

ADVANCING FINANCIAL INCLUSION FOR WOMEN IN BOTSWANA, NAMIBIA, SOUTH AFRICA AND ZIMBABWE

Theme: Advancing financial inclusion for women

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Abstract

Financial inclusion has been a topical issue over the past two decades. It offers numerous benefits to policymakers and researchers, both at national and societal level. This chapter explores the state of financial inclusion for women in four selected countries in the Southern African Development Community (SADC) region namely Botswana, Namibia, South Africa, and Zimbabwe. Financial inclusion plays a significant role in employment creation, stimulation of growth, savings, investments, alleviation of poverty, and the reduction of gender inequalities. Globally, there are about 1,7 billion people who are financially excluded, with 56 percent of them being women in developing countries. Despite the major roles played by women in entrepreneurship and leadership, several challenges have been observed in the quest to financially include women in the formal financial system. A myriad of challenges in the SADC region militates against the inclusion of women in the formal financial services sector and these include: the reluctance by banks to advance credit to rural communities and the poor; the demand for collateral/security by financial institutions when they advance loans to women. The chapter uncovers that Namibia and South Africa have higher rates of financial inclusion as compared to Botswana and Zimbabwe.

Keywords: Financial inclusion, women financial inclusion, financial exclusion, Southern African Development Community, Sustainable Development Goals

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1. Introduction

Financial inclusion has been the fulcrum of academic research and debate over the past two decades globally, with more pronouncements being placed on the financial inclusion of women. Financial inclusion has been defined from diverse angles, without any form of unanimity in its definition. The multiplicity of the definitions revolve around commonalities such as the accessibility of financial services to the populace, how the services are consumed/utilised, as well as quality and cost of the financial services. However, financial inclusion has been defined as the process through which individuals, especially the poor have access to basic financial services in the formal financial sector.⁴

In addition, financial inclusion has also been contextualised to refer to specific initiatives that are taken to make all formal financial services available, accessible, and affordable to all the social strata of the population, with particular emphasis on women. A similar definition is also given which points out that financial inclusion refers to the delivery of financial services and products in a manner that is available, accessible and affordable to all segments of society and plays a critical role in combatting poverty and contributing to inclusive economic growth.⁵ In a bid to have some form of convergence in terms of the workable definition of financial inclusion, certain parameters were laid out by the World Bank's 2014 Global Financial Development Report⁶ which posited that financial inclusion encompasses the proportion of individuals and firms that utilise financial services.

Generally, over the last decade, financial inclusion has been on an upward trajectory globally, and more specifically in SADC countries.⁷ Prior studies by the International Monetary Fund (IMF) have shown that there has been a phenomenal growth in the proportion of the adult population holding a bank account, from a global average of 51 percent in 2011 to 69 percent in 2017⁸ even though the same report shows an

⁴ P.K. Ozilli 'Financial inclusion research around the world: a review' (2020) *Forum for Social Economics* 1 9.

⁵ Southern African Development Community 'SADC Financial Inclusion Strategy' (2016) 1 6.

⁶ World Bank 'Global Financial Report' *Financial Inclusion* (2014) 1 2.

⁷ For this study, SADC countries include Angola, Botswana, Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia, and Zimbabwe.

⁸ A. Barajas, T. Beck, M. Belhaj, and S.B. Naceur 'Financial Inclusion: What Have We Learned So Far? What Do We Have to Learn?' (2020) *International Monetary Fund* 1 6.

unbanked population of 1.7 billion adults globally without having a bank account. Most of the unbanked population live in developing countries, and 56 percent of all unbanked adults are women.⁹ These statistics, especially for the unbanked population offer some opportunities for financial service providers to include some segments of society that have been marginalised for a long time, that is, women so that they can also contribute meaningfully, socially, politically, and economically within their respective societies. Research further confirms that the gender gap in Africa seems to be linked with women participation outside the financial sector. Women would be discriminated against in other areas of the economy, like formal employment, and African women are more likely to resort to informal financial services,¹⁰ as opposed to formal services and products. Furthermore, research confirms that the poor, women, youth, and rural residents tend to face greater barriers in accessing financial services.¹¹

The epoch of the COVID-19 pandemic in January 2020 ushered in unprecedented challenges globally in the financial services sector. Many countries instituted response measures to the pandemic such as lockdowns and observance of social distancing measures, to contain the virus, which has weakened many borrowers' ability to repay and, consequently posed challenges for the survival of many financial institutions.¹² In light of the foregoing, women have not been spared from the brunt of the Covid-19 pandemic, with the closure of many firms especially small businesses in which women are largely present, thus exacerbating the scourge of unemployment in the SADC region.

However, it has been evident that credit, savings, insurance, payment, and mobile money are some of the financial inclusion products that have capacitated women entrepreneurs, especially start-ups.¹³ Furthermore, research confirms that financial inclusion and financial systems have greatly enhanced the lives of women entrepreneurs and start-ups by improving their welfare, mitigating shocks and the

⁹ A. Demirgüç-Kunt, L. Klapper, D. Singer, S. Ansar, and J. Hess 'The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution' (2018) *World Bank* xi 4.

¹⁰ A. Zins and L. Weill 'The determinants of financial inclusion in Africa' (2016) 6 *Review of Development Finance*, 1 3.

¹¹ World Bank '*Global Financial Report*' *Financial Inclusion* (2014) 1 3.

¹² A. Barajas, T. Beck, M. Belhaj, and S.B. Naceur 'Financial Inclusion: What Have We Learned So Far? What Do We Have to Learn?' (2020) *International Monetary Fund* 1 7.

