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Closing Gender Financial Inclusion Gap: A Panacea for Equity & Resilience in Sub-Saharan Africa

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Abstract: In response to decision making process towards resilience, women are largely excluded. This has culminated in women experiencing poverty, inequity and less socioeconomic supremacy than men. New economic opportunities have been created through financial services. Many factors contribute to women's financial exclusion not minding the global rise in financial inclusion. Statistics from Global Findex data base 2017 for instance records a rise from 54% to 63% on account holders in developing countries. In these statistics, women were 9% points lower than men. Sub Saharan Africa has been recorded by The UNDP as the most gender –unequal regions. Poverty, absence of financial institutions, education, and gender-based barriers have been identified as some of the factors promoting financial exclusion. The objective of the study therefore is an integration of interoperability and mobile money agent towards achieving financial inclusion of women. The study employed field survey, undertaking a baseline survey of the gaps in education, formal account holding and ability to use digital financial products. Graphic illustrations exposed the magnitude of gender gaps in financial related inclusion proxies. Innovations targeted towards promoting equity and resilience should be gender sensitive. Policies or programs that focus on enhancing women's access to financial services can thus strengthen equity and resilience.

1. INTRODUCTION

Women in most developing countries often bear the burden of poverty and limited access to economic opportunities because they are not properly represented, or they are completely ignored in decision making process towards resilience and equity. (Danielle *et al.*, 2019). This has culminated in women experiencing inequity and less socioeconomic supremacy than men. Similarly, due to poverty, most women cannot attain high educational level and other socioeconomic opportunities. Increasingly, women have fewer resources and their repudiation in decision making process contributes to their vulnerability. The outcome of such inequality is evident in the challenges they undergo and minimal benefits from economic growth (Boudet, *et al.* 2018). Central to women building resilience includes the ability to organize and effectively incorporate gender equality into national policies. The need for women to be in the global agenda hinges on their potential to immensely impact positively on the economy. New economic opportunities have been created through financial services (Leora, *et al.* 2019) Innovations targeted towards promoting equity and resilience should be gender sensitive and growth in finance has to be inclusive to bridge the inequity- gender gap. The multiple effect of women's inclusion would be manifested in their business growth which would sustain their health and family wellbeing. When women are opportune to invest in their business and families, the economy becomes better. Women gaining access to financial services improve their contribution to the economy. There is a strong correlation between susceptibility and poverty which exposes women to financial exclusion. Financial inclusion is key to women's participation in the economy.

By financial inclusion, we refer to all efforts towards incorporating businesses and households to access all appropriate financial services. The focus of financial inclusion is geared towards economic development. Financial inclusion is relevant because it improves productivity. In recent years, there has been an increasing interest among policy makers and academics towards financial inclusion due to its relevance to women. Gerry (2015,) opines that women maintain about 50% of the world's population and their active participation in financial system will promote economic growth and societal well-being. The long term implications of financial inclusion of women are enhanced income towards development in emerging markets, increased school enrolment for girls and improved support networks for female entrepreneurs (Elborgh, 2013). Women in poor communities have meagre asset base and are socially marginalized due to gender-based inequality. These women lack bargaining power within the household. Gender discrimination within a household limits access to economic resources for women. It is a form of economic violence and a display of violence to women. Many of them lack collateral with which to access financial services. (G7 French Presidency 2019) Innovative and development programs can transform rural women and reverse the existing vulnerabilities. (Kyle *et al.* 2017)

When financial inclusion is extended to rural women, it can provide a critical link to their greater economic and personal empowerment. To build such inclusive economies, African governments have been in the forefront of harnessing this. So far, however, there has been less financial inclusion between men and women as women lag in access and usage of financial products and services. Within the rural communities, marginalized women perpetually remain at the wrong side of digital divide. Financial inclusion that is all encompassing would bring equal opportunities to both male and female.

