

Solutions for Financial Inclusion: Serving Rural Women



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More than thirty years ago, microfinance swept through Asia and Latin America with the promise of empowerment for poor people through access to affordable financial services. These economic tools would allow them to invest in small businesses, save for their future and work their way out of poverty. Microfinance has provided basic financial services to millions across these regions, first through credit and now increasingly through a full suite of financial services including savings, insurance and pension funds. In Bangladesh, arguably the cradle of microfinance, more than 35 percent of the poor are accessing microcredit, and South Asia as a whole has penetration rates of approximately 11 percent, followed by Latin America with seven percent. Despite this progress millions of people remain without the ability to finance small businesses or build an economic safety net, but the industry is maturing, stabilizing and continuing to innovate in order to accommodate this unmet demand.

In sub-Saharan Africa (SSA), however, microfinance has developed much more slowly, in terms of both scale and sustainability. Access to microfinance in SSA remains among the lowest in the world with a penetration rate of three percent. Seven of the

ten countries with the lowest rates of microfinance penetration are in SSA. A region deeply afflicted by disease, natural disasters, low literacy rates, and violent conflict, SSA faces many challenges that have both restricted its progress and intensified its need for economic development.

Though there is considerable work to be done, recent progress in microfinance activities in SSA does indicate potential for future growth: now, nearly every country in the region has a microfinance presence and there are more than 400 microfinance institutions offering financial services in the region, including NGOs, credit unions, for-profit MFIs and commercial banks. In addition, more than two dozen countries have implemented regulatory policies that enable MFIs to thrive, increase transparency and improve governance.

Worldwide, 68 percent of the more than 90 million customers of microfinance institutions are women. Throughout the developing world, women are responsible for the well-being of their families and, tend to invest the profits from their businesses in ways that have a longer-lasting, deeper impact on the lives of their families and communities. From a business perspective, women are also better customers—more reliable repayers and loyal. As a result of these dynamics, women are often viewed within the industry as conduits for ensuring that microfinance confers the greatest possible benefit on the greatest number of people. While this approach can be an effective tool for increasing the economic empowerment of the poor, there are also additional advantages arising from microfinance, including increased self-confidence, pride, respect and independence, as well as reduced anxiety and conflict within families.

Realizing these gains among urban women is challenging enough, yet, there is a group for whom the challenge is even greater—poor rural women. Rural women make up the majority of the world's poor. In

SSA, rural women confront serious gender inequalities; they face the world's lowest levels of income and schooling; the highest rates of illiteracy; and maternal mortality, a key indicator of women's health, is still 100 times higher than in developed countries.

Women's World Banking (WWB), a global network of 39 microfinance institutions in 27 countries, believes that investing in low-income rural women through targeted microfinance services can be one of the most effective ways to transform their lives. In 2009, WWB conducted a gender research study in Uganda with low-income rural women and men with small- or medium-sized farms. Participants were recruited from the customer base of Finance Trust, WWB's network member in Uganda. The research highlights the specific gender-based social, cultural and legal barriers that rural women face in accessing and using financial services in Uganda and examines the operational challenges to sustainably serving this market. WWB is publishing these results as a call to action for the financial sector in Uganda and throughout SSA to focus on developing customer-driven microfinance services based on gender dynamics in rural households.

THE UGANDAN MARKET FOR MICROFINANCE FOR RURAL WOMEN

Uganda is a particularly relevant SSA market for rural women's microfinance services. One of the poorest nations in the world, Uganda has the third highest percentage globally of people living in rural areas (88 percent). Agricultural activities dominate the rural economic landscape, particularly for women; more than three-quarters of Ugandan women are involved in agriculture, the seventh highest rate globally. This makes rural women the principal producers of food outputs in Uganda and critical drivers of the Ugandan economy. Despite the importance of agriculture in Uganda and the dominance of women in the sector, there are few opportunities for low-income rural women to access

financial services. MixMarket data shows that altogether Ugandan microfinance institutions reach less than 1 percent of the women in Uganda. At the largest institution—Centenary Bank—women comprise just 20 percent of the customer base. With average loan sizes of more than \$1600, 20 percent higher than the annual GDP per capita in Uganda, the succeeding top five players, including BRAC Uganda, Pride, FINCA Uganda, Opportunity Uganda and Finance Trust, have a more pronounced focus on the poor and serve between 50 and 70 percent women, but have yet to reach sufficient scale to make a sizable impact on the rural market. To effectively target and serve rural women customers in Uganda, it is important for the microfinance sector to have a deeper understanding of the roles men and women play in both the economy and the rural household. WWB believes that this is the first and most important step to developing targeted customer-driven microfinance services.

