HACEY

WOMEN'S FINANCIAL INCLUSION - BUILDING A BRIDGE ACROSS THE DIVIDE

WRITTEN BY
RHODA ROBINSON
OLUWATOMI OLUNUGA

+2347046835377
ssu@hacey.org
www.hacey.org

ACKNOWLEDGMENT

We would like to express our sincere gratitude to the leadership of HACEY - Rhoda Robinson, Paul Ojajuni and Isaiah Owolabi, for their outstanding leadership and valuable contributions to the success of the engagement that led to the development of this report. We also appreciate all our panellists who participated in the Panel session on technology and financial inclusion for women held during the 2023 AfricaNXT and our resource persons who contributed to the collation of the report for their insightful contributions and thought-provoking perspectives on the topic.

We extend our heartfelt gratitude to all the staff of HACEY who worked tirelessly towards the success of the panel, including Emmanuel Oni, Anne Bassey, Mayowa Shobo, Bamidele Oyewunmi, Chioma Osakwe and Covenant Salaam. Their unwavering commitment and contribution to the project were invaluable.

Finally, we would like to applaud the hard work and diligence shown by our volunteers and partners who have worked with us in putting together the content of this report and creating solutions for women's inclusion.

Oluwatomi Olunuga,
Program Manager
HACEY

AFRICANXT Panelists:
- Abiola Osunniyi, Co-founder, DiBadili Institute
- Dr. Osasuyi Dirisu – Executive Director, Policy Innovation Centre
- Lanre Akomolafe- Chief Product & Innovation Officer, Prunedge Development Technologies

Contributors
- Tomilola Akinpelu
- Damilola Oyetunji

HACEY

Founded in 2007, HACEY is a leading social development organization focused on improving the health and productivity of vulnerable and underserved populations in Nigeria and Africa, especially women and young people.

Introduction

Financial inclusion refers to individuals and businesses having access to appropriate, affordable, and timely financial products and services, such as banking, insurance, credit, and savings. In Nigeria, more than 50% of women face financial exclusion, with factors such as gender inequality, poor education, and economic disempowerment further widening the gender gap in access to financial services. This exclusion from financial services contributes to the gender and income gap, as women also need financial services to address their economic needs.

The gender gap in financial inclusion is more pronounced in rural areas, where women face additional challenges, including limited access to financial service providers, lack of information about financial products, and low levels of financial literacy. Financial services and products must be accessible to individuals across all levels of society, regardless of gender and location, through channels that are easy to access and understand.

With the proliferation of financial technology platforms and the incorporation of technology innovation in providing financial services, the possibilities for increased financial inclusion of women seem very promising. However, challenges exist in the use of technology in financial inclusion for women, particularly those in rural areas, both systemic and infrastructural. We need to explore the current realities of women's access to financial services and products and how technology can be used to close the gap.

"The Technology Solutions to Women's Financial Inclusion" panel discussion was held at the 2023 AfricaNXT. This document presents a concentration of the contributions by the panellists, individuals, and experts engaged on the subject matter. It presents an overview of the challenges of women's financial inclusion and prompts thoughts on how we can move forward faster in bridging this gap and how technology can make that jump.

PART 1

WOMEN'S FINANCIAL EXCLUSION IN NIGERIA

Financial exclusion affects individuals of all genders but is not gender-neutral, as significant gender gaps exist in access to financial products and services in Nigeria. Financial exclusion refers to the lack of access to formal and informal financial services and products, such as banking, insurance, and savings in cooperatives. In Nigeria, over 38 million adults are currently experiencing financial exclusion, affecting both men and women. However, recent data shows that women are disproportionately impacted, with half of all women in Nigeria falling into this category. The financial exclusion of women has been tied to a range of systemic exclusion factors, including limited access to education and financial information, gender and social norms, systemic exclusion such as lack of documentation, limited collateral and assets.

Limited access to education and financial education

Education plays a vital role in providing the basic foundation that all other forms of education can build upon. A strong foundation in basic education, including reading, writing, and math, is essential for individuals to understand and apply financial concepts effectively. Unfortunately, women and girls are often denied the opportunity to develop this foundation.

In Nigeria, nearly two-thirds of the out-of-school population are young girls, which further limits their access to financial education and prevents them from understanding and using financial products and services. Even when financial products are available to aid their financial inclusion, these women struggle to adopt these services due to the gap in their education. Due to limited access to education, many women miss out on essential financial information, including topics such as budgeting, investment opportunities, insurance, retirement planning, and more. This lack of financial education can severely limit their ability to make informed financial decisions, effectively manage their money, and improve their economic outcomes.

