



Case Study no. 14

February 2012

This study is based on the experience of the partnership between the Women’s World Banking Network (WWB) and the Swiss Development Cooperation (SDC). It forms part of a series of thematic case studies of SDC’s Employment + Income Network.

Women and Their Money: Making Financial Services More Useful to Women

Heather Clark

1. Introduction

Long ago, pioneers of microcredit began to target women clients. They found that women had better repayment rates than men. Poor women never had access to credit. They knew if they repaid their loans, they would be offered continued access to a valuable and rare product. They accepted terms that may be difficult to understand today.

Thirty years of experience shows that more poor women can access a variety of financial services. Yet, a women-centered approach to financial services requires more than a profitable exchange between women clients and financial services providers.

Women’s World Banking (WWB) women-centered approach uses a deliberate strategy to design financial products that meet women’s needs and respond to their financial behavior and preferences. The strategy also builds women-centered financial services providers (FSPs) that take mission to heart, by building staff diversity to mirror the market.

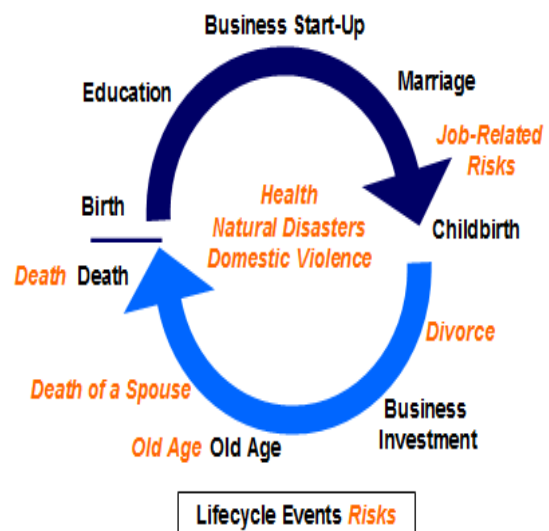
Today, WWB is a network of 39 FSPs in 27 countries that serve 26 million clients, 80% are women. Members are supported by a global team of technical specialists. WWB is the only global microfinance network expressly committed to women’s leadership.

Because of who they are, where they are and what they do, poor women’s financial needs and how they use financial services differs from that of men. A deliberate strategy to serve the women’s market works to shape financial product design and delivery mechanisms that respond to these differences.

From research and experience in 23 countries, WWB has learned that understanding lifecycle events and risks that poor women face is the basic platform for

designing effective women-centered financial products. (Figure 1)

Figure 1: Lifecycle Events and Risks for Poor Women



As primary care givers in the household, women often sacrifice greater investment in their businesses to care for children. They use loans, savings and insurance - when available - to manage risks for the family. They take more time to make financial decisions and want more information about financial products. Women value confidentiality, even within the household. In many countries and in rural areas women have more limited mobility. Women save constantly and in small amounts. They invest in children’s education and build the house - often block by block - to provide some security in old age when they are more vulnerable to abandonment.

2. Pioneering Women-Centered Financial Services

Take a step back in time to 1979, the birth of WWB, an independent set of organizations' that came together and agreed on a set of common principles' that would guide their network for three decades. Imagine sitting around a table with 10 leaders from around the world. They talk about farmers tending fields at dawn, traders walking dusty streets and small businesses that are open to the wee hours of the night. They talk about business owners, independent decision-makers, hard workers, supporters of families, educators of children and role models in communities. We never hear the word victim, charity or beneficiary. But we do hear a roar of excitement, open disagreements and a rallying call to create and strengthen organizations that women farmers, traders and entrepreneurs can use to access finance, information and markets.



From 1991 to 2011, SDC provided institutional support to the WWB network. The year 1991 marks a very early phase in what would later be called the "Microfinance Revolution".

The rationale for SDC support relied on positive experiences supporting FSPs that served poor and low income people, especially women, and a strong commitment to ensure FSPs grew and developed to meet financial needs of underserved people. At that time, and to this day, WWB held a unique position as the only global network of women-centered financial services providers committed to helping poor women improve their economic well-being, knowledge and self-esteem.

SDC also saw an opportunity to support a prestigious global network which shared the tenets of SDC's financial sector policy, namely to consider the special needs of women, have women actively participate in product design and to be open to different types of

partners and institutional set ups. As a knowledge center dedicated to financial services for women, WWB could aid SDC and others with research and know-how to support expansion, outreach and impact in this growing field.

