



Strategies for Women's Financial Inclusion in the Commonwealth



The Commonwealth



DISCUSSION PAPER

Strategies for Women's Financial Inclusion in the Commonwealth



The Commonwealth

Author: Gerry Finnegan

© Commonwealth Secretariat 2015

All rights reserved. This publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording or otherwise provided it is used only for educational purposes and is not for resale, and provided full acknowledgement is given to the Commonwealth Secretariat as the original publisher.

Views and opinions expressed in this publication are the responsibility of the author and should in no way be attributed to the institutions to which he is affiliated or to the Commonwealth Secretariat.

Wherever possible, the Commonwealth Secretariat uses paper sourced from responsible forests or from sources that minimise a destructive impact on the environment.

Printed and published by the Commonwealth Secretariat.

Foreword

This Discussion Paper provides an overview of key issues on financial inclusion, particularly women's access to financial products and services. It includes examples, experiences, lessons and good practices from a range of Commonwealth countries and a variety of financial stakeholders. See also the companion Policy Brief with the same title (May 2015).

Gerry Finnegan was an official of the International Labour Office (ILO) from 1988 to 2010 and was responsible for establishing the ILO's programme on Women's Entrepreneurship Development and Gender Equality (WEDGE). Since his retirement from the ILO in 2010, Gerry has been actively engaged in various gender-related consulting assignments for organisations including: Commonwealth Secretariat, World Bank, UNIDO, WHO, African Development Bank and ILO.

Acknowledgements

The author acknowledges the support and assistance of the following who have provided assistance and contributions for the writing of this report:

Raphael Crowe, Gender Unit, International Labour Organisation (ILO),
Simel Esim, Co-op Unit, ILO and Grania Mackie, formerly ILO Pretoria;
Annette St-Onge; Lois Stevenson; Mark Blackden; Mrs S D Barwa; James Gallaher
and Eamonn Sharkey from the credit union movement; Tukiya Kapasa-Mabula
and Penelope Mapoma, Bank of Zambia; Leila Mokaddem, Director of the Cairo
Office, AfDB; Leora Klapper Asli Demirgüç-Kunt and Dorothe Singer, World Bank;
EXIM Bank, India; Sarah Kitakule and Chantelle Cummings, Gender Section,
Commonwealth Secretariat.

Contents

Acronyms	vii
The State of Financial Inclusion	1
Women's Financial Inclusion	7
Tackling the Issues and Barriers	12
Commonwealth Lessons and Good Practices	17
Conclusion and Way Forward	22
References	23
Annex I : Alliance for Financial Inclusion (AFI) and Banco de Moçambique (BM)	26
Annex II: The World Bank Group and Financial Inclusion	27
Annex III: The Commonwealth and its Gender Equality Policy	29
Annex IV: Global Banking Alliance for Women	31
Annex V: SEWA Bank, India	34
Annex VI: India's Action Plan for Credit Delivery to Women	35
Annex VII: Supporting Poor Women in Malawi	36
Annex VIII: Micro-banking for Women in Papua New Guinea (PNG)	37
Annex IX: Role of Bank of Zambia (BoZ) in Promoting Women's Financial Inclusion	38

Acronyms



ADB	Asian Development Bank
AfDB	African Development Bank
AFI	Alliance for Financial Inclusion
BMB	Bharatiya Mahila Bank
BoZ	Bank of Zambia
CEDAW	Convention on the Elimination of all forms of Discrimination Against Women
CEO	Chief executive officer
CGAP	Consultative Group to Assist the Poor
CHOGM	Commonwealth Heads of Government Meeting
DFID	(UK Government) Department for International Development
CSR	Corporate social responsibility
FAS	(IMF) Financial Access Survey
GBA	Global Banking Alliance for Women
GDI	Gross Domestic Income
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
GII	Gender Inequality Index
GOWEs	Growth-oriented Women Entrepreneurs
GPFI	Global Partnership for Financial Inclusion
IFC	(World Bank Group) International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
MDGs	Millennium Development Goals
MFI	Microfinance institution
MSME	Micro, small and medium enterprises
NFNV	New Faces New Voices
OECD	Organisation for Economic Co-operation and Development
RBI	Reserve Bank of India
SDGs	Sustainable Development Goals

SEWA	Self-Employed Women's Association of India
SMEs	Small and medium enterprises
UN	United Nations
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VCF	Value chain finance
WBES	World Bank Enterprise Surveys
WBL	(World Bank) Women, Business and the Law
WEAI	Women's Empowerment in Agriculture Index
WEF	World Economic Forum
WEPs	Women's Empowerment Principles

The State of Financial Inclusion

The case for financial inclusion is well known and well documented. Nevertheless much of the information on approaches to financial inclusion still lacks sex-disaggregated data, and thus maintains the prevailing gender gap in the access that women and men have to financial products and services globally.

Financial inclusion or inclusive finance is whereby effort is made to ensure that all households and businesses, regardless of levels of income are able to effectively access and use appropriate financial services they need to improve their lives. It has become a subject of great interest among policy-makers, researchers and academics, as well as financial institutions. In various high-level international forums such as the Group of Twenty (G-20), financial inclusion has been given greater prominence in the reform and development agendas (World Bank, 2014). Financial inclusion incorporates a range of initiatives that make formal financial services available, accessible and affordable to all segments of the population, including women, rural populations, the poor, persons with disabilities and other disadvantaged groups.

For financial inclusion to be effective and successful, attention has to be given to segments of the population that have been excluded from the formal financial sector for whatever reason – perhaps because of their income level and uncertain economic status, sex, geographical location, type of economic activity or level of financial literacy. When addressing the challenges of financial inclusion, it is essential to find ways of harnessing the untapped potential of those individuals and businesses currently excluded from the formal financial sector or not fully served by financial products and services. Such approaches can enable segments of the population to develop their own capacities, strengthen their human and physical capital, carry out various income-generating activities and manage the risks associated with their livelihoods. Financial inclusion goes beyond improved access to credit to encompass enhanced access to savings and risk mitigation products, and a well-functioning financial infrastructure that allows individuals

and companies to engage more actively in the economy, while protecting user rights (African Development Bank (AfDB), 2013).

Financial inclusion is about the delivery of banking services at an affordable cost to the large sections of disadvantaged and low-income groups. Unfettered access to public goods and services is an integral component of an open and efficient society. As banking services are in the nature of a public good, the availability of banking and payment services to the entire population without discrimination is among the prime objectives of public policy. Despite significant improvements in the financial sector's viability, profitability and competitiveness, there are significant concerns that banks have failed to provide basic banking services to a significant segment of the population, especially from among the underprivileged sections. Reasons vary from country to country as do the strategies, but co-ordinated efforts are needed as financial inclusion can lift the standard of living of the poor and the disadvantaged (Commonwealth Secretariat, 2014).¹

It is necessary to look at three concepts regarding financial inclusion:

- **Access** – making financial services available and affordable to users;
- **Usage** – getting customers to use financial services frequently and regularly, and;
- **Quality** – ensuring that financial services are tailored to the needs of clients.²

In the context of financial inclusion for women, it is necessary to examine each of these three factors and consider their respective impacts.

In recent years several international developmental and financial initiatives have been undertaken to monitor and promote the growth of financial inclusion. These include:

1 Unpublished report commissioned by the Commonwealth Secretariat from EXIM Bank, India.
2 Stated by the Alliance for Financial Inclusion (AFI), as cited in AfDB, 2013.

- **World Bank Global Findex Database**, a measure of financial inclusion around the world (most recently for 2014), <http://www.worldbank.org/globalfindex>;
- **International Monetary Fund (IMF) Financial Access Survey (FAS)**, <http://fas.imf.org/Default.aspx>;
- **G-20 Global Partnership for Financial Inclusion (GPMI)**, <http://www.gpmi.org/>;
- **World Bank Enterprise Surveys (WBES)**, which deal mainly with firms and enterprises including micro, small and medium enterprises (MSMEs) owned by both women and men, <http://www.enterprisesurveys.org/>;
- **Consultative Group to Assist the Poor (CGAP)** comprising a group of 34 organisations seeking to advance financial inclusion, <http://www.cgap.org/>;
- **Alliance for Financial Inclusion (AFI)** with more than 125 member institutions such as central banks (see Annex I), <http://www.afi-global.org/>.

The World Bank Doing Business reports,³ which look at regulations and barriers facing Small and Medium Enterprises (SMEs), and the Global Entrepreneurship Monitor (GEM) reports,⁴ as well as various research reports show that the creation and growth of female and male-owned small firms is best facilitated in countries that provide a supporting and enabling environment, including easier access to finance. Financial access enables existing firms to expand by helping them to take advantage of growth and investment opportunities.

The World Bank's latest annual Global Findex Report, for 2014, was launched in May 2015 (Annex II). Where possible the information has been disaggregated and illustrated for women and men in summarised form, which is accessible

3 See <http://www.doingbusiness.org/reports/global-reports/doing-business-2014> (website visited 28 May 2015). See also the World Bank Doing Business report on 'Women in Africa,' Accessible online: <http://www.doingbusiness.org/reports/thematic-reports/women-in-africa>.

4 See <http://gemconsortium.org/> (website visited 28 May 2015). See also the GEM Women's Reports for 2012 and 2010. Available online: file:///C:/Users/gerry/Downloads/1375379888GEM_2012_Womens_Report_wo_cover_V2.pdf

online.⁵ What is interesting about the overall messages on gender arising from the 2014 report is that although there has been considerable progress in extending and expanding financial inclusion to both women and men since the Global Findex 2011 report, the gender gap in financial inclusion prevails. In 2014, 58 per cent of women worldwide had an account, compared to 65 per cent of men, up from 47 per cent of women and 54 per cent of men in 2011. This means that globally there is a persistent gender gap of 7 percentage points in account ownership.

As the World Bank (2014) has indicated:

'Heightened interest in financial inclusion reflects a better understanding of the importance of financial inclusion for economic and social development. It indicates a growing recognition that access to financial services has a critical role in reducing extreme poverty, boosting shared prosperity, and supporting inclusive and sustainable development. The interest also derives from a growing recognition of the large gaps in financial inclusion, e.g. half of the world's adult population – more than 2.5 billion people – do not have an account at a formal financial institution.'

The growth of financial inclusion, and at the same time the reduction of financial exclusion, relates to a wide range of factors affecting both the supply of and demand for financial products and services. These aspects vary greatly within countries, from country to country and region to region.

Although the purpose of this discussion paper is to outline various strategies for women's financial inclusion, it is important to bear in mind that there are costs as well as benefits associated with expanding all forms of financial inclusion to all parts of the population. In particular, the World Bank, AfDB and IMF publications on financial inclusion⁶ provide extensive information on the costs and potential risks associated with expanding and extending financial inclusion to unbanked sectors. These include:

- Risks associated with consumer protection and the need for financial education and financial literacy;

5 For more information see <http://datatopics.worldbank.org/financialinclusion/indv-characteristics/gender> (website visited 30 May 2015).

6 See World Bank, 2014; IMF 2012; AfDB 2013.

- Risks associated with the unsustainability of numerous microfinance institutions (MFIs) and the potential loss of members' savings, etc.;
- The dangers of money-laundering through unregulated or poorly regulated mobile banking facilities, and;
- Issues related to confidentiality and the application of unique methods of user/member identification.

Financial inclusion is an important element in the formulation of Sustainable Development Goals (SDGs), the new development architecture that succeeds the Millennium Development Goals (MDGs). In addition, it was given significant prominence at the United Nations Third International Conference on Financing for Development (FfD), held in Addis Ababa, Ethiopia, in July 2015.

The background document for FfD urged the international community to:

*'Commit to ensuring access to formal financial services for all, including the poor, women, rural communities, marginalized communities and persons with disabilities. Acknowledging that the best way to implement financial inclusion varies by country, we will adopt or review our national financial inclusion strategies in consultation with the relevant national stakeholders, and include financial inclusion as a policy target in financial regulation. We will encourage our commercial banking systems to serve all populations. We will support other institutions and channels that offer affordable financial services for all, including microfinance institutions, development banks, mobile network operators, payment platforms, agent networks, cooperatives, postal banks and savings banks. We encourage the use of innovative tools, including mobile banking and digitalized payments to promote inclusion, while ensuring consumer protection and promoting financial literacy. We commit to increase resources for capacity development and expanding peer learning and experience sharing, including through the Alliance for Financial Inclusion (AFI) and regional organizations, which should work in close cooperation with initiatives by the World Bank, IMF, the United Nations and academia.'*⁷

7 Paragraph 43 extracted from the Zero Draft of the background paper for the Conference, 16 March 2015, (website visited 27 May 2015).

The recent growth of mobile money (including forms of 'branchless banking') and digital financial services have allowed millions of people who are otherwise excluded from the formal financial system to perform financial transactions relatively cheaply, securely, and reliably. Mobile money has achieved the broadest success in Sub-Saharan Africa, where 16 per cent of adults report having used a mobile phone in the past 12 months to pay bills or send or receive money (overall in Africa, 14 per cent of adults used mobile money in the past 12 months). In Kenya, where the pioneer M-Pesa service was commercially launched in 2007, 68 per cent of adults report using mobile money and more recently M-Shwari, which in 2015 boasted having some 10 million account holders. In East Africa, more than 35 per cent of adults report using mobile money, and commercial banks such as Equity Bank (Kenya) Limited, Co-operative Bank of Kenya and Kenya Commercial Bank (KCB) are also very active players in this market.⁸ Globally, the share of adults using mobile money is less than 6 per cent in all other regions.⁹

Africa is now the world's second fastest growing region after Asia, with annual GDP growth rates in excess of 5 per cent over the last decade. However, despite the good economic growth shown, this has not translated into shared prosperity and better livelihoods for the majority of the population. Growth has to be inclusive to be socially and politically sustainable. One key component of inclusive development is financial inclusion, an area in which Africa has been lagging behind other continents. Less than one adult out of four in Africa has access to an account at a formal financial institution. Broadening access to financial services will mobilise greater household savings, marshal capital for investment, expand the class of entrepreneurs, and enable more people to invest in themselves and their families. Financial inclusion is therefore necessary to ensure that economic growth performance is inclusive and sustained (AfDB 2013, p.25).

8 Extracted from findings of Helix Institute survey as reported online at: <http://nextbillion.net/blogpost.aspx?blogid=5452>, (website visited 20 June 2015).

9 For comprehensive developments in mobile banking, see the annual GSMAS The Mobile Economy reports - http://www.gsmapobileeconomy.com/GSMA_Global_Mobile_Economy_Report_2015.pdf, (website visited 20 June 2015).