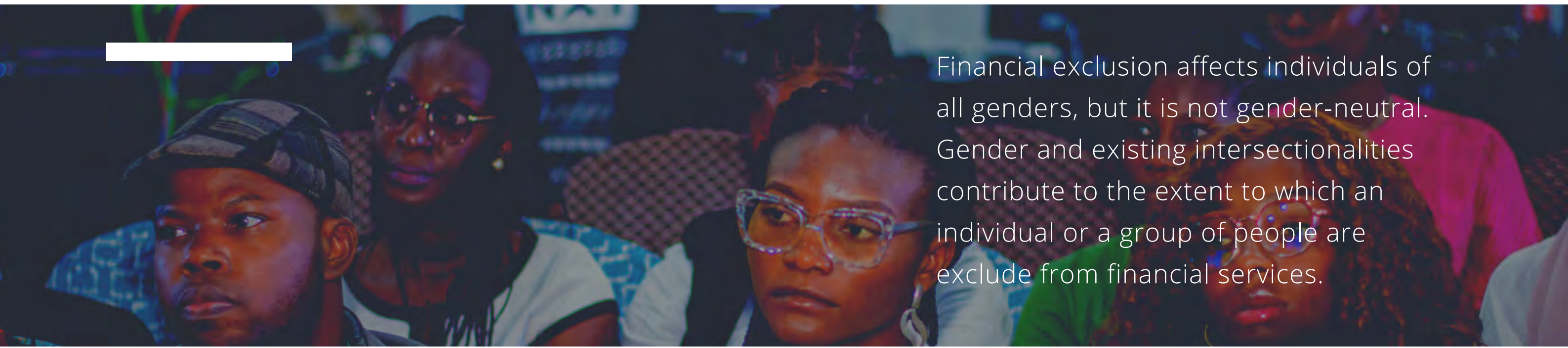
Gender & Social Norms

Gender and social norms in many communities in Nigeria limit women's active participation in and decision-making regarding their finances. Even as sole providers of income in their families, they are restricted from making decisions on the use of funds. For example, a roadside bean-cake seller in a sub-rural area of Abuja who owns an ATM card may be seen as financially empowered because she is self-employed and has access to financial services. In reality, the woman does not control the amount of money that leaves her savings account. Her husband, who stays home all day, determines how much she gets from her hard work.

This highlights the fact that, even if the money belongs to a woman, her ability to effectively manage and control it as an asset is not always solely dependent on her. Other factors, such as power imbalance, patriarchy and societal expectations can hinder her. It is therefore important to understand and address the gender and social norms that prevent women from fully participating in the financial decision-making process.