DEVELOPING MICROFINANCE SERVICES FOR WOMEN

During the past 10 years, WWB has conducted extensive research around the world to understand gender relations and how they affect savings, investment and spending decisions in the household. These gender studies use qualitative research tools to examine how gender identity affects men and women's household roles and responsibilities, income-generating activities and spending, saving and investment behavior. Though the focus is on developing microfinance services for women, it is critical to examine men's roles and responsibilities because they have important implications on women's lives and the dynamics within their households. The studies also explore women's use of and satisfaction with current microfinance services, including product attributes, service delivery, staff interaction and branch experiences. Findings from previous WWB studies reveal important similarities in core research, regardless of geography. The common themes that emerge in

markets that are diverse in religion and culture help us to understand the universality of gender issues. Throughout the paper, relevant examples will be provided from WWB's past gender studies.

WWB's approach applies gender and market research to the design of new, customer-driven microfinance products and services. This puts women's needs at the center of everything the institution does and provides women with an experience that is tailored to their needs. Insights from the studies therefore inform the development of product design, marketing, customer care, branding and delivery.

EXPLORING KEY ISSUES IN SERVING THE RURAL WOMEN'S MARKET IN UGANDA

WWB believes that serving the rural women's market in Uganda is not only possible but can be sustainable. There are two types of obstacles to achieving this objective: demand- and supply-side constraints.

Demand-side issues include gender disparities faced by low-income rural women in Uganda that microfinance institutions seeking to serve this market must address and overcome. Supply-side issues are the challenges faced by microfinance institutions to develop a sustainable and customer-driven business model that effectively serves the rural women's market in Uganda.

DEMAND-SIDE ISSUES: UNDERSTANDING THE ACCESS GAP

Managing Traditional Gender Roles Alongside the "Double Burden"

Traditional gender roles are prevalent in most rural households in Uganda: men are the heads of the household, authority figures, main financial providers,

decision-makers and the managers of the family farm. Women by contrast are the homemakers, caregivers and serve as a key source of labor for the family farm. WWB found that women often do not identify themselves as important contributors to the household income even in situations where they engage in income-generating activities because women view these activities as an extension of their domestic responsibilities.

The research showed that while men's roles and responsibilities have minimally changed from the past generation, the addition of income-generating responsibilities to women's traditional roles has doubled the burden shouldered by women today. In rural Uganda, women typically contribute up to nine hours per day of unpaid household activities on top of their income-generating activities for every one hour of household labor contributed by men. This includes cooking, child care, fetching firewood and water, and caring for sick family members.

This burden is intensified for women-headed households, who are forced to manage both responsibilities by themselves because they are divorced, widowed or single, or because their husbands have left rural areas for employment opportunities in cities. This forces women to divide their time between their dual responsibilities and often leaves women with just a fraction of their time left to devote to income-generating activities, such as selling pineapples or maize, to attend microfinance group meetings or to travel to bank branches. This is a key barrier in women's ability to grow their businesses and access microfinance services.

Likewise, WWB found that women prioritize spending their earnings on food, healthcare and children's school fees, which align with their traditional roles as household caregivers and financial managers. "I am always worried, every night and day. School fees! It's always school fees!" said one woman respondent. Women devote any remaining money towards savings, mainly

for emergencies. Thus, demands on women's incomes often leave little money left over for reinvestment into businesses (either directly from profits or savings or by taking a microfinance loan), which is another critical factor in the slow growth of women's income-generating activities. "To raise school fees, we had to make sure that we could raise and sell goats. We used to have three or four [but we sold them to pay the fees]. If we kept many, then we could make more money," said another woman respondent. Men's earnings by contrast were typically reinvested back into businesses, fueling their growth. In addition to juggling family responsibilities and work, women often encounter negative perceptions about working outside the home.

Struggling to Earn Incomes and Juggle Multiple Income-Generating Activities

Income-generating activities for women and men in rural Uganda divide along gender lines, meaning that they have distinct types of income-generating activities.

Women around the world speak of the intense pressure caused by the "double burden." In Morocco, women felt that their level of responsibility had dramatically increased while men's responsibilities had decreased. "I think it [responsibility of men] has reduced 70%. It used to be 100%, but now it is just 30%. The big responsibility of modern life, the expenditures, is added to women. I mean everything the house needs is the responsibility [of women]. His is limited to work and the money he brings home," said a woman respondent. Layered upon this pressure, WWB found that in Morocco the stress of having to both financially provide and take care of the family was compounded by serious social taboos against women's work. In a culture where women's mobility outside the home is often restricted and where having one's wife work reflects on a man's inability to be the sole financial provider, women's work is associated with shame. Women complained of being subjected to harassment and gossip resulting from their work.

