CHAPTER EIGHT

No Woman Left Excluded from Financial Services

Eiji Yamada, Erica Paula Sioson,
Enerelt Murakami, and Akira Murata

Access to financial services, especially formal and secured ones, is an essential part of modern life that enhances people's economic opportunity and security. However, most adults in developing countries remain financially excluded. Furthermore, more women than men have persistently been kept out of the system due to various socioeconomic reasons. In particular, the gender gap in financial inclusion, measured by the gap in ownership of an account at formal financial institutions (FIs), including digital finance, has been unchanged for the past three rounds of the Global Findex report—2011, 2014, and 2017—despite the progress in overall financial inclusion in developing countries.

Recent literature reveals that narrowing the gender gap in financial inclusion can help achieve Sustainable Development Goals (SDGs), prompting the international community to advocate for the enhancement of women's access to financial services. Since the first Global Findex report, in 2011, quantified the volume of the global gender gap, studies and advocacies on this issue have rapidly emerged.[1] The global discussion reached newer heights in the Denarau Action Plan in 2016 in a forum organized by the Alliance for Financial Inclusion (AFI), an international alliance specializing in enhancing financial inclusion.[2] Under the name of the Denarau Action Plan, financial authorities from several countries committed to closing the gender gap in financial inclusion through

1. See World Bank (2017).
2. See AFI, 2016, Denarau Action Plan.

political initiatives, peer learning, data collection, and collaboration with various stakeholders. However, the world has not yet observed a substantial shrinkage of this gap.

To deepen our understanding of how to narrow the gender gap, this chapter explores statistics recently made available from the Global Findex database and a unique dataset from Japan International Cooperation Agency – Research Institute's (JICA-RI) study in rural areas in the Philippines. The empirical description exhibits the international, intranational, and intra-community variations in financial inclusion as well as gender gaps, suggesting several policy implications that need to be considered to realize gender-equitable financial inclusion globally.

We first revisit why women's financial inclusion, especially the ownership of accounts at FIs, is important. Cross-country data from Global Findex as well as the survey data in the Philippines are then discussed to describe significant heterogeneity in the gender-equitable financial inclusion among developing countries and within a developing country. In the concluding section, we propose measures for developing countries and the international community to promote more gender-equitable financial inclusion.

Revisiting the Benefits of Gender-Equitable Financial Inclusion

How much does financial inclusion matter for the development of low- and middle-income countries? While owning a bank account or a mobile money account seems less urgent than other more fundamental SDGs—for instance, alleviating poverty and hunger, maintaining people's health, mitigating disaster, protecting the environment, and securing industrial growth—one cannot easily write off the importance of financial inclusion. Nevertheless, financial inclusion is an important first step that enables individuals to manage their finances, to save for unforeseen expenses, to invest in their education and health, and to start businesses. In other words, having a financial account pulls the unbanked and underserved into the formal economy in a way that will boost economic efficiency.

Therefore, financial inclusion has been recognized as an important driver to achieve various economic and welfare improvements, as it has been featured as targets in six of seventeen SDGs, as listed in table 8-1.[3] Access to financial services is regarded as one of the basic steps to help people secure economic stability and a healthy life. Furthermore, it plays an important role in enabling people to increase their income and expand business. Currently, Goal 1 and Goal 8 set the specific financial inclusion indicators:

3. UNSTAT (2017).

Table 8-1. Selected Goals and Targets Directly Related to Financial Inclusion in the SDGs

Goal	Target
SDG 1: Eradicate poverty.	1.4. By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership, and control over land and other forms of property, inheritance, natural resources, appropriate new technology, *and financial services, including microfinance.*
SDG 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.	2.3. By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists, and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, *financial services,* markets, and opportunities for value addition and non-farm employment.
SDG 3: Ensure healthy lives and promote well-being for all at all ages.	3.8. Achieve universal health coverage, *including financial risk protection,* access to quality essential healthcare services, and access to safe, effective, quality, and affordable essential medicines and vaccines for all.
SDG 5: Achieve gender equality and empower all women and girls.	5.a. Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, *financial services,* inheritance, and natural resources, in accordance with national laws.
SDG 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of micro-, small- and medium-size enterprises, including through *access to financial services.* 8.10 *Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all.*
SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.	9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to *financial services, including affordable credit,* and their integration into value chains and markets.

Source: Based on UNSTAT (2017).

1.4.1. Proportion of population living in households with access to basic services (including financial services)

8.10.1 (a). Number of commercial bank branches per 100,000 adults

8.10.1 (b). Number of automated teller machines (ATMs) per 100,000 adults

8.10.2. Proportion of adults (fifteen years and older) with an account at a bank or other financial institution or with a mobile-money-service provider

Why Women's Financial Inclusion Is Important

Global evidence backs up the importance of financial inclusion for both men and women in achieving the SDGs. Several studies stress the benefit of narrowing the gender gap in financial inclusion. Women's financial inclusion can enhance further inclusiveness for women and women's autonomy; allow for better use of household resources; and reduce the vulnerability of their households and businesses. In short, closing the gender gap in financial inclusion enables women to contribute more to promoting countries' economic growth, thus reducing poverty and inequality, developing employment opportunities, and building inclusive societies.[4]

