Her Finance, Her Future

Building Stronger Economies One Woman at a Time

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Objectives

Why does financial inclusion matter?

Women's economic empowerment, financial independence, power, and agency are facilitated through financial inclusion, using financial services, and managing their own incomes.[i] Empowering women economically drives social progress and mobility as women tend to invest their money in education and health. This results in better nutrition for children, higher levels of education, and greater resilience to shocks of all kinds that usually erode development gains and keep people in poverty.[ii] Financial inclusion plays a pivotal role in achieving Agenda 2030. It actively contributes to the realization of several goals such as No Poverty, Zero Hunger, Good Health and Well-Being, Quality Education, Gender Equality, Decent Work and Economic Growth, Reduced Inequalities, and Partnerships for Goals.[iii]

Financial inclusion means that all people and businesses have access to—and are empowered to use—affordable, responsible financial services that meet their needs. These services include payments, savings, credit, and insurance. (CGAP)

Several factors play a role in women's access and use of financial services. The most important of these are probably income and social norms. The world of work in East and Southern Africa is characterized by relatively high percentages of workers in the informal sector, while women are proportionally more represented in the informal sector.[iv] When women are employed in the formal sector they are generally employed in sectors that pay lower wages, paid less than men for the same work,[v] and enjoy limited benefits. When they have their own business they have limited access to credit.[vi]

Many of the financial inclusion barriers faced by women relate to social norms and practices as summarized in the table below[vii]:

Demand side barriers	Supply side barriers	Legal and regulatory barriers
• Lack of bargaining power in the household • Concentration on lower-paying economic activities • Competing demands on women's time (unpaid work) • Lack of assets for collateral • Lack of formal identification • Reduced mobility due to time constraints or social norms • Lower rates of cell phone ownership among women thus limiting access to digital products	• Inappropriate product offerings • Lack of gender-specific policies and practices of product design and marketing • Inappropriate distribution channels	• Account opening requirements that disadvantage women • Barriers to obtaining formal identification • Legal barriers to owning and inheriting property and other collateral • Lack of gender-inclusive credit reporting systems

What does the data say?

A 2016 FinMark Trust (FMT) study on gender and financial inclusion in all Southern Africa Development Community (SADC) Member States[viii] found significant gender gaps. These financial inclusion gaps favoured men in all countries, except South Africa.[ix] Some of these gender gaps have narrowed in recent years. A 2024 UN Women-SADC study on Gender and Financial Inclusion[x] based on the most recent Global Financial Access Survey, Global Findex, and FinScope survey data,[1] found that women are significantly more financially included and the gaps between women and men have narrowed in some instances. However, more than half of SADC Member States still have significant gender gaps on all of the key indicators.

Setting the sub-regional context of women's financial inclusion

Women's financial inclusion is partially a function of the general financial services infrastructure in a country especially with regards to access. Use of these services is further moderated by education, incomes, and social norms among other factors. Some progress has been made in recent years with financial inclusion in the sub-region with 90 percent or more of adults being financially included in South Africa, Seychelles, Botswana, Namibia and Mauritius. However, levels of financial exclusion remain very high in a third of SADC countries. More than 40 percent of the adult population