Source: WWB Gender Study with Association Al Amana, Morocco, 2003

Although it is common for women and men to work together on family farms, Ugandan men are more likely to own, manage and sell cash crops, whereas their wives are more likely to provide the labor to support these crops. In fact, some estimates cite that women in Uganda contribute more than 70 percent of supportive agricultural labor while owning just seven percent of farmland. Women do this labor on top of their responsibilities to cultivate subsistence food crops and raising livestock for household consumption. Though the economic contribution of this labor is significant to both the average rural household and the Ugandan economy, much of women's agricultural work is unpaid; a World Bank report cites that women account for 80 percent of unpaid workers in Uganda. This can make the economic contribution of women practically invisible.

To compensate, WWB found that some rural women also engage in supplemental income-generating activities, such as selling extra food crops, milk or eggs, cooking, or making handicrafts. These are typically low value-added, low-paid activities that are viewed as extensions of women's household activities, which often means that these businesses suffer from a lack of attention and investment, both in terms of financial and time investments.

Coping with Unequal Participation in Financial Decision-Making

Despite the fact that rural women are significant contributors to household income generation and bear high levels of responsibility for the care of family members, they have minimal and unequal roles in business and household financial decision-making. Consequently, women are often unable to influence decisions that could help them grow their income-generating activities and be more productive. In rural Uganda, men are still perceived as the final decision-makers in the household. "My husband; He decides [what the business income is used for],"

WWB gender research in Jordan found that despite women's important financial contributions to the household, Jordanian women and men rarely acknowledged women's roles as "businesswomen" with pride. Women were often derided for their work or made to feel as if their work was unimportant or secondary to a man's work. "[I wish that] people don't make fun of us for what we do, that [they would say that] what we do is actually worth something," said a woman respondent. Seeking to change these perceptions of women and build their reputation as a top-choice microfinance institution for women, WWB network member Microfund for Women in Jordan embarked on a national social advertising campaign with the international advertising agency Saatchi and Saatchi. The campaign used the slogan "Empowering Every Ambitious Woman," which strongly resonated with women. "[I am] proud and happy that the woman is now working and that the woman has progressed from a long time ago," said a woman respondent. The campaign utilized television, billboards, bus wraps, posters and brochures to communicate this powerful message and won Jordan's Media Award for Best Press Campaign in 2006. This example shows how a deep understanding of women's gender identities and aspirations can help women and societies change their perceptions.

Source: WWB Gender Study with Microfund for Women, Jordan, 2006

unequivocally said one woman respondent. Some men spoke of having discussions with their wives on issues, but it was clear that the ultimate word rested with their husbands. The research showed that this holds true even when women and men work together on a family farm, where women said that men control the sale of crops, animals and how the income is used, making it difficult for women to earn more money from these activities or influence spending or investment priorities.

Women in many rural households also struggle to maintain control over the use of microfinance loans, even when they are taken in their own name and intended for investment in a woman's income-generating activity. Because men generally control flows of money

in and out of the household, it is often assumed that they can control the use of a loan, frequently resulting in men using all or some of the loan amount for their own use. This can leave women with an onerous loan repayment for money from which they have not (fully) benefitted. “After he has eaten that money, then he starts yelling ‘Why can’t you repay the loan?’” said a woman respondent. This pattern can prevent women from investing in agricultural improvements that matter to them—improvements to the types of livestock and crops and new labor-saving technologies that can help ease their workload and enhance productivity.

Many women find it difficult to retain control over their income-generating activities if they become profitable. “If he sees that I am developing, then the profits that I have made, he will say ‘give it to me,’” said one woman respondent. The International Fund for Agricultural Development (IFAD) cites a West African example where preparing smoked fish for sale was traditionally a woman’s activity, until improved smoking ovens that reduce processing time by 60 percent hit the market. As profitability improved, women increasingly found that men were taking over fish smoking from women. This cooption helps explain why many rural women choose to keep their businesses small and engage in a number of smaller, less profitable income-generating activities rather than investing in one larger, more profitable activity. This strategy of horizontal investment limits the growth of any one particular activity, but is seen as preferable since it allows women to retain control over their activities.

Struggling for Opportunities to Own Assets

Women’s rates of asset ownership are profoundly unequal to that of men’s in Uganda. Governed by financial barriers and family and community norms that have historically favored men’s ownership and control of assets, Ugandan women own significantly fewer

assets such as land, livestock and housing than men. “[The land] is in my husband’s name...everything is in the name of my husband,” says one woman respondent. The cost of purchasing assets can also be prohibitive for women, whose earnings and financial resources are generally less than men’s. However, WWB found that even when financing options are available, women continue to face restrictions from their husbands to put assets in their name. “The husband can never allow you to get a loan and get a house and put it in your name,” said another woman respondent.

