The gender gap in access to and usage of formal financial instruments: Evidence from demand-side surveys in five countries

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Bankable Frontier Associates (BFA) had a unique opportunity to work with the Alliance for Financial Inclusion's (AFI) Pacific Islands Regional Initiative (PIRI) and the Pacific Financial Inclusion Programme (PFIP)[1] to complete a demand side nationally representative survey (DSS) of financial access in five PIRI member countries: Fiji, Samoa, the Solomon Islands, Tonga and Vanuatu. The findings benchmark financial inclusion levels across the Pacific Region and point to potential barriers and opportunities for policy makers to focus on moving forward. Across these five countries an interesting duality emerges; there appears to not only be a gender gap in formal account ownership, but also a gender difference in usage of formal accounts.

Policy makers and financial service providers of any country must decide the most efficient way of facilitating financial service expansion for its underserved and excluded populations. Lately, attention has turned to minimizing the gender gap in financial inclusion that plagues many countries. The Global Findex report shows that since 2011 the gender gap is not significantly narrowing; in 2014, 58 percent of women had an account compared to 65 percent of men.[2] As a case in point, promoting gender parity in financial inclusion will be one of the core agenda items at the 2016 AFI Global Policy Forum (GPF) in Nadi, Fiji, September 7-9th.[3] Using results from nationally representative surveys, we can look not only at various financial access levels across genders but also usage rates to uncover a more complete picture of these differences.

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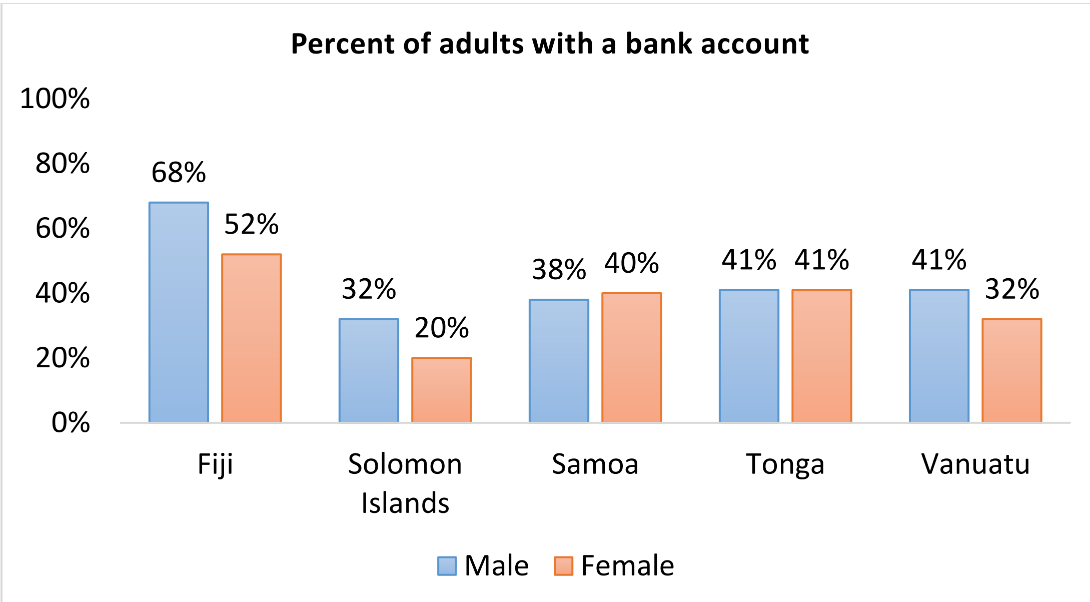
[1] PFIP is a Pacific-wide programme helping low-income households gain access to financial services and financial education. It is jointly administered by the UN Capital Development Fund (UNCDF) and the United Nations Development Programme (UNDP) and receives funding from the Australian Government, the European Union and the New Zealand Government. It aims to add one million Pacific Islanders to the formal financial sector by 2019 by supporting policy and regulatory initiatives, facilitating the development of financial services and delivery channels and by strengthening financial competencies and consumer empowerment. PFIP operates from the UNDP Pacific Office in Suva, Fiji and has offices in Papua New Guinea, Samoa and Solomon Islands.

