Taking Concrete Steps to Increase Women's Formal Financial Inclusion

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The national visions of several low income countries, including East African Community members, highlight attaining middle income country status. To support developing countries in this aspiration, a number of relevant stakeholders are promoting deeper financial inclusion as a contributor to economic growth and stability. Such initiatives however, must incorporate strong representation from economically active individuals lest developing countries continue their historical under-utilization of productive human resources. To illustrate, the France-based Africa Partnership Forum found that limited opportunities for women reduce Africa's annual per capita growth by 0.8 percent. Had this growth occurred, Africa's economies would have doubled over the past 30 years.

The world over, the scarcity of sex-disaggregated economic data and the assumption that most of women's productive work is simply a womanly responsibility has translated into the poor quantification of women's economic contributions. The proponents of deepening women's formal financial inclusion thus view it as a means of not only accelerating economic growth through a wider variety of larger and safer financial solutions, but also of tracking key disaggregated data.

While it may seem like women no longer require "special programmes," available data shows the reverse. Regarding access to formal financial services, women lag behind men in every region of the world. The World Bank's 2011 *Little Data Book on Financial Inclusion* covering 144 countries shows that on average, the percent of adult males with accounts at formal financial institutions (54.7 percent) is higher than the percent of adult females (46.3 percent). Interestingly as a region, Sub-Saharan Africa does not show the widest disparity (26.7 percent of male adults and 21.4 percent of female adults). South Asia reports 40.7 percent of male adults and 25 percent of female adults. Although regional averages are consistent however, individual country data reveals that in some countries, women are in the lead.

% men and women with a formal bank account, selected countries					
Country	Percent of men	Percent of women	**Country**	Percent of men	Percent of women
New Zealand	99.4	99.4	**Kenya**	45.6	39.2
Sweden	99.0	99.0	**Rwanda**	37.5	28.2
Slovenia	96.1	98.1	**Uganda**	25.8	15.1
Republic of Korea	93.0	93.1	**Tanzania**	20.8	13.8
Israel	88.4	92.4	**Malawi**	16.2	16.9
Mongolia	72.8	82.4	**Burundi**	8.6	5.9

Source: The Little Data Book on Financial Inclusion, World Bank, 2011

Women owned/run SMEs are estimated at just below 40 percent of emerging market SMEs. In the EAC where governments absorb a mere fraction of annual job-seekers, SMEs are a significant source of employment and production yet women owned SMEs receive limited financial support. The International Finance Corporation (IFC) estimates a US$ 20 billion funding gap for Sub-Sahara's women owned SMEs. Furthermore, of US$ 62.5 billion of new private equity investment in Africa (2009), less than eight percent was invested in women owned enterprises.

For these and other reasons, a cross-section of financial inclusion proponents are taking concrete steps to reach more women. Some examples follow.

At a June 2012 Commonwealth Secretariat roundtable that Uganda attended, several options for creating an enabling environment for women entrepreneurs in beneficiary countries were discussed. The meeting also reviewed the Secretariat's impending Gender Responsive Investment handbook designed to guide policy-makers, civil society and financial institutions on how to create fair systems for both sexes to access finance.

In Africa, New Faces New Voices (NFNV) of the Graca Machel Trust is partnering with lead financial institutions to attain increased representation of women in bank senior management and increased formal financial services access for women entrepreneurs. NFNV operates through partner pledges and women's economic summits for pledge result reporting and best practice sharing.

At the July 2012 NFNV summit in Nigeria, pledge results included IFC's disbursement of loans worth US$ 63.2 million to 1,391 women through IFC partners Access Bank Nigeria, NBS Bank Malawi and BCI Bank Mozambique.

During the same summit the Deputy Governor, National Bank of Rwanda (NBR), Mrs. Monique Nsanzabaganwa detailed Rwanda's initiatives. Operating under a Results Based Management system requiring demonstrated increased women's inclusion, NBR undertook a women's economic empowerment study resulting in the launch of a gender monitoring tool. Furthermore, ignoring banker resistance, NBR requires disaggregated data reporting on loans to women, SMEs and the districts. The resulting data guides policy design and decision making. Nigeria's and Zambia's central banks also require disaggregated data reporting.

As a final example, within East Africa the nascent Arusha-based East African Women in Business Platform is collaborating with the East African Development Bank to design a financial facility for women entrepreneurs, targeting 2014.

Concrete results from the above and other inclusion initiatives alongside increased mandatory disaggregated data reporting for evidence-based policy design and decision making should contribute towards attaining the desired middle income country status.