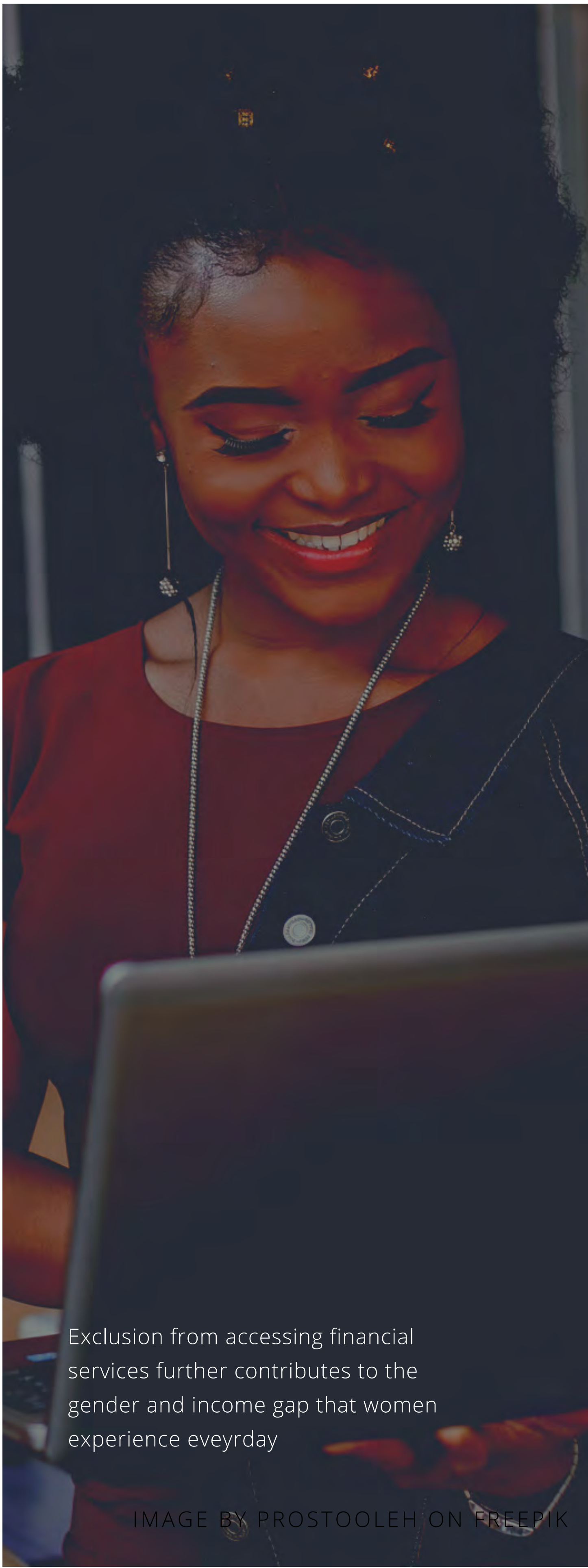
Inadequate documentation

Inadequate documentation and lack of formal identification are significant barriers to financial inclusion in many parts of the world, with women been disproportionately affected by these challenges. Women may not have access to critical identification documents like birth certificates or government-issued IDs, which are often required to open bank accounts, obtain loans or engage in other financial activities. Women often lack the necessary documentation to prove their ownership of assets, such as land or property, which can serve as collateral for loans. Additionally, they may not have the required business licenses or tax identification numbers, which can limit their access to credit and other financial services. These barriers primarily stem from existing gender bias and power imbalances within both the household and the broader community. These challenges often prevent women from accessing formal financial services and contribute to their financial exclusion.



Gender blindness in products design

Most of the financial products and services are not designed using a gendered lens to take into account the context of women who are mostly excluded from opportunities in the society. Social context, history, traditional laws, and norms have all contributed to creating a society in which women fall into the disadvantaged section of the society. When financial services and products are not developed with an understanding of women and the issues that can limit their use, there is a high possibility of unintended consequences, such as reinforcing gender stereotypes or exacerbating existing violence against them.



Exclusion from accessing financial services further contributes to the gender and income gap that women experience eveyrday

