SIIPS Collection

BARRIERS AND OPPORTUNITIES TO ADDRESSING WOMEN'S DIGITAL FINANCIAL INCLUSION

HIGHLIGHTS FROM

THE STATE OF INCLUSIVE INSTANT PAYMENT SYSTEMS IN AFRICA 2023 REPORT

AfricaNenda
ACCELERATING INCLUSIVE PAYMENT SYSTEMS

ECA

WORLD BANK GROUP

CONTENTS

Instant Payment Systems (IPS) must increase digital financial inclusion for women

This publication is an excerpt from the **State of Inclusive Instant Payment Systems (SIIPS)** in Africa 2023 report, by AfricaNenda, the World Bank Group and the United Nations Commission for Africa. It sheds light on how IPS can address barriers to women's financial inclusion.

The following barriers and opportunities, as relevant to digital payment inclusion for women, are discussed in detail below.

Barriers:

For IPS:

- A persistent gender gap exists in digital payment usage for most use cases; this is exacerbated by gaps in phone, internet and legal identity documentation access.
- Gender-specific designs are not yet being embraced as a standard in Instant payment system (IPS) development.

For end-users:

- Women's digital payments needs are not adequately met.

Opportunities:

For IPS:

- Work with direct and indirect participants and regulators to support gender-specific needs in payment system design; support access and usage incentives for women.
- Analyze gender-disaggregated data to identify product and service design opportunities for women.
- Establish effective recourse mechanisms to counter fraud and increase trust.
- Integrate Government-to-person (G2P) use cases.

For private-sector players:

- Leverage agent networks, including female agents, to onboard, build trust, and familiarize women with digital payments.
- Adopt Electronic know your customer (eKYC) processes for improved access.
- Improve go-to-market activities and features for women, taking into account lower smartphone ownership and appropriate proxy IDs.
- Improve recourse mechanisms for female clients.
- Collect and analyze more gender-disaggregated transaction data.
- Leverage technology to improve security of personal information and physical safety for women.
- Develop gender-inclusive strategies to reach more women.

For public-sector players:

- Remove regulatory access barriers by reforming documentation requirements for Know your customer (KYC) and explicitly allowing eKYC.

Opportunities:

For public-sector players:

- Strengthen requirements and oversight of recourse mechanisms.
- Create gender-disaggregated data reporting requirements.
- Commission nationally representative surveys, including adopting a deliberate gender lens to inform appropriate gender strategies.
- Develop subsidy programs around increased smartphone roll-out and adoption.

For development partners:

- Research and publicize gender disparities and needs to inform public and private sector products and services.
- Assist public and private sector with technical assistance around gender intentional and transformative strategies.
- Support public- and private-sector strategies around increased smartphone roll-out and adoption.

1. Can IPS address barriers to women's financial inclusion?

The gender gap in digital payments remains significant. In some countries in Africa, it has widened in recent years. Global Findex data highlights that women in Sub-Saharan Africa (SSA) are still less likely than men to own and use either a financial institution account or a mobile money account. Specifically, the gender gap in bank accounts nearly doubled from 7% in 2011 to 12% in 2021 (49% of women have a financial institution account versus 61% of men). The gap is smaller for mobile money accounts: 30% of women own one compared with 36% of men. Individual countries see different dynamics as it relates to the widening or the narrowing of their account ownership gender gap. For example, in Côte d'Ivoire and Mozambique, significantly fewer women than men opened new accounts since 2017, increasing the gender gap to 27% and 22%—from 11% and 18%, respectively (World Bank 2021c). While account ownership in Ghana and Senegal is relatively high, women are 10% and 15% less likely than men to have an account, respectively (GSMA 2023a). Across the sampled countries in this report, digital payments usage is also subject to a gender gap. Indeed, women conduct fewer digital transactions than men (15 transactions for women per week compared with 22 transactions for men).[1]

Several challenges will need to be overcome to narrow gender gaps in account access and digital payments, including the lack of financial literacy and independence for women, constraining social norms, and systemic lack of access to social infrastructure such as telecommunications networks, phones, government-issued IDs, and the like.

