




Webinar Summary

ACCELERATING WOMEN'S FINANCIAL INCLUSION: Strategies to Foster an Inclusive and Equitable Financial Landscape for Women

 25 January 2024

CONTEXT

The issue of financial inclusion has been a persistent challenge universally, with significant implications for the sustainable development of any country. Despite progress over the past decade, a substantial gender gap persists globally, with women disproportionately excluded from formal financial systems. Around the world, 57% (Global Findex Database 2021) of the unbanked population is female, representing around a billion individuals (Women's World Banking, 2024). This exclusion exacerbates existing inequalities, limiting women's access to economic opportunities and hindering their ability to participate fully in their communities' developments. If women could have participated in financial activities equally to men, \$12 trillion could have been added to the global annual GDP by 2025 (Women's World Banking, 2024).



Bangladesh reflects these global trends, with considerable barriers to women's financial inclusion. The gender gap in account ownership has remained the same since 2017 with around 20 percentage points in Bangladesh. (Global Findex Database 2021). The lack of credible sex-disaggregated data makes it difficult to identify key variables that can either stop women from being financially included or that could open opportunities for them.

Bangladesh is among the 52 countries with a National Financial Inclusion Strategy (NFIS) which plays a crucial role in addressing financial inclusion challenges. The National Financial Inclusion Strategy-Bangladesh (NFIS-B) was launched in 2021 and represents a concerted effort to prioritize financial

inclusion as a national policy objective in Bangladesh. By adopting a comprehensive approach grounded in the principles of commitment, cooperation, coordination, co-existence, and comprehensiveness, the NFIS-B aims to expand access to financial services for all segments of society, with a particular emphasis on marginalized groups such as women and youth.

However, despite the NFIS-B's overarching goals, specific policies and programs targeting women's financial inclusion remain limited. To address this gap, the proposed Women's Financial Inclusion Strategy/Guidelines in Bangladesh could serve as a complementary framework, providing tailored interventions to overcome the unique barriers faced by women in accessing and utilizing financial services.



OBJECTIVES

- To understand the importance of strategy in bridging the barrier to women's financial inclusion.
- To identify key recommendations for addressing the barriers and advancing the financial empowerment of women.

DISCUSSION AND RECOMMENDATIONS



Nurun Nahar (Panelist)

Deputy Governor, Bangladesh Bank

Bangladesh Bank has been making regulatory changes to tackle the challenges women often face in joining the formal financial ecosystem. Bangladesh Bank has identified some key challenges: Women often have limited documentation resulting in constraints to fulfill KYC at banks and financial institutes; women might have informal or irregular income streams; women lacks digital and financial literacy; women business owners face limitation in collateral guarantees; women face cultural and social barriers; women are discriminated against and deprived of financial services due to the norms of society; and lastly, the perceived exclusion meaning women have a perception that formal financial services are not designed to cater to their needs.

Keeping these barriers in mind we have developed an NFIS-B to bring everyone into the financial ecosystem. We have a separate unit at Bangladesh Bank for NFIS-B which is coordinating between the government, private and international organizations to implement the NFIS-B. Through the implementation of this strategy, we hope to bring all citizens of Bangladesh including women within the formal financial ecosystem. We still don't have any insurance products; we have a credit guarantee fund that will be helpful for women entrepreneurs.



Marina Dimova (Panelist)

**Director, Global Head of Financial Industry & Network Advocacy
Women's World Banking**

At Women's World Banking, we work with financial institutions, policymakers and other players in the ecosystem to design scale and invest in products, services, and policy solutions for women customers. We firmly believe that, when women move forward the world also moves forwards with them. Therefore, we design products that put women at the centre.

About 6 years ago, we identified a gap that there was not a comprehensive design process to help institutions design women-centric products. So, we decided to develop such a design methodology to fill the gap. We call it 'women-centric design'. Our women-centric design has proven to be effective in developing products and services that focus on women's financial inclusion by increasing usage and access to financial services. We provide step-by-step guidance on how to design products. From identifying the problem, customer research, developing products and features, and user testing, to piloting and scaling up.

The methodology is inclusive and iterative and it can adapt to a constantly changing environment. Most importantly it delivers tangible business results. So, as a methodology, it helps to build a process of how to design a product. Currently, we have a billion women who are underserved by formal financial service providers. This is one of the largest and untapped markets and a huge business opportunity. We see an untapped annual revenue of \$700 billion for banks and institutions to take advantage of, if they can provide financial services to women as they provide for men.

Insurance is an excellent product to mitigate risks. It can be used by individuals, families, or micro-entrepreneurs. We have previously designed products that give extra support to women CMSMEs while they are risking the health of their business and themselves. These are hospital cash products. It will support the revenue and profit of their businesses. We have seen uptake of these products by women.



Snigdha Ali (Panelist)

**Bangladesh Country Lead for Financial Services for the Poor
Bill & Melinda Gates Foundation**

The recent past shows that the push during the pandemic from the policymakers helped many marginalized women who previously did not receive any financial services. These underserved women were able to access formal services due to the life-saving initiatives supported by the government and private sector like wages, packages, remittance, etc. Furthermore, women who did not have access to mobile phones like men now have. Many of them now receive money as wedges, remittances, and social safety nets in their phone and mobile wallet. Since we now have the infrastructure, it is doable to increase women's usage of financial products but some sticky problems are still putting us behind. Private sectors must look at the business cases of how getting women customers will be more profitable and sustainable for them.