Although multiple efforts have been carried out by both private individuals and governments to support financial inclusion, so much is still required to close the gender gap. (The World Bank, 2018) Women's ability to have full access to financial services can improve women's autonomy and economic advancement. There are both social and cultural hindrances towards many women utilizing financial products and services fully. Extant literature observes that achieving a strong impact on financial inclusion of women can be fully attained by addressing multiple gender inequalities especially among rural women (Kyle *et al.*, 2017). There is therefore a great need to stress the importance of addressing the social and cultural constraints women face. No matter the sophistication and technology put in place towards promoting financial inclusion, the gender gap will persist until the constraints are addressed. The exploration of financial inclusion is very evident in Sub-Saharan Africa (SSA). However, most countries in this region are facing one crisis or another. With a rising poverty, it will be necessary not to become complacent and overlook the disparities that remain glaring for the traditionally disempowered women. Sub Saharan Africa has been recorded by the (United Nation Development Program) UNDP as the most gender –unequal regions. Women in this region maintain a 37% account as against 48% of men. Even though substantial progress has been recorded towards digital technology and new measurement techniques towards financial inclusion, not much effort has been directed towards resolving constraints of social and cultural norms concerning achieving financial inclusion. Despite the macro and micro benefits of investing in women's financial inclusion, policymakers have not consistently integrated measures to address the issue.

Regrettably, past efforts to address this women's financial inclusion concentrated in the Western world. Women in SSA have been completely ignored and as such have not benefitted from gender equity and resilience. It is this gap that this study sets to fill. This research presents a framework for the inclusion of all the unbanked and underbanked women in developing SSA. This paper distinguishes itself by offering a framework of interoperability and mobile money agent as urgent tools towards achieving gender financial inclusion in SSA.

To achieve our aim, this paper is structured into five sections. Following this introduction, section 2 gives some stylized facts on gender gap across several countries in the region. Section 3 undertakes an overview of barriers to women 's financial inclusion. Discussions on framework are contained in the 4th section while we conclude with recommendations in the 5th section.

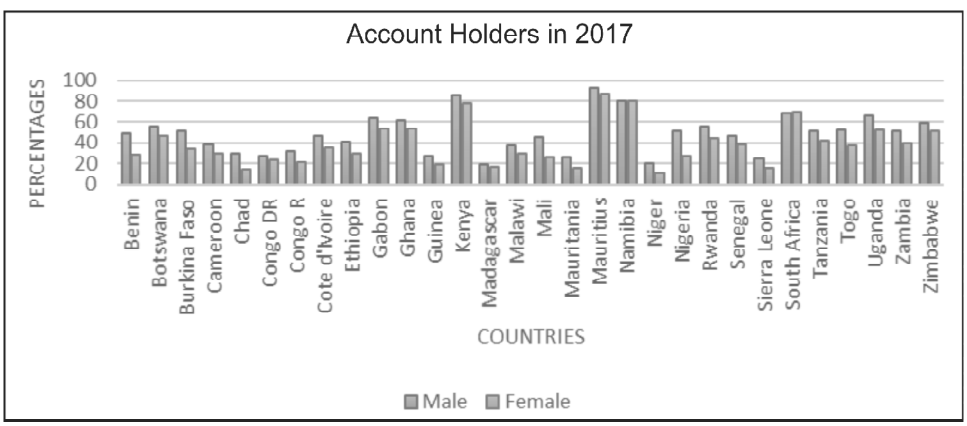
2. STYLIZED FACTS

There is a persistent gap between the financial inclusion of men and women. Many factors contribute to women's financial exclusion not minding the global rise in financial inclusion. Statistics from Global Findex data base 2017 for instance records a rise from 54% to 63% on account holders in developing countries. In these statistics, women were 9% points lower than men despite being 50% of the world's population. To be financially included, there is need to have an account for money transactions. (Leora, *et al.* 2019) Fundamentally, a bank account encourages individual savings. A large and growing body of literature has investigated access to formal savings as a tool that promotes women empowerment, improves productive investments, and enhances income. (Ashraf *et al.* 2010, Swamy, 2013).

Some graphic representations of what is obtainable in most SSA countries are presented below. Essentially, we want to look at specific gaps in different countries with the hope of motivating greater efforts to closing the gap. The first bar represents the males while the second bar represents the female.

The diagram below presents the account holding structure between male and female in SSA in 2017. The choice of 2017 was due to its being the most current data on the related issue.