1 This finding is corroborated by GSMA in Ghana, Kenya, and Senegal (GSMA 2023a).

Regarding financial literacy, women are less likely to be financially literate and, in some cases, have limited financial independence. This lack of experience and exposure make them fearful about fraud and data privacy. Chapter 3 of the SIIPS in Africa 2023 report discusses how, female respondents from Cameroon and Senegal reported higher exposure to fraud and data privacy risks, which made the interviewees hesitate to use digital payments. In Morocco, women cite a lack of independent income sources as a reason for lower digital payment usage.

Payment service providers (PSP) may fail to limit these barriers or even exacerbate them. For example, embedded gender bias among PSPs (including fintechs), regulators, agent networks, and other stakeholders, mean that women may not be offered appropriate products or considered when developing market outreach. These biases carry over into the algorithms used in the financial sector to run credit risk analyses, to name one example, as well as to dictate product offerings, or prioritize delivery channels (Singh and Ledgerwood 2023). PSPs that want to address these systemic issues and develop women-centric outreach or product offerings may also be stymied in that effort by a pervasive information gap—gender-disaggregated data remains largely unavailable at the system level.

In addition to the barriers over which IPS have some degree of control, there are other systemic barriers outside of their control. Specifically, women often lack access to mobile phones, mobile networks, and the internet. Even in Kenya, a country with the highest mobile money adoption in SSA, only 88% of women own a mobile phone—as compared to 93% of men (GSMA 2023a). SSA has among the widest gender gaps in mobile internet use in the world, resulting in more than 190 million women lacking access to mobile internet services (a 37% gender gap; Kwankwa 2023). Female respondents across our sample in Rwanda and Malawi also cited low levels of literacy as a significant challenge to access and use of digital payments. Lower self-confidence and low digital exposure levels influenced respondents in Cameroon, Malawi, and Senegal. Even those women who want to open accounts face challenges if they lack the identity documentation needed to do so. In Nigeria, 17% of female respondents versus 11% of male respondents cited a lack of documentation as a barrier to opening a mobile money account (GSMA 2023a). Finally, social norms play a role: in six countries in Africa, women are legally prohibited from opening a bank account without their husbands' consent (World Bank 2023a).[2]

2. Opportunities for IPS to promote gender-inclusive digital payments

While many of the key barriers to women's use of instant digital payments lie outside the purview of an IPS, there are actions IPS and other market stakeholders can take to mitigate some of them. They include the following:

Establish effective recourse mechanisms to counter disruptions and fraud

IPS should be pro-active in monitoring and enforcing recourse mechanisms across digital channels and providers. Though PSPs usually function as the first-line contact for end-users seeking recourse, IPS can provide an additional recourse channel between the PSP and the central banks or consumer protection agencies. Further information on recourse is provided in Annex D, and details on fraud can be found in Annex E of the SIIPS in Africa 2023 report.

In the event of service disruptions that create the need for recourse, IPS can set rigorous standards for cyber resilience and business continuity to ensure rapid recovery of services after disruptive events. Operational risk management policies established by the IPS should also include transparency clauses mandating that participants share data related to operational incidents with the participant group. Within the system design, participant PSPs can be required to perform security screenings to ensure dispute resolution timelines and comparable standards for all payments in an IPS. Centralized transaction limits and other rules-based flags are potential measures to cap the exposure of end-users to fraud (BIS 2016). IPS may also require upgrades to the infrastructure for Unstructured supplementary service data (USSD) to allow end-users, and particularly women who frequently use USSD, to transact safely in high velocity settings (e.g., a market).

2 Cameroon, Chad, Equatorial Guinea, Eswatini, Guinea-Bissau and Niger.

Reconsider regulations with differential gender impacts

Removing the country-specific challenges related to identity document access and tiered accounts could enable inclusive instant payment systems, especially for women. Central banks could evaluate regulations to understand their differential gender impacts and re-define those that limit women's financial autonomy. In addition, domestic and regional strategies that take a gender lens to payment system design, and that support ecosystem incentives for increasing access and use of digital payments by women, can serve as powerful levers to address constraints. Of 20 countries in SSA with national financial inclusion strategies, 19 include a focus on financial inclusion for women (World Bank 2023c). Many lack specifics, including what data should be gender disaggregated and how regulators should monitor and evaluate gender inclusivity.

