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**United Nations Trust Fund
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ADVISORY NOTE 05

FINANCIAL INCLUSION

Engendering financial
inclusion and access
to agricultural
inputs

Financial inclusion

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Background

If women in rural areas had the same access to land, technology, financial services, education and markets as men, agricultural production could be increased, and the number of hungry people reduced by 100-150 million.¹

The gender gaps identified are in the access to a wide range of agricultural resources, including land, livestock, farm labour, education, extension services, credit, fertilizers and mechanical equipment.

The statement represents an increasing recognition that ownership, access and control over productive resources constitute critical elements in the determination of the well-being of the households of smallholder farmers, fisher-folks and small business entrepreneurs. Their capacity to employ improved technology and investment depends on their access to productive resources.

Both men and women contribute significantly to production in the agriculture, fisheries and small scale agro-processing sectors in the Caribbean, yet, their access to these sectors' resources differ.² Despite the contribution of women to agriculture, it is evident that they do not have as much access to and control over productive resources as men.

Okali (2011) observed that women have been the core subject of gender and indicated that the term 'gender issues' has been widely used to refer to disadvantages faced by women in the field of agriculture despite the theoretical meaning of gender as roles of males and females.³ It has been assumed that if the incomes of women were increased, they

would have more access to resources and invest in their children's education, health care and nutrition. However, they are constrained by limited financial inclusion and poor access to resources and inputs, limited resources to exploit new opportunities, including new markets, by their limited educational background, poor networks, and mobility restrictions. Gender difference, arising from the socially constructed relationship between men and women, affect the distribution of productive resources and cause many disparities in development outcomes.

Gender and access to productive factors

Women face several challenges, most importantly more cultural restrictions in accessing land than men, and the land they control is often of poorer quality and their tenure is insecure.⁴ Furthermore, women's lower access to land has affected their ability to practise sustainable environmental management, thus impacting negatively on agriculture and biodiversity on their farms.

This "gender gap" hinders women's productivity and reduces their contributions to the agricultural sector and the achievement of broader economic and social development goals. In fact, labour constraints have been observed to be more acute for female-headed households than male-headed households.⁵

Women's Agricultural labour refers to women's own ability to produce outputs; the quantity and quality of supplemental labour they can access, which is often non-paid labour that is allocated within the household.⁶ Women farmers mostly depend on their husbands for the available labour as most farms are

¹ FAO 2010-11. *The State of Food and Agriculture Report, 2010-11.*

² Deere, C.D. & Doss, C. R. (2006). Gender and the distribution of wealth in developing countries. UNU-WIDER Research Paper No. 2006/115. Helsinki; FAO. (2010): *The State of Food Insecurity in the World 2010. Addressing Food Security in Protracted Crisis.* Rome: FAO

³ Okali, C. (2011). Gender and other social differences: Implications for FAC. Discussion paper 014. Future Agricultures.

⁴ FAO. (2010). *The State of Food Insecurity in the World 2010. Addressing Food Security in Protracted Crisis.* Rome: FAO

⁵ Dillon, A. & Quiñones, E. (2010). Gender-differentiated asset dynamics in northern Nigeria. Background paper prepared for *The State of Food and Agriculture 2010-11.* Rome: FAO.

⁶ Quisumbing, A.R. & Pandolfelli, L. (2010). Promising approaches to address the needs of poor female farmers: resources, constraints, and interventions. *World Development*, 38, 581-592.

owned by men. They also have the problem of poor financing which does not allow them to hire labour extensively. They depend, therefore, on their own labour and that of their households, and they spend more hours working on their farms since they cannot afford hired labour.

Some of the basic barriers faced by women are the transaction cost of credit, well-defined property rights and being poorer than men (World Bank, 2008). Even though men also face these barriers, those faced by women are more acute in rural agricultural communities.

In cases where women have access to credit, the amount is very small and the repayment conditions are not very suitable, to the extent that women often cannot accept the financial arrangements.