Box 1: International reporting mechanisms and databases on gender equality that include 'access to finance'

- CEDAW reporting guidelines and procedures¹ are based on the measures in the Beijing Platform for Action (1995). Ministries of gender and/or legal ministries are usually charged with responsibility for complying with national reporting obligations on behalf of UN member states.
- The World Bank Women, Business and the Law biennial reports (2010, 2012, 2014)² cover legal and regulatory frameworks affecting women's economic empowerment in more than 140 countries.
- The World Bank Little Data Book on Gender (2015)³ is a quick reference pocket edition of World Development Indicators.
- World Economic Forum Gender Gap Report (2014)⁴ – Ninth edition of reports based on the following criteria: Health and Survival; Educational Attainment; Economic Participation and Opportunity; and Political Empowerment and include ratings for some 34 of the Commonwealth countries with Rwanda (7), New Zealand (13), South Africa (18) and Canada (19) featuring in the top twenty performers globally.
- OECD Gender, Institutions and Development (GID) database⁵ includes measurement on 'restricted resources and assets': secure access to land, secure access to non-land assets, and access to financial services.
- UNDP Gender Inequality Index (GII)⁶ includes 'economic status' expressed as labour market participation and measured by labour force participation rate of women and men aged 15 years and over.
- UNDP Gender-related Development Index (GDI)⁷ includes 'command over economic resources, measured by female and male estimated earned income' across 187 countries.
- African Development Bank's (AfDB) African Gender Equality Index (2015)⁸ – This, the most recent index, was launched in May 2015 covering 52 African countries. It includes economic opportunities performance and measures gaps between women and men in terms of participation in labour, wages and incomes, business ownership, and access to financial services.
- UN Economic Commission for Latin America and the Caribbean (UN-ECLAC) Gender Equality Observatory (GEOLAC).⁹

1 See <http://www.un.org/womenwatch/daw/cedaw/reporting.htm> (website visited 28 May 2015).

2 See <http://wbl.worldbank.org/> (website visited 28 May 2015).

3 See <http://data.worldbank.org/products/data-books/little-data-book> (website visited 29 May 2015).

4 See <http://reports.weforum.org/global-gender-gap-report-2014/> (website visited 28 May 2015).

5 See <http://www.oecd.org/dev/poverty/genderinstitutionsanddevelopmentdatabase.htm> (website visited 28 May 2015).

6 See <http://hdr.undp.org/en/content/gender-inequality-index-gii> (website visited 28 May 2015).

7 See <http://hdr.undp.org/en/content/gender-development-index-gdi> (website visited 28 May 2015).

8 See http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/African_Gender_Equality_Index_2015-EN.pdf (website visited 28 May 2015).

9 See http://www.cepal.org/cgi-bin/getProd.asp?xml=/publicaciones/xml/5/50235/P50235.xml&xsl=/publicaciones/ficha-i.xsl&base=/publicaciones/top_publicaciones-i.xsl (website visited 29 May 2015).

The International Development Framework, 2015 and Beyond

The Millennium Development Goals (MDGs) stipulated the importance of gender equality in the goals to promote gender equality and empower women (MDG-3) and to improve maternal health (MDG-5). Gender equality and women's empowerment were given prominence in MDG-1, to eradicate extreme poverty and hunger, in its target on promoting decent work for women; in MDG-2 to achieve universal primary education; and in MDG-4 to reduce child mortality. The 8 MDGs were not intended as separate stand-alone sets of goals and targets to achieve wide-ranging development. Rather, they were interconnected goals such that success in achieving one goal (e.g. gender equality) would also contribute to the achievement of other goals (e.g. poverty reduction, reduced infant mortality).

In the course of 2015, the international development community has been finalising a new development framework to be known as the Sustainable Development Goals (SDGs). The extensive consultations and planning processes behind the 17 new SDGs owe much to the successes, failures, and lessons learned in planning and implementing the MDGs. However, for the future greater emphasis will be placed on 'inclusive development' and ensuring the no one is left behind in the new international development agenda. In this context, target 4 of the proposed SDG 8 reads as follows:

*'Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalisation and growth of micro-, small- and medium-sized enterprises including through access to financial services.'*¹⁰

There are several important, practical and useful ways of tracking progress in relation to gender equality and women's economic empowerment. These reporting mechanisms can prove useful in terms of monitoring the progress that each country is making against specified gender criteria, and can provide interesting inter-country and inter-

regional comparisons. However, given that each of these mechanisms has been developed for its own particular purpose, they may not coincide directly with the objectives and desire for measurement of any specific organisation or country. Nevertheless, these forms of measurement and reporting procedures are objective and can provide general feedback on how a country is performing.

Of even greater benefit is that governments can set themselves specific targets for improving their ratings against certain of these measures, and work towards this end by co-operating closely with the reporting body or its agents on the ground. No country is going to be immune to objective praise received from reputed international bodies in relation to its improved performance in promoting gender equality. Box 1 illustrates the range of reporting mechanisms on gender equality, several of which specify 'access to finance'.

The Importance of Gender Equality

Gender equality is both the 'right thing' and the 'smart thing' for all countries. It is the right thing because once gender equality is incorporated into national constitutions and laws it ensures equal rights for women and men in all spheres of life. In this way it supports and reinforces international conventions and declarations that stipulate equal rights for women and men, and thus prohibits laws, regulations or conditions that inhibit gender equality. These conventions (Box 2) have been adopted on a global, regional and national basis. In addition, the Commonwealth has been a strong advocate through its Declaration on Gender Equality and Plan of Action on Gender Equality and Women's Empowerment (Annex III).

In addition, many Commonwealth member countries have signed up to various regional gender policies such as the Africa-Pacific Economic Cooperation (APEC) forum's Policy Partnership on Women and the Economy (2014)¹¹ or the African Union's Gender Policy (2013).¹²

10 See, <http://www.theguardian.com/global-development/ng-interactive/2015/jan/19/sustainable-development-goals-changing-world-17-steps-interactive> (website visited 27 May 2015).

11 See <http://www.apec.org/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Working-Groups/Policy-Partnership-on-Women-and-the-Economy.aspx> (website visited 27 May 2015).

12 See <http://wgd.au.int/en/content/african-union-gender-policy> (website visited 27 May 2015).

Box 2: International instruments on gender equality

- United Nations Convention on the Elimination of all forms of Discrimination Against Women (CEDAW, 1979);
- United Nations Convention on the Rights of the Child (UNCRC, 1989);
- International Covenant on Civil and Political Rights (ICCPR, 1966);
- International Covenant on Economic, Social and Cultural Rights (ICESCR, 1966);
- The Beijing Declaration and Platform for Action (1995), the outcome documents of the Fourth World Conference on Women, and outcome documents associated with follow up meetings Beijing+5 (2000), Beijing +10 (2005), Beijing +15 (2010) and Beijing +20 (2015);
- United Nations Security Council Resolutions 1325 (2000), 1820 (2008) and other resolutions¹ on Women, Peace and Security (2000), and;
- The Millennium Development Goals (MDGs, 2000) and forthcoming Sustainable Development Goals (SDGs, from 2015 onwards).

1 Other UN Security Resolutions on Women, Peace and Security include: UNSCR 1888 (2009), 1889 (2009), 1960 (2010), 2106 (2013) and 2122 (2013)

As well as being the right thing, gender equality is also the 'smart thing' for economies globally. Gender equality promotes greater and more equal participation of women as well as men in the development and growth of national economies. It unleashes the initiative, creativity, entrepreneurial endeavour and economic contribution of women in building enterprises of all sizes, whether large-scale global businesses, dynamic small and medium-sized enterprises, or micro and home-based economic units operating in the informal economy.

There are demonstrable benefits to be derived from the greater engagement and participation of women in national economies. There is much evidence to demonstrate the real costs associated with restricting women's participation and perpetuating gender inequalities. Research conducted on Uganda (Ellis et al., 2006) showed a potential one-off increase in GDP of 2 percentage points if gender inequalities were to be removed. A study from Tanzania showed a potential one-percentage point increase in GDP (Ellis et al. 2007b). The IMF (2013), World Bank (2012), World Economic Forum (2014) and OECD (2012) all give further indications of costs associated with gender inequalities.

Women's Financial Inclusion

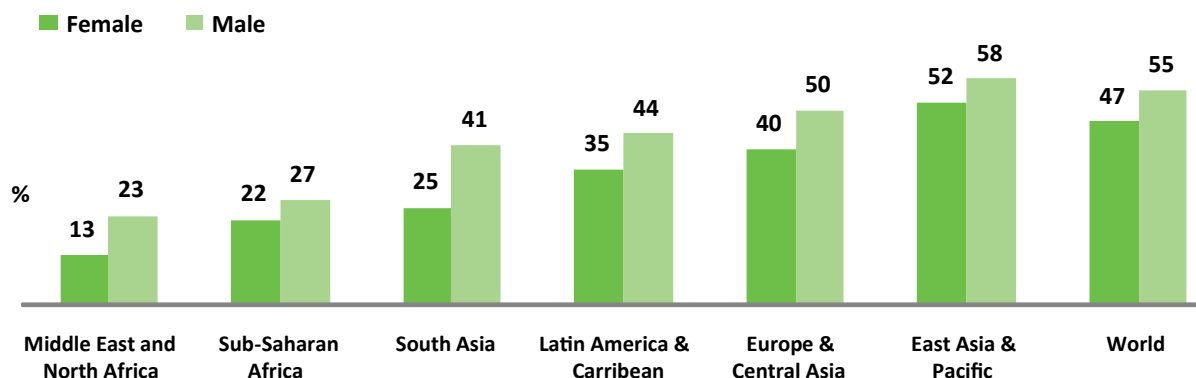
According to Global Findex Data (World Bank, 2011), 47 per cent of women and 55 per cent of men worldwide have an account at a formal financial institution, whether a bank, credit union, co-operative, post office or microfinance institution (Figure 1).

The gender gap varies widely across economies and regions (Figure 2). Among the regions, South Asia and the Middle East and North Africa have the largest gender gaps, with women about 40 per cent less likely than men to have a formal account. Among Commonwealth countries, the gender gap (with women being less likely to have accounts than men) was the highest for India, Pakistan, Trinidad and Tobago, Mauritius, and Uganda. There is no significant gender gap in account penetration in some Commonwealth countries like New Zealand and Singapore (World Bank Global Findex 2011).

When considering women's financial inclusion, it is important to acknowledge that women are not a homogeneous group. Indeed, some of the developmental thinking around financial inclusion refers to women only in the context of 'disadvantaged' or 'marginalised' groups of the population. While it is true that globally there are large numbers of poor women living in both rural and urban settings, there are also many women who are in gainful employment, run their own businesses, and are leaders in their political, business and community spheres. As entrepreneurs and business owners and leaders, we can categorise women in terms of their involvement in micro, small and medium enterprises (MSMEs), or large firms or corporations. We can also consider women as farmers, full-time salaried employees, informal economy operators, and in domestic or household

Figure 1

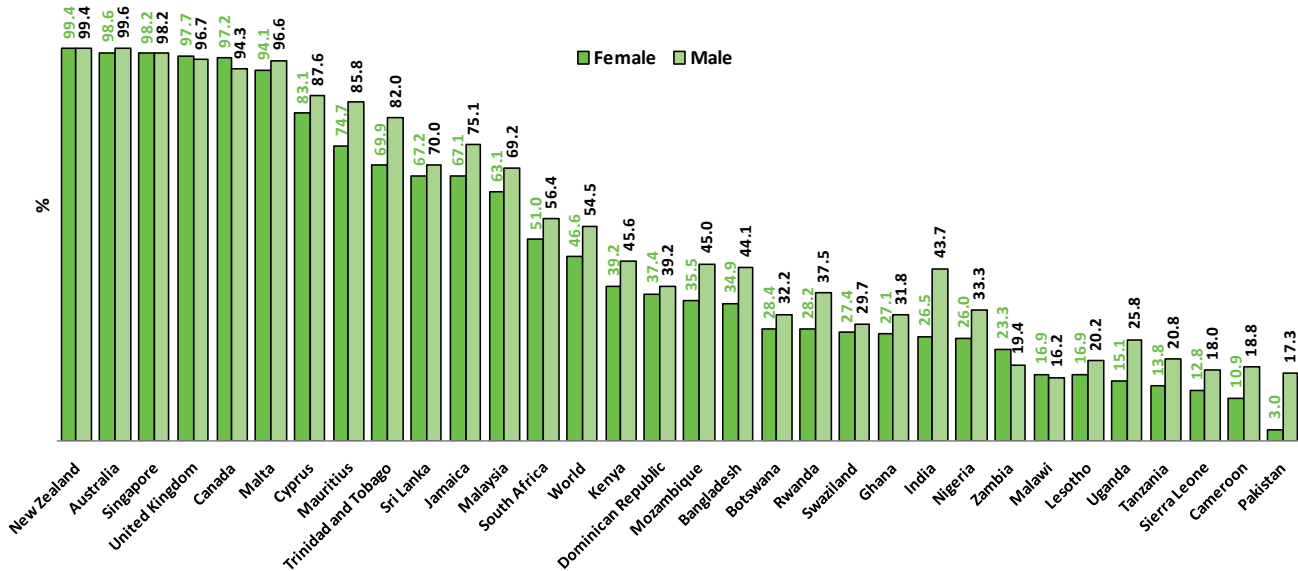
Account Penetration by Gender



Note: Middle East and North Africa: Algeria, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Morocco, Oman, Saudi Arabia, Syria, Tunisia, UAE, West Bank and Gaza, Yemen;
 Sub-Saharan Africa: Angola, Cameroon, Congo, Gabon, Ghana, Kenya, Mauritania, Mauritius, Mozambique, Nigeria, Senegal, South Africa, Sudan, Tanzania, Uganda, Zimbabwe;
 South Asia: Afghanistan, Bangladesh, India, Nepal, Pakistan, Sri Lanka;
 Latin America and Caribbean: Argentina, Brazil, Bolivia, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Mexico, Peru, Paraguay, Venezuela;
 Europe and Central Asia: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Georgia, Kazakhstan, Latvia, Lithuania, Romania, Russia, Serbia, Turkey, Ukraine, Uzbekistan;
 East Asia and Pacific: Australia, Cambodia, China, Hong Kong, Indonesia, Japan, Lao People's Democratic Republic, Malaysia, Mongolia, New Zealand, Philippines, Singapore, South Korea, Thailand, Vietnam.
 Source: World Bank Global Findex (Global Financial Inclusion Database). The data pertains to 2011 (updated 2015) and is from an unpublished Exim Bank report commissioned by the Commonwealth Secretariat (2014).