Multi-lateral organizations can also influence policies that exist across multiple countries. In 2020, the Group of Seven (G7) launched its Partnership for Women's Digital Financial Inclusion in Africa, bringing together five institutions to focus on building gender-inclusive, sustainable, and responsible digital financial systems (G7 2022).[3] The mainstreaming of gender across all of the Alliance for Financial Inclusion (AFI) working groups has the potential to embed gender awareness into policy (AFI 2020). To date, AFI has recognized 32 member institutions for their progress in promoting gender inclusive finance, including through policy changes. Of these, 17 are African central banks.[4] IPS designers, supervisors, and regulators can apply the learnings from these institutions in their respective jurisdictions.

Leverage gender-disaggregated data to inform products and services

Gender-disaggregated data is crucial to supporting women's financial inclusion and empowerment. Gender disaggregated data surfaces the different realities lived by women, allowing providers to better meet women's needs. For example, complicated USSD menus, dropped transactions, and apps that malfunction have had disproportionate impact on digital payments sent by women. Targeted, gender disaggregated data collection within and outside an IPS can inform investments for gender-centric product design and upgrades to service quality.

Some countries already require gender disaggregated reporting. In Egypt, a circular from 2018 mandates banks to report gender-disaggregated data on Micro, small, and medium enterprises (MSMEs) owned or governed by women. This data feeds into the Financial Inclusion Datahub established by the central bank, which collects data from financial institutions using the national ID (World Bank 2023c). Insights from this data are fed back to the market.

IPS, especially those that run on ISO 20022 or proprietary messaging systems with enhanced data fields, can guide participants to capture sex-disaggregated data in real-time while applying data privacy and data protection principles. Alternatively, an IPS in collaboration with a central bank could mandate in its scheme rules that participants report gender-disaggregated data on a monthly or quarterly basis. This latter approach may be more feasible in places or systems that face technical barriers to data collection and reporting.

3 "The African Development Bank's Africa Digital Financial Inclusion Facility is working to catalyze gender-intentional development of infrastructure, policies, regulations, and product innovation. The World Bank's Identification for Development Initiative is working to help countries build inclusive and trusted ID and civil registration ecosystems that increase access to—and the quality of—services and economic opportunities, promote the realization of rights, and empower people with more control over their personal data. The United Nations Capital Development Fund's Africa Policy Accelerator is accelerating inclusive policies for digital financial services. The Abdul Latif Jameel Poverty Action Lab is funding and generating policy-relevant evidence on the effects of digital identification and e-payment systems. The Oxford Blavatnik School of Government's Digital Pathways Initiative assessed countries' ecosystems for digital development." (G7 2022)

4 Central banks of Angola, Burundi, Egypt, Eswatini, Ghana, Lesotho, Liberia, Malawi, Morocco, Mozambique, Nigeria, Rwanda, São Tomé e Príncipe, Tanzania, Ugada, Zambia, Zimbabwe.