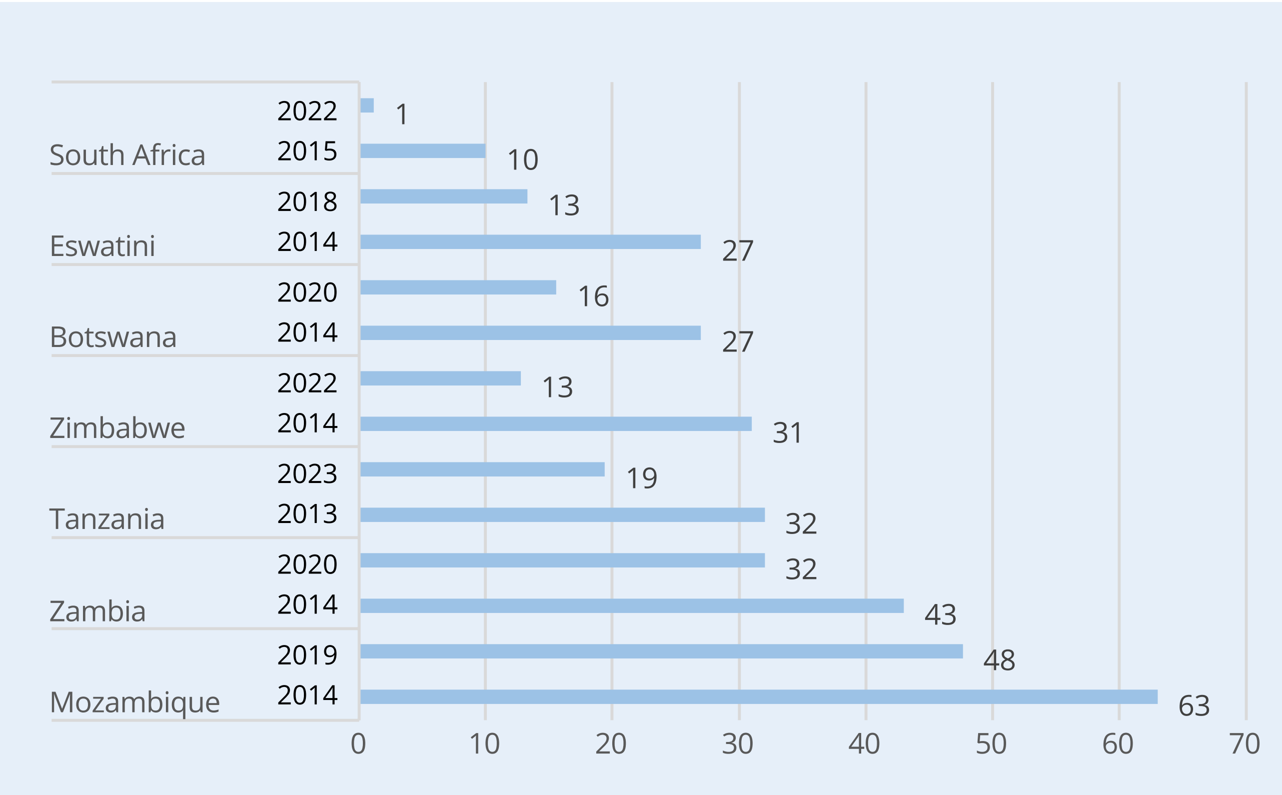


Figure 1: Changes in financial exclusion women (18 years and older) in selected SADC Member States (Percentage) (Finscope survey, years as indicated)[2]

1 The 2024 study of financial inclusion relied on Finscope data from Angola (2022), Botswana (2020), DRC (2014), Eswatini (2018), Lesotho (2021), Madagascar (2015), Malawi (2014), Mauritius (2014), Mozambique (2019), Namibia (2017), Seychelles (2016), South Africa (2022), Tanzania (2023), Zambia (2020), Zimbabwe (2022). The only countries without new data since the 2016 study are DRC, Malawi, Mauritius. Madagascar and Seychelles. These were not included in this study.