Figure 2

Account Penetration by Gender: Select Commonwealth Countries



Source: World Bank Global Findex (Global Financial Inclusion Database). The data pertains to 2011 (and further updated in 2015) and is presented in an unpublished Commonwealth Secretariat report (2014).

contexts, including as heads of households. There are several strong arguments that dominate discussions on why women's access to finance is important. Increasing women's access to finance is important for its intrinsic worth, as a valued goal in itself. Gender equality and access to economic resources are part of basic human rights for women and women's unequal access to resources is a reflection of their inferior status in any society. According to available evidence, women's access to finance is lower than men's in many countries. This difference 'not only perpetuates poverty but also inequality between men and women' (Staveren, 2001).¹³ Access to finance can initiate 'a virtuous spiral of social, economic and political empowerment and wellbeing' and the impact of increased access to finance is disproportionate for women facing cultural restrictions (Cheston and Kuhn 2002).¹⁴ Accordingly, increased access to finance contributes to women's economic wellbeing as well as to women's economic empowerment. For example, women's participation in micro-credit programmes can increase their participation in decision-making within homes and in the community, while the

effects of male credit on women's empowerment was 'at best, neutral, and at worse, decidedly negative' (Pitt et. al. 2003).¹⁵

Women's access to finance is also instrumental in helping to achieve other valued goals. According to this view, policies that hinder women's full participation cost the global economy billions of dollars. Various studies have highlighted the macroeconomic implications of women's unequal access to resources (Morrison et. al. 2007).¹⁶ The Millennium Development Goals (MDGs) also explicitly link economic progress to the equalisation of opportunities for women.

There is a further argument that brings forth the business case for increasing women's access to finance. The rationale for the business case is that women are an untapped, profitable and growing market but that their ability to develop is hampered by lack of access to finance and other resources.¹⁷ The case of the Bharatiya Mahila Bank (BMB) or 'Bank for Women' provides evidence in support of this (see below).

13 Staveren (2001), as cited in Commonwealth Secretariat, 2014 (unpublished).

14 As cited in Demurgic-Kunt et al., (2013).

15 Ibid.

16 Ibid.

17 Ibid.

Dimensions of women's financial inclusion

As already indicated in the opening section, there are three major dimensions to financial inclusion that also relate to how women can access financial products and services.

- **Access:** This refers to the availability of formal financial products and services, and includes the physical proximity of these services, as well as their affordability.

Women's financial inclusion requires consideration of the full range of products and services available to women (savings, credit, insurance, mobile banking, etc.) as well as the physical (or virtual) location of bank branches, microcredit institutions (MFIs), credit unions, and so on. The costs of these services should also be considered, including for registration and administration fees, interest rates (on both loans and savings), and accessing the services (e.g. transport costs, costs of connectivity if relevant, and telephone or network charges).

- **Usage:** The actual take-up and usage of financial services, regularity and frequency of use; and the period of time in which they are used.

This is the extent to which women make use of the products and services on offer, the rate and frequency of use, and the length of time that they continue to use the service. Some women might open accounts but due to logistical reasons they may rarely make use of the banking facilities.

- **Quality:** Are the products tailored to the clients' needs? Are there appropriate segmentation strategies to make the products attractive for various income levels and types of user?

In other words, have the financial products and services been innovatively developed to meet the specific needs of the wide range of women clients, from entrepreneurs to farmers, and from women in salaried employment to poor women or women engaged in the informal economy?

Promoting women's financial inclusion

Gender is a significant factor in the usage of financial services. The study by Demirgüç-Kunt et al., (2013) finds that legal discrimination and gender norms

may explain some of the cross-country variation in access to finance for women. Where women face legal restrictions in their ability to work and earn their own income, head a household, choose where to live, and receive inheritance, they are less likely to own an account, relative to men, or to save and borrow. The results also confirm that manifestations of gender norms, such as the level of violence against women and the incidence of early marriage for women (as seen from the WEF Global Gender Report (2014)), contribute to the variation between women and men in the use of financial services.

Notably in Africa, women account for only 20 per cent of the banked population of the continent, compared to 27 per cent for men. Women's financial inclusion is an underused source of growth that should be harnessed to achieve sustainable and inclusive development. In addition to the economic benefits, financial inclusion of women has social benefits; research has shown that women use their earned income and savings more productively, channelling a large share to children's nutrition, clothing, health, and education (Burjorjee et al., 2002).

Systematic data on household and individual use of financial services remains limited, and the absence of such data contributes to the scarcity of research and reports on the link between access to finance and gender at the individual level. The Finscope survey data generated by FinMark Trust for nine countries in Sub-Saharan Africa have been used to examine the gender gap in financial services (as cited in Demirgüç-Kunt et al., 2013). The lower use of formal financial services by women in nine Sub-Saharan Africa countries can be explained by gender differences in education and income levels, formal employment and being the head of household.

Access to the formal financial system can increase asset ownership and serve as a catalyst for greater economic empowerment among women (Demirgüç-Kunt et al., 2013). Even a deposit account at a formal financial institution can be of great value, providing a secure place to save and create a reliable payment connection with others, such as an employer (for wage payments) or the government (for pension, cash transfers or government-to-person transactions). It can also open up channels to the formal credit critical to investing in education or in a business. Yet, more than one billion women worldwide remain largely outside the formal financial system (Demirgüç-Kunt et al., 2013).

Efforts to improve gender parity in the formal financial system have been hindered by the lack of systematic indicators on the use of different formal and informal financial services in most economies. Therefore, efforts being made to address this lack by the World Bank, World Economic Forum (WEF) and African Development Bank (AfDB) among others are to be welcomed. Efforts by central banks, in countries such as India and Zambia, to improve the collection, analysis and dissemination of sex-disaggregated data on the financial sector are also positive.

Challenges in promoting women's financial inclusion

Differential treatment under law or tradition may also constrain women from entering into contracts under their own name, including opening a bank account, controlling property or receiving an equal share of assets on divorce or in inheritance (IFC, 2011 and World Bank, 2012). Gender norms often adversely influence women's access to public spaces, and determine the level of autonomy that women enjoy in managing their own income. Restrictions on social mobility, access to public transportation or interactions outside the home, especially across gender lines, limit women's access to finance. The influence of gender norms on intra-household dynamics, such as access to and control over income and expenditure, can also play a negative role. This is an area where the approach adopted by the Women's Empowerment in Agriculture Index (WEAI) is making inroads and generating new insights into women's empowerment and disempowerment at the household level.¹⁸ As a result of the above-mentioned factors, women often exhibit a lower demand for financial services than men (Johnson, 2004).

Much of the literature on the gender gap in access to financial services has focused on access to credit in the context of financing entrepreneurial activities rather than on household and individual use of a broad range of financial services.¹⁹ However, consumer finance should not be overlooked, as many entrepreneurs tend to depend on personal credit or collateral to finance the establishment and operation of their firms.

Cross-country studies have shown that a formal institution is less likely to provide financing to female entrepreneurs or more likely to charge them at a higher interest rate relative to male entrepreneurs (Demirgüç-Kunt et al., 2013). These two factors point to elements of administrative discrimination in the financial operations of some formal institutions, and illustrate the mountain that many women may have to climb in accessing financial products and services. Although there is little evidence of explicit legal discrimination by banks against female borrowers, there is evidence they discriminate against women in their lending practices. For example, in Pakistan banks require two male guarantors who are not family members, and will not permit woman guarantors. Almost all women borrowers are required to have the permission of their husband to access a loan, even in group-lending schemes, and unmarried women are generally not considered creditworthy (Safavian, 2012). In addition, a study using loan-level bank data shows that women who are randomly assigned male loan officers (and vice versa) are less likely to return for a second loan, and are likely to pay higher interest rates as well as receive lower loan amounts.

In devising strategies for women's financial inclusion, it is important to consider the barriers and constraints that women are likely to encounter when seeking to access financial products and services. Many of the strategies for improving financial inclusion will be derived from addressing these barriers, constraints and gender gaps. Women are likely to face greater challenges than men in accessing formal finance due to several factors stemming from procedural and administrative discrimination, and these challenges can be applied to both the demand as well as the supply side of financial inclusion of women.

Legal and regulatory barriers: Often women do not enjoy protections based on sound legal frameworks and clear property rights. Legal obstacles include inheritance laws that favour sons, property rights that fail to protect women's ownership and formal restrictions on women's ability to open bank accounts and access credit. Contract and property rights are of particular importance, as these rights are often restricted for women and in turn affect the ability of lenders to collateralise assets and seize them in the case of default. Women may not be deemed creditworthy because they do not possess the title to their land or house. Weak property rights or titles arise from differential treatment under

18 See WEAI websites such as <http://www.ifpri.org/publication/womens-empowerment-agriculture-index>, (website visited 29 May 2015).

19 See Klapper and Parker (2011) for a survey of the literature.

the law or under customs. Among cultural norms that directly affect women's access to finance in many Middle Eastern and South Asian countries, is the requirement that a husband or male family member co-sign a loan. Laws might require married women to obtain their husband's signature and approval for all banking transactions. According to the IFC (2014), of 143 countries studied almost 90 per cent have at least one legal difference between women and men that restricts women's economic opportunities. Among these economies 28 have 10 or more legal gaps and in 15 of them husbands can prevent their wives from accepting jobs.

Access to education and training: The disparity in education levels between women and men presents a major challenge for female business owners, particularly in developing countries. Less-educated women are less likely to start their own business, and lower levels of education may contribute to lower survival rates among women-owned MSMEs. Women may have lower financial literacy rates, which can make it harder for them to navigate the loan market due to limited or no credit history, incomplete or missing financial statements, limited savings, and lower and unreliable profit records. These factors contribute to making such enterprises less attractive for credit. For instance, loan applications from women may be weaker than those of men due to a lack of relevant education (especially technical) and/or business experience.

Culture and traditions: Societal expectations about what are seen as 'appropriate' jobs for women and men leaves many women clustered around less-productive and less-lucrative sectors, leading to lower profits. Even when women are able to start and develop a successful and profitable business, they are more inclined to invest profits back into the family, thus leaving less capital available for reinvestment in their businesses. Female entrepreneurs might choose to enter less capital-intensive industries that require less debt. Additionally, as women-owned MSMEs tend to be smaller, banks may incur higher administrative costs relative to loan sizes, which reduces the incentive for them to lend to these women. In some countries, women may find it challenging to obtain national identification documents (often required for opening an account). Social conventions dictate the roles of men and women in the household, workforce and society, and these can disadvantage women in communities in countries like India where they are expected to marry early and bear

responsibilities of childrearing and general welfare of the family. These responsibilities have a negative impact on women's ability to start and grow their businesses because this 'unpaid family work' limits mobility and decreases the amount of time that women can dedicate to their businesses.

Lack of collateral: To secure credit, borrowers often need to put down collateral to deal with information asymmetry, that is where lenders are not familiar with the repayment behaviour of individual borrowers. Evidence from India suggests that gender differences in ownership of assets is one of the most influential factors affecting women's ability to access credit and one of the main reasons for rejection of loans. Overall, women may find it more challenging to provide collateral and personal guarantees and may have weaker credit histories ('reputational collateral'). This suggests that women might possess lower credit scores, which are important in the context of modern lending technologies. These differences have to be understood in the context of the legal regulations and customary norms that shape the relationship between women and men and their relative access to resources. Husbands' adverse credit histories may also affect women as they might need to repay a husband's debt or could be denied future credit based on the husband's credit history.²⁰

Anticipation of rejection: Studies show that women may be discouraged from applying for credit because of the anticipation of rejection. The rejection rate for loan applications has tended to be higher for women-owned businesses in the developing world, as for instance, in India where the rejection rate for loans to women-owned businesses is 2.5 times higher than that for men (Goldman Sachs, 2014). Consequently women might be less inclined to seek external financing because of their own perceptions that women might find it more difficult to secure bank loans.

Risk aversion: Women, especially in lower income groups, tend to be more cautious than men about the amount of financing and business risk they are willing to take on. They are much more inclined to weigh these risks against potential impacts on the household should they be unable to repay loans. This is likely to further limit women's access to finance as well as their opportunities for business expansion.

20 Although a husband may also have to repay his wife's debt in the same circumstances, the husband is more likely to have incurred previous debts.

Tackling the Issues and Barriers

In the context of the overall legal and regulatory environment, the World Bank Women, Business and the Law (WBL) reports make an important distinction between:

- Structures, such as constitutions, laws and regulations that are in place;
- Processes, such as the mechanisms and organisations for delivering on what the structures 'promise', and;
- Outcomes, being the extent to which women and men benefit equally and equitably from the structures and processes.

The WBL reports are largely based on codified law and regulations, and not the implementation or practice of those laws and regulations. Furthermore, these indicators do not take into account customary law, unless that customary law has been codified. Nor do they have the reach to assess the equitable outcomes arising from the legal structures.

Those legal restrictions are more likely to adversely affect women's demand for financial services than men's. Such restrictions may apply to women's ability to:

- Access institutions;
 - Own, manage, control, and inherit property;
 - Work and earn their own income;
 - Head a household;
 - Choose where to live;
 - Disagree with their husbands.
- (Finnegan and White, 2015)

Proposed strategies

Overall, strategy proposals and policy actions need to take full account of the prevailing barriers and impediments facing women. Below are 10 key points to improve women's financial inclusion.

1 Take up the case at the highest level

Leaders and policy-makers need to recognise the importance of women's financial inclusion given its potential contribution to poverty reduction and

women's economic empowerment. Furthermore, they should publicly champion this priority, with high profile men in particular, aligning themselves to issues of gender equality. The United Nations 'HeForShe' campaign provides an excellent example of how this approach works.²¹

As can be seen from the examples of India and Zambia, financial inclusion for women can benefit from being promoted at the highest level by the central banks (on behalf of the government) and through media events, exhibitions, awards, conferences and the 'Month of the Woman Entrepreneur'. This should help to ensure that women's financial inclusion is not a stand-alone issue, but that it is linked to broader and complementary social, economic and financial priorities and policies.

2 Reform regulatory frameworks and change unfavourable cultural norms

Gender equality and women's financial inclusion are not the sole responsibility of gender or women's ministries. Policies and regulatory frameworks that inhibit gender equality and women's financial inclusion must be identified and corrected at the earliest opportunity, and positive approaches adopted to help close the gender gap in financial inclusion.

Governments need to grant women equal rights to property in order for them to expand their economic opportunities. Where non-discriminatory provisions are missing in the laws, they must be enacted. Similarly, where statutory measures are already in place but can be overruled by customary law, action must be taken to enforce the existing regulations and close the gap between law and practice.

Some 'best-practices' for improving women's property rights, especially access to land, include the partnership between the Uganda Land Alliance (ULA) and the International Center for Research on Women (ICRW) to build capacity of a local legal aid organisations to improve women's property rights through legal counselling and awareness-

21 See <http://www.heforshe.org/> (website visited 31 May 2015).

raising sensitisation events. This work often resulted in women being able to keep their land and houses after their husbands had died. Another example is the intensive training programme at the Center for Women's Land Rights at the Landesa Rural Development Institute.²² The training is for practitioners, activists and government professionals. It aims to expand the options, approaches and potential solutions based on experiences in other settings and by becoming part of a network of colleagues who can act as a resource.

International development partner organisations have been active in this field, including the UK Government's Department for International Development (DFID), United States Department for International Development (USAID), the World Bank's International Finance Corporation (IFC) and various UN agencies.