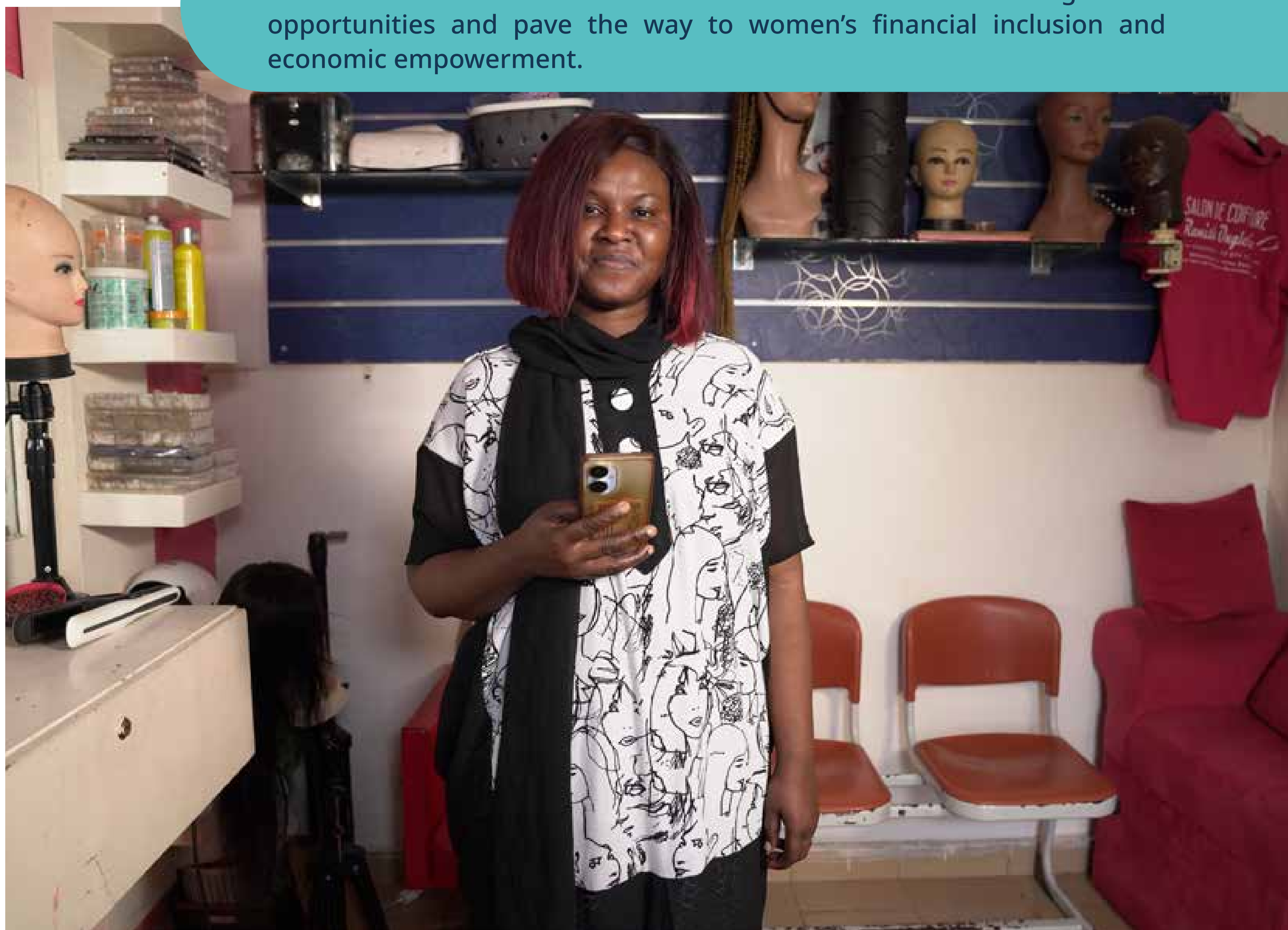
Embrace gender-sensitive agent networks

As discussed in Chapter 3 of the SIIPS in Africa 2023 report, PSP agent networks play a key role in building awareness about digital payments and helping end-users build the knowledge and self-confidence they need to navigate new systems. PSPs can increase end-user access to agents by allowing a more widespread tier of agents to perform basic services without submitting to extensive due diligence requirements. Women feel safer with women agents; given that, IPS stakeholders should encourage women to sign on as agents within communities—including in rural communities. This should increase instant payment usage by women, and thereby increase scale in the IPS. (Stakeholder interview 2023).

Seek synergies between financial inclusion barriers and other access gaps

Pairing digital account access and digital identity initiatives has proven to be a successful strategy for driving digital payments uptake. In Pakistan, the number of women who signed up for IDs nearly doubled after the government linked its identity system to a social payment scheme (Hendricks 2019). The Banque Centrale des États de l'Afrique de l'Ouest (BCEAO) is developing a database with a unique financial account identification proxy for end-users, who must sign up and verify their payee information through their PSP interface to transact. The PSP verifies the payment address in the recipient institution via the central service and then the IPS pushes the payment using ISO 20022 after successful verification.

Women continue to face greater financial exclusion and vulnerability than men. AfricaNenda seeks to make sense of the challenges and opportunities and pave the way to women's financial inclusion and economic empowerment.



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