SDC's relationship with WWB and the other core funders required regular and active involvement in monitoring, reporting and commissioning evaluations during each WWB three-year strategic planning period. Over the years, feedback on strategy development, monitoring the implementation of recommendations, generally met with mutual acceptance. However, at times WWB saw priorities and progress in a much different light.

Engagement with the industry: WWB started with a bang. From the mid-1980's WWB influenced the principles and performance standards for the microfinance field, sharing lessons, convening expert groups, and producing manuals for the broader public good. Many of these standards and principles are still in use today, such as transparency of information and performance standards, now championed by CGAP and the MIX Market.

Early on, WWB countered strong advocates for specific microfinance models and types of organizations, preferring instead, a focus on performance, not legal charter. WWB recognized that an exclusive focus on the very poor would exclude the majority of poor and low-income people, who had no access to financial services. This was a courageous and unpopular view at the time. WWB also favored microfinance as part of the national financial system, not an alternative and isolated system driven by foreign aid flows. Putting actions behind these views, WWB engaged with banks, bankers and other private sector partners, long before such ventures were fashionable. Today, these views lead the way for many countries to benefit by deeper and more inclusive financial sectors.

When the focus shifted to technical services to members, WWB's influence was not sufficiently felt on industry standard setting bodies to incorporate gender performance, despite an array of impressive publications and much to say. WWB provided feedback to the Social Performance Task Force (SPTF) and the MIX on the inclusion of gender indicators since the first social performance indicators tool was developed, but came late to lead the dialogue. Since 2010 WWB chairs the SPTF Gender Working Group, bolstering content with research and increasing membership. As the SPTF seeks to reduce the number of indicators in response to reporting burdens expressed by FSPs, WWB plans to launch

an exclusive gender performance website. The site will serve as an industry knowledge center, featuring research, project lessons, focus notes and a gender performance tool kit.

Accountability: Benchmarks and Transparency

One of the earliest and most effective initiatives, but long in the making, was insistence on members' standard reporting and meeting performance targets. As early as 1986 members came to consensus and established requirements for new and current membership. In 1997 minimum performance standards were established that all affiliates were expected to meet by 2000. At that time, it was recognized that about one-third of the affiliates would have difficulty complying with performance criteria.

"We felt this was an opportunity to be part of a group of global microfinance leaders to share our experiences and learn from the industry-wide knowledge that would be accessible to us. We also felt that our ability to meet the criteria defined by WWB would give Kashf a level of credibility."

Sadaffe Abid, Kashf CEO WWB Annual Report 2006

Disaffiliation of several weaker members rankled some of WWB's core funders who saw WWB abandoning the weak to pursue network growth. WWB argued that disaffiliation was reserved for members who had no desire to change –others left voluntarily: this was an inevitable consequence of keeping pace with more demanding industry standards of transparency, growth and performance. Though both views are valid, the final arbiter is advancing WWB's mission to provide financial services to poor women. With the benefit of hindsight, the policy of transparency promoted the reputation of the network, the effectiveness of services for strong members that could access WWB financial advisory services and linkages with capital markets, and provision of crucial technical services to weaker members, whose performance reporting identified trouble spots.

3. A Lasting Focus on Women-Centered Financial Services

"For me, WWB is the 'flag' of the women's movement, because they support women's leadership. There are many microfinance organizations, but only one organization puts women first."

Diana Medman, Founder and Chair, Russian Women's Microfinance Network

Governance: Members who recognize the value proposition for membership and contribute to mutual learning make a network strong, and a governing body ensures a sustainable and relevant organization driven by mission.

The WWB board includes network members, which is an important governance feature. This comes from the earliest philosophy that decisions should be made by members through consensus building. Involving members in all decisions may have been costly at times, but this closely held value of WWB's mission has served them well. Over the years and at different stages of industry development, WWB determined priorities that matched industry directions and member demand. Often priority setting was difficult when there was so much to do and members were at different stages of development in dissimilar contexts.

Box 1: WWB Priorities

1979 - 1995

Network building and Transparency
 Industry engagement - principles and performance
 Operational capacity building for young institutions

1995 - Early 2000s

Organizational Strategy Development
 Policy work and building local networks
 Affiliate Capitalization Program
 Leadership building

2000 - Present

Women's leadership and mid-management
 Capital Markets Brokering and advisory
 Product Innovation
 Market Research and Branding Strategies
 Quality Capital (equity fund)

Challenges to mission emerged in 1998 when WWB decided to admit men-led, but women-client focused MFIs to the network such as large MFIs, and state-owned and private banks. The decision was seen to be both vision-critical and potentially controversial. This move could promote scale and lateral learning but it might also contribute to mission drift.