3 Ensure collection of sex-disaggregated data on the financial sector

Gender statistics reflect the situation of women and men, including in all aspects of financial service provision. In many countries, the challenge of mainstreaming gender into the collection, production, analysis and dissemination of official statistics has not been fully addressed, and the availability of sex-disaggregated data and the collection of data related to women and men remains weak. Approaches to addressing this challenge include:

- Show greater commitment, including adequate planning, to the development of gender statistics (i.e. disaggregated by sex);
- Rectify any deficiencies in the statistical infrastructure (e.g. sampling frames, classifications, concepts, definitions and methodologies) that still reflect a strong 'traditional' bias towards men;
- Build capacity and strengthen those responsible for the management of sex-disaggregated data (archiving, analysis, reporting and dissemination);
- Ensure there are sufficient technical skills in place for the collation and presentation of sex-disaggregated data;

- Support the development of statistical units in various departments and ministries;
- Expose and overcome the prevalence of 'gender neutral' terminology (such as references to 'enterprises' and 'firms'), which is effectively 'gender blind', ignoring the different issues and problems experienced by women rather than men in setting up and running a business and accessing finance.

The lack of sex-disaggregated data is a major constraint when it comes to designing policies that respond to the limitations placed on women in accessing finance. In countries such as India, statistics on women's low level of access to finance are often hidden within aggregated macro-level data and do not attract the attention of policy-makers.²³ Sex-disaggregated data that is accurate, up-to-date, comparable and reliable is vitally important when it comes to identifying and quantifying the barriers to financial inclusion experienced by women, as well as for formulating and developing appropriate policies and products that meet their needs. Sex-disaggregated data on access to finance can contribute to the following:²⁴

- Providing critical information for policy-makers on the main barriers and prevailing gender bias in accessing finance, and facilitate measuring progress;
- Generating valuable market information about potential business opportunities for the private sector;
- Expanding data to be used in analysing the impact that access to financial services has on economic growth and poverty reduction;
- Targeting capacity-building needs of statistical units in various departments and ministries.

It is noteworthy that the Government of India along with the Reserve Bank of India (RBI) placed importance on tracking sex-disaggregated data and setting achievable targets, and took a lead in this initiative. In 2000, RBI directed all public sector banks to disaggregate and report the share of credit to women within their total lending portfolio. This followed the introduction of a government Action Plan aimed at increasing access to finance

22 See <http://www.landesa.org/women-and-land/> (website visited 30 May 2015).

23 Commonwealth Secretariat unpublished report, prepared by EXIM Bank (2014).

24 Ellis et al, 2006

for women from their low level of 2.36 per cent of aggregate bank credit in 2001 to 5 per cent within 5 years (EXIM Bank, 2014). This achievement was largely due to RBI's initiatives at capturing sex-disaggregated data for formulating policy level actions, coupled with special and innovative financing products for women designed and introduced by the country's commercial banks.

In relation to the weaknesses in national statistical contexts, the International Training Centre of the International Labour Organization (ILO) offers training programmes and networking opportunities for national statistical agencies and other organisations concerned about the importance of sex-disaggregated data.²⁵

More recently the Women's Empowerment in Agriculture Index (WEAI) has been developed and tested in a number of countries, including Zambia.²⁶ This index is a means of gathering intra-household data on women's access to control, decision-making and finance within households, and cross-country comparisons are available. WEAI was developed with the support of the US Government's Feed The Future programme in association with a range of partners including the United States Agency for International Development (USAID), the International Food Policy Research Institute (IFPRI), and the Oxford Poverty and Human Development Initiative (OPHI).

4 Study women-specific needs and create appropriate financial products and services

Information on the specific financial needs of women is indispensable for policy-making. More sex-disaggregated data is needed in order to better understand the needs of female workers and entrepreneurs, in addition to poor and disadvantaged women and the barriers they face. Financial institutions should be actively involved in this learning endeavour. A collaborative approach involving all stakeholders could help raise awareness and facilitate the implementation of gender-oriented reforms.

25 For more information see http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/presentation/wcms_314045.pdf (website visited 30 May 2015).

26 See <http://www.ifpri.org/publication/womens-empowerment-agriculture-index> for information on WEAI.

5 Promote innovation and segmentation of financial products and services

Women are not a homogeneous group; they have different backgrounds and economic circumstances, different needs and wants, and different aspirations and plans. Consequently, each group will have different sets of issues and problems, some more limiting and debilitating than others, and each group will require its own set of products and services in order to successfully access financial support.

6 Promote financial education and financial literacy

Women have relatively limited access to education in some countries, so there is also a strong need for policy-makers to address the lack of financial literacy for women. This could be done in the form of specific training schemes and programmes that provide women and girls with the necessary education and skills (as elaborated on in examples from India).

Some financial institutions in Africa are now offering support and financial literacy programmes to help women-owned SMEs access credit. To illustrate, beginning in 2007 staff at the Development Finance Company of Uganda Bank Limited (DFCU) trained women on business skills, adding to their confidence. As a result of this endeavour, women achieved a lower default rate (1.5%) compared to men (2.5%). Since DFCU started this approach in 2007, 1,800 new deposit accounts for women were opened and 368 women trained (AfDB, 2013). The programme, which has had a strong impact, serves as a model for other banks in Uganda.

7 Encourage innovation and relaxation of financial rules and procedures to address barriers faced by women

Collateral requirements applied by banks, which are often limited to fixed assets, present a significant obstacle for women entrepreneurs. In order to fully harness the economic opportunity of granting financial products and services to women, more innovative and tailor-made products and services need to be developed. This could be through the use of movable collateral or unconventional collateral such as jewellery, receivables, or accumulated savings. For instance, commercial banks in Africa (e.g., Access Bank Nigeria, NBS

Malawi, DFCU Uganda) now accept alternative collateral such as jewellery or account receivables with positive results and indications of potential for implementation on a large scale.

In addition, the Credit Union movement in the Gambia, with support from the Irish League of Credit Unions, has introduced a system of 'Graduation Microfinance'. Through this scheme the credit union advances small loans to a new borrower, enabling them to join a group that meets regularly to save, repay loans and receive training on financial literacy and other products. In due course, having acquired a basic credit history, the new borrowers are able to 'graduate' to become full members of the credit union.²⁷ The scheme is similar to one supported by the ADB in Papua New Guinea (Annex VIII).

8 Create support programmes for women's entrepreneurship

Women-specific programmes and schemes provide valuable support for women in exploring economic opportunities. But where such programmes do exist, they are limited in their scope and reach and often overlook the context and issues within which women operate. In many situations there is a need for a gendered approach in the promotion of entrepreneurship. In this regard, the ILO's training package and resource kit entitled, Gender and Entrepreneurship Together: GET Ahead for Women in Enterprise, has been effectively addressing this gap in several countries.²⁸ Furthermore, enabling structures need to be developed, for example through the support of women in business membership organisations that can serve as 'one-stop-shops' for advocacy, training and information. These membership-based organisations could also receive capacity building support to ensure the relevance and effectiveness of their support services.

The African Women in Business initiative, developed by the African Development Bank (AfDB) in association with the ILO and IFC, is a good example of such an approach. This pilot initiative included a Growth-Oriented Women's Enterprises (GOWE) programme that was put

in place to report on experiences in business development in Kenya and Cameroon. The programme addresses issues related to women's financial exclusion by identifying the constraints they face, and supporting women through training and mentoring.

9 Promote women's leadership and strengthen women's organisations

Another important contributory factor in promoting women's financial inclusion is to ensure that more women have better opportunities to rise to the top in all areas of finance, from ministers of finance to central bank governors and from CEOs of major commercial banks to leaders of microfinance institutions. Organisations such as New Faces New Voices²⁹ and the African Development Bank in Africa have been working together to promote women's leadership in every aspect of Africa's economies.

The Global Women's Leadership Network³⁰ of the World Council of Credit Unions (WOCCU) promotes women's greater participation in leadership positions within the credit union movement globally, and the Canadian Co-operative Association and credit union movement organises a women's mentorship programme to promote women into leadership positions in the credit union movement globally.³¹

Membership-based associations of women entrepreneurs also have an important role to play in linking women to financial products and services, and lobbying for greater financial inclusion for women. It is important that the capacities of such organisations are strengthened so they can take leading roles in consultations and lobbying on behalf of their members.

10 Promote private sector initiatives in support of women's financial inclusion

This discussion paper includes a large number of initiatives undertaken by private sector financing institutions, either individually or in co-operation with development partners. The Global Banking

27 Information provided by James Gallaher, Irish League of Credit Unions; email, 7 May 2015.

28 For more information see http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_159071.pdf (website visited 30 May 2015).

29 See <http://www.nfnv.org/> (website visited 31 May 2015).

30 See http://www.woccu.org/involved/supporters/supporters_work/globalwomen (website visited 31 May 2015).

31 See http://www.coopscanada.coop/en/international_dev/get-involved-with-cca/womens-mentorship (website visited 31 May 2015).

Alliance (GBA) for women brings together some 40 commercial banks alongside several developmental partners to promote greater financial inclusion for women (Annex IV). Numerous private sector foundations and companies are engaged in supporting and promoting women as entrepreneurs, including Goldman Sachs, Wal-Mart, Coca-Cola, and Economist Intelligence Unit, as well as philanthropic foundations such as the Bill and Melinda Gates Foundation, Clinton Foundation and Cherie Blair Foundation.

The new round of Sustainable Development Goals (SDGs) give greater prominence to the role of the private sector in development, and there are large numbers of potential developmental and supportive initiatives from the business community.

Businesses need to maintain good consumer relations with local manufacturers, producers and farmers through corporate social responsibility (CSR) and joint marketing initiatives. Globally, there is increasing pressure on global retailing corporations to demonstrate how they work and collaborate with all actors in their supply chain, especially the rural poor.

Creating Shared Value³² can be seen as a broader, deeper and more sustainable approach than CSR, as it tends to promote longer-term partnerships between business and communities for their mutual benefit.

The Women's Empowerment Principles (WEPs)³³ are a set of initiatives, created through the UN Global Compact and UN Women (originally UNIFEM), through which business can contribute to women's empowerment and gender equality. Almost 1,000 global corporations have signed up to the Women's Empowerment Principles.

The major challenge in increasing the flow of finance to rural populations is making financial products affordable, available and accessible. Traditional financial institutions – including commercial banks, MFIs, and non-bank financial institutions – are not sufficiently addressing these challenges due to the perceived risk and low

profit potential of rural populations. In response governments, donors, social entrepreneurs and the private sector have drawn on a number of new instruments and channels to improve inclusion, for example, the use of Value Chain Finance (VCF) as a channel to provide affordable, available and accessible finance to this segment of the population.

VCF refers to 'finance that takes place within the value chain and external finance that is made possible by value chain relationships and mechanisms' (Miller and Jones, 2010). Traditionally, VCF has been facilitated by segments of the value chain that are closely linked, and where contracts and relationships can be commoditised. One recently documented example concerns Cargill Cotton in Zambia. This commercial company provides financial inputs to local women farmers to enable them to finance their cotton production (Finnegan and White, 2015).

The main business imperatives that drive the development of VCF are as follows:

- Food manufacturers need to protect themselves against price fluctuations in turbulent global markets and ensure timely access to the required quantity of produce. Due to the predominance of smallholders in many countries, long-term purchase agreements and contracts with small-scale farmers are inevitable.
- Retailers and food manufacturers need to avoid regulatory risks when seeking to enter new markets. Demonstrating a track record of working with rural populations and the poor can help position them in a favourable light and convince policy-makers to welcome their commercial operations.

32 See Porter and Kramer (2006) and weblink: <https://hbr.org/2011/01/the-big-idea-creating-shared-value> (website visited 31 May 2015).

33 See <http://www.unwomen.org/en/news/stories/2015/3/press-release-womens-empowerment-principles-stakeholders> (website visited 31 May 2015).

Commonwealth Lessons and Good Practices

This discussion paper introduces a range of practical, tried and tested approaches to promoting women's financial inclusion. Below are examples from Kenya, South Africa, Tanzania and Nigeria where innovative approaches and branding was used to bring financial products and services to unbanked segments of the population, including many women.

Kenya: M-Pesa is often cited as the pioneer of mobile financial services in Africa. It is currently the leading mobile money service in Kenya, accounting for more than 27,000 agents who handle over 30 million transactions daily. In Kenya 19 per cent of airtime sold was purchased using M-Pesa.

South Africa: Mobile financial services are widely used in South Africa through the following providers: First National Bank (FNB) with around 2 million customers, Wizzit Payments Limited with over 250,000 subscribers, Flash Mobile Cash by Eezi with a network of 42,000 home shops, MTN Mobile Money, and finally Vodacom offering M-Pesa in partnership with Nedbank, one of South Africa's biggest banks.

Tanzania: more than 4.3 million mobile financial transactions have been made since the country introduced such services in 2007, equivalent to 40 per cent of the country's annual GDP. The Bank of Tanzania has encouraged operators to go beyond person-to-person services and offer other mobile financial services including business-to-person, business-to-business, micro-savings, micro-insurance, micro-loans and credit history information. Initial results have been recorded with some mobile financial service providers partnering with local savings groups to provide savings services and others encouraging consumers to link their mobile e-wallet to financial markets.

Nigeria. Access Bank PLC Nigeria is a leading African bank that is involved in a co-ordinated programme to improve financing for women-owned small and medium enterprises (SMEs). Access Bank, which was an early mover into the women SME space in Nigeria, works in association with the Enterprise Development Center, Fate Foundation and IFC. It has developed 'women-friendly' flexible collateral options, such as the

pledging of jewellery and equipment, using asset debentures or bills of sale to enable women entrepreneurs to access loans. Access Bank offers customised credit lines to women entrepreneurs and tailored training courses in financial literacy, business management skills, as well as trade finance in order to become the bank of choice for Nigerian women entrepreneurs. In the four years from 2007 to 2010, Access Bank disbursed loans totalling US\$35.5 million, with a non-performing loan rate of 0.5 per cent. In the period, the programme trained close to 700 women and 1,300 women opened a deposit account (AfDB, 2013). This programme – a partnership between IFC and a commercial financial institution that emphasises access to finance for women entrepreneurs – was the first of its kind in Africa. It has worked so well that banks in Rwanda has replicated the model.

In 2014, Access Bank announced its women's banking initiative, which is known simply as the 'W' initiative, to further promote gender equality and economic development in Nigeria. Benefits to women include access to a range of loan products and credit facilities, education on finance matters, and health and family programmes, among a number of other services. The 'W' initiative also offers special support to women-owned SMEs.