¹³ J.O. Abebe, L. Maina, J. Ondiek and C. Ogolla 'Background Paper Driving Gender-Responsive Financial Inclusion Models in Africa' (2017) *UN Women* 1 16.

management of expenses, as well as performing daily transactions.¹⁴ The preceding discussions attest to the fact that women should be part of a financial inclusion strategy of any nation, most especially in the SADC region. To capacitate women, some researchers¹⁵ opine that Africa needs to define feasible financial inclusion strategies and interventions for women to exploit the vast potential of those women, and women businesses currently excluded from the formal financial sector, in capacitating their human and physical capital. Against this backdrop, this chapter focuses on the advancement of financial inclusion for women in the SADC region. A brief overview of the financial inclusion of women is provided in the first instance while the rationale and challenges of financial inclusion follow. Subsequently, the chapter focuses on country specific financial inclusion strategies for women in the selected four countries within the SADC region, namely: Botswana, Namibia, South Africa, and Zimbabwe.

2. Overview of Financial Inclusion of Women

Extant literature confirms that financial inclusion has multifarious benefits for the marginalised population especially for women and poor adults in many countries, and Governments globally have focused on financial inclusion as the key to economic empowerment, development, and a solution to rising poverty levels.¹⁶ In line with the assertion espoused above, one could argue that through financial inclusion of women, the levels of social inclusion are likely to improve in societies within a country by targeting the formerly excluded women, thus addressing some of the United Nations Sustainable Development Goals (SDGs) which promote and propagate gender equality in societies. Previous research confirms that women are still lagging men, though with notable improvements being evidenced in women's participation in financial inclusion, which has resulted in improved economic growth and better living standards in society.¹⁷ The Figure below highlights the gender disparities in developed and developing countries for account ownership which has been used as one of the

¹⁴ J.O. Abebe, L. Maina, J. Ondiek and C. Ogolla 'Background Paper Driving Gender-Responsive Financial Inclusion Models in Africa' (2017) *UN Women* 1 16.

¹⁵ J.O. Abebe, L. Maina, J. Ondiek and C. Ogolla 'Background Paper Driving Gender-Responsive Financial Inclusion Models in Africa' (2017) *UN Women* 1 11.

¹⁶ P.K. Ozilli 'Financial inclusion research around the world: a review' (2020) *Forum for Social Economics* 1 9.

¹⁷ J. O. Abebe, L. Maina, J. Ondiek and C. Ogolla 'Background Paper Driving Gender-Responsive Financial Inclusion Models in Africa' (2017) *UN Women* 1 11.

major measures for financial inclusion. The inequalities between men and women are quite pronounced in developing countries as compared to developed countries between 2011 and 2017. Gender disparities among developed countries are quite negligible (almost at par) as evidenced in Figure 1. Globally, women still lag in financial inclusion, which is the same scenario in developing country contexts, though at different magnitudes.

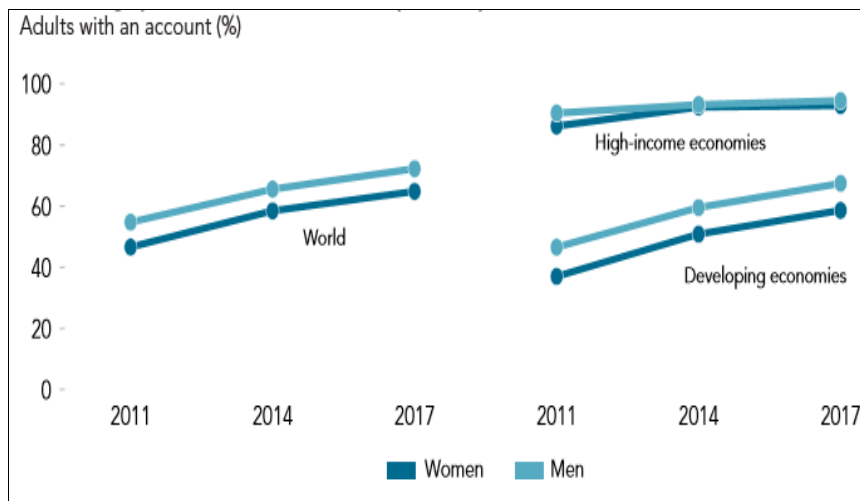


Figure 1: Gender gap in account ownership between developed and developed countries

Source: Demircuc-Kunt, et.al (2017) Global Findex Database (p24).¹⁸

Figure 1 above indicates that there is no gender balance in terms of account ownership, with women being marginalized mostly in developing countries. This violates women's rights and goes against the principles of the United Nations Sustainable Development Goals (UNSDG) especially UNSDG Number 5¹⁹ which advocates for the achievement of gender equality and empowerment of women and girls. All countries which are signatories to the United Nations (including the four SADC countries under study) need to ensure that women's rights are also protected especially in the promulgation of policies that advance women's financial inclusion in the formal financial services sector.

While it is critical that women are not excluded in a country's financial system, it is imperative to have a cursory analysis of the reasons why women and other vulnerable

¹⁸ A. Demircuc-Kunt, L. Klapper, D. Singer, S. Ansar, and J. Hess, 'The Global Findex Database 2017: Measuring financial inclusion and the fintech revolution.' (2018) The World Bank. 1 24.

¹⁹ United Nations Sustainable Development Goals, "The 17 Goals" Available: <<https://sdgs.un.org/goals>> accessed 17 March 2021.

members of society are excluded in most developing countries. Several reasons have been articulated and from empirical literature, low-income individuals and or households in marginal areas and activities taking place in areas such as the rural areas, those in microenterprises and mostly the informal sector are negated by the financial systems.²⁰ The fixed costs incurred by banks in advancing loans will not be offset by the low demand for financial services in remote, rural areas. Furthermore, compounding the issue of financial exclusion of women is the fact that empirical studies have shown that in SADC, the majority of commercial banks and financial institutions are situated in urban cities and towns which present lucrative business opportunities, and high income earners normally reside in these areas.²¹ Resultantly, the majority of women, low income earners, the poor and vulnerable members of society who reside mostly in the rural and farming communities are financially excluded.