IMAGE BY PROSTOOLEH ON FREEPIK

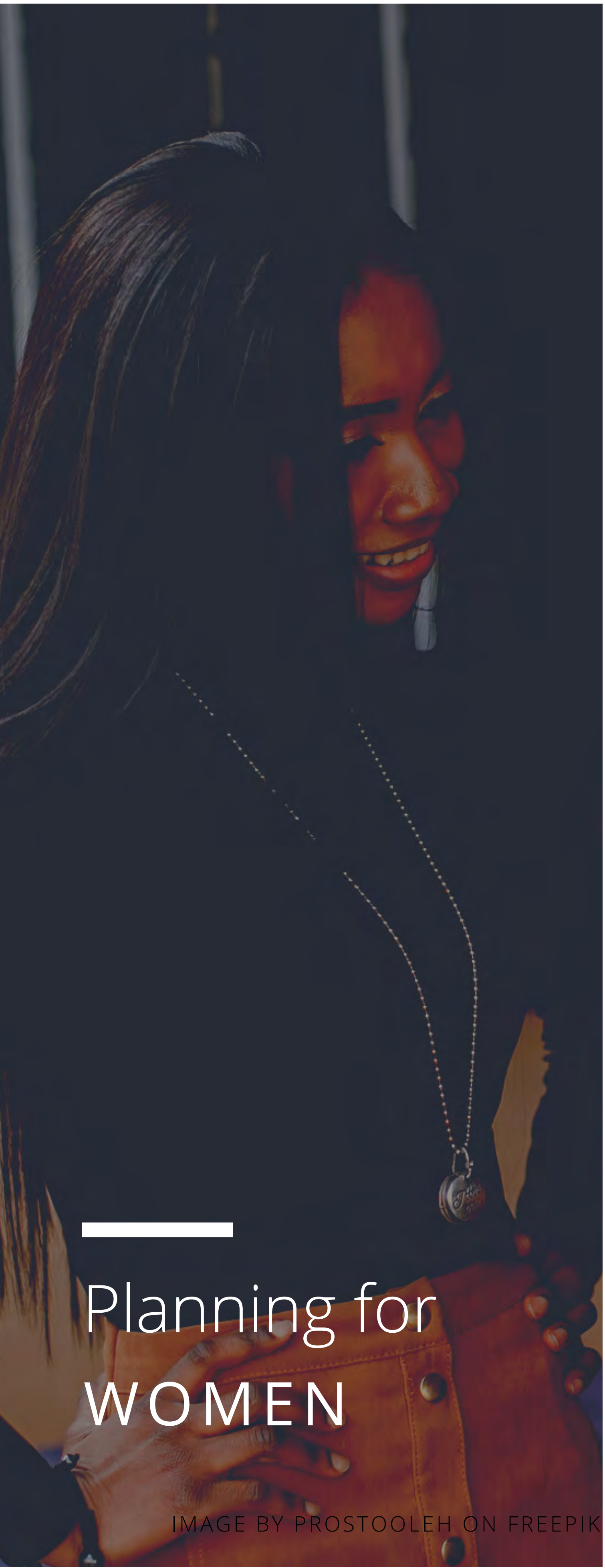


IMAGE BY PROSTOOLEH ON FREEPIK

PART 2

DESIGNING SOLUTIONS TO ADDRESS WOMEN'S FINANCIAL EXCLUSION

In order to address the key drivers of women's financial exclusion, it is important to consider key strategic approaches when designing and implementing financial solutions and services aimed at promoting women financial inclusion in Nigeria.

Participatory Bottom-up approach

A participatory bottom-up approach is necessary, involving women in the design and implementation process of financial solutions to ensure their effectiveness. Women have diverse identities, backgrounds, education levels, financial goals, and challenges that must be considered in the design of tailored solutions that are responsive to their needs. When women are involved in the design process, it contributes to ensuring that the solutions are inclusive, accessible, and responsive to their needs, and that they reflect their identities and perspectives. Through a participatory approach, information on social, economic and behavioral factors that may inhibit their use of financial services can be identified and address in the design phase. The process also builds confidence and trust in the services as it has a more targeted response to the needs of women.

Design Simple and Practical Financial solutions

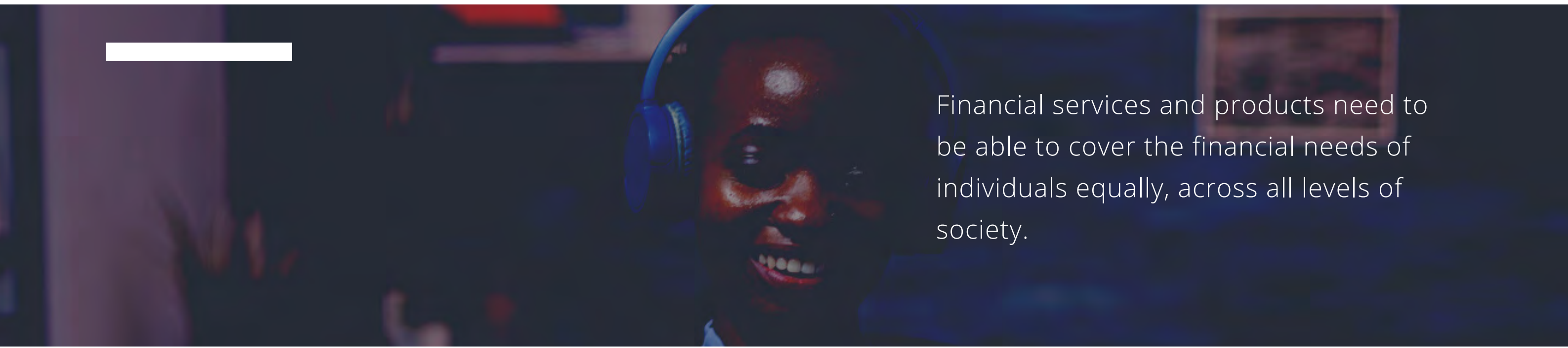
Designing simple and practical solutions that meet the needs of users, particularly women in rural communities who are often financially excluded, is also crucial. Services that can be accessed using a simple mobile phone, without relying on a smartphone or internet access, are highly functional in areas without the necessary infrastructure, were most of the excluded reside. One such successful example in Africa is M-PESA, which was initially introduced in Kenya. It is designed to allow users to send, receive, and store money using SMS and mobile phone numbers. This solution has proven effective in rural and low-income communities where traditional banking services are often inaccessible, thereby promoting financial inclusion and reducing poverty. Similar services should be made available in rural communities in Nigeria to help bridge the financial gap and empower women economically. Also, linking community-based savings groups to financial service providers, not necessarily banks, can enable women to save money, keep records, and track the benefits of their savings. These groups should be supported in a way that enables members to celebrate savings milestones and tie the savings to tangible improvements in their lives, such as educational progress, transportation for antenatal care visits, setting up or expanding business, etc.