We already have fantastic policies; our policy is inclusive and timely but compliance is where it's

lacking. As the Deputy Governor of Bangladesh Bank mentioned, the central bank has issued several directives for private banks to comply in setting up a desk at the offices dedicated to women clients to ensure collateral-free and interest-free loans for CMSMEs and many other services for women but the reality differs when it's time to implement them.

Although insurance is not a popular financial service in Bangladesh, it is becoming more important. The private sector is disseminating information on health and agricultural insurance for the overall well-being of women and their families. We believe that Bangladesh will not be behind in this aspect after 3 to 5 years. Bangladesh will see an uptake of new insurance products. As women are unrepresented in the formal economy even in agriculture, crop insurance or climate mitigation insurance are usually not yet targeted towards women.



Dr. Selim Raihan (Moderator)

**Professor at the Department of Economics, University of Dhaka
Executive Director, South Asian Network on Economic Modeling (SANEM)**

This discussion has emphasized three significant aspects: regulatory factors, global experiences, and successful examples worldwide. In terms of the success story of women's financial inclusion, the Gates Foundation has made a significant contribution. A few opposing topics have also been highlighted, such as the difficulties in implementing financial inclusion policies and formulating policies. The mechanisms for women's economic empowerment must also be our primary concern, in addition to the financial products offered by financial services. There is a significant underrepresentation of women in the formal labor force. Nevertheless, there exists a connection between the economic empowerment of women and women's financial inclusion. As an illustration: women's use of MFS has expanded as a result of getting social safety net benefits. However, the sustainability issues are being undermined. Thus, the problem is not a lack of policy, but rather the state of politics and the economy as a whole. Women predominantly engage in informal labor sectors, where their bargaining power is limited, and constrains their financial independence. It is imperative that we tackle these fundamental structural problems and motivate private industries to not only provide financial products but also proactively enhance women's involvements in the formal workforce.

RECOMMENDATIONS

1 Form Partnership

Form partnerships across public and private sectors, including decision-makers, donors, regulators, financial service providers. Civil society organizations need to address complex issues in establishing an equitable financial landscape for women.

3 Ensure Viability and Sustainability

Ensure that financial product solutions are economically feasible for the private sector to ensure long-term viability and expandability. Apart from this product sustainability and effectiveness need to be ensured despite changes in program priorities and the end of funding from the public-private and international communities.

5 Enhance Documentation Processes

Simplify the documentation required for opening bank accounts and other financial services to enhance accessibility for women. Additionally, encourage the usage of digital documentation to streamline processes and reduce paperwork.

7 Facilitate Access to Interest-Free Loans

Introduce special interest-free loan products tailored to the needs of women entrepreneurs, offering flexible terms, and collateral-free options. Provide capacity-building supports to women entrepreneurs to strengthen their business plans and financial management skills, increasing their eligibility for loans.

2 Women-centric Design Approach

Create women-centric solutions that meet both the needs of female customers and operational requirements for long-term sustainability and scalability. Create design solutions that effectively cater to the requirements of female clients while also aligning with the business objectives.

4 Activate Channels

Build a strong digital public infrastructure (DPI) to facilitate the inclusion of women in formal financial systems, with a focus on opening and actively using accounts by women. Emphasize the recruitment, training and retention of female banking agents to efficiently interact with female consumers and stimulate financial channels.

6 Improve Financial Literacy

Develop targeted financial literacy programs specifically designed for women from all levels of society focusing on basic financial concepts, savings, budgeting, and investment strategies. Furthermore, collaborate with educational institutions, NGOs and community organizations to integrate financial literacy education into existing programs and curricula.

8 Address Cultural and Social Barriers

Engage community leaders, influencers and women's advocacy groups to challenge stereotypes and cultural biases that limit women's participation in the formal financial sector.

9

Monitor and Evaluate Progress

Develop a robust monitoring and evaluation framework to track the effectiveness of women's financial inclusion implementation initiatives taken by FSPs and to identify the gender disparities in financial inclusion. Regularly collect gender-disaggregated data to assess the impact of interventions and identify areas for improvement or adjustment.

Promote Inclusive Policies

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Advocate for policy reforms that promote gender-responsive approaches in financial regulation and policymaking. It also considers and addresses women's needs adequately. Promote the adoption of inclusive policies and practices by financial institutions that prioritize meeting the requirements of female clients, such as offering flexible service delivery channels and customized product options.

CONCLUDING REMARKS

In summary, strategic initiatives and policy reforms are providing impetus to the ongoing efforts in Bangladesh to improve women's financial inclusion. The strategy/guidelines about women's financial inclusion should prioritize tackling obstacles such as limited documentation, irregular income and cultural norms that impede women's ability to access financial services. Moreover, it would establish a framework to effectively coordinate the efforts across government, private and international sectors. Many marginalized women's access to financial services were accelerated by the pandemic, but maintaining this achievement will require a constant commitment to inclusive policies, strategies and guidelines. Besides, it is essential to consider wider socio-economic variables and ensure that the private sector's motivations are in line with the objectives of promoting women's financial inclusion.

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