Figure 1: Account Holding structure between male and female in SSA

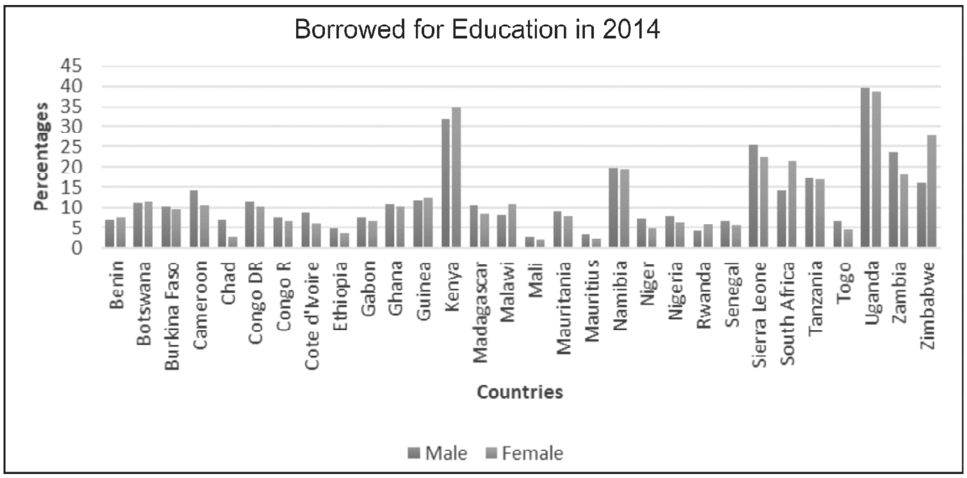


Source: Author's computation using global financial inclusion data 2019.

There are discrepancies in account holding structure of men and women across all the SSA under investigation. In some countries like Chad, Mauritania and Niger, very few women compared to men have access to bank account.

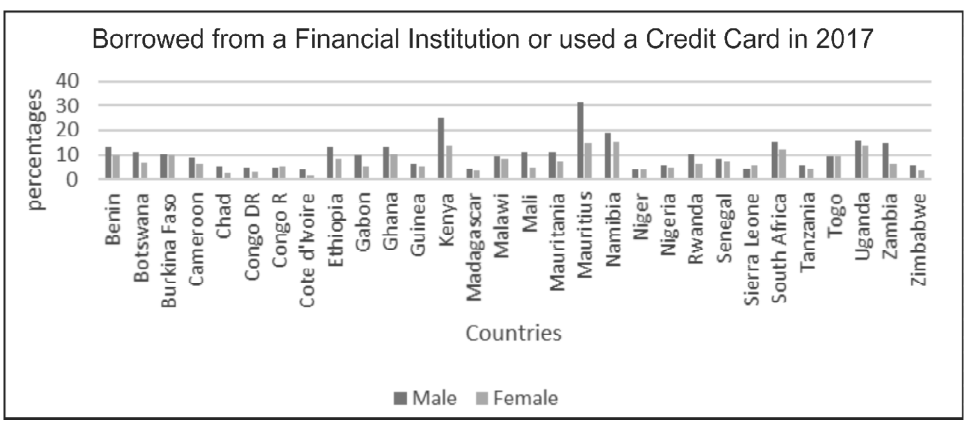
The diagram below is on funding of educational program. Education is key in achieving financial literacy. The possibility of effective use of financial services hinges on having reasonable education and being fully aware of digital financial products.

Figure 2: Borrowed for Education



Source: Author's computation using global financial inclusion data 2019.

Figure 3: Loans

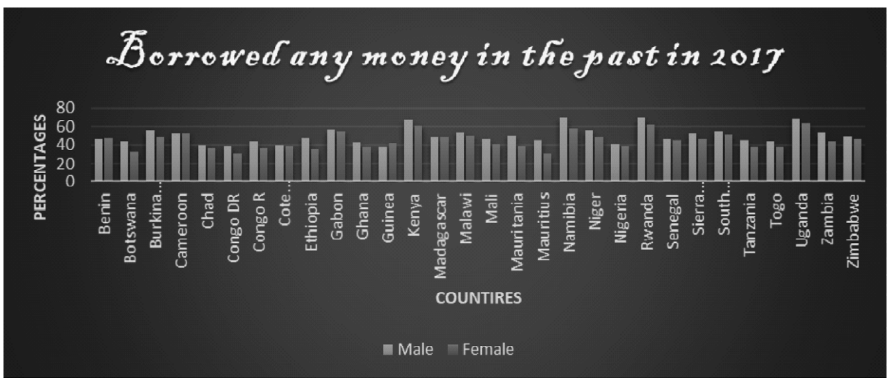


Source: Author's computation using global financial inclusion data 2019.