2 This figure is based on the access strand and only includes countries where data is available for two data points.

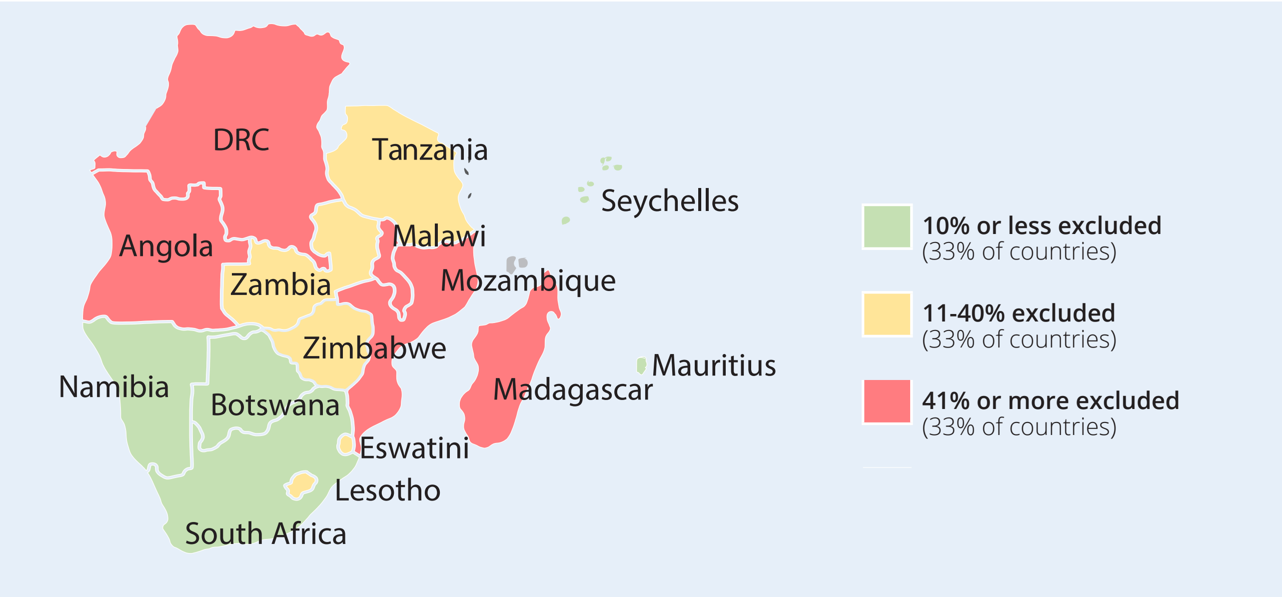


Figure 2: Financial exclusion of the adult population in SADC Member States using the access strand (Finscope survey)

are financially excluded in Madagascar (41%), Mozambique (46%), Malawi (46%), DRC (52%) and Angola (53%).

In a third of countries in the region, bank-based financial access is more likely to be used than other forms of financial access; 50 percent or more of the population use such services in Seychelles (94%), Mauritius (85%), South Africa (82%), Namibia (68%) and Botswana (56%). Similarly non-bank formal financial services are the dominant form of financial inclusion in Zambia (40%), Lesotho (48%), and Tanzania (54%).

Informal banking is very important in countries where the formal banking sector is under-developed or does not have a widespread geographic coverage. Amongst SADC Member States this form of banking is the most widely used in Madagascar where it is exclusively used by 30 percent of adults. In the remainder of Member States, less than 15 percent of adults use only informal banking services.

Gender disparities in financial inclusion

Whereas overall financial inclusion is relatively good for both women and men in eight of the 15 SADC Member States, there are some countries where high levels of financial exclusion is also accompanied by relatively high disparities between women and men. The disparities between women and men are highest in Angola with 14 percentage points, followed by Mauritius with eight percentage points, and DRC with and Mozambique each with nine percentage points. Unfortunately, for several of these low performing countries, the comparison is based on 10-year-old data further emphasizing the need for regular collection of financial inclusion data. Based on what has been observed elsewhere in the region, the rates of financial exclusion are likely to be lower for these countries. However, according to recent surveys, citizens in these countries continue to have low access to financial services (FinAccess 2022 and Findex 2021), which, to some extent, validates the financial exclusion trends based on older data.

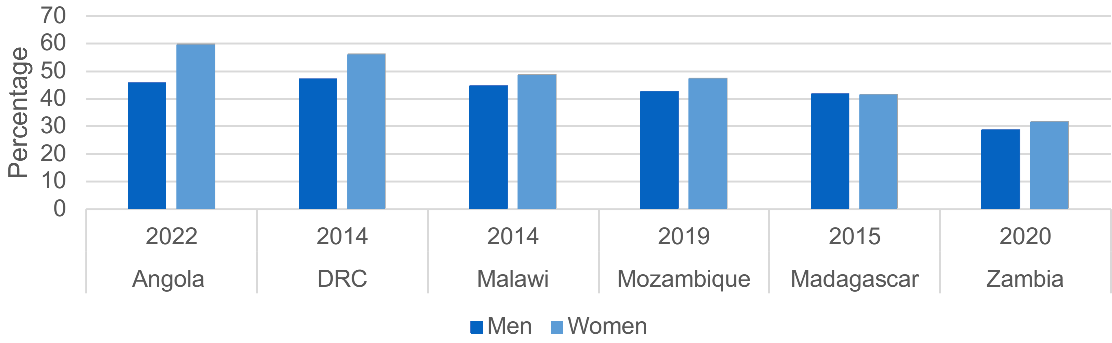


Figure 3: Percentage of men and women who are financially excluded in countries with the highest financial exclusion rates

Source: Finscope survey (years as indicated)

There are also several countries (notably also those with high overall financial inclusion rates) where women are more financially included than men. These countries are (with percentage point difference between women and men in brackets): South Africa (2.3), Eswatini (3.6), Namibia (3.8), and Lesotho (4.6). Women and men are nearly equally excluded in Madagascar, Seychelles, and Zimbabwe.