Current law, The Ugandan Land Act of 1998 includes considerations for protecting children, women rights, and the poor, in general. Specifically, the Land Act recognized customary land as a form of tenure and the registration of women’s interests on customary land; spousal and children’s consent in any transactions on family land; and representation of women in all land management and dispute resolution institutions. However, spousal co-ownership of land was not included in the Act and women continue to be marginalized in

WWB also observed this trend of horizontal business investment in the Dominican Republic. Women there often chose to invest in multiple, smaller businesses, whereas men were more likely to plow their earnings back into a single business. One respondent mentioned having a lunch business, a small general store and rental properties. The approach allowed her to lower her vulnerability to any one of the businesses failing and helped her to smooth her cash flows over weeks, months and years. Women also felt that while it requires considerable time and attention to manage multiple income-generating activities, doing so helps them seize market opportunities and earn money that they can control. “Even though I have a corner store, I keep on selling other things because I have lots of people who ask for them, they’re trustworthy people and no matter what, I’m not going to give them up,” said a woman respondent.

Source: WWB Gender Study with ADOPEM, Dominican Republic, 2002

policy dialogue surrounding land rights. In Uganda, women own just seven percent of land, though they provide a majority of agricultural labor. IFAD argues that this is one of the most critical drivers of women’s poverty, “rural poverty is deeply rooted in the imbalance between what women do and what they have.” In livestock, women are also less likely to own more profitable larger animals, such as cows and bulls and instead typically own less-profitable livestock, such as chickens, goats and pigs.

Owning land and livestock are crucial for ensuring women’s security in old age and in the case of divorce or death of a spouse. However, in some families in Uganda, it is common for a husband’s family to take possession of assets after he dies, potentially leaving women without land. “After [my husband] died, [his] extended family divided the land and I found myself with nothing,” said one woman respondent. Because rural women often depend on agriculture as the primary income-generating activity of the household, they are particularly vulnerable in this situation. If these assets were owned by the woman herself, she would be in a better position to retain ownership and control.

Coping with Mobility Restrictions and Limited Social Networks

Rural women in Uganda encounter mobility restrictions in two ways: not only are homes and family farms in rural areas geographically spread out across large areas, but they also face traditional gender norms, which make mobility a challenge for rural women. Rural women are thus expected to remain within the home or family farm, and their movement outside is limited and often contingent upon their husband’s approval. WWB found that women’s confinement to household work can have serious implications for their ability to earn an income. These women have a hard time accessing microfinance branches, larger markets, and farmer collectives or



associations located several miles away in nearby towns.

Overcoming Education and Literacy Gaps

Women in Uganda fall behind men in education levels, with a literacy rate of 64 percent compared to 81 percent of men who can read and write at a basic level. This difference is a key reason rural women in Uganda have few higher-paid business or employment opportunities and are crowded in low-paid, low value-added sectors. Lack of literacy can also impede women’s access to microfinance services. WWB’s research shows that even when women are literate, they still may be unfamiliar with the banking terminology used in microfinance services and may find it difficult to understand paperwork, read brochures or fill out forms. This can result in barriers such as fear, anxiety or confusion that

Women in The Gambia also worried about the serious financial risks associated with the death of a husband. WWB found that women there often face significant legal and cultural battles to retain shared property upon their husband's death. Widows are particularly vulnerable to these disputes if they are not the legal owner of the property, i.e., they did not have their name on the title, which is frequently the case. In these instances, a woman can be evicted by her in-laws, particularly if they have not had any children. "When I got married, I didn't worry much, but [now] I would want my compound because if he dies, I would be kicked out because I don't have any children. For your own dignity as a woman, you have to fight and have your own [house]. [Here] if your husband dies and you don't have any children, you are nil," reports a woman from The Gambia. For women, saving towards a house of their own was seen as difficult to attain but an ideal way to protect their security.

Source: WWB Study with GAWFA, The Gambia, 2003

prevent illiterate or semi-literate women from accessing or fully benefitting from microfinance services.

Managing Unique Lifecycle Needs

WWB's research team asked women and men about the key events and milestones during the course of their lives that exert the most financial pressure. The research found that women and men experience some similar financial "lifecycle needs" such as expenses for children's education and health expenses throughout the course of their lives. However, women and men also experience some unique lifecycle needs that are related to their specific gender identities. Women feel that the death of a spouse is one of the most significant financial pressures they would face, whereas men do not feel that this was a major financial concern. Likewise, men feel that buying land and building a house posed a significant financial pressure, whereas women did not feel that this was a significant concern.

The incongruence of women's and men's sense of financial pressure over the loss of their spouse is notable. and points to the fact that women experience more substantial financial pressures upon the death of the spouse than men: they risk losing their land and a major source of income. Yet, despite these serious concerns, many women did not feel that the death of a spouse was something that they could prepare for. "[Death] is an accident. You can't budget for that," said another woman respondent.

