

# MICROLINKS SEMINAR SERIES | Exploring Frontiers in Inclusive Market Development

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Dr. Ruth Goodwin-Groen  
Better Than Cash Alliance



Dr. Leora Klapper  
World Bank

February 4, 2016

## Digital Financial Solutions to Advance Women's Economic Participation



## **Dr. Ruth Goodwin-Groen**

### **Better than Cash Alliance**

Dr. Ruth Goodwin-Groen is the Managing Director of the UN-housed Better Than Cash Alliance, leading its efforts to accelerate the global shift from cash to digital payments. She represents Better Than Cash Alliance at the G20 Global Partnership for Financial Inclusion, is a member of the World Economic Forum Financial Inclusion Steering Committee and a member of the Reference Group of the United Nations Secretary General's Special Advocate for Inclusive Finance for Development. Dr. Goodwin-Groen previously was the Australian Co-Chair of the G20's Global Partnership for Financial Inclusion and the Financial Services for the Poor Adviser at AusAID. She has advised many leading organizations in the field of financial inclusion. Dr. Goodwin-Groen holds a Ph.D. from the University of Bath, an M.B.A. from Harvard Business School, and a B.Sc. from the University of Western Australia.



## **Dr. Leora Klapper**

### **World Bank**

Dr. Leora Klapper is a Lead Economist in the Finance and Private Sector Research Team of the Development Research Group at the World Bank. Her publications focus on corporate and consumer finance, entrepreneurship and risk management. Her current research studies the impact of digital financial services, especially for women. She is a founder of the Global Findex database, which measures how adults around the world save, borrow, make payments and manage risk. Previously, she has worked at the Board of Governors of the Federal Reserve System, the Bank of Israel and Salomon Smith Barney. She holds a Ph.D. in Financial Economics from New York University's Stern School of Business.



# DIGITAL FINANCIAL SOLUTIONS TO ADVANCE WOMEN'S ECONOMIC PARTICIPATION

How governments, the private sector and development organizations can bring more women into the global economy through digital financial services

Report prepared for the Turkish G20 Presidency

*Presentation by:*

**Dr. Ruth Goodwin-Groen, Managing Director, Better Than Cash Alliance**

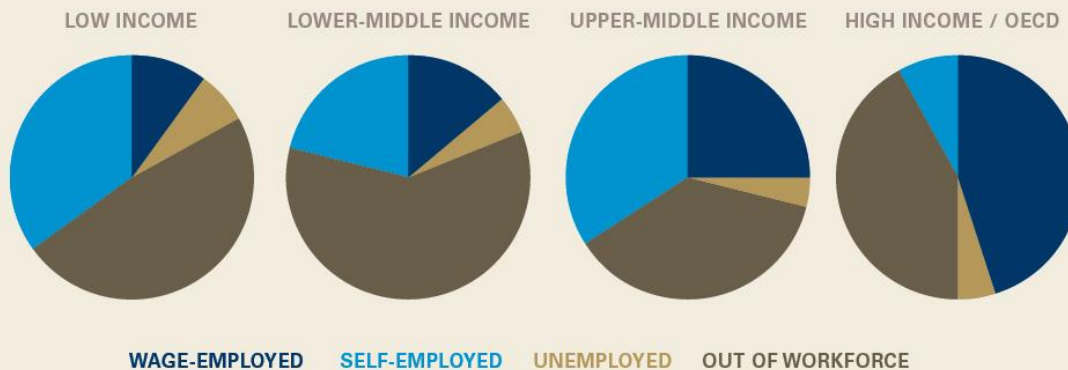
**Dr. Leora Klapper, Lead Economist, World Bank**

February 4, 2016

# Women Are Less Likely to Be Economically Active

## OPPORTUNITIES FOR INCREASING LABOR FORCE PARTICIPATION

Women (%), 2014



Gallup World Poll database: <http://www.gallup.com>

Globally, women's employment to population ratio is under 50% compared to over 70% for men