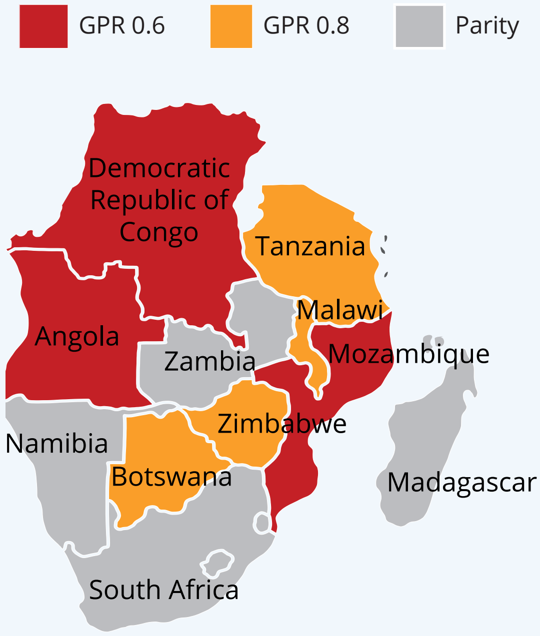
Access to and use of financial services

Even though the Finscope Survey collected the 'demand or use' component of the overall access indicator more than five years ago in six of the 15 SADC Member States, available data on the supply and access strand (Finaccess and Findex surveys) is more recent and date of collection ranges between 2020 and 2022. Account ownership is one of the most fundamental measures of financial inclusion and provides the entry point to using financial services in a way that facilitates development. SDG indicator 5.10.2 measures the proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile money service provider. Generally, bank access according to this definition is quite low; only 60 percent or more of the population has access to at least a bank, other financial institution, or mobile money service provider.

Even though recent sex disaggregated data is available for most SADC Member States, the indicator counts joint ownership and also does not reflect the extent to which women have use and decision-making powers over a joint account. With regards to account ownership, gender parity[3] has been achieved in Namibia, South Africa, Mauritius, Lesotho, Eswatini, and Madagascar, albeit for the latter from relatively low levels of overall access. In the remainder of the region, men are more likely than women to have bank accounts, with the disparities between women and men biggest in

Gender parity ratio (GPR) is a descriptive measure and represents a goal of substantive gender equality. It is calculated by dividing the value (usually percentage) of women by the value for men on the same indicator. A GPI values of 1 means that women and men have equal numerical values while a GPI of more than 1 indicates that women have a higher numerical value than men and a value of less than 1 shows the opposite. The closer the value is to 0 the more under-represented women are in relation to men.

3 A GPR of 0.9 to 1.1 is considered parity while anything below that is taken as skewed towards men and above that skewed towards women.



Country	Percentage of the population 2021 with an account	Percentage women with an account
Madagascar	26.3	25.2
DRC	27.4	20.5
Angola (2014)	29.0	22.3
Malawi	42.7	38.1
Zambia	48.5	45.0
Mozambique	49.5	38.7
Tanzania	52.4	46.0
Botswana	58.8	53.9
Zimbabwe	59.7	54.0
Lesotho	63.6	62.4
Eswatini	66.2	69.2
Namibia	71.3	69.3
South Africa	85.4	86.2
Mauritius	90.5	89.4

Figure 4: GPR and percentage of the population (15 years and older) and women with an account at a bank or other financial institution or with a mobile money service provider

Source: Findex 2021 except for Angola (Findex 2014)

DRC, Angola, and Mozambique. This mirrors the findings of previous studies, which found that in Sub-Saharan Africa, account ownership and use is higher among males, richest, middle-aged, and educated individuals,[xi] with education and income playing the biggest role. The same study found that the barriers to account ownership are lack of money, high cost of opening and maintaining bank accounts, distance to the facility, onerous documentation requirements, and lack of trust in financial institutions.

