.

Reference to sectors other than financial: MSMEs

Title: Gender Inclusive Finance Webinar: Integrating Gender Considerations Into COVID-19 Policy Solutions

Date: March 2021

Synopsis: Workshop report on webinar aimed at ensuring that women do not get left behind in the post-pandemic recovery

SPECIFIC CASE STUDIES

Title: Integrating Gender and Women's Financial Inclusion into the Central Bank of Egypt's (CBE) Framework*Date:* April 2019*Synopsis:* Policies and regulatory frameworks, the involvement multiple actors and coordination*Reference to sectors other than financial:* MSMEs, social safety net programs especially benefitting women**Title: Gender, Women's Economic Empowerment and Financial Inclusion in Zimbabwe***Date:* August 2019*Synopsis:* Dealing objectively with situation - societal bias, gender-neutral does not reduce gender inequality, explicit policy objectives required*Reference to sectors other than financial:* MSMEs, digital financial literacy**Title: Upscaling and Integrating Gender Savings Groups into the Formal Financial System***Date:* December 2020*Synopsis:* Four case studies in Zambia, Egypt, Rwanda and Ecuador. The importance of savings groups for women's financial inclusion*Reference to sectors other than financial:* Data collection, rural communities

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