Common purpose and consensus decision-making held the network together during this membership crisis. There were regrets about letting go of the past. Difficult as it was, they agreed that these changes advanced the mission of financial inclusion for many more poor women globally.

WWB took a pragmatic strategic approach to work with strong male-led organizations to be more women-centered, and to continue supporting both strong and weaker women-led organizations to excel and improve. Some of the male-led organizations that

find a mutual value position in WWB membership include Ujjivan Financial Services in India, (Box 3) Association for Social Advancement (ASA) in Bangladesh, and XAC Bank in Mongolia. (Box 4)

Governance challenges are often associated with the balance between the strength of the CEO and the governing board. A balance of power provides the foundation for accountability combined with the energy and strength of the CEO to accomplish results. A strong leader is perhaps the most motivating force in any organization - whether an FSP or a network - but it can lead to dependence on one person. In several cases at the WWB network member level, politically connected leaders did not have the experience or the commitment to manage banking institutions. As most organizations do, the WWB network experienced challenges in managing the delicate balance between the governing board function and the executive function.

Succession planning is another critical governance challenge. As an institution evolves, many founding leaders want to step aside, and are often hungry for help to do so. The Women's Leadership Center, which engages CEOs in moving mid-management up the ladder, is one network initiative to address this dilemma. (Box 2)

Change is difficult, but often there are unexpected benefits of addressing tough choices. Greater transparency, accountability to mission and advancing scale through a diverse membership may have paved the way for WWB's continuous updating and renewing the focus on the women-centered approach.

Policy Advocacy Regulatory Reform and Technical Services: Starting as early as 1995, country-level regulatory reform and policy advocacy were main priorities of WWB. Policy change is not an easy task, as national political agendas take precedence.

"No President wants to be associated with an increase in interest rates," said the Vice Minister, Colombian government, as he reminisced about successful efforts to reduce restrictive interest rate caps in Colombia. (WWB Evaluation, 2004)

Through experience in India, the Dominican Republic, Kenya and Colombia, WWB found that when advocacy worked well, it worked through the dedication and constant engagement of strong WWB members, engaging in-country networks, and using WWB's convening power to produce consensus

positions among many actors with different perspectives. No small feat.

Policy and regulatory work often appeared too distant for a global network to accomplish and pre-mature in advance of more concrete results on the ground. This focus was also divisive among staff who felt that the network should emphasize services to members to better serve women clients. A stronger focus on capacity building for members required a global team of technical experts and creative ways to leverage learning from one member to another. For WWB it also required a long and costly re-organization.

Technical service provision to a growing membership is a valued, yet expensive service. Mobilizing pro bono expertise and lateral exchanges among members have been cost-effective mainstays of WWB's operation to increase member capacity. Members' technical needs range in sophistication, intensity and costs. The lack of effective mechanisms for member fees and dues has been and continues to be a weakness for sustainability of the network. Increasingly, WWB's commitment to service provision shows a matching commitment to develop and ensure cash contributions from members.

Industry Trends: Since the late 1990's microfinance has been on the move to formalization, a financial systems approach which focuses on strengthening domestic financial markets and increasing transformation of MFIs into regulated financial institutions and banks.

In 2008 WWB published a paper that asked, "Where did all the women go?" This served as wake-up call for the network and the industry about transformation linked to women clients and women's roles in management and governance. Even within WWB there was a decline in women's board positions and senior management from 2003 to 2007. The research revealed the importance of leadership and succession planning, and learning from current women leaders who combine practice, management skill and insight.

Countering the Trend: WWB believes MFIs targeting women customers will more successfully understand and respond to women's needs if staff, management and leadership "mirror their market".

Women leaders still have a healthy showing in the microfinance industry. Yet transformation can tip the gender balance in ways that are unfavorable to women. Regulated financial institutions often have different legal requirements for CEOs and Boards. As microfinance joins the mainstream, market realities make top positions more attractive to men. Often women have not been groomed to assume senior

management positions. Women's positions as loan officers serving the most valued segment of market - poor women with small businesses - do not always provide them with the skill set to secure promotions to top management positions.