Research further shows that the demands and requirements of commercial and financial institutions regarding minimum account balances to be maintained at the banks,²² certified copies of residential addresses and utility bills, monthly bank charges, low literacy, coupled with a great amount of paperwork preclude women from accessing financial services. Lastly, the cost of servicing customers in rural areas has been found to be astronomically high, unviable, and not cost effective for the commercial banks to service the unbanked populace. The unbanked population mostly comprises low-income earners, the poor, and many women belong to this group-hence financial exclusion.

Most of the unbanked population and the small enterprises that they operate do not have a trading financial and business history/experience,²³ hence when it comes to borrowing, these groups find it extremely difficult to access loans in most instances, commercial banks are reluctant to advance credit to them. Coupled with the above,

²⁰ F. Allen, E. Carletti, R. Cull, J. Qian, L.W. Senbet, and P. Valenzuela 'Improving access to banking: Evidence from Kenya' (2014) *The World Bank Development Research Group* 1 30.

N. Masiyandima, K. Mlambo and S. Nyarota 'Financial inclusion and quality of livelihood in Zimbabwe' (2017) *14th African Finance Journal Conference-Africagrowth Institute* 1 2.

²¹ F. Allen, E. Carletti, R. Cull, J. Qian, L.W. Senbet, and P. Valenzuela 'Improving access to banking: Evidence from Kenya' (2014) *The World Bank Development Research Group* 1 30.

²² P. Honohan 'Cross-country variation in household access to financial services' (2007) *World Bank Conference on Access to Finance in Washington, DC* 1 5.

²³ N. Masiyandima, K. Mlambo and S. Nyarota 'Financial inclusion and quality of livelihood in Zimbabwe' (2017) *14th African Finance Journal Conference-Africagrowth Institute* 1 2.

banks and financial institutions normally require collateral and security when they advance loans, and this is not readily available from the marginalised members of the society, the poor and women. Considering the preceding information, one could argue that many of the identified challenges vitiate the financial inclusion of women to a greater magnitude. However, regardless of the noted glitches, these are not insurmountable to any Government which is propelled by the desire to achieve equality for all its citizenry in accessing financial services and products.

2.1 The Rationale for Financial Inclusion

This section focuses on the rationale for financial inclusion in generic terms, which is also significant for the financial inclusion of women. While financial inclusion has been defined earlier, it is noteworthy to appreciate what financial exclusion entails to comprehend the distinction between the two terms. Financial exclusion refers to a situation where a significant proportion of a country's population has no access to the financial sector's services, products, and systems. To some extent, financial exclusion may be described as a situation where some segments of the population, especially the poor and disadvantaged groups of society are neglected from accessing formal financial services, and this is referred to as involuntary financial exclusion. Ultimately, this results in lower savings mobilization and investment in a country. Voluntary financial exclusion normally arises when individuals voluntarily decide that they do not wish to utilise financial services and products, hence it is a matter of choice. However, the focus of this section is based on involuntary financial exclusion since it affects a larger proportion of the population in many countries.

In support of financial inclusion, empirical research has confirmed that financial inclusion is critical in a country for a variety of reasons,²⁴ as highlighted below, and that opportunities exist to provide financial services to the poor, and most importantly to women:

- Financial inclusion reduces transaction costs for households and individuals. This is evident in instances where commercial banks serve a large clientele, thus benefit from economies of scale. The cost per unit

²⁴ N. Masiyandima, K. Mlambo and S. Nyarota 'Financial inclusion and quality of livelihood in Zimbabwe' (2017) *14th African Finance Journal Conference-Africagrowth Institute* 1 2.

of the transaction will be cheaper considering the large numbers of customers and transactions that will be processed.

- Greater financial inclusion improves liquidity since the population of the unbanked will now shift their focus from mainly a consumptive behaviour to that one of saving. This will have a multiplier effect on the economy since the savings will be pooled into investments. In this instance, the money market will be awash with cash since more customers will be participating in the financial system. On the other hand, credit will be readily available especially for those customers who may need financial accommodation since the financial resources would be easily accessible.
- Financial inclusion also promotes the creation of wealth on one hand and addresses income disparities for the unbanked segments of society. The creation of wealth is mainly a result of the process of financial intermediation that is played by commercial banks and financial institutions in the financial system of a country. Thus, there will be an efficient allocation of financial resources in the country.
- Financial inclusion reduces the levels of poverty in a country since income will be generated by the financial system where most people will have access to products and services in a country. This is premised on the fact that there are many participants in the financial services sector, inclusive of the marginalised members of society. Consequently, this could lead to an amelioration of their financial well-being and living standards, which enables them to generate financial assets, and income for their sustenance.
- Research also confirms that meaningful financial inclusion may positively contribute to reduced gender inequalities, especially in situations where women have access to bank accounts and other related services, they would be able to manage their earnings. This implies that women would be able to make informed decisions about critical spending patterns daily.

In support of the above, other authors²⁵ echo the same sentiments by arguing that the achievement of financial inclusion can help boost inclusive growth and economic development, which is positive for businesses as reaching out and serving women can be profitable for the entirety of society. Several stakeholders stand to benefit from the financial inclusion of women namely the communities, Government and the providers of financial services which results in robust financial systems.

In addition, financial inclusion assists governments in making social security payments such as old age pensions and child support grants which are transferred in bank accounts through electronic transfers, for instance, the South African Social Security Agency (SASSA). SASSA is a government agency in South Africa which is mandated to meet the monthly financial needs of the aged, pensioners and children. In Zimbabwe, the National Social Security (NSSA) performs similar roles, but mostly regarding monthly pensioner payments. In this regard, financial inclusion aids in making funds available to vulnerable members of society. Without bank accounts, it would be practically impossible to come to the aid of deserving members in need of financial aid in society.