[2] http://www.worldbank.org/en/news/press-release/2015/04/15/massive-drop-in-number-of-unbanked-says-new-report

[3] http://www.afi-global.org/global-policy-forum

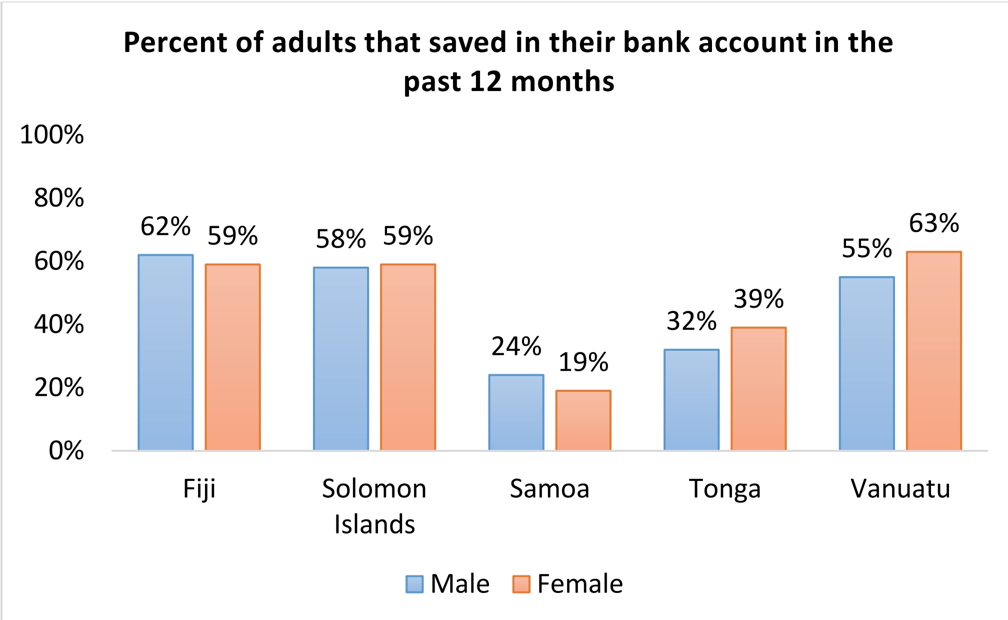
The figure below shows the gender break-down of the percentage of adults with a bank account across the Pacific Islands. We see relative gender parity in terms of bank account ownership in Samoa and Tonga, but in Fiji, the Solomon Islands and Vanuatu, men are significantly more likely to have a bank account compared to women.



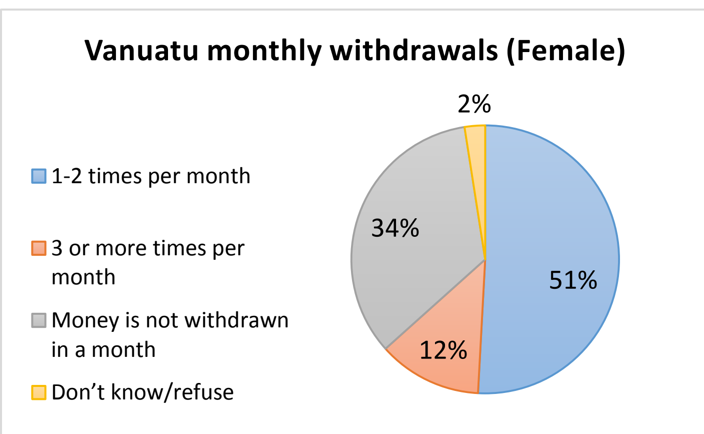
Currently, financial services providers within the region are aware of the gap and are enacting policies exclusively for women. For example, in Vanuatu, ANZ offers (female) customers free financial advice if they have less than $50,000 in superannuation.[4] Initiatives like this and others might be catching on for clients, and other financial service providers. The National Bank of Vanuatu (NBV), with support from the Commonwealth Secretariat, has made a concerted effort to not just extend bank services to more rural areas but encourage savings among women. Through its initiative, NBV targets underserved areas that could both increase ownership and usage of women, stating, "We target such places, so that as soon as women finish selling the food, we are there to help collect and bank their money - saving them from possible requests from their men to help themselves."[5] According to NBV, almost 80% of people who come to open back accounts or save are women.

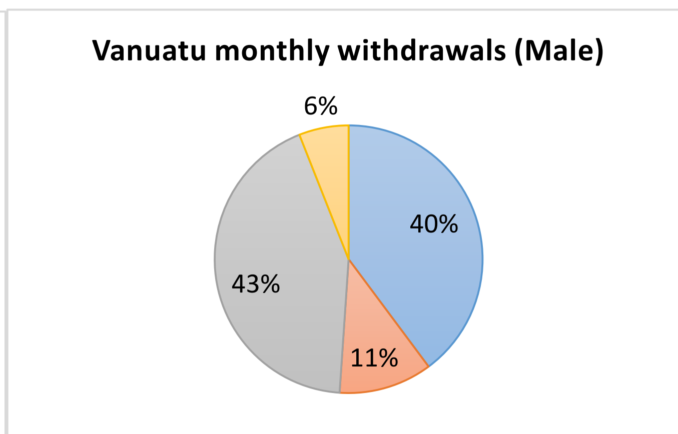
The DSS surveys provide an opportunity to see the gender gap from the flip side of the access coin; usage. While the DSS surveys do not ask about specific gender policies and actions, we can look at usage rates between men and women for those that already have a bank account. Although we do see a gender imbalance in access to a formal bank account, we do not see differing levels of usage of bank accounts. The figure below shows the percentage of banked adults that reported saving in the past year into their bank accounts. Even though women are less likely to be banked in Fiji, the Solomon Islands and Vanuatu, they are as likely (or more likely in Tonga and Vanuatu) to report saving into their account.