In the Philippines, women who started their own savings accounts increased decisionmaking power in such a way that their households were more likely to buy a washing machine and other durable goods that might benefit women's work.[5] In Nepal, education spending increased by 20 percent when women-headed households were given access to digital savings accounts.[6] Having a formal financial account is important for women to access loans and credit and to make transactions. It is essential, also, to save money and build assets in a safe place, which can, in turn, help pull those women and their families out of poverty. Savings interventions can facilitate the growth of women's businesses as they channel earnings and personal savings to invest further.[7] Past literature on savings also show effects on women's empowerment and positive household welfare impacts.[8]

The benefit of financial inclusion may be especially important in a society

4. AFI (2017).

5. Ashraf, Karlan, and Yin (2010).

6. Prina (2015).

7. Boyd and Aldana (2015).

8. See Holloway and others (2017); Trivelli and de los Rios (2014); and Karlan and others (2017).

where women's participation in economic activity is culturally restricted. In Honduras, JICA has provided technical assistance to beneficiary women of a Conditional Cash Transfer (CCT) program by the "graduation approach" of the Consultative Group to Assist the Poor (CGAP) since 2015. The project provided a series of financial trainings on saving, household financial management and planning, financial services, and entrepreneurship skills. Results from the randomized controlled trial (RCT) implemented along with the project reveals that the project achieved a significant increase in the financial inclusion of women beneficiaries. For example, the trainings achieved a 17.4 percent increase in bank account holdings among rural women participants. Furthermore, the annual income from microenterprises was 1.6 times larger for the training participants. Not limited to these economic impacts, the intervention to increase women's financial inclusion has a potential to change the male dominated society, a factor pointed out as a major obstacle to shrinking the gender gap. While Honduras is known for its *machismo* (male dominance) culture, the study finds that the project contributed to improve the situation for women. Regarding household decisionmaking, the husbands of the participating women were 10 percent less likely to exclude their wives when making decisions about the household.[9]

Does Account Ownership Really Matter?

It is important to note that most of the previously mentioned benefits of financial inclusion will not materialize unless the banked women actually use the financial services. While financial inclusion is usually measured in terms of account ownership at an FI, it does not necessarily mean the holder actively uses those financial services. It is widely acknowledged that many macroeconomic, microeconomic, and social factors affect the decision to use financial services other than just simply having access to it.

Nevertheless, Global Findex data reveal that account ownership is an important step to facilitate the use of financial services. Since saving, investment, and access to credit are the key channels through which financial inclusion can deliver development impacts, let us look at the relationship between account ownership and saving/borrowing. According to the three rounds of the Global Findex data, account ownership (at an FI or at a mobile money service) is significantly positively associated with the incidence of saving at or borrowing from a formal FI, for both men and women. The regression coefficient of the share of adults who saved at a formal FI in the previous one year on the ratio of owning an account ranges around 0.3 for both men and women, across various specifications. This

9. Matsuda and others (2019).

means that if the account ownership ratio increases by 10 percentage points, the share of adults experiencing formal saving increases by 3 percentage points. Similarly, the regression analysis for borrowing experience finds that the increase of the account ownership ratio by 10 percentage points leads to a 1 to 2 percentage-point increase in borrowing from a formal financial institution.

In addition, the relationship between informal saving/borrowing and account holding reveals an interesting indication of the potential demand for formal financial access. In many countries with low financial inclusion, the share of adults who saved or borrowed informally—as measured by saving or borrowing at/from friends, relatives, and saving clubs during the past one year—exceeds the share of adults with an FI account. This means that there is a substantial size of unmet demand for formal financial services in countries with low financial inclusion. In countries where most people do not have formal accounts, the need for formal financial services is being filled by the use of informal ones. What this means is that many do not have accounts not because of a lack of need for formal accounts, but because of other constraints that lead them to utilize instead informal services. We can expect, therefore, that as formal accounts become more widely available as well as easier to use and access, they will supplant informal ones.

This relationship between account ownership and saving/borrowing is virtually the same for both men and women. Similar to the account ownership ratio, there are gender gaps in the use of financial services. What, then, does narrowing the gender gap in account ownership mean for the gender gap in saving and borrowing? The results of a similar regression suggest that narrowing the gender gap in account ownership is significantly associated with narrowing the gender gap in the use of finance. For instance, for the case of formal saving, shrinking the gender gap of account ownership by 10 percentage points will reduce the gender gap in saving by 1.7 to 2.7 percentage points. For the gender gap in borrowing, the magnitude of reduction becomes around 1.2 percentage points against a 10 percentage-point reduction in the gap in account ownership.

Given these results from the Global Findex data, in the following empirical discussions, we will focus on financial inclusion measured as formal and mobile money account ownership.