Furthermore, financial inclusion offers immense benefits to banks. The multiple, vast number of low-cost deposits will offer banks an opportunity to reduce their dependence on bulk deposits and help them to better manage both liquidity risks and asset-liability mismatches.²⁶ As a result of this, banks would be able to reduce concentration risk, since they could advance loans to different types of clients without focusing on few selected clients in a specific sector.

An inclusive financial system has been found to reduce the proliferation of an informal source of funds, such as money lenders who have been found to be exploitative in charging exorbitant interest charges²⁷ on borrowings. Financial inclusion also results in a secure savings system which operates efficiently based on market forces. Borrowers will have the choice of accessing finance from the formal banking system

²⁵J. O. Abebe, L. Maina, J. Ondiek and C. Ogolla 'Background Paper Driving Gender-Responsive Financial Inclusion Models in Africa' (2017) *UN Women* 1 16.

²⁶ P. Shah and M. Dubhashi 'Review paper on financial inclusion- The means of inclusive growth' (2015) 1 *Chanakya International Journal of Business Research* 37 38.

²⁷ M. Sarma, and J. Pais 'Financial inclusion and development' (2011) *Journal of International Development* 5 613 616.

without relying on these speculative sources of finance. To sum up, access to financial services is sacrosanct to the economic and social development of a country as adduced from the evidence above. Hence, financial inclusion should be made a priority in policy pronouncements by Governments around the globe since the benefits of financial inclusion far outweigh the costs of financial exclusion.

2.2 Challenges of Financial Inclusion

While it is evident and undeniable that financial inclusion of women brings about innumerable benefits, there are challenges associated with the inclusion process as identified by researchers²⁸ which include, among others:

- a) **Security:** Commercial banks and financial institutions rely on technology in availing their products to customers. Security concerns have been raised regarding technology which includes hacking as well as cyber criminals who also commit fraudulent activities using other peoples' accounts. Such occurrences may result in the generality of the public not having confidence in the financial system which may hinder the uptake of financial services by individuals who may become sceptical of the financial system.
- b) **Infrastructural limitations:** The issues of network and power supply are important considerations especially in SADC rural areas. Banking transactions are normally conducted on a real time basis in cities and towns. However, in remote and rural areas of SADC, issues of network and power supply are the major challenges which make it extremely difficult to financially include women in the financial system.
- c) **Financial illiteracy:** Lack of education militates against financial inclusion for women since some of them are not well conversant with the operations of financial markets as well as the availability of financial services. As a result, these women do not know the types of financial products available and do not appreciate the value of financial services. A lack of financial knowledge culminates in women being exposed to financial shocks and risks.
- d) For the rural, remote poor women operating in villages, the cost of accessing financial services acts as a barrier for them to actively participate

²⁸ H.R. Khan 'Issues and challenges in financial inclusion: Policies, partnerships, processes and products' *Korea* 250.29 84 92.

in the formal financial markets since they have constrained financial resources.

- e) Related to the above, most rural women do not have a fixed income, while in other instances the income levels would be very low. Therefore, it would be very difficult to integrate women who fall in this category into the mainstream financial system.
- f) The geographical location of rural women: Since many women are residents in rural areas, the implication is that financial services can only be accessed either in cities or towns since that is where the commercial banks and financial institutions are located. In that regard, distance becomes a major consideration, hence women are financially excluded from the formal banking systems.

In addition, several business transactions are conducted in the informal sector, making it practically impossible to access formal financial services. Businesses in countries such as Zimbabwe which now has a thriving informal economy due to the high unemployment rate find it difficult to access formal financial services, hence many individuals will remain financially excluded. The continued use of only informal instruments implies that the poor are limited in their quest to make savings and manage risk appropriately.²⁹

In addition, the implementation of an inclusive financial system that incorporates women is also prone to other limitations. Previous research confirmed that high transaction costs (especially in remote rural areas) make opening a bank branch or financial services point unprofitable. Hence, providing small services to the rural populace is very expensive, which explains why most commercial banks and financial service providers are in major towns and cities.

Furthermore, in developing or rural economies, the geographical dispersion of producers and the lack or bad condition of road networks contribute to very high transaction costs.³⁰ Taking cognisance of the above, it becomes unviable economically for commercial banks and financial institutions to serve rural segments

²⁹ K. Donovan 'Mobile money for financial inclusion' (2012) *Information and Communications for development* 1 61 62.

³⁰ M.J.R. Garcia 'Can financial inclusion and financial stability go hand in hand?' (2016) *Economic Issues* 2 81 82.

due to the high transaction costs involved. On a related matter, commercial banks and other financial service providers normally require collateral and security for loans and borrowings. Such products will not be within the reach of the marginalised poor, rural communities in which women are located.

3. Financial Inclusion of Women in the SADC region

The African continent exhibits varying degrees of financial inclusion among the 54 different member states. A review of the literature available confirms that all African countries have a high level of financially excluded people, and this is symptomatic of the lack of access to formal financial resources.³¹ Consequently, this signifies that the level of financial inclusion is still very low on the African continent. The implication of this is a testament to the existence of an informal economy that serves the needs of most of the unbanked population, with the majority being women as articulated earlier. In Africa, it was established that an approximate 500 million adults remain outside the formal financial system, while within SADC, 45 million people are financially excluded,³² with women less likely to have an account than men,³³ thus compounding the problem of women exclusion from the financial system. To corroborate the fact above, research further confirms that women in developing economies are 20 percent less likely to have an account at a formal financial institution as compared to men.³⁴ In SADC, 36 percent of women are financially excluded compared to 33 percent of men.³⁵ Figure 2 below highlights the financial inclusion rates for selected countries in SADC and Kenya spanning from 2004 to 2015.

