



How can we make Microfinance more useful to Women?

Minutes of the Savings and Credit Forum in collaboration with SDC Gender Network

Thursday, March 8, 2012, Bern

The objective of the Savings and Credit Forum on 8 March 2012 was to discuss on how poor women could benefit more by promoting gender-sensitive financial services. The forum was opened by Annemarie Sancar, SDC's focal point gender equality network. She highlighted SDC's tradition of promoting economic development of rural poor areas and the importance of linking the economic sphere with other aspects of life, including health and education. Ruth Egger presented the speakers, the programme and moderated the discussions during the day.

Linda Mayoux, a well known researcher and author on gender issues in economic development, started by presenting **empirical evidence of gender-specific behaviour**. One of the main reasons why microfinance (MF) got promoted for women is their higher repayment rate. Linda presented a potential virtuous spiral according to which MF would lead not only to women's economic empowerment, but also to social and political empowerment. The evidence shows that in many cases this assumption was not realised. It is thus necessary to question all assumptions and to carefully analyse how MF impacts on existing inequalities between men and women as well as among women.

Throughout the morning of the Forum, Linda Mayoux and Inez Murray, the Executive Vice President of Programs of the Global Network of Women's World Banking (WWB), discussed on how to make MF more useful to women by focusing on the following three hypotheses:

Firstly, the necessity to convince financial service providers to make an **extra effort for more gender-sensitivity**. Linda mentioned both: business arguments for MFIs, including a large potential of an underserved female market and client loyalty reducing follow-up costs, as well as arguments concerning national wealth creation for governments and donors.

After a short introduction of WWB striving to implement its mission to expand the economic assets, participation, and power of low-income women and their households by helping them access financial services, knowledge and markets, Inez pointed out that WWB is convincing its affiliate to make extra efforts to address women's need by selling it as a clear business case. WWB introduced a gender performance framework based on the insight that unless you measure outcomes, you are not getting the results you want.

Secondly, the necessity for **gender-sensitive design of the financial products and their delivery mechanisms** by noticing that women do require tailor-made financial services linked to their own livelihood and business activities. Linda distinguished four levels of products and services that 1) do no harm to women's well-being, 2) intend to enable women's equitable access to all forms of financial services, 3) increase women's empowerment, 4) promote gender transformation. Participatory market research can help to design better financial products and services for women. She stressed that deep-rooted issues affecting gender inequalities are often not spoken about.

For WWB, an important aspect in gender-sensitive product design is the principle of segmenting the market, both between women and men, but also among women. For example, a new and important segment for financial education through services is girls and young women since a lot of decisions are made at early age. WWB is unique in its investment in market research and product innovation with regards to credit, savings and micro insurance. Also, since women in certain contexts face mobility constraints and can't easily access bank branches, WWB developed alternative delivery channels like using female field officers, etc.

Thirdly, the necessity to **complement financial services with non-financial services** by noticing that access to financial services alone is insufficient for poor women to escape from poverty. Linda presented the Financial Action Learning System (FALS), a client-led methodology bringing together clients and financial service providers as partners in developing empowering and financially sustainable

products and services. FALS adapts simple proven tools to integrate product design and market research, client financial empowerment and social performance management. Linda argues that in many cases it has proven to be cheaper and more efficient to train the MFI staff to deliver also nonfinancial services to the clientele. They know their clientele and are in regular contact with them: no special visits or meetings needed. The MFI has the possibility to cross subsidize such measures while at the same time increasing the security of its credits.

WWB embeds financial education into the marketing mix. Many network members have closely affiliated NGOs that provide MFI clients with non-financial services. WWB also conducts research to advance the gender agenda, analysing what needs to be done to ensure that the industry is meeting its social mission. WWB favours an institutional separation between financial and non-financial services so that each provider can professionalise its services. Examples of non-financial activities of WWB affiliates are with different legal entities like Card Bank, NGO, Training Centre, Insurance Company.