SUPPLY-SIDE ISSUES: OVERCOMING OPERATIONAL CHALLENGES TO SUSTAINABLY SERVE THE RURAL WOMEN'S MARKET IN UGANDA

Building Financially-Sound Lending Methodologies that Reach Women Customers

Women's relatively weak economic position in rural economies can lead to a perception of them by microfinance institutions as unprofitable borrowers. This perception is encapsulated in the prevailing rural microfinance lending methodology, which focuses on reaching lower-risk and higher-profit customers. In this methodology, microfinance institutions analyze local agricultural production to identify low-risk cash crops that are typified by steady cash flows and short-term crop cycles on irrigated land. Institutions then focus on providing loans and other microfinance services to the managers of those cash crops.

Though this approach is financially-sound because it reduces an institution's exposure to risk, a key challenge is that it can result in a customer base comprised mostly of men because women rarely manage profitable cash crops. The result is that rural women are not viewed as crucial economic actors in rural economies, and the women's market is overlooked as a strong potential

market for financial services. Additionally, many of the means of reaching rural customers such as cooperatives or farming associations are male dominated.

Designing Affordable Loan Products

Many aspects of currently available microfinance products do not meet the needs of rural Ugandan women, reflecting a product design approach that may be more profitable for the institution but is not truly customer-driven.

- **Inappropriate Loan Terms:** WWB's research found that rural women, especially those with smaller loans, felt that the tendency for institutions to provide them with short- loan terms created unfairly heavy debt burdens. "Sometimes you have to use a loan to repay the installment," said one woman respondent. Rural women were slightly more sensitive than men to shorter loan terms than higher interest rates.
- **Inadequate Loan Amounts:** Rural women expressed dissatisfaction with the average loan amounts for which they generally qualified. "When we asked for the money they let us down and gave us a smaller amount," said one woman respondent. Those with higher repayment capacities spoke of seeking out loans from multiple microfinance institutions to fulfill their financial needs.

Ensuring Privacy and Independence in Application Processes

Respondents understood that microfinance institutions need to take certain precautions to verify their loans and ensure repayment, but felt that many of the procedures and requirements infringed upon their privacy and put them in a disempowering position to ask others, such as their husbands or village chairmen (usually men), for approval for their loan.

- **Lack of Privacy in Application Procedures:**

Rural women were quite sensitive around the attention the process could draw from neighbors. They felt that this was humiliating and a violation of their privacy. "When the photographers come to take pictures and assess what you own other people sit there commenting that you'll fail to pay the loan and you become the laughing stock," said one woman respondent.

- **Requirements for Husband's Guarantee:** Many rural microfinance institutions ask potential borrowers to produce land titles as a requirement for a loan. Married women need the consent of their husbands, which is not always possible and puts women in a position to request 'permission' from their husband to take a loan. Some widows do not have access to land title documentation, which threatens both their tenancy and their ability to access loans. "We women, we don't have anything to put as security. I can plant the beans [but] as long as they are in the ground, in the compound, they belong to the man," said one woman respondent. Similarly, an institution might require a letter from the local village chairmen. Women are again placed in a position of having to secure their husbands' permission because most chairmen will not sign the letter for a woman without the husband's consent. Both men and women mentioned their fear that the chairman could contribute to the 'gossip' that often accompanies a person's loan application efforts. This gossip means shame, ridicule, or even violence and theft.

Reaching Women Customers through Effective and Low-Cost Delivery Channels

High transaction costs have often led microfinance institutions to target populations that are easier and less costly to reach, such as men and women in urban

Privacy and confidentiality emerged as critical product features in both The Gambia and Pakistan, especially for savings. WWB found that the need for these features stemmed from differences in financial resource allocation between women and men. Reflecting their gender roles, women tended to invest more funds in their children than their husbands deemed necessary. In Pakistan, a woman respondent said “The money we want for our daughters’ dowry; that is what we care about, our husbands do not. They do not care about the needs of the children like that.” A woman in The Gambia echoed this sentiment, “I don’t say that education is not taken care of by our husbands, but the husbands could say to the child, ‘if I don’t have money you may have to stay at home.’ The mother cannot accept that, so she makes sure that the child goes to school.” Women in both The Gambia and Pakistan felt that in order to maintain control of their money, it was important that they could access their savings without the knowledge of their husbands and in some cases, children. “I might want to save and he might want to spend. The thing is you want to keep some aside, in case something happens, if people know about it then they will want to spend it... all of us want confidentiality because even our children bother us if they know we have money,” said a woman respondent in Pakistan. WWB has worked with WWB network members Kashf Foundation and Kashf Microfinance Bank in Pakistan to develop confidential savings accounts. The accounts are currently being piloted in Lahore, Pakistan.