In India, 62% of women are out of the workforce

64% of working women in 11 countries reported using mobile phones for employment opportunities

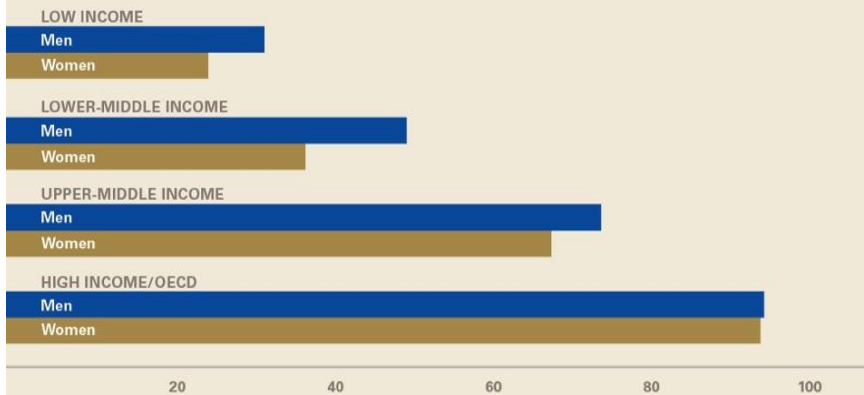
# Benefits of Digital Financial Payments

Account ownership increases.

This gives women more privacy, safety, confidentiality, and control over their finances and increases women's economic empowerment

## WOMEN LESS LIKELY TO HAVE AN ACCOUNT

Adults with an account (%), 2014



Global Findex database: <http://www.worldbank.org/globalfindex>

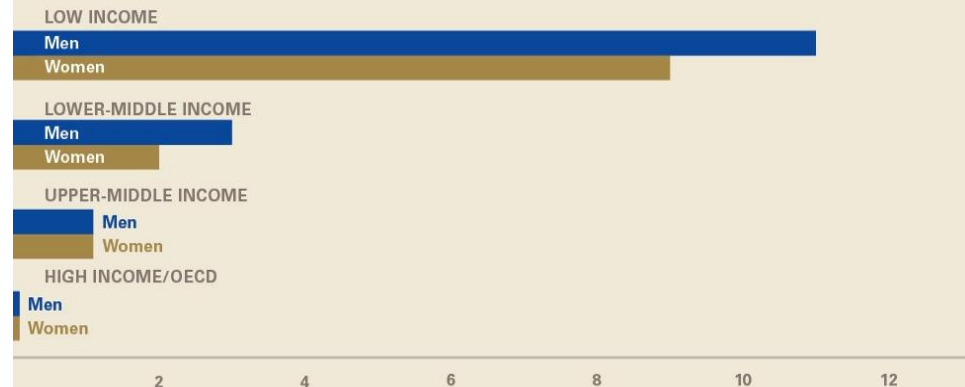
In Kenya and Cote d'Ivoire, women and men use mobile money service accounts equally

In Niger, women who received mobile transfers invested the money in their businesses

In Sub-Saharan Africa, 13% of men and 10% of women use mobile money, as compared to 2% of adults globally

## WOMEN LAG IN MAKING MOBILE MONEY ACCOUNT PAYMENT

Adults making mobile money account payments in the past year (%), 2014



Global Findex database: <http://www.worldbank.org/globalfindex>

# Benefits of Digital Financial Payments

## Advances women's business ownership

**Speeds up business registration and payments for business licenses and permits. Reduces travel time.**

**Provides ways to reduce gender gap in business ownership by improving access to formal financial products and marketplaces**

**Increases participation in e-commerce and improves interaction with clients, vendors and financial institutions**

**For medium-to large sized businesses, digital applications like e-filing and e-payment of taxes can help reduce the cost of tax compliance**