Poor access to credit facilities prevents women from purchasing needed agricultural inputs. Where tools that are suitable for women are available, women are either unaware of such tools or do not have money to buy them. Thus, they continue to use old manual methods which are slow and decrease productivity.⁷

Inputs in the form of improved seeds, fertilizers, insecticides and herbicides are available to both men and women. These inputs are very necessary for crop and animal production. FAO (2011) observed that men have more access to inputs than women and that there is a wide gender gap in agricultural technologies, including improved plant varieties and animal breeds.⁸

These gaps lead to gender inequalities in access to and adoption of new technologies; the use of purchased inputs depends on the availability and accessibility of complementary assets such as land, credit, education and labour.⁹

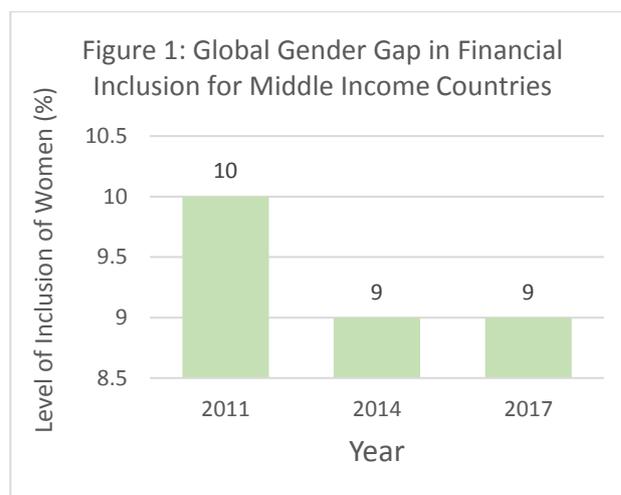
Gender and financial inclusion

Financial inclusion provides women with the tools for accumulating assets, generating income, managing financial risks, and fully participating in the economy and the financial services industry can be both a catalyst and a barometer of gender equality.

On its own, financial inclusion will not result in gender equality. Only with equal access to the full range of needs-based financial services – savings, credit, insurance, payments – and the accompanying financial education, do women stand a chance of social and economic empowerment.

Globally, women have fewer economic opportunities than men. Less than half of all eligible women participate in the labour force, compared to 75 per cent of men.¹⁰ Women are also more likely to work in informal employment and in vulnerable, low-paid or undervalued jobs. They also do not enjoy the same access to financial services as men. **Fifty-six per cent of all those without a bank account are women**¹¹ – meaning that nearly a billion women are unbanked. Those with bank accounts do not necessarily have control over their finances, nor have much wealth, but it is a starting point for financial inclusion.

Globally, about 1.7 billion adults remain unbanked—without an account at a financial institution or through a mobile money provider. In 2014 that number was 2 billion.



Source: FINDEX, Full Report, 2017.

The FINDEX Report¹² found that:

- Women are overrepresented among the world's unbanked. About 980 million do not have an account, 56 per cent of all unbanked adults globally.

⁷ World Bank (2008). Gender and Agriculture Sourcebook, Washington, DC.: The World Bank

⁸ FAO. (2011). The State of Food and Agriculture: Women in Agriculture, Closing the Gender Gap for Development, Rome: FAO.

⁹ Ibid

¹⁰ ILO, 2017. The gender gap in employment: What's holding women back? ; UN Women and the World Bank, 2018. Gender Differences in Poverty and Household Composition through the Life Cycle.

¹¹ FINDEX, Full Report, 2017; and

¹² Global Findex.worldbank.org/sites/globalfindex/files/chapters/2017



One key to shrinking the financial inclusion gender gap is to increase labour force participation among women.

- Twice as many unbanked adults live in the poorest households in their economy as in the richest ones.
- Unbanked adults tend to have low educational attainment. Globally, 62 percent of the unbanked have a primary education or less, compared with about half of adults overall in developing economies.
- A slight majority of unbanked adults are either employed or seeking work. Yet compared with other adults, those who are unbanked are more likely to be out of the labour force.