Source: WWB Gender and Savings Studies with Kashf Foundation and Kashf Microfinance Bank, Pakistan, 2008-2010 and WWB Study with GAWFA, The Gambia, 2003

areas and men who manage larger farms and/or travel to nearby towns and cities to sell their agricultural outputs.

In recent years, there have been important gains in service delivery to rural customers through alternative delivery channels, such as mobile phone banking and ATMs. These channels aim to reduce transaction costs by reducing or eliminating the need for physical “bricks and mortar” branches. The Ugandan government has supported the development of alternative delivery

channels through regulation that permits mobile phone banking. The microfinance institution Centenary Bank has taken advantage of these regulations by providing SMS banking, and MTN Uganda, a mobile service provider, has also made strong headways in growing the use of mobile phones for money transfers and banking purposes, reaching more than one million customers in their first 15 months.

However, in these models too, there are challenges:

- To date, there has been limited activity in the promotion of alternative delivery channels by microfinance institutions. This signals potential institutional challenges to acquiring capacity, investor support and/or capital to implement these systems;
- Like products, delivery channels such as mobile phone banking can inadvertently exclude women if it is not designed with an understanding of women’s access to and understanding of the tools of delivery; and
- While ATMs can be important ways for microfinance institutions to offer access to banking in areas where it is too costly to set up a full branch, ATMs also run the risk of excluding women. Because they are likely to be set up in public areas on main roads, ATMs may not be easily accessible to women who have cultural restrictions in their mobility to such places.

Crafting Competitive Marketing Strategies and Building Effective Sales Forces

As Ugandan microfinance institutions expand their reach into rural areas, the market could quickly become quite competitive. Microfinance institutions aiming to succeed in the rural market must therefore invest in innovative, customer-driven marketing strategies to reach and retain rural women customers. Yet, the geographic

fragmentation and mobility restrictions on rural women make reaching this segment particularly challenging.

Marketing strategies must be complemented by an effective sales force. The rural women's market in Uganda also requires a tailored customer service approach. WWB's research shows that gaps in education and literacy and unfamiliarity with microfinance services may mean that they require extra explanation to understand and be convinced of the benefits of a particular product. The study also shows that women customers have high standards when it comes to a customer experience and strongly value personalized, friendly service and helpful staff members. This requires a sales force that is appropriately selected and trained to serve this market.

Literacy rates for women in Pakistan are amongst the lowest in the world. WWB research on gender and savings in Pakistan identified gaps in literacy as a critical "pain point" for women customers when navigating the forms and other written materials often used at microfinance institutions. In response, when developing marketing collateral for new savings product, WWB partnered with WWB network members Kashf Foundation and Kashf Microfinance Bank to develop easier-to-understand brochures utilizing visual images to convey the product benefits. For example, instead of listing the potential uses for the savings account in words, the brochure used bright photographs of happy children going to school, a brand-new rickshaw and a daughter's wedding to symbolize the savings goals that a woman in Pakistan may have. The brochure also provides a worksheet using simple calculations that women can use to determine how much they need to save to meet their goal. Kashf sales forces were trained to talk through the brochure with customers to ensure that customers, even those who are illiterate, could understand the benefits.

Source: WWB Gender and Savings Studies with Kashf Foundation and Kashf Microfinance Bank, 2008-2010

IMPLICATIONS

While there are many challenges in sustainably meeting the needs of rural low-income women through microfinance, overcoming these challenges and ensuring that rural women have access to finance is critical to the development of the sector.

A Holistic Approach to Serving Women Customers

WWB encourages institutions to adopt a holistic way of thinking about serving rural low-income women customers. The first step for MFIs is to ensure that there is an understanding of the importance of, and commitment to, reaching this segment at every level of the organization. From our experience, we know that governance and leadership play a large role in ensuring that the mission of the organization is articulated and staff, from Board to front line employees, are held accountable. For example, the Board of Directors can hold senior management accountable to targets or performance goals. The board can also show commitment by advocating for the development of new products that are important to women such as savings or microinsurance or new technologies that expand access to them such as mobile phones or kiosk banking.

Leadership also needs to be committed to creating a full customer experience – from product offerings to customer service to service delivery – to effectively serve women. The recommendations below suggest ways that microfinance institutions can do this and draw from WWB's work in Uganda as well as its body of knowledge.

Developing 'Lifecycle' Products to Serve Women throughout their Lives

WWB's research has shown that offering a full suite of financial products that meet the needs of women in different stages of their lives and support women's dual

roles of income-generators and caregivers helps women better cope with their financial pressures and risks.