Global Trends and Variations in the Gender Gap in Financial Inclusion

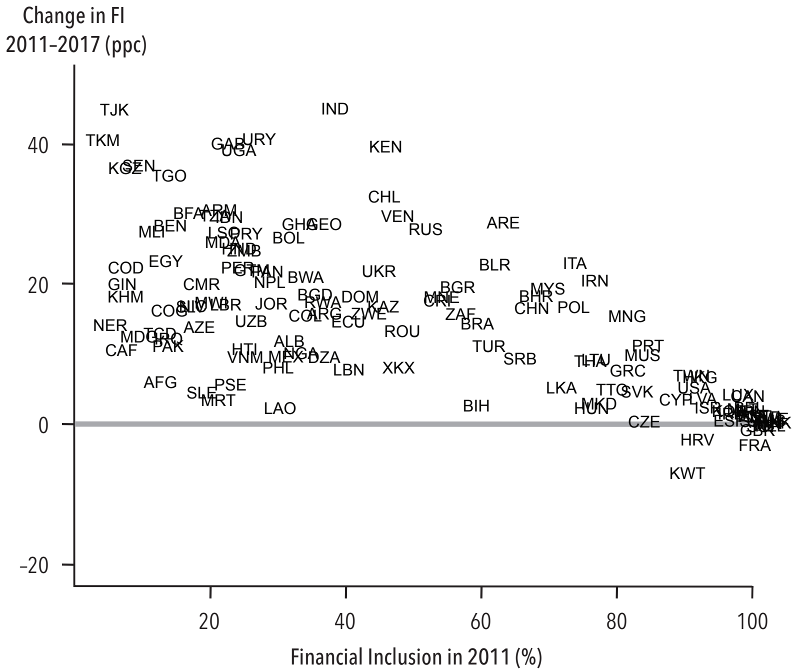
Owning bank accounts is quite common in advanced countries. Adults are expected to have an account, as most daily financial transactions—such as receiving salary, payment for public services, credit card settlement, and government transfers—are designed to be made through a bank account. Having bank accounts is sometimes a precondition for purchasing or renting a house, getting loans for a business, and other asset transactions. Therefore, access to financial services is an essential part of modern life that enhances people's economic opportunity and security. However, access to affordable and useful financial services, or financial inclusion, is not universal. There exists a stark disparity between developing countries and developed countries in financial inclusion, and a large proportion of the population in developing countries has been financially excluded. According to the World Bank's Global Findex report in 2017, 1.7 billion adults do not have access to financial services; most of them live in developing countries.

While the unbanked population is still huge, recent progress is encouraging. In 2011, the ratio of adults with at least one bank or mobile money account was only 51 percent globally. By 2017, the ratio had risen to 69 percent.[10] This means that about 1 billion people have been newly financially included in the years between 2011 and 2017. Figure 8-1 plots the growth of financial inclusion in percentage-point change between 2011 and 2017 against the initial 2011 level of financial inclusion. Almost all the countries in the database have experienced an increase in financial inclusion, as is obvious from the fact that no country is located below the zero-horizontal line. Furthermore, countries with low initial inclusion rates made rapid progress. For example, countries such as Tajikistan, Senegal, Uganda, and Kyrgyz, whose 2011 level of financial inclusion were below 40 percent, observed a very impressive pace of inclusion by around 40 percentage points.

Notwithstanding this overall improvement, the expansion of financial access has sometimes left disadvantaged groups behind. One of these groups is women. In nearly all developing countries, women overrepresent the unbanked population, which means that the share of women among the unbanked is greater than the share of women in the total adult population. According to the Global Findex report in 2017, women are 7 percentage points less likely to have an account than men, globally, and the gap widens to 9 percentage points in the case of developing countries. In some countries, such as Bangladesh, Pakistan, and Turkey, the gap amounts to double-digits. This is a huge gap. To cancel the 7 percentage points global gender gap in 2017, which means increasing the global women's account holding ratio of 65 percent to the men's 72 percent, 190 million more women have to get access to an account. In addition, the gap has been persistent in recent years and seems to be hard to narrow quickly. Since the first Global Findex report was released in 2011, the gap among developing countries has not reduced as quickly, shrinking only from 10 percentage points to 9 percentage points in six years.

10. World Bank (2017).

Figure 8-1. The Global Convergence of Financial Inclusion, 2011–17



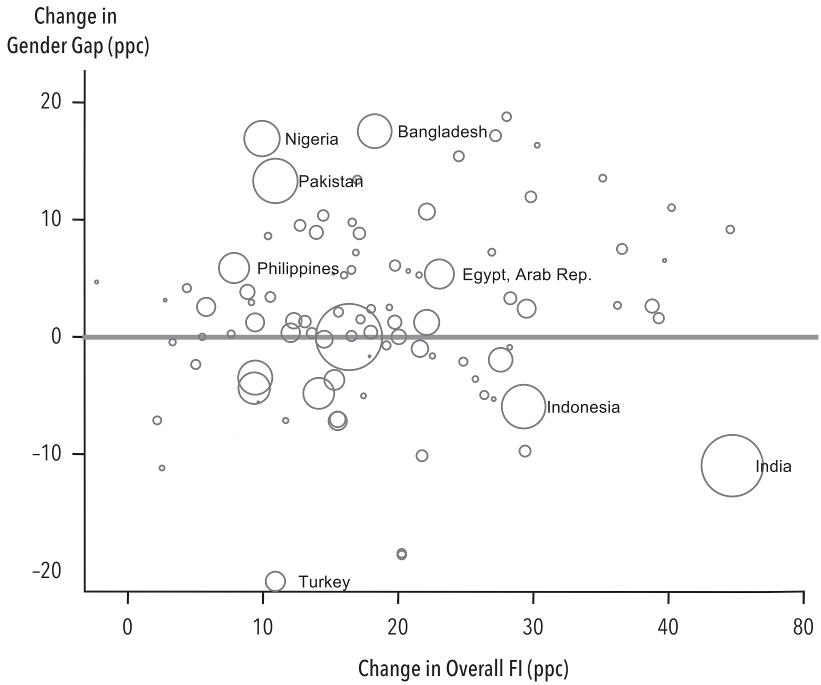
Note: The horizontal axis refers to the ratio of adults owning a financial institution account or a mobile money account, which are jointly termed here as financial inclusion. The vertical axis is for the change between 2011 and 2017 of financial inclusion at percentage point change. Placement of each three-character abbreviation of the country represents the country's location on the axis.

Source: Author's calculation using World Bank (2017).