Initiatives by International Development Partners to Improve Access to Credit³⁴

African Development Bank (AfDB) through its African Women in Business initiative (AWiB) aims to promote female entrepreneurs, in particular those owning SMEs, by improving access to finance. It does this by establishing more gender-equitable business environments, providing assistance to help women grow their businesses, and developing financial products suited to women. The initiative also promotes

34 Some of this information has been drawn from the Goldman Sachs publication, Giving credit where it is due (2014).

networking opportunities and financial education for women. Together with the International Labour Organization (ILO), AfDB embarked on the Growth-Oriented Women Entrepreneurs (GOWE) programme to facilitate access to finance for female entrepreneurs in Africa. It implemented a credit guarantee programme in Kenya to reduce collateral requirement and bank risk. This was supported by training that enabled local business development service providers to reach women more effectively. The GOWE programme is a partial guarantee aimed at women entrepreneurs. The programme was launched in Kenya and subsequently in Cameroon. The Kenya GOWE programme was financed by the AfDB with up to US\$3 million for capacity building and management, and another US\$10 million for the partial guarantee facility. In Cameroon, AfDB (USD \$530,000), Canada Trust Fund (US\$450,000), and Irish Trust Fund (US\$100,000) jointly financed the GOWE programme for capacity building and management (IFC, 2011).

International Finance Corporation (IFC), through its 'Banking on Women' programme,³⁵ partners with global, regional, and local financial institutions experienced in SME lending to expand their loan portfolios to women-owned SMEs in developing countries. In late 2013, the programme issued the first bonds to be sold to retail and institutional investors, aimed at improving access to credit for female entrepreneurs. The IFC provides training for financial institutions on how to reach more women entrepreneurs, and for women entrepreneurs on business planning, financial literacy and how to apply for credit. Since its inception, the initiative has supported more than \$700 million in investments to women-owned SMEs in developing countries.³⁶

35 See <http://www.ifc.org/wps/wcm/connect/92704680421785afbad7fe0678385eae/Banking+on+Women+Bonds+factsheet+January+2015.pdf?MOD=AJPERES> (website visited 17 June 2015).

36 Under this programme, IFC assists BLC Bank Lebanon, to increase its reach to SME clients through disbursement of new loans, of which 20 per cent will be women entrepreneurs. BLC Bank Lebanon recognises women/women-owned SMEs as a sub-segment across all banking products, including retail-banking. IFC also supports ABANK Turkey to grow its women-owned SME portfolio to 150 clients and US\$100 million in outstanding loans by the end of 2016. This will be achieved with a US\$25 million credit line and an additional US\$15 million from FMO, the Dutch Development Bank, of which 50 per cent is slated for women entrepreneurs. Garanti Romania plans to expand its SME portfolio to US\$1.4 billion in outstanding loans, to at least 300 women-owned businesses by the end of 2015. IFC supports this effort with a US\$30.4 million credit line, with 50 per cent of the facility aimed at women entrepreneurs.

European Bank for Reconstruction and Development (EBRD) has a Women in Business (WiB) programme³⁷ that seeks to support female entrepreneurs in countries transitioning towards European Union membership. The programme includes business training, mentoring and improving access to finance.

Inter-American Development Bank (IDB) has developed a Women Entrepreneurship Banking (WeB) initiative³⁸ to provide incentives for financial institutions in Latin America and the Caribbean to lend to women-owned MSMEs. This initiative aims to support access to credit for banks for more than 100,000 women-led MSMEs by 2019, and includes the activities of Scotiabank in Jamaica. It offers two types of incentives for women-owned SMEs: US\$5 million for technical assistance and training on effective lending models and up to US\$50 million in credit lines, partial credit guarantees and risk-sharing mechanisms to improve access to credit.

The **USAID Development Credit Authority** programme partners with Kenyan financial institutions to encourage lending in areas that are underserved due to the perception that they are high risk. Under this programme, Kenya Commercial Bank (KCB) introduced the Grace Loan,³⁹ which is tailor-made for individual women entrepreneurs and women business groups to meet working capital or business expansion needs. Women can apply for funds of up to US\$62,000, repayable in up to 36 months. The loan has an important training component. To access value added services, women entrepreneurs get the opportunity to join the KCB Biashara Club⁴⁰ for businesswomen and businessmen ('biashara' is Swahili for 'business'), and it had been reported online that the bank had loaned over US\$1.6 million to 350 women entrepreneurs.

37 See <http://www.ebrd.com/news/publications/brochures/women-in-business.html> (website visited 17 June 2015).

38 See <http://www.fomin.org/Portals/0/Topics/Factsheet-womenentrepreneurshipBanking2014.pdf> (website visited 17 June 2015).

39 See KCB's Facebook page <https://www.facebook.com/kcbgroup/posts/570276406339515>, (visited 17 June 2015).

40 See <https://tz-en.kcbbankgroup.com/business-banking/sme/business-clubs/detail/sme-biashara-club/>, (website visited 17 June 2015).

Support from NGOs and the private sector

Oxfam, through its Enterprise Development Programme (EDP),⁴¹ provides loans, grants and bank guarantees as well as business training to SMEs in developing countries. The programme focuses on women in agriculture. Since its launch in 2008, the initiative has supported 17 enterprises in 15 countries. The programme is seeking to raise around £5 million.

Coca Cola Company as part of its Global Women's Initiative developed the '5by20' programme⁴² in 2010. The initiative aims to assist 5 million women in Coca-Cola's supply chain to start and expand small businesses by 2020. Coca Cola will provide business training, financial services, mentoring and networking opportunities. By the end of 2012, about 300,000 women had been assisted through the initiative. Coca Cola has partnered with the IFC UN Women, Technoserve and the Bill and Melinda Gates Foundation to develop a US\$100 million three-year initiative to provide women entrepreneurs in Africa, Asia and Europe with access to finance.

Bank of Zambia has taken the lead in promoting women's financial inclusion on behalf of government and in its own operations as well as with and through the country's commercial banking sector. Details on the role of the bank (Annex IX) provides an excellent example of how high-level leadership in the financial sector can make inroads into women's financial inclusion.

SME Bank (Malaysia) enhances the capacity of women entrepreneurs to run stronger businesses.⁴³ Under the bank's Women Entrepreneur Financing Programme of the Leaders Entrepreneur Acceleration Programme (WEP-LEAP), financial products have been adapted to match the needs of women entrepreneurs who are heavily concentrated in Malaysia's manufacturing and tourism sectors. SME Bank (Malaysia) has several packages for the women entrepreneurs, depending on the size and development stage

of their enterprise. The bank has developed an incubation system through which it provides financing, entrepreneurial guidance and training. SME Bank has used its incubation centre to encourage women to enhance their business skills and grow their businesses, and it assists clients in marketing and promoting products.

Importance of equity financing for women entrepreneurs

As with the rest of the micro, small and medium enterprise (MSME) sector, equity finance is critical for the growth of women-owned enterprises, particularly in the early stages, and women-owned enterprises need to be capitalised if they are to achieve sustainable growth. Although commercial banks and micro-finance institutions have been engaged in providing credit, other sources such as equity funds, angel or investment funds are required for equity support. Worldwide, women-owned businesses attract less than 5 per cent of venture capital funds. Equity, angel and other such investment funds provide opportunities for accessing seed capital as well as technical assistance support that may enhance the sustainability of these enterprises. There are several international funds using models that target women-owned SMEs, including:

Trapezia Fund (UK)

The UK-based Stargate Capital Management created the Trapezia Fund in 2006⁴⁴ claiming to be the first equity fund dedicated to venture capital requirements of women-centred business in the United Kingdom and Europe. The Trapezia Fund offered investors the opportunity to invest in women-focused businesses for three to five years. The fund, which uses tax rebates to incentivise investors, started with US\$7 million and has invested amounts of US\$380,000 to US\$880,000 in a diversified portfolio of 10 companies led by women. A Trapezia II Fund has been created to meet the demand in the United Kingdom.

41 See <http://www.coca-colacompany.com/stories/5by20/5by20-what-were-doing>, (website visited 17 June 2015).

42 Much of this information has been drawn from Goldman Sachs (2014), 'Giving credit where it is due'.

43 See <http://www.smebank.com.my/wep-leap/>, (website visited 17 June 2015).

44 See http://stargatecapital.co.uk/trapezia_1.aspx, (website visited 17 June 2015).

Women Enterprise Development Initiative (South Africa)

The Women's Enterprise Development Initiative (WEDI)⁴⁵ is a seven-year US\$250 million closed-end, women-owned SME equity fund. WEDI achieves high social impact and above average returns on investments by using up to one per cent of funds for assessment and support required for women entrepreneurs to be successful. WEDI incorporates a multi-disciplinary approach to enterprise development, providing capacity building services to women-owned SMEs to achieve long-term growth. Operating out of South Africa, the fund covers the Southern African Development Community (SADC) region.

A Systematic Approach: the Case of India

For women's financial inclusion initiatives to be effective and successful, they must be linked to programmes and policies that address prevailing gender relations and tackle gender inequalities in other spheres. In India, various policies and practices for women's empowerment have included:

- Designating 2001 as 'Women's Empowerment Year' and announcing a National Policy for Empowerment of Women;⁴⁶
- Establishing a separate Ministry for Women and Child Development;
- Creating a National Commission for Women;
- Launching a National Mission programme for Empowerment of Women;
- Institutionalising gender-sensitive budgeting in various government departments;
- Carrying out financial inclusion initiatives and instituting a financial literacy programme with focus on women, and;
- Embarking on an ambitious 14-point action plan for public sector banks to increase women's access to bank finance (Annex VI).

Bharatiya Mahila Bank (BMB) Women's Bank

In 2013 the Indian Government set up the country's first all-women public sector bank, the Bharatiya Mahila Bank Limited (BMB). BMB was formed on the basis of a vision of economic empowerment for women. By mid-2015, the bank had more than 60 branches across the country, well ahead of its initial target of 55-60 by end of 2015.⁴⁷ While the BMB serves the entire spectrum of Indian women, in both rural and urban settings, special attention is given to those who are economically neglected, deprived, discriminated against, under-banked and unbanked, so as to ensure inclusive and sustainable growth. The bank has developed new products and services to suit the needs of women in all segments, including self-help groups (SHGs), women entrepreneurs, salaried women and women-owned companies.

The interest rate for savings is 0.5 to 1.0 per cent higher than for other savings banks. BMB has designed many women-centric products keeping in mind the core strengths of women, so as to enable them to unleash their potential, engage in economic activities and contribute to the economic growth of the country. Most products are offered at a concessionary rate to women customers. The bank also conducts programmes on financial literacy, skills development and training for women from all segments of society to enable those women to generate more income, create more jobs and access growth opportunities, as well as contribute significantly to the economic growth of the nation. The bank's management is convinced of the viability and sustainability of its operations in serving women in India.⁴⁸

Lessons learned from India's experiences⁴⁹

Access to finance for women-led business not only boosts long-term macroeconomic performance, particularly in low-income countries like India, but also brings benefits associated with greater gender equality and social cohesion. Programmes to help women entrepreneurs grow their businesses through education and training have emerged recently. There are significant

45 See <http://www.wedisa.co.za/index.html>, (website visited 17 June 2015).

46 See weblink for more details on this National Policy - <http://india.gov.in/national-policy-empowerment-women>, (website visited 28 May 2015).

47 See <http://www.bmb.co.in/>, (website visited 17 June 2015).

48 According to interviews conducted by EXIM Bank consultants on behalf of the Commonwealth Secretariat, 2014 (unpublished report).

49 Commonwealth Secretariat, op. cit.

differences in the ways women and men owned businesses approach, access and use credit to start and grow their businesses. Taking cognizance of these differences, policy-makers in India have incorporated women-specific solutions into the frameworks for improving access to credit. The evolution of the policy framework for improving access to finance for women in India has important lessons for other Commonwealth countries.

Compiling sex-disaggregated data: The encouraging performance in terms of increased access to finance for women in India was largely the result of the Royal Bank of India (RBI) initiative in capturing sex-disaggregated data for formulating policy level actions, coupled with the Indian public sector banks designing special and innovative financing products for women. This key initiative was envisaged in the RBI's 14-Point Action Plan, which pointed out that separate data about credit flow to women was not available up until the turn of the century. The RBI directive emphasised the need for all public sector banks to generate sex-disaggregated data to enable RBI to process the information and create a separate database for women. It maintained that data for women should be collected separately for amounts advanced through micro-credit, credit to small scale industries and credit to medium and large industries. A clearly laid out methodology for data compilation was drawn up as a part of the RBI's Basic Statistical Returns. This focus on sex-disaggregated data collection and compilation by RBI for both savings and lending accounts for women is an important development that can be replicated in Commonwealth member countries to increase women's access to finance for women.

Voluntary achievement of the RBI target by public sector banks: In 2000, to help overcome the hurdles women face in accessing bank credit and credit plus services, the Government of India drew up a 14-point action plan (now adjusted to 13 points) for implementation by public sector banks. The banks were advised to earmark 5 per cent of their Adjusted Net Bank Credit (ANBC) for lending to women. The banks achieved this target over a period of five years despite the fact that the RBI directive was not mandatory and there were no penalties for non-achievement. The share of credit to women increased appreciably from 2.36 per cent at end of March 2001 to 7.57 per cent at end March 2013. The banking system in India realised the importance of enhancing access to

credit for women and voluntarily made efforts in this direction. This policy directive could be suitably adapted in various Commonwealth countries.

Relaxation for women in the Credit Guarantee Fund Trust for Micro and Small Enterprises

(CGTMSE): The Government of India launched this scheme in 2000 to make available collateral-free credit to the micro and small enterprise sector, including women-led enterprises. There is a special relaxation for women entrepreneurs under the scheme with the guarantee for women-owned small enterprises being 5 per cent higher at 80 per cent. This has meant banks are more willing to lend to women entrepreneurs. Developing Commonwealth economies could apply similar guarantee funds for women-owned MSEs with some form of relaxation of conditions in the form of greater guarantee cover (as is the case in India), lower guarantee fees or easier eligibility criteria.

Combining financial inclusion and economic empowerment programmes: Some programmes have an explicit objective of increasing women's economic empowerment, with financial inclusion as just one element. Such approaches can be implemented in most Commonwealth member countries.

Establishing a separate bank focussing on Women:

As indicated above, India's first bank targeting women, the Bhartiya Mahila Bank (BMB) was inaugurated in 2013. With a large number of women in the Commonwealth countries struggling to extend financial inclusion, a separate bank that focuses exclusively on women and provides them with certain relaxations could potentially create a new avenue for their growth.

Conclusion and Way Forward

Taken together, this Discussion Paper and the companion Policy Brief on Women's Financial Inclusion produced by the Commonwealth Secretariat provide substantial information on the state of financial inclusion, as well as the gender-related differentials in relation to women's access to financial products and services. Although there has been significant improvement in financial inclusion globally between the previous World Bank Findex 2011 report and the latest Findex 2014 report, a 7 per cent gender gap persists. Therefore, it is not sufficient to merely strive for greater financial inclusion for all, but it is essential to undertake specific actions that will contribute to closing the gender gap in financial inclusion.

Gender equality is essential to improving the environment and context for women's financial inclusion. Governments should ensure there is a broad intra-governmental coalition working to reduce inequalities, barriers and constraints, and creating incentives that can enable women, as well as men, to play a greater and more constructive role in wealth creation, enterprise development, pathways to decent work, and economic and social development of nations. They should also promote the broad engagement of civil society and the private sector in pushing these agendas forward.