Findings from the above graph reveal a gender gap as many women in most SSA have limited financial literacy when compared to men. Financial literacy should be improved among women to close the gender gap.We can deduce that many women do not access as much education as men. Financial education and literacy for women are essential part of financial inclusion.

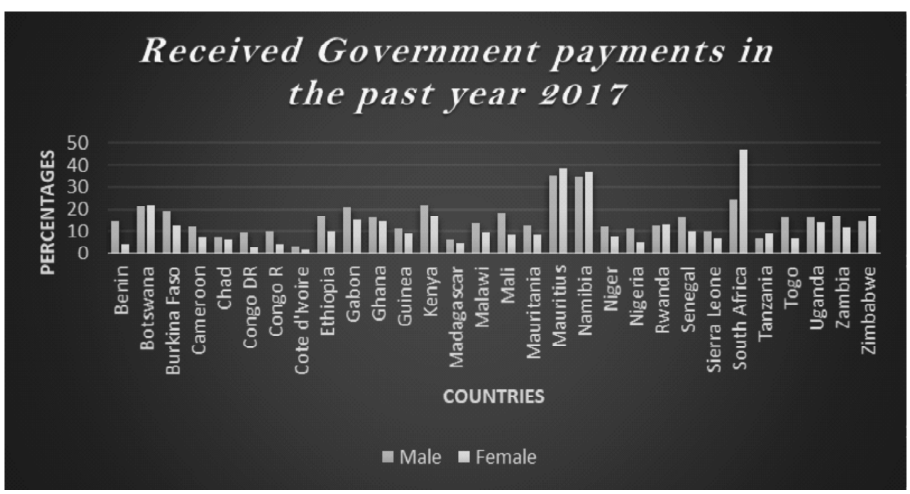
Our graph indicates that men can access bank loans more than women. In most countries, women do not have access to land and other assets which can double as collateral for obtaining loan. This further makes it near impossible for them to have formal identification like men.

Figure 4



Source: Author's computation using global financial inclusion data 2019.

Figure 5



Source: Author's computation using global financial inclusion data 2019.

Received government payments was considered in this study because some government's women financial empowerment programs are designed such that payments get to women through a digital payment option to ensure funds are not diverted. Women in most SSA find it difficult to access many intervention funding by government sometimes due to marginalization Our investigation shows that more men access more government payments than women. The 2019 Global inclusion Findex shows that in SSA countries, the gender gap in account holding, formal savings account at a financial institution where the client intends to save and money received from government payments varies from one country to the other. The explicit illustrations above have shown that gender gaps in financial access persist across all countries. Therefore, policy measures to increase financial inclusion need to be country-specific based on each country's gender gap, unique tasks and chances. Gender financial exclusions restrict women's economic openings (Gonzales *et al.*, 2015b)

3. MAJOR BARRIERS TO WOMEN'S FINANCIAL INCLUSION

Major Barriers to Women's Financial Inclusion

Women encounter many difficulties due to cultural bias and social norms. They face some challenges in trying to transact business as men do. For instance, there are some countries within SSA that do not allow women to open and operate a bank account as men. (The World Bank, 2018).

There is legal discrimination against women that affect their access to finance and invariably financial inclusion. Given the structure of ownership of women's assets in SSA,women are not entitled to own a land and other tangible assets, this inhibits their meeting up with collateral requirements. (Demirguc-Kunt *et al.*, 2013).

Correspondingly, Financial Institutions adopting the traditional know your customer regimes (KYC) that require identification and documentation to open accounts very often cannot extend their service delivery to women because most women cannot meet up with the KYC regimes.