What is behind the global persistence of the gender gap despite the overall strong progress in financial inclusion? A disaggregated analysis reveals that countries are heterogeneous in gender inclusiveness. Figure 8-2 depicts the relationship between the progress in overall financial inclusion and the change in gender gap from 2011 to 2017. The horizontal axis represents the percent increase in overall financial inclusion as measured by the share of banked adults. The vertical axis shows the 2011–17 change in gender gap, computed by subtracting women's financial inclusion from men's. A positive number means that the gender gap widened between the two periods. The size of the circle shows the size of the unbanked population in 2017. What is clear from this figure is that there is no systematic relationship between the overall progress in financial inclusion and in closing the gender gap, meaning that financial inclusion does not automatically result in improving the gender gap. Some countries, such as India, achieved both overall improvement and shrinking of the gender gap. On the contrary, many countries significantly widened the gender gap while they achieved a mild overall increase in the share of banked adults. Of seventy-seven developing countries where men were more financially included than women in 2011, forty-seven countries widened the gender gap further by 2017. It is noteworthy that countries with a large unbanked population, such as Pakistan, Nigeria, and Bangladesh, widened the gender gap by the largest magnitude between 2011 and 2017. Figure 8-2 illustrates the reason the global gender gap remained unchanged despite overall progress in financial inclusion: countries bifurcate into a group with gender-inclusive progress (such as India) or into a group where progress tended to be geared more toward improving men's access (such as Pakistan, Nigeria, and Bangladesh).

As described, recent decades evidenced an advancement in financial inclusion.

Figure 8-2. Changes in Financial Inclusion and Gender Gap, 2011–17



Note: The horizontal axis plots the change in overall financial inclusion, in percentage point change, between 2011 and 2017. The vertical axis represents the change in gender gap in financial inclusion between 2001 and 2017 by percentage point change, where the gender gap is given by subtracting women's financial inclusion from men's. Circle size relates to the size of the unbanked population as of 2017.

However, the progress in overall financial inclusion has not necessarily been inclusive for women. In many countries, financial inclusion in recent years tended to be geared toward improving men's access, inadvertently widening the gap between men and women. Whether the countries with low financial inclusion can catch up by 2030 crucially depends on how they can include more women who are currently excluded. Policy measures to ensure gender-equitable financial inclusion in developing countries is, thus, an urgent need. As of 2017, in most of the countries with a low level of financial inclusion (below the international average of 69 percent), financial inclusion tends to be higher for men, as figure 8-3 shows. Therefore, for the next decade, reducing the global unbanked population inevitably means to make more women banked. Furthermore, a group of countries require special attention—namely Bangladesh, Pakistan, and Nigeria—as they have widened the gender gap by a great magnitude, leaving a huge proportion of unbanked population.

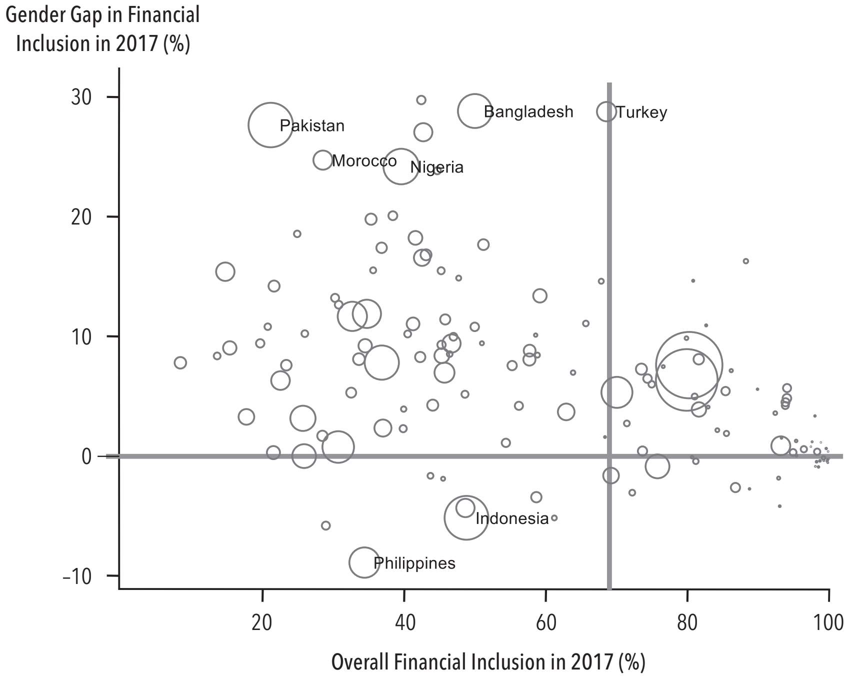
Intranational and Intra-Community Variation

Countries are widely heterogeneous in terms of gender gap in financial inclusion, which raises the question of how much it varies within a given country. Unfortunately, there are a limited number of studies on the detailed intranational geography of the gender gap. As with many other economic indicators, financial inclusion and its gender gap within a country may be as diverse as those between countries. A recent unique study by JICA-RI in the Philippines reveals interesting findings in terms of intranational and intra-community variations in the gender gap in financial inclusion.