Access to a bank account provides a pathway to absorption into the formal financial sector and its associated benefits. Financial services can help women and women entrepreneurs acquire assets and credit as the basis for livelihood and income-generating activities (IGAs). Account ownership in the sub-region is closely associated with physical access– banks per 100,000 persons in the population as well as automated teller machine (ATM) population ratios, of the FinAccess surveys of 2021 closely resembles the actual account ownership patterns[xii]. When there are significant disparities between women and men, physical access as well as social norms and socio-cultural practices impact on the use of financial services. In the absence of access and use of formal financial services, informal mechanisms, which can include savings clubs and individuals and organizations, provide these services outside the financial regulatory service. Account ownership does not always translate into using debit or credit cards for financial transactions and there is considerable variation between Member States. In Mauritius, at least 80 percent of the adult population owns a credit or debit card whereas in Malawi, Madagascar, and the DRC, fewer than 10 percent have access to credit or debit cards. Similar to other financial services, the overall gender difference in the SADC region for credit and debit card ownership is biased toward men in all countries except Malawi.

The use of banking services follows a similar pattern to account ownership and use of debit and credit cards:

- Slightly less than half (45%) of adults reported using bank financial services;
- Overall, in the SADC region, bank services usage is skewed toward men (4% gender gap);
- Similar to account ownership, Mauritius, Namibia, Seychelles, and South Africa have the highest proportion of adults using banking services compared to other SADC Member States;
- Namibia, Seychelles and South Africa have a negative gender gap, which means that in comparison to men, women are more likely to use banking services;
- In Angola and Madagascar, less than 15 percent of the respective adult populations are using banking services.

Use of financial services

Savings

Approximately half of the adult population in the SADC region has saved money for investments or future needs (Findex survey 2021). In most countries (11 out of 15), more than 50 percent of the population has indicated that they have savings. The gender gap is 5 percent overall and skewed toward men indicating that men are more likely to save than women. However, in Eswatini and South Africa, women are slightly more likely to save than men. The most widely used platforms for saving include financial institutions, mobile money, savings clubs, and saving with non-family members.

Credit and borrowing

Demand for credit among the adult population from countries in the SADC region is high as overall, 52 percent of adults here indicated that they have borrowed or taken credit from either formal or informal sources. The incidence of borrowing is very high in the DRC, Eswatini, Lesotho, Malawi, Namibia, South Africa, and Zambia where 50 percent or more of adults indicated that they have borrowed in the past. Although the gender gap is overall skewed toward men, women were found to be more likely to borrow money than men in Eswatini, Madagascar, and South Africa. Although a significant proportion of the adult population borrows from formal sources such as formal financial institutions and mobile money, borrowing from family members and friends is the most common avenue across the SADC region.

Remittances

Due to data limitations, the report only examined domestic remittances. In the Findex 2021 survey, remittance measurement reveals whether a respondent received or sent money prior to the survey. Nearly half (46%) of the adult population in the SADC region has previously transferred or received money. Furthermore, in almost all SADC countries, men are more likely to be sending/receiving money than women (a 7-percentage point gender gap).

Formal channels, such as money transfer services and using an account, are the most commonly-used platforms in most SADC countries although informal means are also widely practiced.[4]

Use of digital financial services

The technological revolution will set the pace in the coming decades for economic and social development; the digital divide and the inequality associated with that isa likely to deepen unless access and inclusion issues are addressed.

Significantly, more work is needed in this respect in most SADC Member States as digital financial transactions (a key indicator of engagement with the technological revolution) are not widely practiced in the sub-region. Only four out of 14 Member States had 60 percent or more of the individuals surveyed make or receive a digital financial transaction (Findex 2021). With regards to gender parity, men are more likely to make or receive a digital payment than women in Madagascar, DRC, Malawi, Mozambique, Tanzania, Botswana, and Zimbabwe. Parity has been reached in Zambia, Lesotho, Eswatini, and Namibia.