Several barriers have been identified as to why people remained unbanked, including:¹³

- Lack of enough money is a result of no job or irregular income
- Unaffordable cost of financial services
- Financial literacy issues such as illiteracy and lack of trust
- Eligibility issues such as identification documentation requirements
- Limited physical access (access points too far away and transport costs too high)
- Distrust in the financial system

In an attempt to unpack the gender gaps in financial inclusion, a 2020 report that was based on utilizing data from the 2017 Findex survey,¹⁴ found an 8.3 percentage point financial inclusion gap between men and women. To account for this gap, a statistical tool, the Blinder-Oaxaca decomposition, was utilized to break down the global difference in financial inclusion among all individuals into three components.

The "endowment effect" estimates how much the financial inclusion gap would change if women had the same observed endowments as men; the "coefficient effect" estimates what would happen to the gap if better endowments, such as higher income, increased women's inclusion as much as that of men; and an "interaction effect," which represents the simultaneous effect of the differences in endowments and coefficients.

The report highlighted that the combined influence of the endowments was around twice that of the coefficients, meaning about two-thirds of the

financial inclusion gap would be closed if women simply had the same observed levels of income, workforce status, education, etc. as men.

The coefficient effects accounted for only 2.5 percentage points of the gap in financial inclusion, less than one-third of the total gap. This suggests that improving women's education, income, and other characteristics could close most of the observed gender gap in financial inclusion.

Lowering barriers to women's financial inclusion

The Gender Gap in Labour Force Participation

Across the Caribbean, men participate in labour markets more frequently than women. Although labour force participation among working-age women increased substantially globally in the last century, in some parts of the world, the increase has slowed down or even regressed slightly in recent years.

One key to shrinking the financial inclusion gender gap is to increase labour force participation among women. There is the need to make sure that everyone has the opportunity to work, earn, and participate in the national economy. Furthermore, research shows that women tend to contribute larger portions of their income to household consumption than their male counterparts do. Targeting women with financial inclusion can also benefit households, communities and society.

Men and women often cite a lack of earned income as the reason for not having financial accounts. Increasing and maintaining a woman's involvement in the job market can directly help them sustain income and improve their chances of accessing financial tools. Even better, as labour force participation among women improves, so will financial inclusion.¹⁵

Many countries that saw improvement in the financial inclusion gender gap had reductions in the labour force gender gap. The World Bank's analysis indicates that a reduction of 10 percentage points in the labour force participation gap can improve financial inclusion equity by as much as 6 percentage points.¹⁶

¹³ 2017 Global Findex survey

¹⁴ Navis, Kyle. 2020> Unpacking the Gender Gaps in Financial Inclusion. Center for Global Development (CGD). January 2020.

¹⁵ Krause, Heather. 2018. Reducing the Gender Gap in Financial Inclusion. Center for Inclusive Growth, August 2018.

¹⁶ World Bank Global Findex, 2017

Recent research has shown that financial inclusion and labour force participation are mutually reinforcing. By sustaining both, they act symbiotically, improving equity in both areas. The economic empowerment of women also has a direct impact on global, inclusive growth. Achieving gender equality in financial inclusion and labour force participation by 2030 could raise global GDP by 3.6 percent and reduce the share of the global population living in extreme poverty by 0.5 percentage points.¹⁷

Table 1: Relationship between Labour Force Gap and Financial Inclusion Gap

Reduction in Labour Force Gender Gap	Improvement in Financial Inclusion Gender Gap
2pt	2pt improvement
6pt	3pt improvement
10pt	6pt improvement

Source: World Bank Global Findex, 2017

There is tremendous social and economic potential in women who don't currently have formal financial accounts or formal work. The analysis illuminates a few simple changes to systems, policies and practices that could release the untapped potential in the labour force and expedite the closing of the gender gap around financial inclusion. Several steps have been outlined to close the gender gap around financial inclusion.¹⁸

One step is for employers and governments to make all employee payments and transfers directly into digital financial accounts. This change increases the likelihood of women gaining control of their economic assets and strengthens their chances of getting and staying involved in the labour force. Digitizing payroll also enhances economic empowerment, which improves a woman's position in the labour force chain. This cycle can be harnessed and scaled for continuing, inclusive growth.