JICA-RI conducted a field survey from 2016 to 2017 in two rural communities in the Philippines. Located in northern Philippines, the municipality of Dingras in the province of Ilocos Norte had a population of around 39,000 in 2015, and is classified as a second class municipality in terms of per capita annual income. Located in southern Philippines, the municipality of Bansalan, in Davao del Sur, had a population of 60,000 in 2015 and is relatively richer than Dingras, with the status of a first class municipality.[11] Both municipalities substantially depend on overseas workers and on the remittances those workers send to their families in the villages. Four hundred households (200 remittance-receiving and 200 non-receiving) were randomly selected for interview in each of the municipalities. Since the main purpose of the survey was to understand the

11. In the Philippines, a municipality is first class if the annual per capita income of its residents is greater than 55 million pesos. If it is between 45 million and 55 million pesos, the municipality is called second class.

Figure 8-3. Financial Inclusion and Gender Gap, 2017



Note: The horizontal axis refers to the overall financial inclusion measured by the ratio of adults owning an account with a financial institution or mobile money service in 2017. The vertical axis refers to the gender gap in financial inclusion in 2017 measured by subtracting women's financial inclusion from men's. The circle size represents the size of the country's unbanked population as of 2017. The vertical line in the middle-right of the graph represents 69 percent, the global average of financial inclusion.

Source: Author's calculation using World Bank (2017).

financial behavior of households receiving remittances from overseas workers, households receiving remittances were oversampled. The survey questionnaire asked for information on individual account ownership at banks, microfinance institutions, and cooperatives, the three forms of formal financial institutions in rural areas in the Philippines. Since the survey asked for the account ownership of all the individuals within a household, it provides insights on the within-household distribution of financial inclusion.

The Philippines can be considered an exceptional country in the global perspective: data from the Global Findex database for the Philippines from 2011, 2014, and 2017 show, overall, a modest but continuous increase in the rate of having bank accounts equally for both men and women.[12] While financial inclusion rates remain lower compared to neighboring countries such as Malaysia, Thailand, and Indonesia, a comparison between access to bank accounts by men and by women in the Philippines shows very interesting results. From 2011 to 2017, the Global Findex database shows a gender gap reversal, where women with bank accounts outnumber men by as much as 15 percentage points in 2011, with the difference decreasing until 2017. Not only in having accounts at formal institutions do women outperform men; in terms of having savings, data from the 2017 Financial Inclusion data of the Bangko Sentral ng Pilipinas (BSP) show that women are twice as likely to have an account than men in general.[13]

What factors contribute to this gender gap reversal? In the literature, several interconnected factors are raised. One reason is the high remittance inflow to the country. The Philippines depends highly on overseas workers and remittances, where one in ten households sends a migrant worker overseas; remittances account for 10 percent of the national GDP. Remittances, both international and domestic, make up a big proportion of person-to-person (P2P) transactions in the country. According to the survey by the BSP, 32 percent of Filipino adults had a remittance transaction in 2017. Among them, the incidence of receiving money is higher for females and situated in rural areas.

A second reason for this reversal is the strategy of expanding access points for microfinance and other more easily accessible FIs since the year 2000. The strategy encouraged the installation of access points to banks and microfinance institutions in 90 percent of the municipalities in the country.[14] According to data from the BSP, in 2017, there were 162 banks with microfinance operations serving almost 2 million borrowers, with outstanding loans amounting to 17 billion Philippine pesos.[15] The difference between women and men in microfinance account ownership is at 13.7 percentage points, suggesting that microfinance may be a more familiar and easier to access option for women.[16]

Third, the national government has been active in campaigning for better financial inclusion of both men and women. Overarching the policies to facilitate financial inclusion is the Philippine government's National Strategy for Financial Inclusion (NSFI), which spans financial literacy programs for migrants, students, professionals, and other sectors.[17] For a long time, the Filipino government has also been eager to facilitate digital finances. In 2000, the BSP formulated

12. World Bank (2017).
13. Bangko Sentral ng Pilipinas (2017a).
14. Ibid. (2017b).
15. Ibid.
16. Ibid. (2017a).
17. Ibid. (2015).

regulations to allow local FIs to offer electronic banking services. This move resulted in the emergence of GCash and Smart Money, two of the pioneering e-money services in the country.[18] Furthermore, the government has begun implementation of the Philippine Identification System (PhilSys), which aims to provide a means to establish a verifiable digital identity that will enable Filipinos to open accounts and use financial services more efficiently and to be able to participate in the digital economy.[19] In addition, the National Retail Payment System (NRPS), launched in 2015, "aims to create a safe, efficient, and reliable electronic retail payment system that is interconnected and interoperable."[20] These government initiatives might have helped overcome the physical distance to FIs that has been a major barrier to women's financial inclusion.

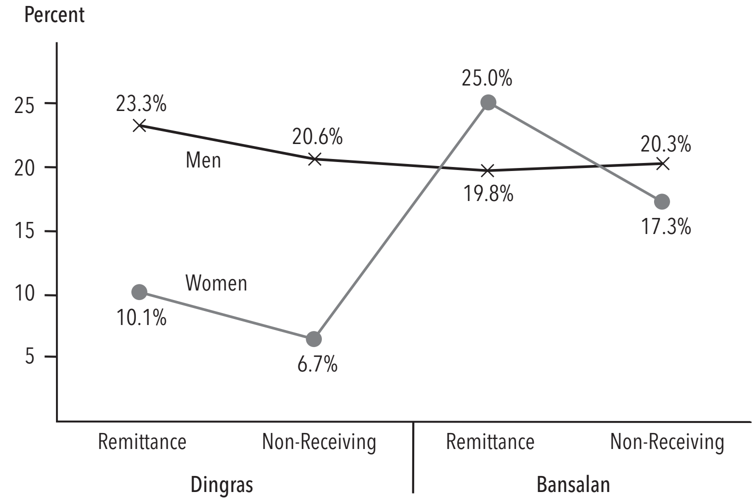
However, this gender gap reversal at the national level is not observed in the survey data in the two rural municipalities. The situation is quite diverse across municipalities and household remittance-receiving status. While women's financial inclusion (the ratio of adults having bank, MFI, or cooperatives accounts) is higher for remittance-receiving households, men's inclusion tends to be higher in Dingras overall (figure 8-4). In Dingras, while the gender gap is more than 13 percentage points regardless of remittance-receiving status, 10.1 percent of adult women in remittance-receiving households own a formal account, while the ratio is only 6.7 percent for non-receiving households. In Bansalan, the gender gap reverses for remittance-receiving households, with 25.0 percent of women in remittance-receiving households owning an account, compared to men at 19.8 percent. Again, for women in non-receiving households, the ratio declines to 17.3 percent.