³¹C.K. Oji 'Promoting financial inclusion for inclusive growth in Africa' *South African Institute of International Affairs* (2015) 1 5.

³² Finmark Trust. 'Measuring Progress: Financial Inclusion in SADC,' (2018) 1 7.
<https://finmark.org.za/system/documents/files/000/000/184/original/ME_Report.18.pdf?1601965010>
accessed on 18 July 2021.

³³ J. O. Abebe, L. Maina, J. Ondiek and C. Ogolla "Background Paper Driving Gender-Responsive Financial Inclusion Models in Africa' (2017) *UN Women* 1 18.

³⁴ J.O., Abebe, L. Maina, J. Ondiek and C. Ogolla "Background Paper Driving Gender-Responsive Financial Inclusion Models in Africa' (2017) *UN Women* 1 17.

³⁵ Finmark Trust 'Measuring Progress Financial Inclusion in selected SADC Countries' (2019) *FINMARK TRUST* 1 17

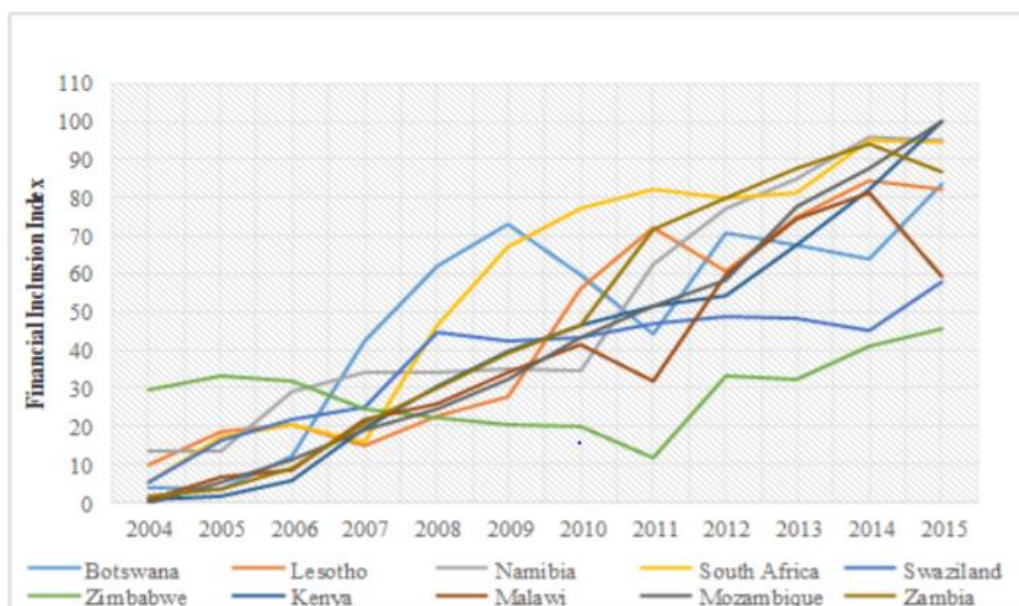


Figure 2: Within Country Indices of Financial Inclusion in SADC and Kenya

Source: Demirguc-Kunt, et.al (2017) Global Findex Database (p26).³⁶

Generally, as presented in Figure 2, South Africa has the highest rates of financial inclusion which indicate that it has more programmes that are meant to enhance the inclusion of the generality of the people in accessing financial services and products. At the lower end of the continuum sits Zimbabwe, with plummeting financial inclusion rates between 2004 and 2011, which might be reflective of a plethora of social, political, and economic problems that the country has been experiencing over the past two decades. Research confirms that women in SADC face barriers to financial access due to lower levels of education, lack of formal employment, and lack of collateral requirements since they are not heading family households.³⁷ In comparison to other regions, for instance in North, West and Central Africa, literature confirms that the levels of financial inclusion for women are very low as compared to the SADC region. Countries such as Algeria, Cameroon, Burkina Faso and Nigeria exhibit a larger gender gap in terms of financial inclusion which militates against the respective

³⁶ A. Demirguc-Kunt, L. Klapper, D. Singer, S. Ansar, and J. Hess, 'The Global Findex Database 2017: Measuring financial inclusion and the fintech revolution.' (2018) The World Bank. 1 26.

³⁷ J.O. Abebe, L. Maina, J. Ondiek and C. Ogolla 'Background Paper Driving Gender-Responsive Financial Inclusion Models in Africa' (2017) UN Women 1 29.

countries' efforts in advancing women's financial inclusion.³⁸³⁹ West and Central Africa have been confirmed as the least financially inclusive regions in Africa, especially regarding women.⁴⁰ The West and Central African countries alluded to in the preceding discussion include Benin, Burkina Faso, Mali, Niger, Senegal, Togo, Ghana, Guinea, Nigeria, Sierra Leon, Cameroon, Congo, Gabon, Central African Republic, Chad and Burundi. The discussion below provides an analysis and synopsis of the level, extent, and magnitude of financial inclusion for women in the SADC countries under study.