Another positive step would be to improve and implement new work culture policies. Despite reporting high levels of career interest and ambition, similar to men, women in parts of the developing world report significantly more challenges in managing their work and personal life. This suggests

companies might reconsider how current work cultures become barriers to labour force participation. To attract women into the labour force and prevent backsliding, the public and private sector should make a concerted effort to adopt innovative policies for women's integration and retention.

Simultaneously though, these policies would also need to address financial arrangements to pay for the care of dependents, provisions around working hours and social norms around gender.

Finally, banks and other lending organizations should look for ways to address the challenges women entrepreneurs face when trying to access credit. Despite their potential, too many female entrepreneurs struggle to access the capital and resources they need. For example, of all the venture capital deployed in the U.S., only 8 percent goes to women. Solutions aimed at making it easier for women to access microloans would enable them to grow their businesses, to the benefit of not only the business owners, but their families and communities as well. Additionally, leveraging technology to digitize the disbursement of loans would bring more women into the formal economy and help them transition to digital banking.

Private-private and public-private partnerships can be instrumental in executing these solutions. By combining expertise, know-how and ingenuity, these partnerships can help close the gender gaps in both labour force participation and financial inclusion, which in turn, drives inclusive growth.

Gender gap and financial institutions

While economic inclusion can lead to financial inclusion and vice versa, gender dynamics hold women back on both accounts. The gender gap in financial inclusion can be traced back step by step through unequal opportunities, laws, and regulations that put an extra barrier on women's ability to even open a simple bank account.

Traditionally, commercial banks often focus on men and formal businesses, neglecting the women who make up a large and growing segment of the informal economy. However, policymakers in many countries have already taken specific action to increase the accessibility of financial services to low-income

¹⁷ Ibid

¹⁸ Krause, Heather. 2018. Reducing the Gender Gap in Financial Inclusion. Center for Inclusive Growth, August 2018.

earners, specifically women. Funding is being provided to participating microfinance institutions (MFIs) for on-lending to micro, small and medium enterprises. Many of these MFIs have risen to the challenge, focussing primarily on women, but to change the status quo much more is needed, from formalising MFIs to providing women with financial knowledge. The Government should establish a requirement that participating financial institutions disburse a percentage of their funds to women entrepreneurs that is much greater than 50%.

Financial Literacy Working Groups should be established to develop and implement financial literacy activities to drive financial inclusion. Additionally, a special Financial Inclusion Interventions Working Group should be established to deal with issues related to women, youth and the disabled.

Boosting financial literacy among girls and women means not just improving their reading and writing skills, but also teaching them how to use a transaction account, how to manage and budget money, how to save, and how to use other financial services such as insurance and money transfers. It is essential for increasing financial literacy and helps women to achieve better business results, better equality, and more empowerment.

The ILO has developed several training materials adapted for various target groups, including women. It has benefited thousands of women in several countries.¹⁹ At the same time, the social, emotional and psychological aspects of financial decision-making can be just as important as basic technical skills.

Technology applications can help customers through immediate and timely feedback. Two promising approaches to the financial capability that leverage technology includes using text messages and embedding information in entertainment shows.

Text messages that remind people of their savings goals might help increase savings, as research in Bolivia, Peru and the Philippines have shown. In South Africa, a World Bank project worked with a popular soap opera to include financial messages in the storyline, helping to shift attitudes toward gambling and high-cost retail credit.