# Benefits of Digital Financial Payments

## Facilitates formal savings

### IN DEVELOPING ECONOMIES, MOST FEMALE ENTREPRENEURS USE SAVINGS TO START AND EXPAND THEIR BUSINESS

Women saving and/or borrowing for their business in the past year (%), 2014

LOW INCOME

LOWER-MIDDLE INCOME

UPPER-MIDDLE INCOME

HIGH INCOME/OECD

BORROWED FOR BUSINESS

BORROWED & SAVED FOR BUSINESS

SAVED FOR BUSINESS

10

20

30

40

50

Global Findex database: <http://www.worldbank.org/globalfindex>

Women in Ghana are known to incur a 54% negative annual return when they save informally with Susu savings collectors

Kenyan female vendors saved in banks with high negative returns because saving informally is more expensive

Safaricom and Commercial Bank of Africa's banking product, M-Shwari, pays interest of 2% to 5% annually.



# Benefits of Digital Financial Payments

**Improves operational efficiency by improving supply chain management and risk management & access to appropriate credit**

Less time spent on travelling to access banks

Security from theft and harassment

Instant remittance of insurance payouts

Quick and easy access to social networks during negative income shocks



Building a payment history

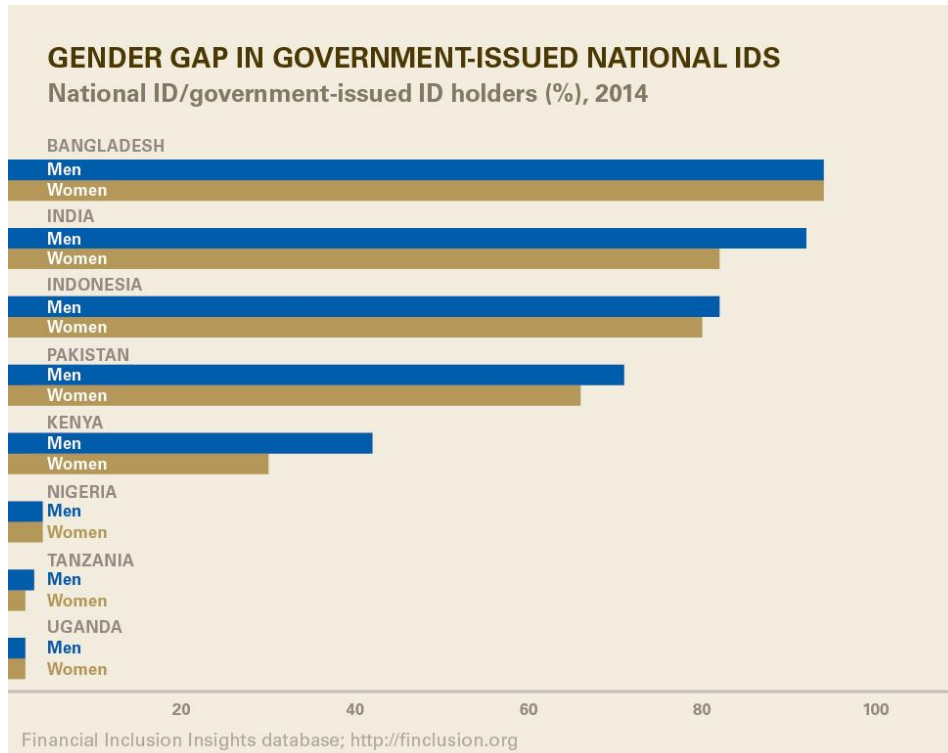
On-line loan repayments

Digitized contract and delivery records and trade receivables

Access to commitment products that prevent misuse and ensure timely action

# Challenges to Digital Financial Payments

## Lack of formal identity cards



**More than 2 billion people worldwide lack any formal identification.**

## Legal barriers

**In Malawi, farmers clubs bar married women from full membership. Single women or women in polygamous marriages are not even considered for membership.**



# Challenges to Digital Financial Payments

## Lower financial literacy

FIGURE 8  
**WOMEN TRAIL MEN IN FINANCIAL LITERACY**  
Adults answering three out of four answers correctly (%), 2014