3.1 Financial Inclusion of Women in South Africa

South Africa has one of the robust and sophisticated financial systems in Africa, as well as the SADC region, with a population of 59,62 million people constituted by 51,1 percent females, with the remainder being male.⁴¹ In South Africa, the dimensions of financial inclusion are based on access, usage, and quality of the financial products and services as presented in Figure 3 below. Financial inclusion is not only based on access to financial services, but also considers the use and quality of those products and services.

| Access | Usage |
|---|---|
| “Access” refers to the ease with which a consumer can obtain a financial service and includes physical and electronic reach of service provisioning as well as the affordability of financial services | “Usage” refers to both the uptake of appropriate and needed products and services as well as how the acquired services are being used after initial acquisition |
| Quality | |
| “Quality” of financial services refers to the experience of the consumer, both when acquiring and during the use of financial services. This includes market conduct, treating customers fairly and equitably, as well as client awareness and financial literacy | |

Figure 3. Dimensions of Financial Inclusion in South Africa

Source: Financial Sector Conduct Authority (2019, p6).⁴²

³⁸ A. Demirguc-Kunt, L. Klapper, D. Singer, S. Ansar, and J. Hess, 'The Global Findex Database 2017: Measuring financial inclusion and the fintech revolution.' (2018) *The World Bank*. 1 25.

³⁹ I. Soumaré, F. Tchana Tchana, & T.M. Kengne, Analysis of the determinants of financial inclusion in Central and West Africa. *Transnational Corporations Review*, (2016) 8(4), 231 233.

⁴⁰ Ibid. p234.

⁴¹ Statistics South Africa, 'Mid- year population estimates 2020' (2020)

<<http://www.statssa.gov.za/?s=mid-year+population+estimates&sitem=publicatic>> accessed 15 February 2021.

⁴² Financial Sector Conduct Authority 'Financial Inclusion Strategy' (2019) <www.fsca.co.za> accessed 8 February 2021. 1 6.

In addressing all facets that are related to women, South Africa adopted the Millennium Development Goals (MDGs) in the early 2000 in collaboration with the United Nations. One of the MDGs has been the promotion of gender equality and the empowerment of women. South Africa adopted policies aimed at the regulation of the financial sector and advancement of financial inclusion as a policy priority, which saw the introduction of the Financial Sector Regulation Act, 2017.⁴³ Results have shown that the policy pronouncements and initiatives have paid off as evidenced by a marked increase in financial inclusion from 61% in 2004 to 89% in 2016.⁴⁴

In line with the above assertion, South Africa attained the National Development Plan goal of 90% financial inclusion by 2030 in 2019. In fact, among the SADC countries, South Africa is the only country that has managed to financially include most women in the financial services sector. These sentiments were echoed by other researchers who argued that financial inclusion may be reaching its saturation point in South Africa since more than 90 percent of the females are financially included as compared to 84 percent for men.⁴⁵ In view of the above, South Africa has made considerable efforts and improvements in making sure that women access finance as compared to other countries in the SADC region, which is also confirmed in extant literature.⁴⁶

In concurrence with the above, some researchers investigated the state of financial inclusion in relation to the gender disparities in South Africa, and found that women mainly used formal, transactional products and informal financial mechanisms while men used formal credit, and insurance. However, there were no noticeable differences in the welfare of financially included men and women,⁴⁷ the differences were not that significant. Currently, the focus for South Africa could possibly be related to the quality of products/services being offered by financial service providers since there is a saturation of financial inclusion. Considering the foregoing, one could argue that South

⁴³ Financial Sector Conduct Authority 'Financial Inclusion Strategy' (2019) <www.fsca.co.za> accessed 8 February 2021

⁴⁴ R. Abrahams 'Financial inclusion in South Africa: A review of the literature' (2017) *Southern African Accounting Association* 632 632.

⁴⁵ P. Shipalana 'Digitising Financial Services: A Tool for Financial Inclusion in South Africa?' (2019) *South African Institute of International Affairs* 1 17.

⁴⁶ J.O. Abebe, L. Maina, J. Ondiek and C. Ogolla 'Background Paper Driving Gender-Responsive Financial Inclusion Models in Africa' (2017) *UN Women* 1 27.

⁴⁷ P.K. Ozilli 'Financial inclusion research around the world: a review' (2020) *Forum for Social Economics* 1 4.

Africa's situation presents a unique case, coupled with the fact that women are more financially included than men due to its well-established and well-advanced financial sector,⁴⁸ in contrast with Africa where the rate of financial inclusion is very low.

3.2 Financial inclusion of women in Botswana

Botswana has been among the world's fastest growing economies over the past 50 years, with the transition from being among the poorest to an upper middle-income status, consequently pulling the majority of Botswana out of abject poverty. Ironically, despite this major transition, many Botswana are still poor, and the level of inequality is among the highest in the world.⁴⁹ As of 2020, Botswana had a population of 2,254,126, of which 51,64 percent were females. The country is classified as an upper middle-income country.⁵⁰ The marked growth and development of Botswana over the last half a century has mainly been attributed to the sound democratic principles espoused by the country's leadership, and the prudent management of the country's mineral resources which has culminated in the country being recognised on the continent as one of the beacons of democracy.

The promulgation of the National Development Plan 10 in 2007 highlights the serious commitment of the Botswana Government to its citizens having access to financial services. In support of the above fact, The Ministry of Finance and Economic Development (MFED) is mandated to implement the National Financial inclusion programme with a budgetary allocation. In complementing the efforts of MFED, The Ministry of Investment, Trade and Industry provided budgetary support in two critical areas, namely: credit market development and consumer protection and literacy, which was meant to enhance financial inclusion. Furthermore, The Botswana Financial Inclusion Roadmap 2015 – 2020 laid out Botswana's priorities for the enhancement of financial inclusion in the country. Five decades ago, the rate of financially excluded Botswana was approximately 96 percent, and the country registered a financial inclusion rate of 50 percent in 2014.⁵¹ Despite some of these positives, research

⁴⁸ Finmark Trust 'Research Report on Mobile Money in South Africa' (2017) *FINMARK TRUST* 1 25.

⁴⁹ World Bank 'Botswana Systematic Country Diagnostic' (2015) *The World Bank Group* 1 vi.

⁵⁰ A. Barajas, T. Beck, M. Belhaj, and S.B. Naceur 'Financial Inclusion: What Have We Learned So Far? What Do We Have to Learn?' (2020) *International Monetary Fund* 1 4.