The Commonwealth Secretariat's Gender Section, which is in the Office of the Secretary General, has produced important guides on Gender Budgeting and its Gender Equality Policy. The Secretariat stands ready to advise and give guidance on ways of implementing the various action proposals in this Discussion Paper as well as in the companion Policy Brief (Finnegan, 2015). However, it is essential that governments and organisations take the lead at the country level to improve women's financial inclusion.

Several other international bodies have also been focussing attention on improving financial inclusion, with women as a priority target group. These include the G-20, World Bank and International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD) and World Economic Forum. At the regional level various UN bodies and development financing institutions are involved, such as

African Development Bank, Asian Development Bank, Inter-American Development Bank, UN Economic Commission for Latin America and the Caribbean. It is important to develop and reinforce membership links with these various organisations, including the Commonwealth, and to share experiences and to learn from each other.

It is excellent to have the appropriate policies and regulatory framework in place and the appropriate procedures and operational mechanisms at work. But are the outcomes equitable in terms of the number and value of services provided to women? The important lesson from reviewing progress on financial inclusion is that we cannot assume all programmes and actions address and cater equally to women and men, hence the need to conduct gender analysis and ensure the collection and analysis of sex-disaggregated data. The proof and demonstrable impact of supportive actions can best be seen in figures; the number of women who are in receipt of financial products and services, as well as the financial value of such services.

References

- African Development Bank (AfDB). 2013. Financial inclusion in Africa (Eds. Thouraya Triki and Issa Faye)
- Allen, Franklin, Asli Demirgüç-Kunt, Leora Klapper and Sole Martinez Peria. 2013. 'The Foundations of Financial Inclusion: Understanding the Ownership and Use of Formal Accounts.' World Bank Policy Research Working Paper 6290.
- Asian Development Bank (ADB). 2014. Financial Inclusion Newsletter Issue No. 4. Available online: <http://www.adb.org/publications/financial-inclusion-newsletter-issue-no-4> (website visited 18 May 2015). See also Issues Nos. 1, 2 & 3.
- Asian Development Bank (ADB). 2015. Banking services put women in business in Papua New Guinea. Available online: <http://www.adb.org/results/banking-services-put-women-business-papua-new-guinea> (website visited 17 March 2015).
- Arjumand, Faisal. 2004. 'Impact Assessment of Kashf's Microfinance and Karvaan Enterprise Development Programme.' Report prepared for UK DiFD in Pakistan.
- Aterido, Reyes, Thorsten Beck, Leonardo Iacovone. 2011. 'Gender and Finance in Sub-Saharan Africa: Are Women Disadvantaged?' World Bank Policy Research Paper 5571.
- Bardasi, Elena, Mark Blackden and Juan Carlos Guzman. 2007. 'Gender, Entrepreneurship, and Competitiveness in Africa.' In 'Africa Competitiveness Report 2007'. World Economic Forum: Geneva.
- Baydas, Mayada, Richard Meyer and Nelson Aguilera-Alfred. 1994. 'Discrimination against Women in Formal Credit Markets: Reality or Rhetoric?' World Development 22(7):1073–82.
- Beck, Thorsten, Patrick Behr and Andreas Madestam. 2013. 'Sex and Credit: Is There a Gender Bias in Lending?' European Banking Center Discussion Paper 2012-017.
- Beck, Thorsten, Asli Demirgüç-Kunt and Patrick Honohan. 2008. Finance for All? Policies and Pitfalls in Expanding Access. World Bank: Washington, D.C.
- Beck, Thorsten, Asli Demirgüç-Kunt and Ross Levine. 2007. 'Finance, Inequality, and the Poor.' Journal of Economic Growth 12 (1): 27–49.
- Better Than Cash Alliance. 2015. The post-2015 future of financial inclusion. 7 April. Available online: <https://www.linkedin.com/pulse/post-2015-future-financial-inclusion-better-than-cash-alliance> (website visited 23 May 2015).
- Bruhn, Miriam. 2009. 'Female-Owned Firms in Latin America: Characteristics, Performance, and Obstacles to Growth.' World Bank Policy Research Paper 5122.
- Burjorjee, D.M., R. Deshpande, and C.J. Weidemann 2002. Supporting Women's Livelihoods Microfinance that Works for the Majority. A guide to Best Practices. United Nations Capital Development Fund, Special Unit for Microfinance.
- Chamlou, Nadereh. 2008. The Environment for Women's Entrepreneurship in the Middle East and North Africa. World Bank: Washington, D.C.
- Cheston, Susy and Lisa Kuhn. 2002. 'Empowering women through microfinance.' In Sam Daley-Harris (ed), Pathways Out of Poverty: Innovations in Microfinance for the Poorest Families. Kumarian Press: Connecticut.
- Coleman, Susan. 2000. 'Access to Capital and Terms of Credit: A Comparison of Men and Women-owned Businesses.' Journal of Small Business Management 38(3):37–52.
- CGAP. 2015. The second coming of M-Shwari: Beyond early adopters. 13 April. Available online: <http://www.cgap.org/blog/second-coming-m-shwari-beyond-early-adopters> (website visited 23 May 2015).
- Demirgüç-Kunt, Asli, Leora Klapper and Dorothe Singer. 2013. Financial Inclusion and Legal discrimination against women: Evidence from developing countries. World Bank Policy Research Working Paper WPS6416, World Bank, Washington D.C.
- Demirgüç-Kunt, Asli and Leora Klapper. 2012. 'Measuring Financial Inclusion: The Global Findex Database.' Brooking Papers on Economic Activity.

- Demirgüç-Kunt, Asli and Ross Levine. 2009. 'Finance and Inequality: Theory and Evidence.' Annual Review of Financial Economics, Annual Reviews, vol. 1(1), pages 287-318.
- Ellis, Amanda, Claire Manuel and C. Mark Blackden. 2006. Gender and Economic Growth in Uganda: Unleashing the power of women. World Bank Group – Directions in Development series. Washington D.C.
- Ellis, Amanda, Jozefina Cutura, Nouma Dione, Ian Gillison, Clare Manuel and Judy Thongori. 2007a. Gender and Economic Growth in Kenya: Unleashing the Power of Women. World Bank: Washington, D.C.
- Ellis, Amanda, Mark Blackden, Jozefina Cutura, Fiona MacCulloch and Holger Siebeens. 2007b. Tanzania Gender and Economic Growth Assessment. World Bank: Washington, D.C.
- EXIM Bank. 2014. India Case Study: Gender disaggregation of access to finance data initiative. Commonwealth Secretariat: London.
- Financial Inclusion Insights. 2015. Value added services in Kenya: M-Shwari. Available online: <http://finclusion.org/wp-content/uploads/2014/04/FII-Kenya-M-Shwari-Report.pdf> (website visited 23 May 2015).
- Finnegan, Gerry. 2015. Strategies for Women's Financial Inclusion in the Commonwealth. Policy Brief. May. Commonwealth Secretariat: London.
- Finnegan, Gerry and Pamela White. 2015 pending. Linking women and the private sector – a win-win approach from agribusiness in Zambia, chapter In Gender Equality as a Challenge for Business and Management Education. Greenleaf Publishing.
- GEM/IFC. 2005. Gender and Growth Assessment for Uganda: Gender Perspective on Legal and Administrative Barriers to Investment. World Bank: Washington, D.C.
- GMSA. 2015. The Mobile Economy 2015. Available online: <http://www.gsmamobileeconomy.com/> (website visited 24 May 2015).
- Goheer, Nabeel. 2003. Women Entrepreneurs in Pakistan: How to Improve their Bargaining Power. International Labour Organization: Geneva.
- Goldman Sachs. 2014. Giving credit where it is due. Available online: <http://www.goldmansachs.com/our-thinking/investing-in-women/gmi-report-pdf.pdf> (webpages visited 28 May 2015).
- Gondwe, Michael. 2014. Women's access to financial services in Zambia. From speech by the Governor of Bank of Zambia at launch of study on women's access to financial services. 24 June.
- Gondwe, Michael. 2014. Opening remarks by Bank of Zambia Governor at National Women's Economic Empowerment Jubilee Expo. 22 July.
- International Capital Corporation (ICC). 2013. Women's Access to Financial Services in Mozambique, report for DFID, UKAid, NFNV. Available online: <http://www.nfnv.org/wp-content/uploads/2014/06/Mozambique-Women-Study-Final-Report.pdf> (website accessed 18 May 2015).
- IFC. Case Study: Extending financial inclusion – Integrated savings and loans: CBA and M-Pesa launch M-Shwari. IFC Mobile Money Toolkit. Available online: http://www.ifc.org/wps/wcm/connect/91a41e8040475ba0b90dbb82455ae521/Tool+10.3.+Case+Study_M-Shwari.pdf?MOD=AJPERES (website visited 23 May 2015).
- IFC. 2011. Strengthening Access to Finance for Women-Owned SMEs in Developing Countries. World Bank: Washington, D.C.
- ILO (International Labour Organization) and AfDB (African Development Bank). 2004. Supporting Growth Oriented Women Entrepreneurs in Ethiopia, Kenya, and Tanzania. International Labour Organization: Geneva.
- IMF. 2013. Women, Work and the Economy: Macroeconomic gains from gender equality. IMF Staff Discussion Note. <https://www.imf.org/external/pubs/ft/sdn/2013/sdn1310.pdf>.
- Johnson, Susan. 2004. 'Gender Norms in Financial Markets: Evidence from Kenya.' World Development 32(8):1355–74.
- Kankasa-Mabula, Tukiya. 2012. Keynote address by Deputy Governor, Bank of Zambia, at Growth-oriented Women Entrepreneurs (GOWE) conference, Lusaka, Zambia. 26 September.
- Kelkar, G. 2013. At the threshold of economic empowerment: Women, work and gender regimes in Asia. ILO: New Delhi.

- Kelkar, G, D Nathan and R Jahan. 2004. Redefining women's 'samman': Microcredit and gender relations in rural Bangladesh. *Economic and Political Weekly*.
- Klapper, Leora and Simon Parker. 2011. 'Gender and the Business Environment for New Firm Creation.' *World Bank Research Observer*, 26:2 pp.237-257.
- Lusardi, Annamaria and Olivia Mitchell. 2008. 'Planning and Financial Literacy: How Do Women Fare?' *American Economic Review*, 98(2), 413-417.
- Morrison, Andrew, Dhushyanth Raju and Nistha Sinha. 2007. 'Gender Equality, Poverty and Economic Growth.' *World Bank Policy Research Working Paper 4349*.
- Muravyev, Alexander, Dorothea Schafer and Oleksandr Talavera. 2007. 'Entrepreneurs, Gender and Financial Constraints: Evidence from International Data.' *Discussion Papers of DIW Berlin 706*, German Institute for Economic Research.
- Naidoo, Sharda and Anne Hilton. 2006. *Access to Finance for Women Entrepreneurs in South Africa*. World Bank: Washington, DC.
- Narain, Sushma. 2009. 'Access to Finance for Women SME Entrepreneurs in Bangladesh.' *World Bank Policy Research Working Paper*.
- New Faces New Voices (NFNV). 2014. *Women's Access to Financial Services in Zambia*. Report commissioned by FSD Zambia, Bank of Zambia and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) – the German Corporation for International Cooperation. Available online: <http://www.fsdafrica.org/knowledge-hub/documents/womens-access-to-financial-services-in-zambia/> (website accessed 18 May 2015).
- Organisation for Economic Cooperation and Development (OECD). 2012. *Closing the Gender Gap: Act Now*. Paris. Available online at: <http://www.oecd.org/gender/closingthegap.htm>
- Pitt, Mark, M Shahidur, M Khandker and Jennifer Cartwright. 2003. *Empowering women with micro-finance: Evidence from Bangladesh*. EDCC.
- Richardson, Pat, Rhona Howarth and Gerry Finnegan. 2004. 'The Challenges of Growing Small Businesses: Insights from Women Entrepreneurs in Africa.' *SEED Working Paper 47*.
- Rosti, Luisa and Francesco Chelli. 2005. 'Gender Discrimination, Entrepreneurial Talent and Self-employment.' *Small Business Economics* 24:131-42.
- Safavian, Mehnaz. 2012. *Are Pakistan's Women Entrepreneurs Being Served by the Micro-finance Sector?* World Bank: Washington, D.C.
- Staveren, Irene Van. 2014. The Lehman Sisters hypothesis. *Oxford Review of Economics*. Available online: <http://cje.oxfordjournals.org/content/early/2014/03/20/cje.beu010.abstract>.
- Staveren, Irene Van. 2001. *The Values of Economics: An Aristotelian Perspective*. Routledge.
- Swain, R B and Fan Yang Wallentin. 2007. Does microfinance empower women? Evidence from self-help groups in India. *International Review of Applied Economics*.
- World Bank. 2014. *Global Financial Development Report*. Available to read online: <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTGLOBALFINREPORT/0,,contentMDK:23489619~pagePK:64168182~piPK:64168060~theSitePK:8816097,00.html>.
- World Bank. 2012. *World Development Report 2012: Gender Equality and Development*. World Bank: Washington, D.C.
- World Economic Forum. 2014. *Global Gender Gap Report 2014*. Available online: <http://reports.weforum.org/global-gender-gap-report-2014/>

Annex I

Alliance for Financial Inclusion (AFI) and Banco de Moçambique (BM)

In Mozambique, a special event was organised on 7 May 2015 to celebrate the country's 40 years of economic progress and growth and to mark the 40th anniversary of the Banco de Moçambique (BM). The event, held in the capital Maputo, presented an opportunity for wider discussions on the future path of economic development in Africa, with a particular focus on the benefits of financial inclusion.

Opening the proceedings, Banco de Moçambique Governor, Ernesto Gove, highlighted the theme of the day – 'the role of financial inclusion in economic growth: challenges and prospects' – and how much it reflected the priorities of the bank.

'Financial inclusion is our priority and our desire,' said Governor Gove. 'It's about giving all people opportunity.'

In his keynote address, Alfred Hannig, Executive Director from the Alliance for Financial Inclusion (AFI), focused on the role of financial inclusion as a catalyst for development, growth, economic inclusion and social stability. He noted the strong leadership Africa had shown to the world in creating many of the most innovative and successful financial inclusion policy developments. The real impact of financial inclusion policy, he suggested, lay in its contribution to advancing more positive global engagements. 'Financial inclusion policy is a global integrator,' he stated. 'It brings people together, creates bridges for knowledge and brings benefits to all countries.'⁵⁰

Banco de Moçambique and the Alliance for Financial Inclusion (AFI) announced plans to co-host the 2015 AFI Global Policy Forum from 1-4 September 2015 in Maputo. The Forum was created as a platform for representatives of central banks and other financial sector policy-making and regulatory institutions in developing and emerging countries, to engage in dialogue and share experiences in increasing access to financial services with their peers and other stakeholders. The Forum is the largest and most significant annual global meeting of financial inclusion policy-makers.⁵¹

50 <http://www.afi-global.org/news/2015/5/18/financial-inclusion-and-growth-featured-banco-de-mocambique-40th-anniversary>

51 <http://www.afi-global.org/global-policy-forum/2015>

Annex II

The World Bank Group and Financial Inclusion

Today the World Bank Group and a broad coalition of partners – including multilateral agencies, banks, credit unions, card networks, micro-finance institutions and telecommunications companies – issued numeric commitments that will help promote financial inclusion and achieve universal financial access by the year 2020.