Similarly, inability to prove one's identity remains a critical barrier to women's inclusion. More worrisome is that the financial literacy of women are very high when compared with the men. This is evident in by the fact that two thirds of illiterate people in the world are women (UNESCO, 2013)

4. FRAMEWORKS TO SUPPORT WOMEN'S FINANCIAL INCLUSION

There is a compelling need to have a closer look at what policymakers and central bankers are doing to fine-tune an enabling policy environment, and to determine what needs to be done to close the gender gap in financial services usage. This study adopted a field survey using Nigeria as a case study. The choice of using Nigeria was because of their strategic position in SSA. We observed that some communities within Nigeria do not have Banking Institutions. This study, therefore, proposes a mobile money agent as an urgent tool to close the identified gap. The creation of mobile money was ultimately to enable individuals without bank accounts access financial services. Furthermore, with mobile money, the gap between low-literacy clients and high-tech service could be closed. The reliance on over-the counter transactions while providing convenient personalized services was designed to be achieved by the mobile money agent in the form of the 'Human ATM'. The following services were regulated to be achieved by the money agent: Account Opening, Withdrawals and Money Transfer. Cash Deposit, Bills Payment and Airtime Purchase. Within communities with inadequate or no banking penetration, Money Agents are designed to become the proprietors of small businesses. Many Money Agents have been enlisted on the various Bank networks which cuts across all 36 states in Nigeria for credibility and efficiency of their operations. The choice of using Nigeria as a case study was because, Nigeria is one of the biggest countries in SSA. We proffer similar solution across SSA with like challenges, were mobile money agent are not yet in place. There is also the need for the mobile money agents to be introduced and encouraged by financial institutions and mobile network providers in virtually every community. This will be a veritable tool for increasing financial inclusion and by imperative bringing more rural women into the economic net.

Building an inclusive digital payment infrastructure through interoperability becomes another major framework to curb gender exclusion. Extensively, money transfer has been achieved with other users of the same service. Customers do not transact with anyone they choose due to digital finance systems in Africa. Digital transactions, therefore, remain peer-to- peer. Consequently, cash transactions have not reduced as people withdraw funds to meet up with other monetary commitments due to closed –loop systems. (The world bank, 2018). Sharing a payment platform with other users in different service could be achieved through interoperability with a biometric identification database. One major challenge that has excluded women has been an inability to prove one's identity. Interoperability addresses such barriers by building integrated systems that combine payments and expands access, functionality, and choice. A good number of banks and other financial institutions have observed that achieving a more convenient and beneficial service capable of sustaining and facilitating transactions for all users is by improving Interoperability.

Designing such an inclusive innovation for delivering savings, credit and other financial services to marginalized communities within SSA will unlock gender gap.

5. CONCLUSION

Our study aimed at understanding what is driving financial inclusion gap between male and female, within SSA. To answer this, we examined some various aspects of access to financial services. Our findings show that gender norms such as legal restrictions on women's right to hold property and to inherit, make women, relative to men, less likely to own an account. This also affects their ability to save, borrow and to use the full variety of financial services. These contribute to the variation in the use of financial services between men and

Women. The need for a framework that is aimed at building equity and resilience is necessitated by root causes that inexplicably affect women. This has resulted in their low income and social vulnerabilities. This paper offers a framework of interoperability and mobile money agent as urgent tools towards achieving gender financial inclusion in SSA.

The relevance of all-inclusive financial services through an enhanced financial literacy, helping women gain more autonomy, are all directed towards achieving positive impacts on nation development. In Tanzania for instance, co-titling of landholdings between husbands and wives was introduced as a reform. Interestingly, many women benefited from such reform (World Bank , 2015). We advocate such reforms across SSA. Similarly, the principle of gender equality was incorporated by The Kenya Constitution of 2010, granting women both before and after marriage equal inheritance rights. Other countries can extend this in their legal system.

Financial innovations such as interoperability and mobile money agent are becoming popular due to their documented merits in literature. However, environmental challenges may affect the operation and actualization of such innovations. To achieve success towards gender based financial inclusion, deliberate attention of policy makers is required. Given the involvedness and urgency of setting up interoperable and mobile money, governments must do the needful by calling on donor agencies to provide the required technical assistance. Both the central banks and government should guarantee best practices. Building a strong resilience and reducing inequality could be achieved once policy makers and government guarantee social protection by recognizing that women are less likely to have formal identification documents and as such policy measures towards such is pertinent. Our findings show that policy measures to improve gender financial inclusion is needed across SSA. Institutional framework, therefore, should be supportive of environment. Policies or programs that focus on enhancing women's access to financial services can thus strengthen equity and resilience.

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