

Financial Inclusion in the Pacific:

Women's Financial Inclusion Significantly Improves Household Wellbeing

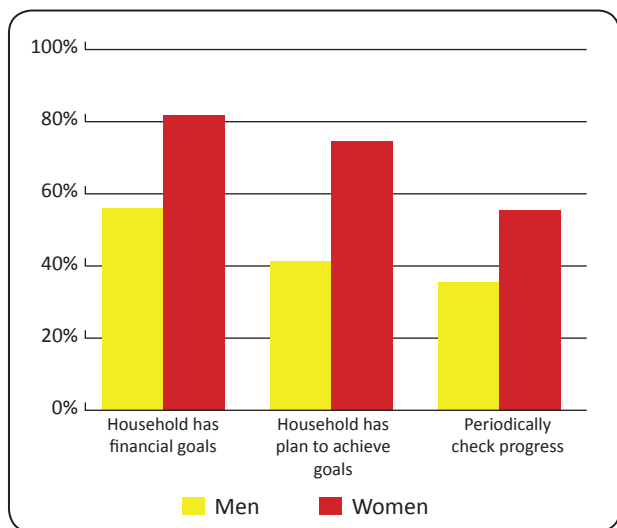
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The wellbeing of a rural household can be quantifiably improved if only one person in that household attends financial literacy training and has a savings account. A significantly higher level of wellbeing is achieved when that person is a woman.

Conclusion from *Financial Capability, Financial Competence and Wellbeing in Rural Fijian Households*

More Women Plan Spending and Set Financial Goals

An in-depth study of rural households in 2008 in Fiji reveals that women assume greater responsibility than men for the management of their household's finances in rural households. Women are more likely than men to plan spending and to set financial goals for the household. Overall, men appear to be more spend-thrift than women; they are more likely to spend money as it is received and are significantly less likely to plan expenditure:



Women are also more diligent at managing household expenditures than men. They are three times more likely than men to keep household records and are significantly more likely than men to check that household bills and accounts are correct. Not only do more women budget than men, but women are twice as likely to keep a written record of household income and expenditure as men:

Household Financial Management and Gender

	Men	Women
Keep Financial Records	18%	63%
Checks bills & accounts are correct	45%	66%
Have a household budget	37%	57%

Women Understand their Family Financial Situation Better

Men tend to be more optimistic than women about their household's ability to meet its financial obligations. This is probably because fewer men than women have a realistic understanding of the household's actual financial situation. Nearly three quarters of women state that their household sometimes — or always — struggles to pay bills and repay loans whereas less than half of men consider this to be a problem. A revealing difference is that five times more men than women stated they do not know how well their household is meeting its current financial commitments:

Household's Ability to Meet Current Financial Commitments

	Men	Women
Without Difficulty	31%	22%
Sometimes a struggle	29%	42%
Always struggle/ Financial Problems	15%	32%
Don't know	16%	3%

Women Save More

Women appear to be better at saving money than men. On average women state they are able to maintain \$100 more in a savings account than men.

Fewer Women Own a Bank Account

Despite the key role women play in managing household finances, fewer women own bank accounts than men. This has implications for the management of household cash flows as the ownership and use of a bank account is a key means by which households manage cash flow. Overall, rural women appear to be less “banked” than men. Only 30% of women state they own a bank account (either individually or jointly) compared to 45% of men. This general disparity is evident across the three critical financial services: savings, loans and investments.

And Fewer Women attend Financial Literacy Training

Fewer rural women have the opportunity to participate in financial literacy training. The most common reason cited by men for not participating in financial literacy training workshops when they were held in their village was that they were absent from the village. By contrast, the most common reason cited by women was that they were not advised of the training or were not asked to participate. Women’s lack of information and access to training perpetuates the exclusion of women and hinders household wellbeing:

Reason for non-Participation in Financial Literacy Training Workshop

	Men	Women
Was not in the village when the training was held	60%	33%
Had other work or family commitments	25%	20%
Was not aware of training or was not asked	10%	35%
Was not interested in attending	5%	9%

Investing in Women Gives the Greatest Returns

Women accept the principal role in the management of household finances in rural Fijian households and are demonstrably more competent than men at managing household finances and at saving. Their role is pivotal to improving the wellbeing of their households. And yet, evidence from rural Fiji suggests that despite this, women have fewer opportunities to access the banking system and to participate in financial literacy training programs. Financial literacy and financial inclusion programs must emphasize the active participation of women to maximize impact. The study shows that investing in financial literacy training that is accessible and convenient to women gives the greatest returns to rural households. Specifically targeting women’s training coupled with interventions to increase women’s access to simple and affordable savings services should be an integral part of any financial inclusion strategy.

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PACIFIC FINANCIAL INCLUSION PROGRAMME
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Australian Government
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Source: Financial Capability, Financial Competence and Wellbeing in Rural Fijian Households. UNDP, 2009; The Relationship between Adult Financial Competence and Household Wellbeing in Indigenous Rural Households in the Solomon Islands. UNDP, 2008

Where to go to learn more: <http://www.undppc.org.fj/pages.cfm/publications/pfip-reports/>
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