### LOW INCOME



### LOWER-MIDDLE INCOME



### UPPER-MIDDLE INCOME



### HIGH INCOME/OECD



10 20 30 40 50 60

The Standard and Poor's Ratings Services Global FINLIT Survey

**75% of women in developing countries were identified as financially illiterate compared with 69% of men**

## Design and marketing of digital applications

Uneducated and illiterate female clients often find it very difficult to talk to bank representatives for PIN generation and verification processes



# Challenges to Digital Financial Payments

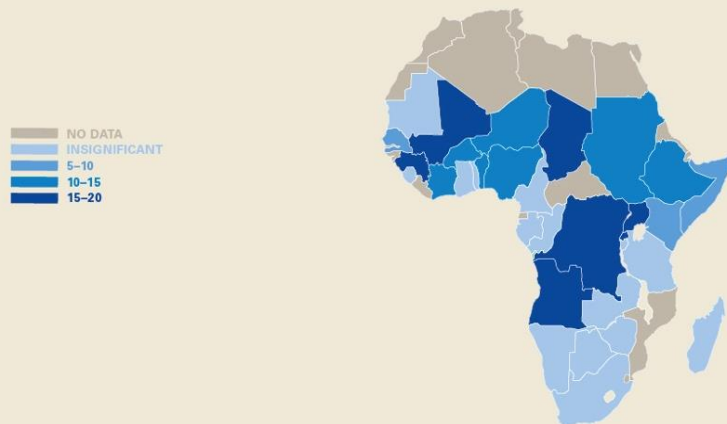
## Technology challenges

1.7 billion women in low- and middle-income countries do not own a mobile phone

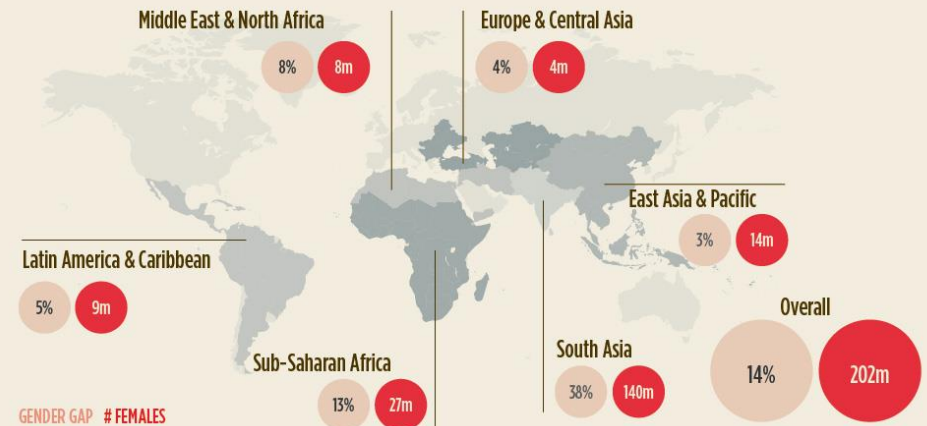
Women across 11 countries reported poor network quality and coverage as the second highest barrier to ownership and use of mobile phones among women

### MOBILE PHONE OWNERSHIP GAP, 2014

Gender Gap for mobile ownership (percentage points)