- **Savings:** Savings accounts can help women buy assets, grow their businesses and/or plan for expenses. The most successful savings programs are designed with features to help women achieve their savings goals, which generally vary based on stage of life and age of children such as school fees, housing, healthcare and emergencies.
- **Health microinsurance:** Healthcare costs can be significantly reduced in some markets with microinsurance. Innovative health microinsurance products, such as WWB's caregiver health microinsurance, which launched in Jordan in Spring 2010, can reduce the costs associated with women's caregiving responsibilities. The product provides women with a cash payout for every day that she or a family member is hospitalized to help her cope with related costs, including food, medicine and losses of income from having to take time away from income-generating activities to care for ill family members.
- **Micropension and life microinsurance:** To alleviate the financial pressure associated with old age, which can include high healthcare costs and the risk of losing a spouse/breadwinner, institutions can offer micropensions and life microfinance. To protect both spouses, life microinsurance should cover both the lives of husbands and wives, a benefit that is sometimes not offered by institutions only offering cover for loan borrowers (women).

In addition to designing products for women it is important to remember that ideally products should not be "one-size-fits-all." There are households in which women are full partners with their husbands and asking both to sign for a loan is collaborative. There are other, however, in which a woman requires confidentiality,

in which case loan officers should have an alternative product option. Understanding the potential issues within a household and being able to respond with appropriate products is key to serving women.

Helping Women Purchase and Retain Control over Land and Other Assets

Microfinance products can also be designed to help women purchase and retain control over assets, such as land, housing, livestock or gold. In many countries, it is uncommon for women to own land and have their names on land titles, due to both legal and cultural norms. Land or other asset ownership however is critical for women's financial security, and can be an important way to elevate women's status in the household and community and enhance the self-esteem and independence of women. Microfinance institutions can encourage women's asset ownership by:

- offering loans and savings to help women amass the funds needed to purchase assets; and
- requiring ownership of the asset to be in the name of the woman to access these financial services. For example, institutions can require that loans are only given to support women's income-generating activities or to purchase assets to be held in women's names and can have checks in place to ensure compliance. The Grameen Bank in Bangladesh offers loans for house sites and land but insists that they are registered in the woman's name, both as security for the loan and to increase women's control of assets. Again, every household is different and institutions must be aware of household dynamics to ensure that this is creating a positive effect for women borrowers.

Additionally, financial institutions should consider collaborating with international and local NGOs that are working to re-dress the inequities in land ownership.

Tailoring Marketing Messages to Resonate with Women

Microfinance institutions should tailor messaging for sales scripts and marketing collateral to specifically resonate with women customers. WWB's research has found several ways that institutions can do this:

- **Emphasize product attributes and benefits that matter to women:** For example, in the case of savings, WWB's research has shown that attributes such as privacy, confidentiality, independence, security and trust are extremely important to women customers. Sales messaging should highlight these features.
- **Personalize messaging based on a customer's lifecycle stage:** Sales staff should be trained to identify a potential customer's specific needs according to her lifecycle stage and personalize their sales pitch accordingly. This allows the sales staff to match the appropriate product to the customer and showcase the benefits in ways that is most relevant to customers' lives.
- **Use a variety of tools to deliver messages to women:** Effective messaging can take many forms, including social communications campaigns, brochures, conversations with clients, print advertising, and community events.
- **Adapt messaging for illiterate women, as needed:** In contexts where women's literacy rates are low, product descriptions should be presented in ways that allow illiterate women to understand as well as literate women. Messaging that does not require reading or writing can include: collateral that uses visual cues such as symbols, pictures or colors rather than words or community theatre programs that use stories and music to convey product benefits. WWB has been piloting visual-based marketing collateral in Pakistan, where women's literacy rates are extremely low, to promote a new savings product.

Adapting Sales & Delivery Approaches to Reach Women

Microfinance institutions seeking to tap the rural low-income women's market must be creative in adapting their sales and delivery approaches to reach women. Depending on the cultural context, women often face mobility restrictions that prevent them from being able to leave their homes and institutions must think about how to sell and delivery their services in ways that are convenient and cost-effective. Strategies include:

- selling to women through community events, small local markets or in other places where women gather such as neighborhood places of worship; and
- delivering services to women through alternative delivery channels beyond brick-and-mortar branches, including mobile phone banking, kiosk banking and ATMs. These can be low-cost and convenient alternatives to building branches and may help expand the reach of microfinance into rural, untapped locations.

Institutions however must be aware of gender differences between women and men's physical location in rural economies, familiarity with technology and ability to travel. WWB has conducted preliminary research in this area but more research is needed to understand the gender issues relating to alternative delivery channels in order to fully understand how best to design these channels for women. WWB recommends that this research be done before deciding upon a delivery strategy and that pilot testing is used to assess potential new channels to identify any barriers in their use and effectiveness for women.