Expansion of financial inclusion services

Financial inclusion services and products for women should move beyond savings and payment and look into areas of investment, insurance and pension. The Nigerian Insurance Association reported that insurance penetration was estimated to be around 0.31% in 2020, which is considered low compared to other countries in Africa and around the world. Financial inclusion solutions should foster and promote the use of other financial services, such as insurance, especially in a country where a trader is often one disaster away from losing their entire livelihood due to anything from a riot to someone destroying their goods or a child's medical emergency. By offering financial products and services in areas like insurance, investment, and pension, women can maintain their source of livelihood, and enjoy their money in the long run.

Digital Literacy

Promoting digital literacy among women is another important steps to achieving financial inclusion in the 21st century, as it enables them to better understand and utilize available financial services. By increasing digital literacy, women can become more confident and proficient in using digital platforms, tools, and services, which can help to break down barriers to accessing financial services. With available tailored financial services for women such as Shevest, Herconomy, ElleVest, digitally literate women will be able to access it and take advantage of its offerings.



Financial services and products need to be able to cover the financial needs of individuals equally, across all levels of society.

Enforcement of financial policies
Existing policies around agency banking should be enforced and monitored to ensure banking services are available in the rural areas. The Central Bank of Nigeria (CBN) has established a regulatory framework for agency banking operations in Nigeria, with the goal of promoting financial inclusion for the unbanked and underbanked populations in rural areas. However, despite the existence of this framework, only about 39% of rural adults in Nigeria have access to formal financial services, indicating a significant gap in policy implementation. greater efforts are needed to ensure that commercial banks establish and monitor agency structures, which can be small business owners, retailers, or other community members. Equipping agencies with digital tools such as mobile devices and point-of-sale (POS) terminals to carry out transactions on behalf of the banks increases the proliferation of access points to financial services.

Strengthened Collaboration & Partnership
Financial, technology and gender experts need to work collaboratively to effectively solve the financial inclusion problem. Each of these sectors possess unique knowledge and expertise that is essential to addressing the complex challenges of financial inclusion. Financial experts have a deep understanding of financial markets, products, and regulations, technology experts have the technical expertise to develop digital platforms and tools that can be used to extend financial services to underserved communities and gender experts have a deep understanding of the unique challenges and needs of women in accessing financial services. When they work together, innovative solutions that are sustainable and scalable will be developed.

We need to tackle the underlying factors that consistently limit women's inclusion in financial services: gender inequality, low education and economic disempowerment further widens the gender gap in access to financial services

PART 3

BARRIERS TO FINANCIAL INCLUSION

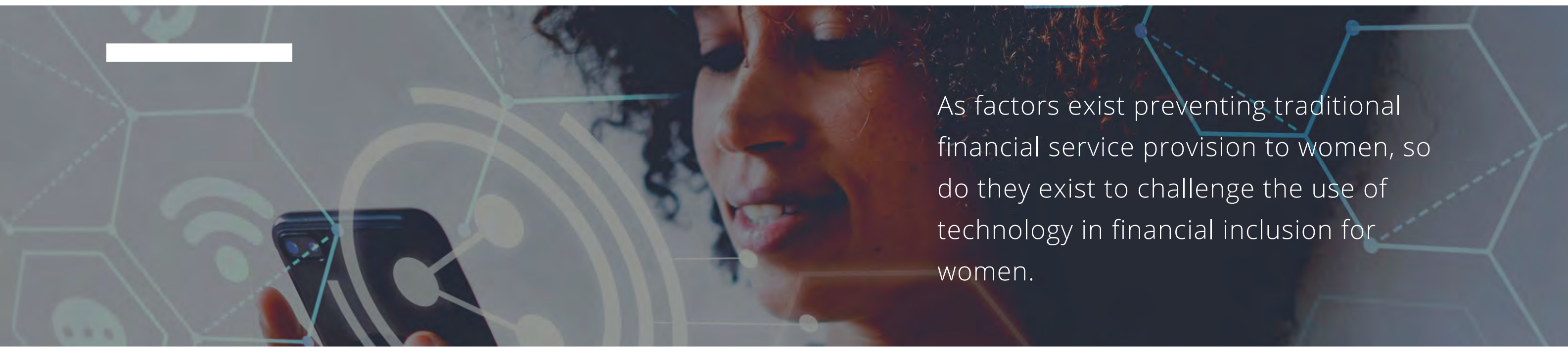
While many studies have found that technology has the potential to improve financial inclusion, there are still barriers to its use, particularly in underserved communities.