Another observation from figure 8-4 is that women's inclusion is more volatile than men's inclusion across different regions and remittance-receiving statuses. Namely, men's financial inclusion is stable around 20 percent across all four groups, while women's varies widely. Even though the data is not nationally representative, it is noteworthy that women's financial inclusion might be more susceptible to local conditions than men's.

As seen, women's financial inclusion is quite low in general in the surveyed municipalities. However, a more detailed look at the data reveals the heterogeneous degree of financial exclusion across households: whether the household is totally or partially excluded from financial services speaks volumes about the diverse situation of unbanked women. One of the important dimensions to understand the degree of exclusion is to see whether the unbanked woman lives

18. See Lopez (2017) and Llanto and others (2018).
19. Bangko Sentral ng Pilipinas (2018).
20. Ibid.

Figure 8-4. Women's and Men's Financial Inclusion in Two Municipalities



Note: Financial inclusion is measured by the ratio of adults (fifteen years or above) with at least one account either at the bank, microfinance, and cooperatives, within each category.
Source: Authors' calculation using JICA-RI's survey in the Philippines.

with a household member who owns an account. If nobody else has an account, she would be the most excluded from financial services, not having a chance to see, through her household member's experiences, how convenient and important it is to have and use a financial account. Households that are totally excluded from financial services will tend to coincide with the households that are the most economically excluded, with the lowest level of assets and income, which hinders them from accessing finance. For those unbanked women and their family members, barriers such as lack of income and assets, the cost of having an account (such as minimum deposit requirement), lack of documents and IDs, as well as geographical constraints may be binding regardless of gender.

Partially excluded unbanked women live in a different type of household. She has a household member who owns an account, either a man or a woman, or both. Compared to the unbanked woman in a totally excluded household, the degree of exclusion may be lower for her. While the cost of having an account may matter here, as well, gender-specific constraints such as social norms and intra-household bargaining can play a big role within this type of household.

Let us illustrate. Figure 8-5 categorizes unbanked women into four typologies of financial exclusion, based on the financial inclusion of other household members, in each municipality across different remittance-receiving statuses. The first type is an unbanked woman without other household members owning a financial institution account, which appears as "Nobody else banked" in the figure. The remaining are unbanked women living with at least one banked household member. The second type, "Only men banked," is an unbanked woman in a household where only men, and no other women, are banked. On the contrary, an unbanked woman is categorized "Only women banked" if there is at least one woman and no men in her household who is banked. Finally, "Both banked" is for an unbanked woman in a household with both men and women banked.

The most excluded unbanked women, "Nobody else banked," make up 40 percent of the unbanked women among the remittance-receiving households. The share is much larger among the non-receiving households, with 54.2 percent for Dingras and 53.9 percent for Bansalan. As is evident from the figure, the share of unbanked women with household-level financial exclusion does not depend on the municipality. However, the remittance-receiving status of the household may have an impact; the share of women with "Nobody else banked" is significantly higher among the non-receiving households. Note that more than 40 percent of unbanked women live with at least one banked household member regardless of region and remittance-receiving status. Except for remittance-receiving households in Bansalan, the majority of banked household members are men.

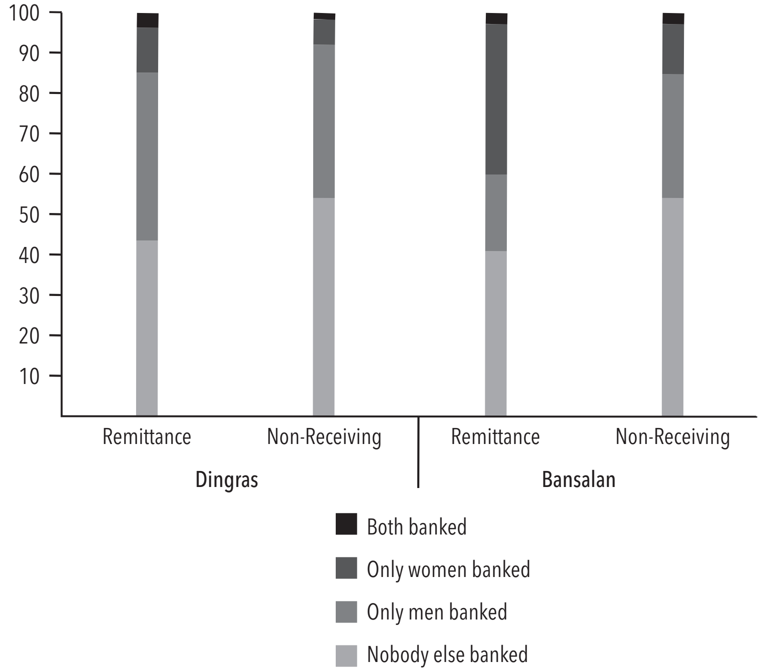
Thus, unbanked women do not belong to a homogenous group. As seen from figure 8-5, roughly half of the total unbanked women are financially excluded at the household level. Another half are excluded within the household, where at least one of her household members has an account at a financial institution but she herself does not have one. Most of these partially excluded women have a male banked member within her household, except for the case of remittance-receiving households in Bansalan.