### GENDER GAP IN MOBILE PHONE OWNERSHIP BY REGION (%, absolute number of females, 2015)



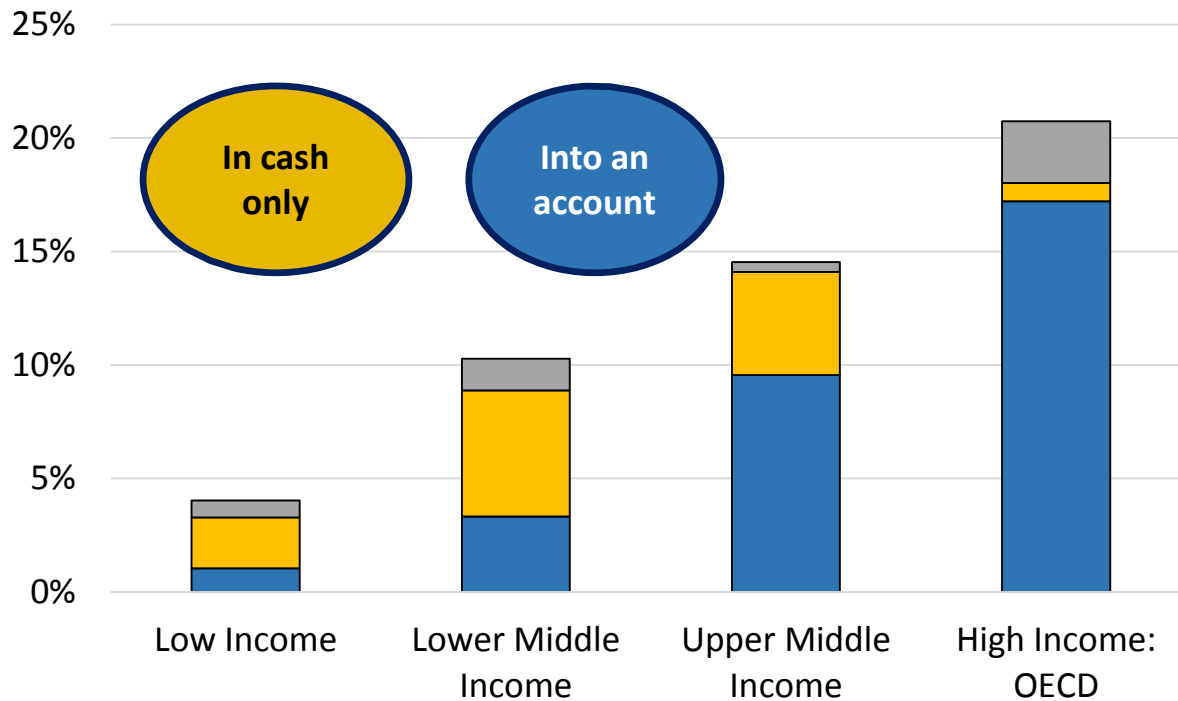
GSMA Connected Women, Altai Consulting analysis, World Bank, GSMA Intelligence

In South Asia women are half as likely as men to have Internet access in their home

# Government Actions to Expand Digital Payments

## Governments should lead by example and digitize payments

Here's how government transfers are currently paid:



**80+ million unbanked women receive government transfers or wages in cash**

**Mexico's government saves \$1.27 billion annually after switching to digital payments**

# Government Actions to Expand Digital Payments

**Governments should create a supportive legal, regulatory and tax environment for digital financial payments**

Tiered “know your customer” requirements

Financial identification

Interoperability

Credit information sharing among banks and non-banks

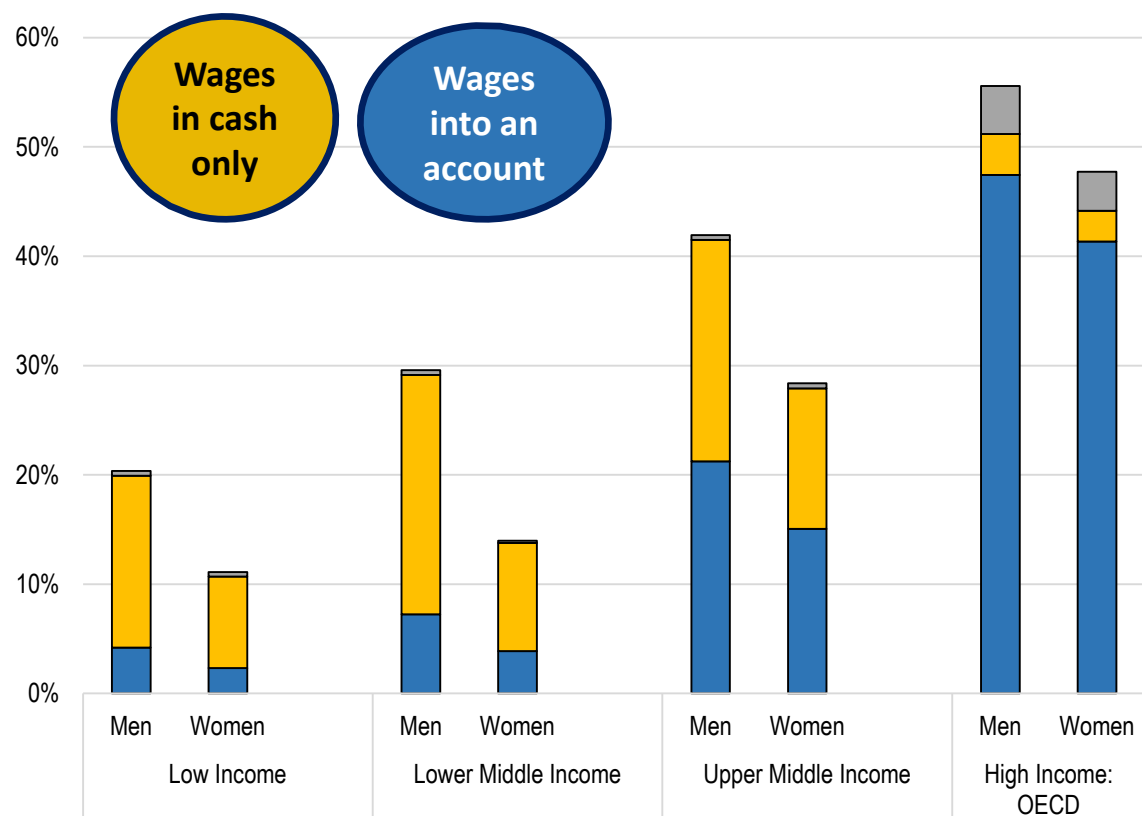
Supportive consumer protection framework





# Private Sector Actions to Expand Digital Payments

## Businesses should pay employees digitally



**110+ million unbanked women receive wage payments in cash**

**210+ million unbanked women receive cash payments for the sale of agricultural goods**

# Private Sector Actions to Expand Digital Payments

## Businesses should digitize purchasing and payment data

In Kenya, information sharing between pharmaceutical distributors aims to help pharmacies increase access to supplier financing and improve drug quality



In Mexico, large firms digitize their trade credit contracts extended to SMEs, which facilitates supply chain financing and reduces fraud

Electric, water, trash collection and telecommunication payments should be digitized and shared to develop credit scores

Large sellers (e.g. construction material vendors) could digitize purchases from self-employed contractors to extend appropriate credit



# Financial Sector Actions to Expand Digital Payments

## Design client-focused payment products

585 million women pay for utilities in cash

220 million women pay school fees in cash



## Train agents to educate customers



Nigeria's Diamond Bank uses agents who go to the client's location to provide mobile banking services



The Better Than Cash Alliance  
is a United Nations based partnership  
of nearly 50 members

**Governments**  
**Companies**  
**International organizations**

that accelerates the  
***transition from cash to digital payments***  
to reduce poverty and drive inclusive growth.

WE ADVOCATE • WE RESEARCH • WE CATALYZE



# Call for action

We are calling on governments, international organizations and companies to unlock an economy where digital payments are widely available to women, as one means to increase women's economic participation and empowerment.

**Our vision is an inclusive digital financial ecosystem.**





# Highlights

- Track cash and digitize it
- Create infrastructure partnerships
- Set up digital financial ID system
- Digitize business registration

**If it works for women, it works for the majority!**



Thank you  
*Questions?*

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