⁵¹ M. Chibba 'Financial inclusion, poverty reduction and the millennium development goals' (2009) *The European Journal of Development Research* 2 213 224.

K. Molefhi 'Financial Inclusion and its Impact on employment creation in Botswana' (2019) *Botswana Institute for Development Policy Analysis* 1 4.

confirms that further progress in financial inclusion was hampered by several factors such as:⁵²

- a) A large informal sector: This implies that players in the informal sector trade within their sector, hence there is no need to be incorporated in the formal financial system.
- b) A worry-free attitude, 'no mathata' (meaning *no problem*) in terms of savings and borrowings of citizens and small, micro, and medium enterprises.
- c) Poor access to formal credit.
- d) Market concentration – dominance of the retail financial sector by two banks and the widespread presence of monopolies or oligopolies in almost every sector of the economy.
- e) Absence of, or very low presence of, formal financial institutions in both rural areas and small urban centres.
- f) A weak enabling environment for private businesses.
- g) Poor governance in areas such as monetary policy, land ownership, public sector agency governance, government procurement and the legal and regulatory framework.

The Government of Botswana set up the Citizen Entrepreneurial Development Agency (CEDA) whose mandate is to help businesses to grow through financial capacitation which aids financial inclusion. Regardless of this positive move by the Government in accelerating the levels of financial inclusion, accessing funds from CEDA is an uphill task for the unemployed youths, the rural poor as well as women. As noted in prior studies, a significant number of Botswana cannot gain access to financial services due to lack of collateral demanded by formal banking institutions operating in the financial services sector. The problem is rife mostly for women who cannot access the much-needed finance from the formal financial system due to the high levels of poverty. Therefore, the main challenge for Botswana is the lack of implementation of key strategies that are geared towards the reduction of financial exclusion to reduce

⁵² M. Chibba 'Financial inclusion, poverty reduction and the millennium development goals' (2009) *The European Journal of Development Research* 2 213 224.

poverty⁵³ and unemployment among the vulnerable groups in society. To conclude, youths, the rural poor, and women and those who are financially illiterate are mostly excluded from accessing finance from the formal banking system which obliterates the Government of Botswana's efforts of increasing the levels of financial inclusion.

3.3 Financial inclusion of women in Namibia

Namibia is an upper middle-income country with a population of about 2,5 million people, comprising of 51,54 percent women. The country's sound political stability and economic management have aided the leadership in containing the vagaries of poverty and unequal income distribution. The major segments of the population which are prone to poverty are: female headed households, the less educated, larger families, children and the elderly, and laborers in subsistence farming. Coupled with all these challenges, unemployment is wreaking havoc among the youth at 43,4 percent, and 38, 3 percent among women.⁵⁴ Covid-19 is also likely to have a negative impact on the mineral rich country due to weak demand on minerals which may hurt exports. Poverty levels among the vulnerable groups may also rise due to the negative effects of the pandemic.

Since many women lack access to credit, they normally turn to the informal sector, and most women headed households are greatly affected as compared to men because of being financially excluded.⁵⁵ The inability of women to access loans from banks and financial service providers means that they are constrained in terms of entrepreneurial projects they may wish to embark on. Such projects could benefit other people in the form of employment creation, thus alleviating unemployment and poverty.

However, Namibia's scenario is rather different from many African countries as regards women's financial exclusion. Namibia has done so well in terms of financial inclusion, occupying number four within the SADC region, with women being more financially included than men, which suggests that most of the adults who are

⁵³ P.K. Madigele and G.E.J. Mogomotsi 'Improving Financial Inclusion of the socially and economically disadvantaged in Botswana through the Grameen Bank Microcredit Model' (2016) 9 *Botswana Journal of Business*, 55 56.

⁵⁴ World Bank 'World Bank Namibia' (2020) <<https://www.worldbank.org/en/country/namibia/overview>> accessed 12 January 2021.

⁵⁵ J.H. Kim 'A study on the effect of financial inclusion on the relationship between income inequality and economic growth' (2015) 52 *Emerging Markets Finance and Trade* 498 500.

unbanked in Namibia are men. This is also a departure from the global statistics⁵⁶ that indicate women falling into the majority of the unbanked. However, within the context of Namibia, the gender disparities are somehow skewed in favour of women. The 2017 financial inclusion report for Namibia highlights that 79,8 percent of eligible women are financially included, compared to 76,1 percent of eligible men.⁵⁷

Whilst disparities exist between men and women in terms of financial inclusion, it is noticeable that such disparities are not very significant as evidenced by the statistics presented above. On a positive note, possibly lessons could be learnt from the experiences of Namibia in how it has managed to financially include most women which are not in tandem with trends on the African continent. Possibly one of the reasons could be related to the fact that Namibia has paid special attention to women's empowerment and gender equality, as enshrined in its Constitution. Significant targets have been met, for instance, there has been a marked increase in the number of girls attending primary and secondary school. Namibia has also shown total commitment towards women's empowerment and ensuring women have access to services for education, health, and employment.⁵⁸

3.4 Financial inclusion of women in Zimbabwe

Zimbabwe is a low-income country that has a population of 14,6 million people, with women constituting 52,3 percent of the population.⁵⁹ Zimbabwe took a deliberate stance in 2016 in crafting a National Financial Inclusion Strategy (2016-2020) that was geared towards the promotion of access to and use of financial services by the country's unbanked individuals, coupled with enhancing financial inclusion of marginalised groups, including women. The National Financial Inclusion Strategy was in line with the SADC Financial Inclusion Strategy, 2016-2021. Women play a pivotal role in Zimbabwe's society in different facets such as leadership, entrepreneurship, and service provision. Previous surveys⁶⁰ highlighted that while women own 57

⁵⁶ A. Mukong, N. Shiwayu and T. Kaulihowa 'A decomposition of the gender gap in financial inclusion: Evidence from Namibia' (2020) 15 *African Journal of Business and Economic Research* 149 151.