Box 2: *"Women drop out of the race for leadership at the middle management level. We are very conscious of this and we try to push them up the ladder."* Dr. Riria, Kenyan Women finance

WWB developed three important initiatives to counter the trend: 1) research on women staff, management and leadership among members that had transformed; 2) an Organizational Gender Assessment tool that goes beyond counting statistics to analyze policies, procedures and culture that inhibits or promotes women within the organization; (Box 3) and, finally the Women's Leadership Development Program and Center for Microfinance Leadership in partnership with the Wharton Business School at the University Pennsylvania.

Box 3: Ujjivan Financial Services, India, saw value in WWB's Organizational Gender Assessments (OGA) to improve diversity in the workplace and more effectively serve women clients. The OGA analyzes staff recruitment, retention, promotion and professional development policies and practices to ensure diversity. As Managing Director, Mr. Ghosh says "It is very important to be an equal opportunity employer, for the good of the organization. We aspire to hire the best people for the best job. This is a part of our culture. Obviously there is an imbalance between genders and that we have to set right."

Product Innovation: WWB was one of the first networks to recognize the limits of group lending. A how-to-guide to individual lending was developed and used by network members to build a broader product range responding to women's financial needs. Group lending loan size is often a good fit with the smaller size of many women's economic activities. However, heavy reliance on rigid loan size, payment frequency and group guarantee often limits attention to matching the client's financial needs.

"When we asked for the money they let us down and gave us a smaller amount,"
(WWB Uganda Survey)

"...women still need access to solidarity group loans, and we want to be there for them. But we also want to help poor women entrepreneurs who are successful in growing their businesses."
(Mi-Bospo, Bosnia)

Perceptions and Empowerment WWB notes that liberation from gender stereotypes is not much easier than escaping poverty. A partnership between an international advertising agency and Microfund for Women (MFW Jordan) developed a successful social marketing campaign based on understanding gender identities and clients' aspirations. The national campaign, "Empowering Every Ambitious Woman", is credited with helping clients and society change perceptions about the value of women's work.

"[I wish that] people didn't make fun of us for what we do. That [they would say] what we do is actually worth something,"
(Businesswoman, MFW Jordan)



Income and Assets Generating income is a way for women to be more valued within families and have greater autonomy in decisions. But it is asset accumulation that appears to have a more robust link with mitigating risk in the household, and decreasing violent or abusive relationships.

"We women think more about tomorrow."
(Banco ADOPEM Client, Dominican Republic)

Women tend to save on a daily basis and in small amounts to cover household expenses and for emergencies. Different spending priorities also influence how women prefer to save. As a means of protection, savings are often hidden from household members or locked into illiquid informal mechanisms.

Both informal savings mechanisms and commitment savings with formal financial institutions offer features that reflect their understanding of the customers: money is often collected in places women feel comfortable or are permitted to visit; small sums, paid in at regular intervals are required for participation, responding to the way poor women save; and, money is taken away from the house, providing a way to curtail access and offer a degree of confidentiality. These products facilitate saving for a specific goal,

whether it is a life-cycle event or a business purchase. And, finally, a lump sum is available, making it possible to achieve the goal.

The different experience of WWB members shows the importance of knowing women – their lifecycles and behaviors when designing savings products. When financial services providers design savings products with this in mind, they are rewarded with a high degree of customer loyalty.

Before the window closes: Girls Savings

“There is a moment, a defined period in which intervention can completely change the outcome of a girls’ life. Once that window closes, we have lost the opportunity to impact a generation.” (WWB)



In 2008, WWB piloted a girls’ savings program with XacBank in Mongolia and Banco ADOPEM in the Dominican Republic. After two years 6,000 girls, from ages 7 to 17, opened savings accounts and 9,000 have participated in financial education programs.

Banco ADOPEM’s savings account for girls, gives them ownership and control. Girls identify what they are saving for, the total cost, and then develop a weekly plan to reach the goal. Incentives are built into the plan; girls get small bracelets as planned deposit levels are reached. The savings product has features that are shown to be effective –savings for a specific goal and reminders at regular intervals, complemented by incentives to reach the goal.

Youth savings accounts are an opportunity to keep the window open for change. When girls as young as seven control their own accounts they develop skills in goal setting, decision making and better planning for the future.

Box 4: XacBank’s “Aspire” Savings Account

XacBank teams with schools and community organizations to work with girls who do not attend school. XacBank found that the business case requires a short-term financial trade-off to achieve a long-term goal, similar to what is expected of the client. They see the “Aspire” savings account as a way to prepare future customers, build corporate social responsibility and increase client satisfaction. In 2010 XacBank expanded the program to include boys.