Investing in Hiring and Training Appropriate Sales Staff

Hiring and training appropriate sales staff is a critical way to ensure that women customers enjoy a superior customer experience. WWB offers several

recommendations in regards to sales staff:

- hire staff from local communities, who can better understand the local context;
- place an emphasis on hiring women in customer-facing positions, as customers in certain cultural environments may be more comfortable with them and has been found to increase women's access to microfinance services; and
- invest in developing and delivering comprehensive customer service training programs that focus on teaching sales staff how to deliver sales messages and convey product benefits using a personalized approach

Revising Lending Methodology & Collateral Requirements to be More Inclusive of Women

Finally, microfinance institutions should consider how rural lending methodologies and collateral requirements can be better adapted to be more inclusive of women.

Issues to consider include:

- **Improving cash flow analysis:** Women and men in rural economies have different types of income-generating activities and cash flows, which requires institutions to adjust their approach to analyzing their cash flows. Rural women may have sufficient cash flows to service loans and utilize other financial services, though they may be different than the cash flows of rural men who manage cash crop farms. Additionally, some women find it difficult to identify all of their sources of income and quantify their cash flows. Loan officers at institutions thus need to be trained in how to effectively extract and analyze this data.
- **Adapting one-loan-per-household requirement:** Rural lending methodologies often mandate that only one loan be given per household. The result of this requirement is generally that the person in the family who generates the largest cash flows and/or runs the most profitable activity

(usually the man) is able to access a loan, while others (usually the woman) are not able to do so. In practice, this excludes many women from accessing financial services that they could use to grow their businesses and make them more profitable. Institutions should therefore consider ways of adapting this requirement to allow for more than one loan per household, if there is sufficient repayment capacity.

- **Reducing collateral requirements:** Many rural lending methodologies require land title to access a loan, which can present an additional hurdle for women and may prevent them from making private and independent decisions regarding access to financing. Institutions should consider a change in collateral requirements to ensure that women who do not possess a land title can also benefit from services.
- **Determining if group or individual lending methodologies are better suited to customer base:** An option for removing the land title requirements may be to consider social collateral in joint liability groups. Group lending can be a better system to verify the character and commitment to repay of a potential customer and can increase access to loans to women who cannot provide other guarantees. It also may provide an entrepreneur a supportive environment. However, because it has drawbacks in terms of customer satisfaction—many women dislike having to be responsible for paying other's loans if they default and feel that spending time in group meetings is not the most productive use of their time—it should be vetted in each market to determine if it benefits women. Institutions should also explore if there is an opportunity to develop hybrid models that fuse benefits of group lending (lack of collateral) and individual lending (stronger cash flow analysis and privacy).

WWB has set forth numerous ideas in this paper for ways that microfinance institutions can sustainably serve rural low-income women in Uganda and around the world. Focusing on this market is key to the fight against poverty and can also yield important strategic results. In many developing countries, this population is still an untapped market for financial services. Where there is more competition, a drive towards being the financial provider of choice for women could produce a competitive edge or be a differentiating factor. Serving the women's market with financial services can also create a long-term social impact where women can be recognized as important drivers of rural economies and be given access to the tools they need to grow their businesses. The impact of focusing on women is thus multi-fold: not only will empowering women in this way uplift the lives of women, but it also produces a wider impact on multiple generations and the communities in which they live.

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About WWB

The mission of the Women's World Banking global network is to expand the economic assets, participation and power of low-income women and their households by helping them access financial services, knowledge and markets.

WWB is a global network of 39 microfinance providers and banks, working in 27 countries to bring financial services and information to low-income entrepreneurs. The network serves 24 million microentrepreneurs. WWB's advisors and technical experts work hand in hand with our network members to provide a range of ongoing, carefully designed technical and advisory services and to actively promote the exchange of best practices.

About Uganda Finance Trust

Uganda Finance Trust Ltd MDI is one of the oldest and most dynamic microfinance institutions in Uganda, starting operations in 1984. It has one of the largest branch networks in Uganda with 28 interconnected branches strategically positioned all over the country and serves over 140,000 customers with a variety of savings and loan solutions including business loans, salary loans, school fees loans, savings accounts, and fixed deposits. The company is licensed and regulated by Bank of Uganda as a Micro Deposit Taking Institution (MDI) and is recognized as a key player and part of Uganda's formal financial sector.



About New Field Foundation

New Field Foundation contributes to the creation of a peaceful and equitable world by supporting women and their families to overcome poverty, violence, and injustice in their communities. Through our main grantmaking program, Rural Women Creating Change, New Field Foundation supports African rural women, their organizations and networks in sub-Saharan Africa to increase their agency over resources, information and policy. Founded in 2003, New Field Foundation operates in support of Tides Foundation's international grant making. www.newfieldfound.org

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