Women in completely excluded households and those in partially excluded households face different types of problems. The former face constraints common to both men and women, rather than gender-specific issues. For the latter, the question is why she cannot or does not get an account while the men in her household can. In other words, there may be gender-specific barriers that should be further investigated.

Conclusion: Implications from the Analysis

As seen from the data, countries are widely diverse in terms of achievements in overall improvement of financial inclusion and in the shrinking of the gender gap. In recent years, almost all the countries in the world improved financial inclusion rates, increasing the share of their population that has access to financial services. While some countries have witnessed impressive progress in both

Figure 8-5. Financial Inclusion of Household Members of an Unbanked Woman



Note: Share in percent in terms of status of financial inclusion of other household members of unbanked women, by municipality and remittance-receiving status.

Source: Authors' calculation using JICA-RI's survey in the Philippines.

overall and gender-equitable financial inclusion, others have experienced a widening of the gender gap. This suggests that narrowing the gender gap is not an automatic process of development, and it should be deliberately prioritized in the next decade, especially for the countries with widening gender gaps. Figure 8-2 identifies the countries that need special attention. Some countries—such as Bangladesh, Pakistan, and Nigeria—while improving overall financial inclusion, have made progress geared toward better achievement of financial inclusion for men than women in the recent years; these form a stark contrast with a group of countries that have rapidly narrowed the gender gap, such as India, Turkey, and Iran.

There may be something to learn from those countries that have made significant achievements. Apart from India and China, the majority of unbanked women live in Bangladesh, Pakistan, and Nigeria. While there already have been several development projects addressing the gender gap in financial inclusion supported by international donors,[21] these countries should scale up their efforts given the significant size of the population of unbanked women. It is, thus, crucial for these countries to call for assistance—from knowledge sharing to technical assistance—from the international society to solve the problem.

Currently, several international initiatives, such as AFI and Women's World Banking, have emerged, and they are enthusiastically promoting the strategy of international peer learning. For example, AFI hosts various peer learning fora, inviting high-level financial authorities from developing member countries to encourage mutual learning from their experiences. The countries experiencing a widening gender gap are encouraged to use the opportunities provided by these international initiatives to learn from others and to appeal for financial and technical cooperation from donors.

Existing studies have identified a wide range of demand-side and supply-side barriers to financial inclusion for women, from material constraints—such as financial literacy and capacity, physical distance, and the cost of holding an account—to social constraints such as gender norms and intra-household bargaining power.[22] These studies address the variations of the barriers across different places and promote the designing of policies and financial products that can overcome the barriers faced by unbanked women. Recent studies tend to recommend developing products that take into account the specific needs and preferences of women, as Holloway and others state in their conclusion: "Researchers should continue to explore the role of gender norms and intra-household bargaining power in women's economic empowerment outcomes, and test product and program innovations that can directly address women's unique preferences and the challenges they may face."[23]

However, there is a dearth of knowledge on how to understand women's specific needs and preferences. As revealed through the study in the Philippines, there are substantial intranational and intra-community variations in the

21. Development agencies have made assistance available to these countries to increase female financial inclusion. For example, already, in the 1990s, JICA supported the early expansion of the Grameen Bank in Bangladesh by the ODA Loan. As observed in recent decades, the progress of female empowerment in Bangladesh, which is a specific feature of the miraculous socioeconomic development of Bangladesh, is largely attributable to the wide penetration of MFIs in the country (Mahmud and others 2018). In Pakistan, JICA has recently started a livelihood improvement project for female home-based workers in Sind Province through their financial inclusion using FinTech.

22. For material constraints, see Grohmann and others (2018). For physical distance, see Beck and others (2007). For cost of holding accounts, see Beck and others (2008). For social constraints, see Holloway and others (2017).

23. Holloway and others (2017).

situation of gender-equitable financial inclusion. Even within a single village, unbanked women are in heterogeneous degrees of financial inclusion and exclusion. Roughly half of unbanked women live in partially-banked households, suggesting that the reason they are unbanked may be different from the women in totally-unbanked households. Determining the commonly applicable needs and preferences of these different types of unbanked women can be challenging. Moreover, designing widely replicable policies and products addressing specific needs can also be quite difficult.

Data remains limited and expensive: it requires time to collect, and localized approaches take time to develop and implement. Therefore, in addition to field studies in developing countries, the world may benefit from the experiences of developed countries that achieved gender-equal financial inclusion decades ago. In developed countries, men and women use common products, and there seems to be no consensus that gender-differentiated products specifically addressing women's needs have played an important role in completing the full financial inclusion of women. Before the emergence of digital technologies, and before gender equality started to be seriously discussed, those countries had made progress in terms of achieving financial inclusion equally for both men and women. Therefore, along with deepening the understanding of women's needs and preferences in the various contexts in developing countries, it should be fruitful to also integrate the experiences of developed countries.