[4] http://www.smh.com.au/business/banking-and-finance/anz-offers-women-free-super-advice-to-bridge-gender-gap-20150727-gilsrv.html
[5] http://thecommonwealth.org/media/news/banking-unbanked-vanuatu



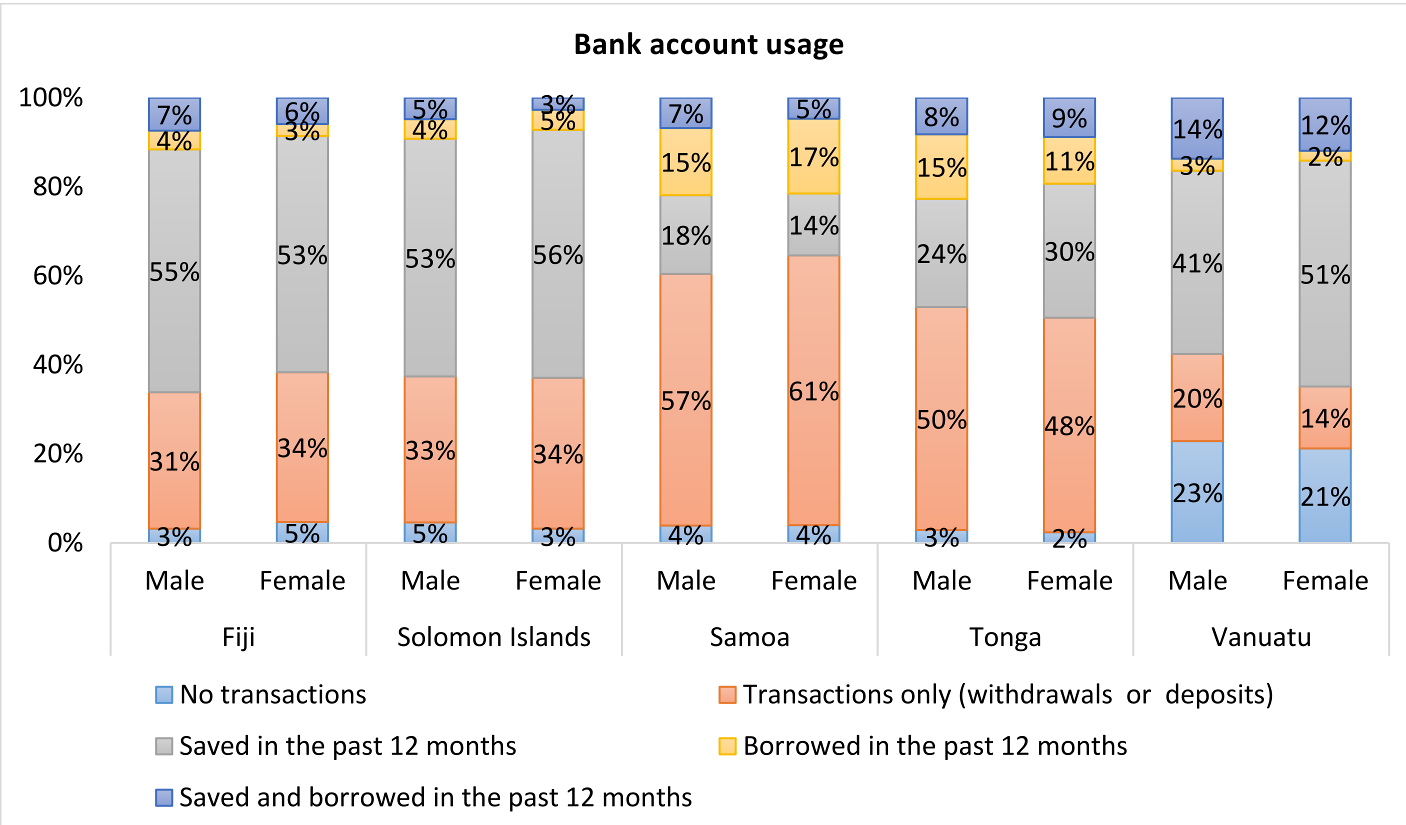
In Vanuatu, banked women are not only more likely to report saving into their account but also to withdraw their money more frequently than men. The figure below illustrates these withdrawal frequencies across genders in Vanuatu. These women might be the "early adopters" of bank accounts and thus more likely to use them anyway, but nonetheless the results are encouraging.