⁵⁷ Namibia Statistics Agency 'Namibia Financial Inclusion Survey' (2017) Financial inclusion report of Namibia 1 27.

⁵⁸ UN Women Namibia 'Namibia aims for equal access to services, roles for women as agents of peace' (2015) <<https://www.unwomen.org/en/get-involved/step-it-up/commitments/namibia>> accessed on 3 January 2021.

⁵⁹ World Bank 'Zimbabwe' (2019) <<https://data.worldbank.org/country/ZW>> accessed on 20 December 2019.

⁶⁰Finscope 'MSME Survey Zimbabwe 2012' (2012)

percent of micro, small, and medium enterprises (MSMEs) in Zimbabwe, only 14 percent of MSMEs use banking services, confirming the fact that most of the women are not financially included in the formal financial system.

It is well established that most women in Zimbabwe do not save with formal financial institutions, since some of the requirements for opening and maintaining bank accounts are prohibitive and very stringent. In addition, the high minimum balance requirements, as well as high bank charges, discourage women from opening and maintaining accounts with formal financial institutions. These commercial banks and other financial service providers do not adequately target women in their lending models.⁶¹ In instances where commercial banks advance credit to women, they normally require collateral security which could be in the form of title deeds which most women do not have access to. In trying to mitigate these problems, women resort to the informal sector where they 'pool' small amounts together (Mukando) for personal and business needs.⁶² The challenges faced by women in Zimbabwe cuts across the globe in general and SADC in particular. Therefore, it is not very surprising that most women in Zimbabwe are financially excluded since it is a global trend.

Furthermore, previous research confirms that financial inclusion among women increased from 59 percent in 2011 to 76 percent in 2014, while among men, financial inclusion also increased from 64 percent in 2011 to 79 percent in 2014.⁶³ Although the disparities are not that significant, it remains a fact that women are still lagging in terms of financial inclusion, despite the concerted efforts made by the Government of Zimbabwe in addressing the gender imbalances. While upper-middle income countries, such as Namibia and South Africa have high rates of financial inclusion which is driven by the financial services sector, countries such as Zimbabwe rely on both the formal sector and other channels such as mobile money and remittances.⁶⁴

http://www.finmark.org.za/wp-content/uploads/pubs/Finscope_Zimbabwe_Broch/3nfl.pdf accessed on 18 November 2018.

⁶¹ C.L Dhlwayo 'Initiatives to Promote Financial Inclusion for Women: The Case of Zimbabwe' (2016) *The Fletcher School Leadership Program for Financial Inclusion* 93 93.

⁶² C.L Dhlwayo 'Initiatives to Promote Financial Inclusion for Women: The Case of Zimbabwe' (2016) *The Fletcher School Leadership Program for Financial Inclusion* 93 94.

⁶³ Finscope 2014 In C.L Dhlwayo 'Initiatives to Promote Financial Inclusion for Women: The Case of Zimbabwe' (2016) *The Fletcher School Leadership Program for Financial Inclusion* 93 93.

⁶⁴ SADC 'SADC Financial Inclusion Strategy (2016-2022)' (2016) SADC 1 16.

In the rural farming areas, women have limited access to loans advanced by commercial banks, thus further excluding women from the formal financial system.

4. Conclusion

This chapter focused on the importance of financial inclusion at a global level, which was narrowed to the SADC region. Evidence from previous research suggests that indeed financial inclusion enhances economic development, promotes access to income, and ameliorates the wellbeing of society. Where women are denied access to loans and other financial products, that constrains their growth prospects and hinders their entrepreneurial intentions, which limits choices and exposes them to the vagaries of financial risks and shocks. As already noted, the major constraints to increased financial inclusion among women are lack of income, geographical distance to financial institutions, especially in rural areas, and weak financial literacy.

Some countries within the SADC region such as South Africa and Namibia have managed to financially include most women in the formal financial system which is in contrast with global trends. This could be a learning curve, possibly for other countries with low inclusion rates like Zimbabwe and Botswana. At a national level, countries are encouraged to enact policies that address gender inequity, especially in terms of financial inclusion so that women can also have choices regarding savings, investments, access to credit, and daily expenditures. Women's financial inclusion has been observed as a lever to advance gender equality.⁶⁵

Commercial banks and other financial service providers should have policies which are accommodative of the needs of the poor, rural marginalised women in their lending criteria. Most importantly, banks and other financial service providers should not prescribe too many qualifying criteria for accessing loans which are prohibitive. As such, credit availability should be made easily accessible to women without the restrictive requirements of security. This also extends to the large volumes of paperwork that is associated with opening bank accounts, which should be eased. Financial institutions should be encouraged to educate potential customers especially women, regarding finance since it was also identified as a constraint to accessing

⁶⁵ Bill and Melinda Gates Foundation 'A G7 PARTNERSHIP FOR Women's Digital Financial Inclusion in Africa' (2019) *Bill and Melinda Gates Foundation* 1 16.

finance. Financial illiteracy contributes to a greater extent to the high levels of women's financial exclusion.

Regarding the issue of financial service providers being hesitant to set up branches in remote rural areas, possibly Governments could offer tax incentives for those financial service providers which set up branches in rural areas to service the rural population. Such incentives could be related to granting a 'grace period' for the payment of corporate tax especially to those companies which decide to set up branches in rural areas serving women. This is the time when gender inequities should be addressed, otherwise a greater proportion of women will be financially excluded from the formal banking systems in perpetuity, as if they are second class citizens in the various social strata.

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