In addition to solutions within the reach of the financial sector, there could be nonfinancial approaches to facilitate women's financial inclusion. In this regard, some of JICA's experiences provide lessons on the potential of such approaches. For example, through the ex-post evaluation of a project aimed at facilitating the expansion of small-scale business loans and microfinance loans in Egypt, JICA found that women borrowers needed a variety of nonfinancial assistance, such as business and marketing consultation, information on other successful women entrepreneurs, and facilitation to acquire understanding and support from family members and relatives.[24]

Given the global and local diversity of the situation, realizing equal financial inclusion for men and women is important but remains challenging. Being attentive to this issue while facilitating international mutual learning of experiences from both developed and developing countries will be indispensable so as not to leave any woman behind.

24. Sueyoshi (2016).

References

AFI. 2016. Denarau Action Plan: The AFI Network Commitment to Gender and Women's Financial Inclusion. www.afi-global.org/sites/default/files/publications/2016-09/Denarau%20Action%20Plan.pdf.

———. 2017. Bridging the Gender Gap: Promoting Women's Financial Inclusion. www.afi-global.org/sites/default/files/publications/2017-11/AFI2017_Gender_full_AW_ISBN_digital.pdf.

Ashraf, Nava, Dean Karlan, and Wesley Yin. 2010. "Female Empowerment: Impact of a Commitment Savings Product in the Philippines." *World Development* 38, no. 3: 333–44.

Boyd, C., and U. Aldana. 2015. "The Impact of Financial Education on Conditional Cash Transfer Beneficiaries in Peru." In F. Veras and C. Robino, "Social Protection, Entrepreneurship and Labour Market Activation," *Policy in Focus* 12, no. 2. IPC-UNDP: pp. 26–27.

Bangko Sentral ng Pilipinas. 2015. National Strategy for Financial Inclusion. www.bsp.gov.ph/downloads/publications/2015/PhilippinesNSFIBooklet.pdf.

———. 2016. Financial Inclusion in the Philippines, no. 6. Series of 2016. www.bsp.gov.ph/downloads/Publications/2016/FIP_1Sem2016.pdf.

———. 2017a. Financial Inclusion Survey: Moving Towards Digital Financial Inclusion. www.bsp.gov.ph/downloads/Publications/2017/2017FISToplineReport.pdf.

———. 2017b. Report on the State of Financial Inclusion in the Philippines. www.bsp.gov.ph/downloads/Publications/2017/Financial%20Inclusion.pdf.

———. 2018. Financial Inclusion in the Philippines. Financial Inclusion Dashboard, no. 8. www.bsp.gov.ph/downloads/Publications/2018/FIP_1Sem2018.pdf.

Beck, Thorsten, Asli Demirguc-Kunt, and Maria Soledad Martinez Peria. 2007. "Reaching Out: Access to and Use of Banking Services across Countries." *Journal of Financial Economics* 85, no. 1: 234–66.

———. 2008. "Banking Services for Everyone? Barriers to Bank Access and Use around the World." *World Bank Economic Review* 22, no. 3: 397–430.

Grohmann, Antonia, Theres Kluhs, and Lukas Menkhoff. 2018. "Does Financial Literacy Improve Financial Inclusion? Cross Country Evidence." *World Development* 111: 84096.

Holloway, Kyle, Zahra Niazi, and Rebecca Rouse. 2017. "Women's Economic Empowerment Through Financial Inclusion: A Review of Existing Evidence and Remaining Knowledge Gaps." Innovations for Poverty Action. www.poverty-action.org/sites/default/files/publications/Womens-Economic-Empowerment-Through-Financial-Inclusion-Web.pdf.

Karlan, Dean, and others. 2017. "Impact of Saving Groups on the Lives of the Poor." Proceedings of the National Academy of Sciences of the United States of America. March: 201611520

Llanto, Gilberto M., Maureen Ane D. Rosellon, and Ma. Kristina P. Ortiz. 2018. Philippine Institute for Development Studies. Discussion Paper Series. 2018–2022.

Lopez, M. 2017. "E-Money Transactions Hit All-Time High in 2016." Business World Online. www.bworldonline.com/content.php?section=Finance&title=e-money-transactions-hit-all-time-high-in-2016&id=145584.

Mahmud, M., and others. 2018. "Development Transformation in Bangladesh: An Overview." In *Economic and Social Development of Bangladesh-Miracle and Challenges* edited by Y. Sawada, M. Mahmud, and N. Kitano. Cham: Palgrave Macmillan.

Matsuda, A., and others. 2019. "Financial Inclusion and Female Empowerment: Evidence from Honduras." Mimeo.

Prina, Silvia. 2015. "Banking the Poor via Savings Accounts: Evidence from a Field Experiment." *Journal of Development Economics* 115, issue C: 16–31.

Sueyoshi, Y. 2016. "FY2016 Ex-Post Evaluation of Japanese ODA Loan Project 'Micro Enterprise Assistance Project.'" www2.jica.go.jp/en/evaluation/pdf/2016_EG-P31_4.pdf.

Trivelli, C., and J. De los Ríos. 2014. In Breve 54: Creating Financial Assets: The Case for Savings Accounts as Means for Economic Independence and Empowerment for Women. Proyecto Capital.

UNSTAT. April 20, 2017. "Tier Classification for Global SDG Indicators." https://unstats.un.org/sdgs/files/Tier%20Classification%20of%20SDG%20Indicators_20%20April%202017_web.pdf.

World Bank. 2017. The Global Findex Database 2017. https://globalfindex.worldbank.org/node.