Galvanising private-sector investment and innovation to accelerate universal financial access, including through enabling policy and regulatory frameworks, was the focus of a flagship event at the World Bank headquarters. It brought together private-sector leaders, government regulators and the UN Secretary-General, Ban Ki-moon.

The 2020 goal calls for adults worldwide to have access to a transaction account or an electronic instrument to store money, send and receive payments, recognizing financial access as a basic building block to managing an individual's financial life. Access to a transaction account is a first step toward broader financial inclusion, which helps poor families escape poverty and afford essential social services such as water, electricity, housing, education and health care. For small firms and medium-sized enterprises access to financing can help them reduce risks, grow and expand operations.

"More than 700 million people gained financial access between 2011 and 2014, and this gives us fresh evidence that our ambitious goal of universal access by 2020 is attainable," said World Bank Group President Jim Yong Kim. "The World Bank Group's role is to convene and energize a coalition of partners – and also to step up our work. Over the next five years, our institution commits to enabling as many as 1 billion adults, who are now financially excluded, to gain access to a transaction account."

The World Bank Group's commitment builds on and scales up support to governments to create an enabling environment for private-sector innovation and investment. Priority actions include reforms to eliminate or reduce cost or distance

barriers to opening and using accounts, measures that increase the viability of new technology and business models to reach the financially excluded.

The Bank Group's private-sector arm, IFC, is also boosting its engagement with the private sector to add millions of new account holders through its investment and advisory work with financial intermediaries and other partners.

"The hard work put in to advance financial inclusion is making a great difference, as the new Global Findex numbers demonstrate. Today's commitments are an important step forward. Many national leaders have already taken bold steps to expand financial access in their own countries. To further that progress, it is important to create the right environment to catalyze private-sector investment and innovation," said H.M. Queen Máxima of the Netherlands, the UN Secretary-General's Special Advocate for Inclusive Finance for Development.

Private-sector leaders from around the world came forward with a committed set of actions to reach a specific number of people by year 2020.

"Today, MasterCard is proud to announce our commitment to the World Bank Group's efforts toward universal financial access. Our target is to reach 500 million people currently considered to be excluded from the financial mainstream. In making this commitment, we recognize that reaching full financial inclusion by 2020 requires the active engagement and commitment of the private sector, working in partnership with governments and international development organizations," said Ajay Banga, CEO & President of MasterCard. "Together, we can be agents of transformative change who create more inclusive economies and more empowered populations."

"Financial access is key to poverty alleviation in Indonesia as currently less than half of country's population has access to the financial system," said Budi Gunadi Sadikin, CEO of Bank Mandiri in Indonesia. "We are supporting the Government's initiative to distribute conditional cash transfers to millions of families and our aspiration is that the

programme evolves into utilization of branchless banking and savings opportunities for more than 50 million Indonesians by 2020."

'Since its inception, the State Bank of India has played a major role in expanding financial inclusion agenda in the country. During the first three years of its Financial Inclusion Plan (2010-13), SBI covered 20,531 villages and opened 20.2 million new accounts. As part of the second Financial Inclusion Plan (2013-16) we reached to 85,130 villages and opened 70 million accounts. We see a huge opportunity in our 70 million customers. All these customers can be sold pension and insurance products. Based on transaction history, they can be credit linked and become part of the global financial system,' said Arundhati Bhattacharya, Chair of State Bank of India.

The commitments announced today will help empower a significant portion of the 2 billion people who remain without accounts and help propel the global momentum for meeting the universal financial access goal of 2020. More commitments are expected globally as the coalition continues to grow and expand.

Extracted from World Bank press release, 17 April 2015. See full text [here](#).

Annex III

The Commonwealth and its Gender Equality Policy

Gender equality is a basic human right and fundamental principle of the Commonwealth of Nations.⁵² It is also widely recognised that gender equality has broad and positive implications for the Commonwealth goals of eradicating poverty, and promoting economic growth and sustainable, peaceful development. A wealth of evidence suggests that given an enabling cultural and legal context, better educated women can undertake higher-value economic activity; markets are more competitive if women entrepreneurs can use their talents; and greater gender equality in education and employment leads to a more productive workforce, which in turn leads to increased investment and growth. Increasing women's access to education and employment opportunities as well as other political, financial and natural resources, has also been shown to alleviate poverty and hunger, and improve maternal and child health.

Mainstreaming a gender equality perspective into the practices, policies and programmes of the Secretariat, and encouraging cross-divisional collaboration, will enhance the impact of the Secretariat's programme of assistance to member countries. On a practical level, it will enable the Secretariat to leverage multiple budgets, both within the Secretariat and among a broad range of international partners, including the private sector, to extend its influence on gender equality. This is essential for delivering on the critical targets set out in the Commonwealth Plan of Action for Gender equality 2005–2015, the Millennium Development Goals and legal obligations under international human rights law.

The Commonwealth Secretariat Strategic Plans 2008/09–2011/12 and 2013/14–2016/17 describe and reinforce gender equality as a 'key factor' and critical pre-condition for achieving its development goals across all divisions. It also makes an explicit commitment to the gender mainstreaming as an important means of achieving gender equality.⁵³

This gender policy reflects the commitment and rationale that is also enshrined in the Commonwealth Plan of Action for Gender Equality 2005–2015. Gender equality is a critical means of contributing to the Commonwealth's goals of eradicating poverty, building resilient societies and economies, developing harmonious communities and promoting sustainable development.

In 2009, the Commonwealth Heads of Government Meeting (CHOGM) in Port of Spain, Trinidad and Tobago subscribed to the Affirmation of Commonwealth Values and Principles, which recalls and reiterates the Commonwealth commitment to fundamental values and principles, including to development, democracy and diversity, and reaffirms gender equality and empowerment 'as an essential component of human development and basic human rights'. This affirmation acknowledges the advancement of women's rights as a critical precondition for effective and sustainable development.

While the Commonwealth Secretariat has often led the way in addressing the challenges of gender inequality and women's empowerment, it recognises the need to ensure that its stated commitment to gender equality and gender mainstreaming - articulated in both the Secretariat's Strategic Plan (2008/09–2011/12) and the Commonwealth Plan of Action for Gender Equality (2005–2015) – is fully reflected in its structure, systems, policies and programmes of assistance. The gender policy serves as a tool for internal harmonisation, as well as alignment with international instruments and commitments of member countries on gender equality and women's empowerment, which include:

- United Nations Convention on the Elimination of all forms of Discrimination Against Women – CEDAW (1979);
- United Nations Convention on the Rights of the Child (1989);
- International Covenant on Civil and Political Rights (1966);

⁵² Commonwealth Secretariat (2005)

⁵³ Commonwealth Secretariat (2010)

- International Covenant on Economic, Social and Cultural Rights (1966);
- The Beijing Declaration and Beijing Platform for Action (1995) and outcome documents associated with follow-up meetings: Beijing+5 (2000), Beijing+10 (2005), Beijing +15 (2010) and Beijing+20 (2015);
- United Nations Security Council Resolutions 1325 (2000) and 1820 (2008) on Women, Peace and Security (2000), and;
- The Millennium Development Goals (2000) and forthcoming Sustainable Development Goals (SDGs) from 2015 onwards.

Annex IV

Global Banking Alliance for Women

The Global Banking Alliance for Women (GBA)

is a group of some 40 institutions focused on providing education, training and mentoring, as well as access to capital and markets to women entrepreneurs. GBA also seeks to provide a better understanding of the female market to partnering institutions. It currently operates in 135 countries. The following are some examples of members of GBA with activities on financial inclusion in Commonwealth countries.

- Access Bank PLC, Nigeria
- Bank of Africa - Uganda Limited
- BCI (Mozambique)
- Centenary Rural Development Bank (Uganda)
- Chase Bank (Kenya)
- dfcu Limited, Uganda
- Diamond Bank (Nigeria)
- Diamond Trust Bank Kenya Limited (DTB)
- Exim Bank (Tanzania)
- National Development Bank, Papua New Guinea
- NBS, Malawi
- PostBank Uganda Limited
- RBS (UK)
- Scotiabank (Canada)
- Selfina (Tanzania)
- Standard Chartered (UK-based)
- UT Bank Ghana Ltd.
- WEConnect International (US-based)*
- Westpac, Australia
- Westpac Pacific Banking
- Cherie Blair Foundation for Women (UK-based)*
- New Faces New Voice (South Africa-based)*
- Womenable (US-based)*
- Women's World Banking (Global)

* Denotes non-financial institution

Focus on Women's Empowerment in UK, Canadian and Australian banks

The Royal Bank of Scotland Group (RBS), based in the UK,

believes that gender diversity enables better understanding of and responsiveness to its diverse client base. In the UK, the RBS Women in Business programme supports women-led and women-owned small and medium-sized enterprises (SMEs), recognising that women often benefit from a different type of banking approach and relationship building. The programme has more than 200 ambassadors – RBS Relationship Managers specialising in the needs of this sector. Since 2007, RBS has opened more than 110,000 women-owned business accounts, enabling the recipients to achieve their ambitions by starting up and growing successful businesses. One of the key initiatives that helped to influence and change the RBS diversity and inclusion strategy is the Focused Women's Network. As of May 2015, the network which started in 2007, has grown to 4,679 members in 30 countries, making it one of the largest women's networks in the financial services sector. The network is based on a mantra of networking, personal development, and giving back to charity, and membership is open to women and men at all levels of seniority. RBS works closely with other companies to help them achieve the same success in their organisations, and has raised over £100,000 for charity. It has been in The Times Top 50 List of Where Women Want to Work every year since it began and achieved gold status with Opportunity Now, a gender campaign charity that aims to accelerate change for women in the workplace.

Scotiabank, based in Canada, is committed to being an employer of choice for women. A governance and strategic framework introduced in 2003 to support the advancement of women was recognised in 2007 with a Catalyst Award

for its innovative approach to the recruitment, development and advancement of all women. Scotiabank's vision for women is part of its overall commitment to a workplace that is diverse, inclusive and collaborative and that provides development and career opportunities enabling all employees to reach their full potential. The bank's leaders actively support initiatives, programmes and accountability metrics that address the advancement of employees, customers and women in local communities.

Westpac, a founding member of the Global Banking Alliance and based in Australia,

understands the strength of women and the unique challenges they face. The Women's Markets Unit was established in 2000, in recognition of this influential emerging market. Since being appointed Head of Women's Markets in 2005, Larke Riemer has played a vital role in ensuring that the Unit provides women with the necessary tools to achieve sustainable and profitable futures. The aim of the Women's Markets team is to provide women with education, information and networking opportunities through a national programme run across both metro and regional Australia. The unit hosts events and seminars and supports the Westpac distribution network to develop local women's networks as a way to build advocacy and business referrals. At the 10-year anniversary of the Global Banking Alliance for Women (October 2010, Washington D.C.) the World Bank presented Westpac Women's Markets with the Global Best Practice award in recognition of the vision Westpac has maintained and developed.

In 2008 Westpac launched a standalone women's online networking website, the Ruby Connection.⁵⁴ Ruby Connection raises the profile of women in the business world and wider community by becoming the public face of their ambitions. Ruby nurtures the business leaders of tomorrow through exclusive interviews with women at the top of their professions and those on their way up, and offers its members courses, scholarships, workshops, conferences and other events and services. Ruby facilitates women to connect, meet and network online and in real time and empowers women by building their presence in the community,

connecting them with people relevant to their businesses and improving skills. Ruby is a place where new business relationships and friends can be created in a supportive environment, offering a wide range of practical advice while helping pave the way for women to lead.

The Westpac Group is also committed to leading the gender equity debate. Diversity is critical for achieving sustainable business performance in a dynamic and changing world. Recently, Westpac CEO Gail Kelly announced that when it comes to gender equity, the Westpac Group has an absolute focus on driving change within itself and beyond. The Diversity Council, chaired by Gail Kelly, requires all Executives to be responsible for sponsoring the implementation of its diversity and flexibility strategy. Westpac has also set a bold and public target of increasing the representation of women in senior leadership roles from 33 to 40 per cent by 2014. All its leaders are held accountable in their performance reviews for achieving diversity outcomes and women make up 30 per cent of its Board. In 2010, Gail Kelly announced Westpac would support women on parental leave by continuing to pay superannuation entitlements for both the paid and unpaid component of their 12 months leave. At Westpac, there's been a long, proud history of taking action to make a positive difference for women. A recognised innovator in diversity practice and world's best practice, the Westpac Group is on target to fulfil the UN Principles of Empowerment for Women, to which it is a signatory.

dfcu Bank in Uganda⁵⁵ created the Women in Business (WIB) Programme in 2007 to assist Ugandan women entrepreneurs grow through access to finance. Through this programme it has customised financial products for women entrepreneurs. For example, collateral requirements are a major obstacle for Ugandan women as they have difficulty accessing property, so dfcu created a 'land loan' to enable women to take out a loan to purchase property that they can later use as collateral for business loans. To promote partnerships among clients, the bank created an investment club savings scheme through which women entrepreneurs raise funds together to make future business investments or to use as collateral. Dfcu also provides business

54 See <http://www.westpac.com.au/business-banking/women-in-business/the-ruby-connection/> (website visited 17 June 2015).

55 See <https://www.dfcugroup.com/women-in-business/> (visited 17 June 2015).

management and financial awareness training to women entrepreneurs in addition to traditional credit product offerings. Its WIB programme has financed over US\$20 million to women entrepreneurs in Uganda.

Exim Bank in Tanzania became the first financial institution in the country to provide lines of credit to women entrepreneurs running medium sized enterprises when it launched its Women Entrepreneurs Finance Programme in 2007. International Finance Corporation (IFC) provided a US\$5 million credit line to finance the programme, and the Canadian International Development Agency helped fund the business advisory services. Exim Bank of Tanzania takes an innovative approach to address the unique challenges faced by women entrepreneurs running medium sized firms. The bank allows women to use contracts with reputable companies as collateral for loans, which average US\$160,000.

Exim Bank has developed a special product for its women clients, which is known as the Tumaini Account. The Tumaini account uses the idea that inculcating monthly thrift can provide financial support to women. The Tumaini product is based on women's reputation as good savers who strive to provide their families with education and healthcare services. The programme offers both personal loans and loans to small and medium enterprises using the savings balances in Tumaini accounts as a guarantee.