Poor Internet & Smartphone penetration
The level of internet and smartphone penetration in Nigeria is less than 50%, and most digital financial solutions require the use of smartphone and internet services for their services to be used by the community members. As a result, many financially excluded Nigerians, especially women in local communities, are unable to access these solutions. FinTechs in Nigeria tend to focus on serving the financially included population, neglecting the majority who are financially excluded due to low smartphone and internet penetration. According to a report by GSMA, only 39% of women in Nigeria own a smartphone, which is lower than the number of men who own a smartphone. Women are more likely than men to use basic phones, which offer limited access to the internet and other digital services. Additionally, only 38% of Nigerian women make use of internet services, with a gender gap of 29%. These factors contribute to low adoption of innovative and highly promising financial solutions among women, especially in local communities.

Digital skills gap
Digital skills remain a significant barrier to financial inclusion in Nigeria, as only 50% of the population possess them, with more men than women being digitally skilled. This gender gap in digital skills have significant negative impacts on the woman, economy and society, as the ability to use digital technology is becoming increasingly important in many aspects of life, including education, employment, healthcare, and communication. The process of accessing digital financial services, from onboarding to actual usage, tends to be complex and requires significant digital skills. Women who lack digital skills or are not tech-savvy will struggle with the use of existing financial services that have been made available to them.

Language
Many financial technology solutions and services are created in foreign languages or official languages that are not widely spoken, making it difficult for members of local communities to access them. With over 200 ethnics groups with individual languages, financial solutions designed in English create an understanding barrier when it comes to use. Rural communities where financial exclusion is high, tend to communicate in local dialects or more broadly, one of the major dialects in Nigeria, which is most times, not English. This means that many people will be excluded from formal financial system due to language barriers and will be unable to access digital financial services that are only offered in English.

Cost of using financial services
For many Nigerians, the cost of using digital financial services can be a significant barrier to financial inclusion. The USSD services in Nigeria often comes with charges that may seem small to an urban dweller, but can add up over time, especially for low-income individuals in peri-urban and rural communities who are already struggling to make ends meet. This could discourage people from using these services and opting for their traditional method which they consider less expensive and more convenient financial options.



PART 3

TECHNOLOGY FOR FINANCIAL INCLUSION

As technology continues to evolve and spread, it is creating new opportunities to address the financial inclusion gap and support the economic empowerment of underserved communities. One possible solution is the use of phone numbers for customer identification and onboarding, instead of the traditional onboarding process that goes into getting an account number. This approach, known as mobile-based customer identification, leverages the widespread use of mobile phones and allows users to easily sign up for financial services using their phone numbers and giving their consent.

Mobile money is a powerful tech solution for financial inclusion, particularly in regions with low bank penetration and limited physical infrastructure. By using mobile phones, individuals can access financial services, send and receive money, pay bills, and even access credit. The process of using mobile money is simple and easy and may not require a traditional bank account. Mobile money can enable financial inclusion for the unbanked and underbanked population and help to bridge the gap between different economic strata. Additionally, mobile money can promote financial literacy, as individuals have greater visibility and control over their finances.

Technology should be used to enable existing financial process used at the community level such as ESUSU, AJO. This will help to preserves the community cultural practices and empower the individuals leading the process. By strengthening these community-based financial services, they can reach a larger audience. Instead of making technology the driver of change, it should enable the change process, ensuring that local practices and traditions are not disrupted.

CONCLUSION

While digital financial solutions have the potential to increase financial inclusion, it is crucial to ensure that these solutions are accessible and user-friendly for individuals with low digital literacy. Integrating community-based financial services and practices into the design and implementation of digital financial solutions, rather than replacing them entirely will make it easier for the digitally excluded to transition better. Ultimately, a collaborative approach between government, private sector, civil society organizations and the end-user is necessary to achieve sustainable and equitable women financial inclusion through technology.

IMAGE BY RAWPIXEL ON FREEPIK

2023

CONTACT

HACEY Head Office
3 Abosede Kuboye Street, off Eric Moore Rd
Surulere, Lagos state, Nigeria
www.hacey.org : Website
info@hacey.org : Email
+2347046835377: Telephone