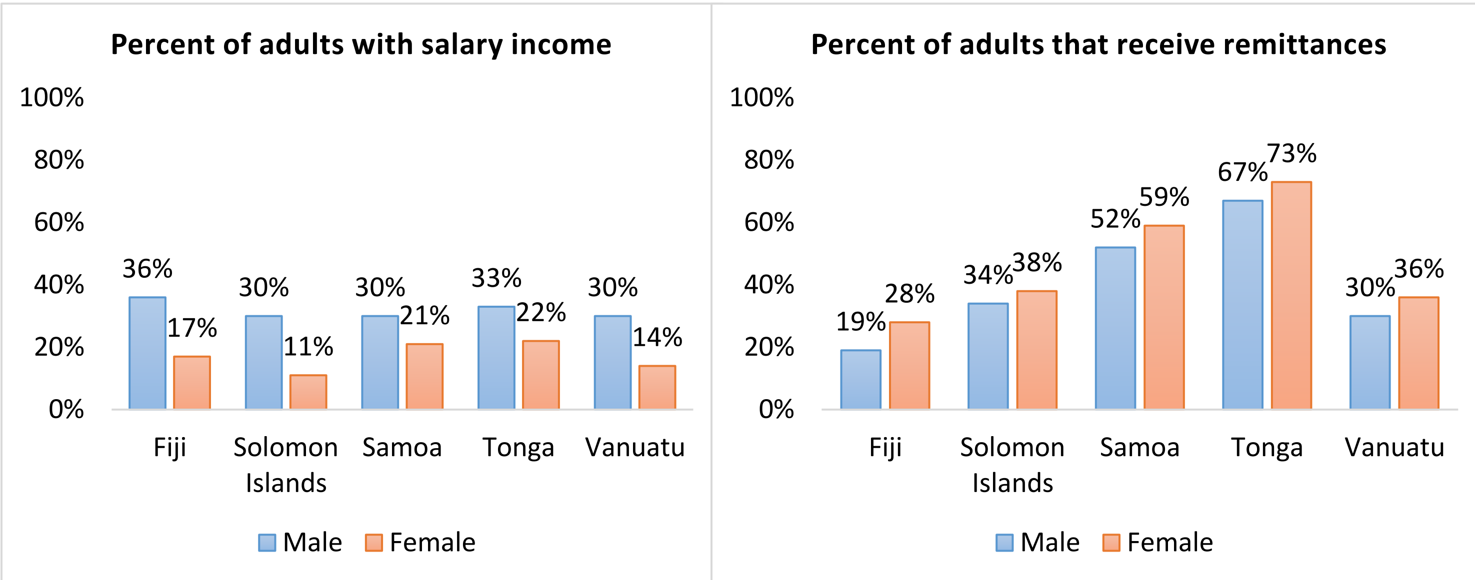


Bank account ownership, reported savings and withdrawals are individually one-dimensional aspects of measuring financial inclusion. To paint a more complete picture of usage, we split bank account usage into 5 distinct categories. "No transactions" indicates that a respondent has a bank account but has not used the account to deposit, withdraw, get credit or receive money in the past 12 months. These accounts could be considered "dormant." The "Transactions only" category refers to banked adults that did not explicitly claim to save into or borrow from their account, but used the account transactionally, say to receive income. Clients did not explicitly borrow or save with the account, but used the account for income deposits and withdrawals.

Breaking down ownership into usage levels across countries, we again see encouraging results in terms of gender equality for usage. In every country besides Vanuatu, men and women have similar usage rates. As noted above, in Vanuatu, women are actually more likely to be financially active, reportedly saving more often than men.



The results potentially echo the efforts that banks and regulators in countries like Vanuatu have put into increasing usage, especially among women. Other factors may also help to explain why banked women use their accounts as intensively (or more than) as men, such as type of income received, purpose for opening accounts, and so on. For example as the figure below illustrates, two distinct income patterns emerge across PIRI countries – men are more likely to receive a salaried income (either from private employment or from government employment), while women are more likely to receive remittances.



Both receiving salaried income and receiving remittances are correlated with bank account ownership, but how adults that receive a salary and receive remittances interact with their bank accounts might differ. Men might be using their accounts transactionally to receive income, while women might deposit (withdraw) remittances into (from) a bank account. Banks and regulators must understand these relationships to better market products and services. There is ample opportunity for banks and regulators to make a concerted effort to not only onboard women and bridge the financial access gap but also promote accounts and products that simultaneously increase usage of those accounts for women.