Sero Lease and Finance Ltd (SELFINA) in Tanzania⁵⁶ has used innovative techniques to better cater for women. Specifically, SELFINA offers micro leasing to female clients, which in turn allows them to ultimately own the assets and to use them as collateral when they are in need of liquidity. The direct benefit of micro leasing allows women to utilise the equipment for business growth, while an indirect benefit lies in helping women to build a reputation of repayment. SELFINA has over 25,000 female clients and has provided finance for over US\$16 million worth of assets for women entrepreneurs.

56 See <http://www.selfina.com/about-us> (website visited 17 June 2015).

Annex V

SEWA Bank, India

Workers in the informal economy face insecure employment, low incomes, lack of capital assets and of access to institutional support, and no social security benefits. Women, who make up the majority of informal workers in most countries, are generally vendors, home-based workers (such as weavers), garment-makers, food processors, craft workers, manual labourers, agricultural labourers, or construction workers. In 1972, a group of self-employed women formed their own organisation, the Self-Employed Women's Association (SEWA), to help self-employed women who earn a living through their own small business or by providing the services of their own labour. Initially it was registered as a trade union in Gujarat, India, with the main objective of strengthening its members' bargaining power to improve income, employment and access to social security.

SEWA sees itself not only as a workers' organisation but also as a movement. In this context, its members recognised the need for promoting their own financial institution. In 1974, they established SEWA's first micro-finance institution, an urban co-operative bank. These self-employed women did not have access to the financial services that would help them to upgrade their own work and productivity. As a result, a big portion of their income was going towards paying interest on loans and renting equipment. The terms of borrowing from moneylenders were exploitative and the formal banking sector was not responsive to meeting the needs of these women workers from the informal sector. In order to address this problem and free themselves from debt, the Mahila SEWA Co-operative Bank was established with 4,000 women each contributing share capital of Rs10. In May 1974, the SEWA Bank was registered as a co-operative under the dual control of the Reserve Bank of India (RBI) and the state government. Since then it has been providing banking services to poor, illiterate, self-employed women and has become a viable financial venture. These women find it useful to deal with a bank if its services are suitable for them. SEWA Bank meets this criterion through adopting simple procedures, providing door-to-door services and

offering credit based on savings performance or loan repayment history instead of collateral. SEWA Bank collaborates with the RBI, state governments, insurance companies, national housing finance organisations and the National Bank of Agriculture and Rural Development (NABARD). Initially SEWA Bank concentrated on mobilising self-employed women to save with it, and acted as an intermediary to enable its depositors to get loans from the commercial banks. Subsequently, the Bank started offering its own financial products under different categories like savings, credit, insurance, financial counselling, housing services, automated teller machines, and so on. SEWA Bank emphasises savings, particularly as most of its clients are self-employed women with low income. The main reason for the success of the Bank has been that the women themselves own it and participate in its management. This collective responsibility applies not only to reaching agreement on loan proposals and ensuring repayment for small groups, but also for raising and maintaining capital, setting interest rates on savings and providing credits. From an institutional view point, building a credit loan fund from the members' own savings has proven to be very cost-effective, and this contributes to the viability of its banking operations.

Annex VI

India's Action Plan for Credit Delivery to Women

1. Redefine banking policies and long-term plans by taking into account women's requirements in a focused and integrated manner. Banks should have in place a Charter for Women that has been published.
2. Set up women's cells at the banks' head offices as well as in their regional offices where information, counselling/guidance and other credit related services for women entrepreneurs should be readily available.
3. Simplify procedural formalities: The application forms, appraisal standards and other procedural requirements for extending finance to women entrepreneurs should be simplified as far as possible. Banks should ensure that the managerial staff assist women entrepreneurs in understanding procedural formalities and in the preparation of project reports and completion of other paperwork.
4. Orient bank officers and staff on gender concerns and on credit requirements of women. Banks should take appropriate measures to ensure that the branch-level functionaries do not have a traditional finance bias towards men.
5. Launch publicity campaigns to raise awareness about credit facilities and schemes that are available for women.
6. Organize entrepreneurship development programmes and training exclusively for women entrepreneurs. Work with existing entrepreneurship development institutes in the country to develop appropriate programmes for women in both urban and rural areas.
7. Establish specialised branches for women offering inter alia facilities like a small library, credit-related counselling and guidance services and information about various schemes.
8. Employ motivational strategies to enthuse managers and staff to achieve targets for women.
9. Put in place a monitoring system for submitting regular reports on the credit flow to women.
10. Generate data about credit flow to women and submit quarterly reports to the Reserve Bank of India (RBI) for processing to create a separate database for women.
11. Promote greater interaction between major state banks such as NABARD/SIDBI and other banks as the means to strengthen existing schemes.
12. Increase the limit on non-collateralised loans from Rs100,000 to Rs500,000 and consider whether to offer loans without collateral of sums over Rs500,000 to at least Rs1 million.
13. Involve non-governmental organisations (NGOs), self-help groups and women's co-operatives in reaching out to women, especially in the most remote regions.
14. Establish women's co-operative banks.

Annex VII

Supporting Poor Women in Malawi

'To reach a bank? That's 500 MWK (US\$1.25),' says Chimwemwe, a farmer in Bvumbwe, about 80 kilometres from the city of Blantyre, in Malawi.⁵⁷ She grows vegetables and maize to support her three children as well as two orphans in her care. Saving is important to her, to prepare for emergencies and cover school fees. Chimwemwe would love to have a bank account, but for her and others living on less than US\$2 a day, costs such as transportation and bank fees put it out of reach.

Nearly one billion women around the world do not have access to a bank account. Many of the barriers that these women face will sound familiar; lack of decision-making power within their families, lack of education, lack of formal employment. They are the barriers to women's equality that we see around the world. However, let us consider one significant barrier to financial inclusion that might not be so obvious to some: distance. While many of us pass three or four banks and ATMs on our way to work, many rural women in developing countries need to travel long distances at high cost to reach the nearest bank. These women cannot afford to take this time away from their work or their families to open bank accounts and establish a safe place to save their money. These women do not need charity, they need an innovative approach to banking.

The good news is that banks are starting to pay attention. A great example is NBS Bank in Malawi, a country where 86 per cent of the population live in rural areas. But according to 2014 data from Finscope, a survey developed by FinMark Trust and first piloted in 2002 in South Africa, these communities have drastically lower access to formal bank accounts with 27 per cent banking in rural areas versus 68 per cent in urban areas. Women throughout Malawi are less likely to have a bank account than their male counterparts. Only 27 per cent have accounts against 37 per cent of men.

With support from the UN Capital Development Fund, NBS Bank worked with Women's World Banking to better understand rural Malawian women and their attitudes to banking – from their financial goals and current methods of saving to the barriers preventing them from banking with formal financial institutions – and to design a savings account to meet their needs. They developed the Pafupi savings account. Pafupi (meaning 'close' in Chichewa, a local language in Malawi) is a mobile savings account designed for low-income people in rural areas, and especially geared towards women with no previous access to a bank account.

Here are five reasons this innovative savings account is helping banks to help women in Malawi:

1. Based on understanding women's unique needs and challenges;
2. Brings the bank to the community;
3. Offers convenience and security;
4. Helps women save, regardless of their income;
5. Empowers women

57 How innovative savings accounts can empower women, 25 November 2014 - http://www.huffingtonpost.com/jennifer-mcdonald/how-innovative-savings-ac_b_6213194.html (website visited 27 May 2015).

Annex VIII

Micro-banking for Women in Papua New Guinea (PNG) ⁵⁸

Anna Goi, a 54-year-old businesswoman in Papua New Guinea (PNG), runs a trade store selling foodstuff, second-hand clothes, toys, and jewellery, as well as offering tailoring and sewing services. The business is a family affair, as most of her five children work there. Anna is illiterate but that hasn't stopped her from opening three bank accounts, one of them with Women's Micro Bank. She is also in the process of applying for a loan with the micro bank to help expand her tailoring business.

Women's Micro Bank is the first micro bank in PNG to focus on the needs of female clients. 'We know women are better money managers than men in this country and women have particular special needs when it comes to banking services and finances,' says chief executive officer Thushari Hewapathirana.

A growing industry

The microfinance industry is growing rapidly in some of the most remote and poorest regions of the country. The Bank of PNG, the country's central bank, confirms that it has licensed no less than five micro banks to February 2015. But it wasn't always like this. Fifteen years ago, more than 90 per cent of PNG's population of about five million had no access to financial services of any kind. The percentage of the population living below US\$1.25 per day was growing. Livelihood opportunities were scarce. Since 2010, the US\$24.9 million PNG Microfinance Expansion Project has been expanding access to financial services in rural communities, supported by Asian Development Bank (ADB) and the Governments of PNG and Australia. The Microfinance Expansion Project is strengthening industry regulation and boosting the capacity of lenders to deliver a wider range of financial services and products

in rural areas, with a focus on lending, savings and remittance products to micro and small enterprises, and especially to women.

MiBank, the largest microfinance institution in the Pacific, CEO, Tony Westaway, says micro finance is not just about access to credit, but also about people having somewhere to safely put their money. 'Unbanked people bury their money in bamboo tubes in the garden and hide their money under fireplaces. Some people won't leave their homes, too scared to go to town in case their life savings are found,' he says.

In 2011, MiBank launched MiCash, the first bank-led deployment of mobile money in the Pacific, allowing access to financial services via a mobile phone. People use MiCash to save money and pay bills. It has become popular with women in particular. Kobo Davana, a 42-year-old mother of five, finds MiCash easy to use. Through it she learned to manage the money she earns from her vegetable garden and feels she has more control of her finances.

'We have migrated nearly 10,000 women customers from the non-governmental organisation that the bank emerged from,' says CEO Hewapathirana. 'In addition to these customers we have opened nearly 650 new accounts so far.' Aside from banking services, the micro bank also conducts financial literacy training for its clients. The Microfinance Expansion Project supports a large-scale financial literacy programme, targeting more than 130,000 people in PNG. At least 40 per cent of the trainees will be women. To date, about 80 per cent of the population still do not have access to financial services. 'The demand for access to financial knowledge and services in rural areas is growing,' says Bank of PNG Deputy Governor Benny Popoitai. 'Our challenge is to keep expanding our financial literacy activities to ensure more people are financially educated and help low-income earners contribute to economic development.'

58 Asian Development Bank support for Papua New Guinea. Available online: <http://www.adb.org/results/banking-services-put-women-business-papua-new-guinea> (website visited 26 May 2015).

Annex IX

Role of Bank of Zambia (BoZ) in Promoting Women's Financial Inclusion

Access to financial services – especially credit and insurance – enhances livelihood opportunities and empowers women and marginalised groups to take charge of their lives as well as improve their social and economic equity.⁵⁹ This is why financial inclusion is considered to be critical for achieving inclusive growth and poverty reduction. Women's financial inclusion has been described as 'a state in which women as individuals, members of households and entrepreneurs have access to the full range of financial products and services from convenient responsible formal service providers, offered effectively, responsibly and sustainably, and at a reasonable cost to the clients'. These products include payments, savings, credit, insurance and pensions. The 2009 Finscope survey revealed disparities in terms of financial access by gender, with male access at 41 per cent compared to females at only 34 per cent with regard to any formal or informal financial product. Informal sector banking, 17 per cent of Zambian males were banked compared to 12 per cent of females.

The Bank of Zambia (BoZ) is the lead implementer of the Financial Sector Development Plan (FSDP), which was formulated for addressing challenges in the financial sector. In the second phase of the FSDP access to finance by the various strata of society, including access based on gender, is identified as a key weakness. The BoZ has incorporated financial inclusion as a key objective under its Strategic Plan, 2012-2015. Under the FSDP, the Government of Zambia is implementing a number of programmes and building capacity for stakeholders, including the launch of the National Strategy on Financial Education with education programmes targeted at youth, women and men and Micro, Small and Medium Enterprises (MSMEs). The Bank intends to partner with women's organisations to ensure proper coverage of women. BoZ entered into a partnership with International Labour Organization (ILO) to implement the female and male operated small

(FAMOS) enterprise check tool⁶⁰ to assist banks to better serve their FAMOS clients. BoZ has also included many stakeholders, including women's organisations, into the FAMOS Implementation Task Force.

The Bank urges commercial banks and other financial service providers to:

- Explore the viability and profitability of the women's segment;
- Create innovative products that respond to women's needs;
- Find new ways of mitigating risk;
- Promote greater workplace diversity by promoting more women to senior management, and;
- Assist women to be more financially literate.

Bank of Zambia has organised financial exhibitions, inviting commercial banks to exhibit their products and reach out to better serve women at all levels. It co-sponsored the National Women Economic Empowerment Jubilee Expo, held in association with the 3rd African Women Economic Summit (AWES) in Lusaka in July 2014.⁶¹

As part of the institutional framework to support and promote gender mainstreaming, the Bank has male champions in gender mainstreaming up to the Board level, and gender is an important consideration in staff recruitment. BoZ has achieved the following milestones:⁶²

59 Extracts from speech by Dr Tukiya Kapasa-Mabulo, Deputy Governor Administration Bank of Zambia (26 July 2012).

60 The ILO had earlier developed its participatory gender audit methodology and guidelines. Subsequently the ILO adapted the methodology for application with support agencies working with micro and small enterprises to ensure equitable outreach to both female and male-operated enterprises. This tool has also been endorsed by BoZ and effectively applied to commercial banks serving MSMEs in Zambia to ensure gender-equitable service provision.

61 Extracts from speech by Dr Michael Gondwe, Governor of the Bank of Zambia, at launch of Study on Women's Access to Financial Services in Zambia, 24 June 2014.

62 Dr Michael Gondwe, Governor of the Bank of Zambia, opening remarks at National Women Economic Empowerment Jubilee Expo, 22 July 2014.

- Established the Financial Sector Development Unit in the Bank to spearhead the financial inclusion agenda, with a special focus on women;
- Rolled out the ILO's FAMOS check list in 2011 to support women's access to finance;
- Co-hosted a high-level policy dialogue in October 2013 on the theme, 'Access to Finance for Women: Promoting Gender Equality, Economic Growth and Decent Work', in a workshop that brought together government policy-makers and regulators and representatives from the private sector.
- Successfully influenced financial service providers to relax requirements for persons, particularly women, who are excluded from financial services, to improve access to banking and financial products and services;
- Commissioned the survey on 'Women's Access to Financial Services in Zambia' and co-hosted a dissemination conference to ensure the results were well known;
- Compiles sex-disaggregated data on women's access to financial services;
- Conducted a pioneering participatory gender audit (PGA), which demonstrated the Bank's commitment to principles of equality and equity;
- The Bank chairs the Task Force on Financial Inclusiveness of Women;
- established a Financial Education Co-ordinating Unit to contribute to financial education of various strata of the society including women;
- The Bank Governor has officiated over two Indo-Zambia Bank programmes at which credit was rolled out to women groups in which some 1,800 women who had no collateral have benefitted;
- Included financial inclusion as a key objective in its Strategic Plan 2012–2015.

Commonwealth Secretariat

Marlborough House, Pall Mall
London SW1Y 5HX
United Kingdom

thecommonwealth.org