4 Due to data limitations, the gender comparison between women and men of usage platform indicators could not be done.

Table 1: Key digital financial services indicators, (2021)

Country	Population made or received a digital payment (% age 15+)	Women made or received a digital payment (% age 15+)	GPR - made or received digital payment	Population mobile money account (% age 15+)	Women Mobile money account (% age 15+)	GPR - Mobile money account
Madagascar	24.0	22.0	0.8	19.0	18.1	0.9
DRC	25.9	19.3	0.6	22.5	15.7	0.5
Malawi	40.5	35.7	0.8	34.6	30.3	0.8
Mozambique	42.7	31.5	0.6	29.6	21.5	0.6
Zambia	46.6	44.0	0.9	41.8	39.3	0.9
Tanzania	50.0	44.4	0.8	45.0	40.3	0.8
Botswana	51.8	46.9	0.8	37.0	31.9	0.8
Zimbabwe	57.8	52.1	0.8	50.8	45.9	0.8
Lesotho	58.6	58.1	1.0	46.0	44.5	0.9
Eswatini	64.1	67.9	1.1	56.3	60.4	1.2
Namibia	66.5	64.3	0.9	42.7	41.0	0.9
Mauritius	80.0	75.1	0.9	16.0	17.0	1.2
South Africa	81.0	82.1	1.0	37.0	39.0	1.1

Source: Findex 2021

Social Protection

Comprehensive social protection systems can contribute to poverty eradication and reduced inequalities, stimulate productive activity and economic growth, and create resilience in the face of multiple and recurrent crises—particularly if they work in tandem with other social and labor market policies[xiii]. Women generally tend to occupy unprotected and informal jobs and enjoy less benefits and social protection than men. Within the context of financial inclusion, the key indicators that are measured to reflect social protection include access to pensions and insurance. For the SADC sub-region, levels of social protection are generally low for everyone–pension coverage for women is below 45 percent for all countries while only the Seychelles, South Africa, and Lesotho have insurance coverage for more than 50 percent of women. Using GPR, women are less likely to have insurance than men in half (7 out of 14) SADC countries and pensions in 13 out of 14 countries. In South Africa, Eswatini, and Lesotho, the GPR ratios of more than one for insurance suggest that women are more likely to have insurance than men.