The **Q & A session** focussed on the articulation between MF and informal financial services, which are often very important for women. Both presenters recognized the importance of informal sources of finance, like issues linked to social capital, but also to replace the disadvantages with better options. Group and individual credits were another issue of discussion especially in relation to economic and social empowerment of women. The discussion showed that the business aspiration of the client, her selfconfidence and experience with financial management influence on her preference for an individual loan if available. On the financial intermediary side, it is the social mission to serve very poor clients, to profit from social pressure for repayment and especially to use the group set up for financial education and common learning and action that determine whether the latter is offering group or individual credits or both.

A case study on **Microfund for Women (MFW)** was presented by Fatina Abu Okab, Deputy General Manager of MFW, a WWB Affiliate and women only financial institution in Jordan. In order to diminish the life cycle risks of their over 60'000 female individual and group borrowers and to offer them more security, MFG has started offering different insurances schemes to their clients and spouses (life insurance and maternity). Their latest innovative product is the Caregiver Health Insurance Program; it builds on women's roles as the caregivers of the family. It is compulsory for borrowers and pays a cash benefit of USD 14 per night after hospitalization up to 48 nights per year. It is intended to help to cover for loss of income, and incidental expenses. MFW has taken out a group insurance policy with a local insurance company affiliated with Zurich Financial Services. The programme is efficiently managed and the woman borrower has to pay for example USD 1.4 per month for the Caregiver insurance.

The presentations were followed by a **panel discussion** with all speakers as well as Sabin Bieri, head of the gender and sustainable development department at the Interdisciplinary Centre for Gender Studies (IZFG), University of Bern. The role of research was highlighted, its task being to provide contextualisation and contribute to up-scaling of findings. Improvements have to be done in how findings are communicated so that they do not feed into a "gender fatigue", but also avoid framing the issue in a business language only. Further, the issue of targeting the poor was discussed, while there are many women with no access to financial services. At the same time, it was also realised that MF cannot help the poorest of the poor, who rather need grants to get to the point of becoming potential clients of MF. Another point of discussion was the link between micro and macro levels and the role of funders in advocacy. The regulatory framework concerning property and wider women's rights is crucial for gender-sensitive MF. The question is how the information gathered from clients could serve for advocacy. Also awareness on client level is necessary, otherwise legislative changes are not achieving the desired change in real life.

Hans Ramm, SDC's E+I focal point adviser on financial sector development, highlighted that framing the topic revealed a range of challenges, including the misconception of MF as a magic bullet for poverty reduction and gender equality. He stressed that the term "microfinance" was used exceptionally today, as SDC has wisely promoted financial inclusion instead. He also recalled the 20-year SDC-WWB partnership which has resulted in an impact on women in utilising financial services and thereby advancing their economic and social advancement as illustrated by the corresponding case study. He concluded the forum by identifying six takeaways from the forum: 1) WWB has convinced financial



institutions to make an effort to benefit women clients, 2) specific efforts are needed to design gender-sensitive financial products and product delivery mechanisms based on a proper market analysis, including the women household economy and life cycle events, 3) poor women - like anybody else – require a range of financial services, including savings, insurance, and money transfers, and not only microcredit, 4) the poorest women and men need first to access grants, saving products and microinsurance for basic asset building before they may take out a loan, 5) governments and society at large must be the driving force in overcome societal discrimination against women (like land ownership, heritage, etc) through legislative changes and an effective judiciary system, 6) we need to first measure, act on, and report on social performance to create transparency that leads to good governance and thereby incorporating specific gender performance indicators as pioneered by WWB. There is empirical evidence that on average larger and mature financial institutions perform better in social aspects compared to smaller and immature ones calling for a clear plea for donors to partner with mature financial institutions with a strong social mission and a capability for massive scale.

The day was closed with an apéro, offered by the Office for Equal Opportunities (FDFA) on the occasion of international women's day.