4. Lessons

Clients: The Product and Market Mix

Women may have many of the same financial needs as men, but they think and act differently when it comes to financial matters. Life cycle events and risks play a heightened role for poor women; understanding them is critical for product design, marketing and delivery channels.

- Research the market (and target markets). Know customer constraints, household dynamics, legal rights, perceptions and customs to inform decisions on women-centered product design and marketing. Investigate product features that work for women, and those features that may be good for the FSP, but may have harmful effects or create a “glass ceiling” for a women’s business expansion and entrepreneurial acumen.
- Branding is more than a marketing ploy to attract customers. Branding requires an in-depth knowledge of customer perceptions and how customer loyalty emerges and continues.
- Partner with organizations that are specialized in financial education, market research, or specific product lines to allow more effective design and roll out of innovative products. Network members are an important source of expertise.
- The next generation is waiting. Savings accounts combined with financial education may provide one simple, but powerful, way to help girls learn how to make decisions, manage money, and set goals that extend beyond finance.

Network

A mutually shared and unique value proposition, an international and influential reputation, and one which brings a deep sense of community, sharing and belonging are powerful motivators for members to join

a network and stay active. WWB has lived and learned these lessons:

- Members identify trends and opportunities among themselves and with other industry actors to respond to changing customer needs. They actively learn and exchange knowledge for the collective good, ensuring their relevance in a growing and very dynamic industry.
- Networks should be prepared to respond to industry progress and work with members in a holistic way. Initiatives may include professional development and succession planning; measures to ensure gender diversity within the organization; and, bolstering research to develop quality products and delivery channels.
- Members and the network report on what works and what doesn't. This fosters lessons for future planning and strengthening efforts, acknowledging that higher performance requires humility and a tolerance for failure.
- Members need to contribute to network sustainability. As technical needs generally range in sophistication, intensity and costs, ensure an equitable mechanism is developed for member dues and technical services fees.

Funders

Institutional supporters in general deliberately follow a flexible funding model that allows grantees to define their own strategy and priorities to achieve outcomes. This often leads to increased grantee ownership of the process and results, as well as innovation and dedication to the field. Increased flexibility also means much greater funder preparation. SDC has lived and learned these lessons:

- Insist on well defined business plans with clear, measurable objectives and indicators that are directly related to achieving strategic objectives.
- Engage in the monitoring process. Mutual accountability between funder and grantee includes agreement on clear reporting, preferred formats and content. Respond in a timely and meaningful way, acknowledging progress as well as a critical review of issues. Be pro-active in requesting the grantee to analyze failures as well as promising initiatives, complemented or instigated by external evaluation.
- Both the funder and the grantee benefit by a well-defined exit strategy. Each partner is better able to plan for the future and develop shared views about the funding relationship. No exit strategy

can foster grantee dependence and provide disincentives to improve efficient operations. Funder policies also change; budgets are cut, and other priorities surface, making grantees vulnerable to sudden shifts.

- Active donor coordination on accountability measures, such as monitoring and reporting, and the continuous harmonization of objectives are keys to supporting large and mature networks in a dynamic field. In a consortium of several funders it is beneficial to designate a focal point who can take the lead on analyzing progress and ensuring harmony.

Sources: The case study relies on many WWB publications: Product Diversification and Microfinance: Introducing Individual Lending (2005); Solutions for Financial Inclusion (no date); Gender Baseline Survey Morocco (2005); Rural Finance for Small Farmers: An Integrated Approach (2007); 2011 Excellence in Leadership Award; Transforming the Landscape of Leadership in Microfinance: Maintaining the Focus on Women; Stemming the Tide of Mission Drift: A Case Study of ADOPEM (2010); Stemming the Tide of Mission Drift: Microfinance Transformations and the Double Bottom Line (2008) What If It Had Been Lehman Brothers and Sisters? (2011) Publications can be found at www.swwb.org

And those in collaboration with others: Product Development for Girls: Girls' Savings and Financial Education (2009) Making Cents International; Microinsurance that Works for Women (2009) ILO. Girls and Their Money: Strategies for Promoting Savings, Financial Education, and Social Support for Adolescent Girls in Low-Income Countries (2011) Microfinance Opportunities. Publications can be found at www.swwb.org, www.makingcents.com; www.ilo.org and www.microfinanceopportunities.org.

CGAP (2011) Latest Findings from Randomized Evaluations of Microfinance www.cgap.org

Photo credits: ADOPEM client: Diane Bondareff for WWB; Microfund for Women client: Faridon Abida, MFW; ADOPEM girl savers: WWB.