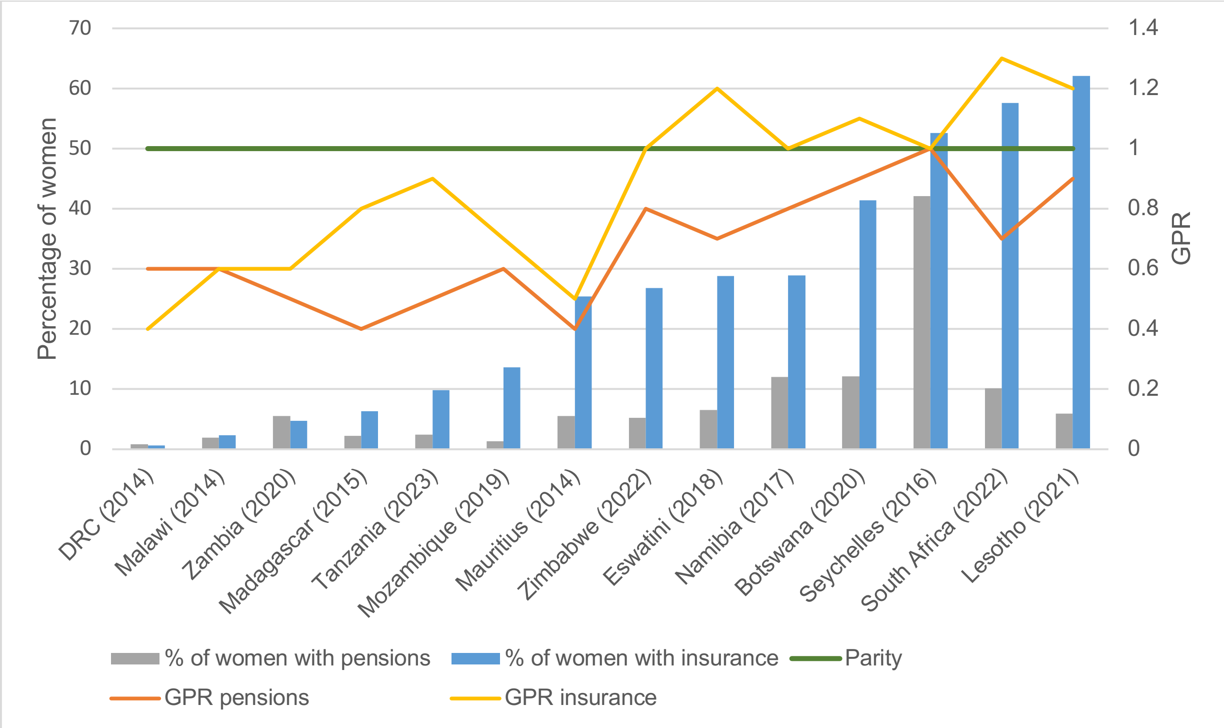


Figure 5: Gender parity ratios for pensions and insurance with the percentage of women in each country who have access

Key findings and recommendations

1. Data availability and lack of standardization

Findings:

Data is not collected regularly, and a range of methods and standards are used. Even when collected, the data is not disaggregated by sex as a matter of course (if the relatively small sample sizes allow for meaningful disaggregation). Access and supply data, which is normally provided by central banks, is more recent for all countries except Angola but data related to the demand-side, use, and impact is not frequently collected. This could be attributed to financial constraints in some countries but may also be associated with limited political will and prioritization.

Recommendations:

Create a standardized framework based on an integration of existing World Bank (WB), SADC, and IMF frameworks and methods to improve data collection. This will be instrumental in improving comparability particularly for impact and outcome assessment. More sustainable and cost-effective data collection methods need to be identified and key indicators included in regular national statistics offices' (NSOs') data collection. The solution should prioritize selecting indicators for the common measurement framework that align with the global framework for financial inclusion as these indicators are already being collected by partner organizations such as Findex (WB) and FinAccess (IMF).

2. Several countries continue to have low levels of financial inclusion

Findings:

Several factors may influence poor financial inclusion in some countries in the region. This could include poor infrastructure (physical and digital), regulatory environment, level of economic development, financial literacy/capability, technological innovations, social and cultural factors, and government policies/initiatives.

Recommendations:

The implementation of SADC's Financial Inclusion and Access to Finance Strategy should be specific to the needs of Member States as most are at different levels on the financial inclusion ladder. SADC and other stakeholders should engage more with countries with low levels of financial inclusion and identify the underlying reasons to co-create appropriate interventions. There is need to enhance the availability of digital financial services such as mobile money and digital banking especially in rural and isolated regions with limited physical bank infrastructure. Resources should be allocated to develop infrastructure and establish partnerships to guarantee consistent connectivity and cost-effective availability of mobile devices. Financial Services Providers (FSPs) should be appointed to create and market financial products and services customized to women and men's distinct requirements and needs. These may consist of, among other interventions, savings accounts with adaptable withdrawal choices, microloans for women entrepreneurs, and insurance products tailored to reduce risks that impact women.

3. Persistent gender gaps with women more likely to be financially excluded

Findings:

The study suggests that gender disparities persist in most Members States across key financial inclusion indicators. The gender gap is not only influenced by poor access and lack of customer-centric products but also incomes, traditional gender roles, and societal norms, which often restrict women's access to financial services.

When women thrive, societies prosper. Financial inclusion of women is not just a necessity, but an imperative for sustainable development. Let's make it happen.

Recommendations:

There is need to:

- Implement inclusive financial education programs aimed at adults, especially women, of all age groups and in rural areas.
- Evaluate and revise regulatory structures to eliminate obstacles to women's financial inclusion.
- Support and incentivize women-owned businesses through targeted assistance such as access to capital, training, mentorship, and networking opportunities. Promote financial institutions to implement gender-sensitive lending processes and explore alternative collateral choices.
- Encourage cooperation among governments, financial institutions, civil society organizations (CSOs), and international development agencies to work together and exchange successful strategies for advancing gender-inclusive financial inclusion. Create forums for sharing knowledge and engaging in reciprocal learning. For example, deep-dive research should be conducted in countries with higher financial inclusion levels and negative gender gaps to provide lessons.
- Tailor policies to address the specific needs and considerations of women and men and mainstream gender in all financial inclusion policies and programs. This involves performing gender impact evaluations, establishing goals for women's participation, and tracking advancements towards gender equality in the accessibility and utilization of financial services.

Endnotes

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