Financial service providers certainly have a central role to play in developing products that are more affordable and accessible to low-income earners, adopting tiered know-your-customer (KYC) requirements, and finding ways to design products that match customers' levels of financial literacy. There should be special requirements that provide flexible account opening requirements for low- and medium-value account holders. But policymakers will need to take action that opens the path for providers to innovate new products and explore new delivery methods tailored to low-income earners.

Sex-Disaggregated Data

Policies and products should be designed based on a better understanding of cultural norms, household decision-making dynamics and customer needs. This requires research and data collection. Countries in the region must start to collect relevant sex-disaggregated data, which is a key element in learning more about the financial needs of women, and the process needs to be extensive. Awareness campaigns by policymakers and service providers can also help remove misconceptions about financial services or institutions.

Globally, efforts to close the gender gap in access to financial services are gaining momentum, but without sex-disaggregated data on women's financial inclusion, it will be impossible to detect progress or the lack of. With this in mind, Data2X, the Global Banking Alliance for Women (GBA) and the Inter-American Development Bank (IDB) have joined forces to map the current state of sex-disaggregated data in the financial sector. The research suggests that regulators could take three basic steps to start promoting more gender-inclusive financial systems:

- **Build Awareness** – The most commonly cited impediment to collecting and using sex-disaggregated data was a general lack of awareness of its value, both within regulatory agencies and the banks they oversee. The Bank of Zambia increased awareness both internally and externally, conducting a series of gender sensitization training for staff to help them understand the importance of focusing on women, and in parallel asking banks to conduct a

¹⁹ ILO, 2017. The gender gap in employment: What's holding women back?

self-assessment of how well they were serving women-owned SMEs using the [FAMOS Check Tool](#).

- **Set Gender-specific Targets** – National financial inclusion plans that had specific gender targets were most successful in ensuring that women were reached. In the Solomon Islands, for instance, the Central Bank set specific gender targets for new account openings in 2010 and simplified Know Your Customer requirements for opening accounts. This had a positive impact on women, as they have disproportionately less access to certain paperwork that the former system required as well as lower education levels. In 2014, the data showed that the Central Bank had more than achieved its targets for women, by 46 percent.
- **Create Reporting Incentives** – A majority of banks that understand the market opportunity of reaching women want to generate more data in this area but have to balance that with other reporting requirements. This is where creating incentives across the data supply chain is important. In Chile, the regulator has been collecting and publishing sex-disaggregated supply-side data reports annually for the last 14 years. Spearheaded by the Women’s Ministry, which coordinated gender initiatives across government actors, targets were set to systematically collect sex-disaggregated data and, crucially, tied to staff performance, which ensured that the data was collected and analysed.

The above three steps can put countries on a path that will prevent the women’s market from falling even farther behind and will generate sustainable economic benefits. Indeed, the government can play a catalytic role in promoting these outcomes by ensuring that the right data is available – and ensuring that the financial inclusion policies use this data to place women at the centre.

Gender Gap and technology and mobile banking

Moving routine cash transactions into financial accounts could shrink the number of unbanked women. This has worked in both Europe and Central Asia, and the Middle East and North Africa, where 1 in 5 women who have an account opened their first

account to receive digital transfers of public sector wages, government social benefits, or public pensions. In Latin America and the Caribbean, the share is 14 percent.

As mobile phone ownership grows, this may be a way to jump past the traditional ways to access a financial institution and bring access to people where they are. Mobile money accounts are often easier to open than traditional bank accounts and they have the added benefit of allowing women to transact from the safety and comfort of their homes.

Mobile technology and money accounts may help to close the gender gap when it comes to financial equality. However, like anything, further research and data are needed to truly predict what the future holds.

Gender gap and discriminatory laws

Laws that put limits on women’s economic participation also curb their access to and use of financial services. In economies where women can be head of household, and where married women are permitted to work, women are more likely to have accounts, credit, or savings.