# Gender Issues that Influence Financial Inclusion of Rural Women in Developing Nations.

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## ABSTRACT

Rural women in the developing world often face barriers that hinder them from benefiting from the formal financial sector. They experience structural challenges which frustrate their efforts to participate meaningfully in rural development processes as a result of this financial exclusion. This subsequently leads to the feminization of poverty thereby reducing their chances for social mobility. This paper analyses the gender issues influence these rural women's financial inclusion. The paper mainly relied on desk research to identify and analyses common factors influencing rural women in the developing world's financial inclusion in the contemporary world. The researchers utilized a systematic literature review method to identify and analyse information related to rural women's financial inclusion. This entailed a robust internet search for different articles deemed relevant to the topic under study. The search revealed that rural women face challenges to do with time poverty, rural-urban gender gap, and lack of gender mainstreaming and patriarchal barriers. Basing on the factors highlighted above, the paper recommends that women should be helped to acquire saving techniques, improve their mobility, coopted into agricultural leadership positions, enhance their access to and participation in livestock production and have their self-concept improved. There is also need for structural changes where the government and other development agencies gender mainstream different financial services and projects offered in rural areas and to promote gender sensitive training for rural women programmes. They should consider cultural, psychological and legislative barriers that hinder rural women's financial inclusion so as to improve access to financial products and services. Contract farming companies should also consider the implementation of contracts plus programmes.

**Key words:** gender, financial inclusion, rural women, developing nations

## INTRODUCTION

Rural women are often excluded from the formal financial sector and this has led to poverty at household level. Most of the time men have better opportunities in the formal financial sector because they meet the Know Your Customer (KYC) requirements from banks and other financial institutions. According to Anderson, Coetzee and Mattern (2021), rural women represent a majority of the financially underserved. Financial institutions prefer dealing with urban women and men who are more attractive clients. Rural women are also affected by many gender issues that hinder their financial inclusion. This paper analyses the different factors which hinder or promote rural women's financial inclusion in the developing world. It also offers some recommendations on how to promote rural women's financial inclusion.

## GENDER ISSUES AFFECTING THE FINANCIAL INCLUSION OF RURAL WOMEN

### Definition of Financial Inclusion with a Gender Perspective

Lazarte, (2021) defines financial inclusion with a gender perspective as a process by means of which public and private initiatives are designed and implemented to reduce women's access barriers to finance products and services so that they achieve their financial autonomy and deal with crises that affect their lives and business. According to Chassin (2022) there is a rural gender gap in access to financial services and products. Abebe and Kegne (2023) argue that rural men have better access than women, hence the need for a gender perspective in rural financial inclusion.

**Time Poverty**

Rural women suffer from time poverty. Abebe and Kegne, (2023) argue that women entrepreneurship is associated with gendered roles but aided by social relationships both within and outside the family. Rural women are affected by household reproductive, productive and communal roles and this limit their time for income generating projects that will give them access to income that they can save in the formal financial sector. Japan International Cooperation Agency (JICA), (2023) produced a guideline for stakeholders to understand gender mainstreaming in agriculture and rural development and revealed that unpaid care and domestic work takes much time of rural women, leaving limited time for productive activities. Women cannot use much time on productive activities and businesses because of gender division of labour in which women are assigned to the roles and spend time on unpaid care and domestic work. Rural women do not receive any payment for these chores. Women's work is not always valued (Anderson et al., 2023, UN Women, 2018, Samudzimu and Munkunda, 2022, Tuma et al., 2023 and Nawaz, 2020). Their work for subsistence agriculture tends to be taken as extension of housework.

According to Tuma et al., (2023) in North Macedonia in Southern Europe the unpaid work of rural women is thought to be the main reasons for their economic dependence. Women in remote areas of Nigeria also encounter mobility constraints that make it difficult to engage the services of financial institutions (Igwe and Adelusi 2022). Rural women also spend a significant amount of time on unpaid work in their family homes, farms, and businesses, caring for children and elders, preparing food and maintaining their homes (Anderson et al, 2023, UN Women, 2018, Samudzimu and Munkunda, 2022, Tuma et al., 2023 and Nawaz, 2020). These reproductive, productive and communal roles limit the time they can have to engage in financial literacy programmes which help them to understand financial issues. Without this financial literacy rural women will not be able to make better financial decisions. Time poverty impact rural women more than men and in many countries more than urban women (Travelli., Villanueva., Marincian., Pels. Sachetti, Robino., Wabley. Martnez., and Magnelli.,2018). Chassin, (2022) also states that women's time poverty and restricted mobility also means that women are often unable to attend training sessions. There is therefore need to change in attitude of people in the households and locality on division of labour between men and women. Labour saving techniques will go a long way in reducing rural women's rural poverty.

**Rural-Urban Gender Gap**

There is a rural–urban decision making gap in the financial inclusion sector. Patel, (2020) carried out a research to establish an overview of urban-rural gap in women empowerment and findings from Round 7 (2016/2018) afrobarometer surveys in 34 countries indicate large disparities in the economic agency of rural and urban women. Half (51%) of rural women live in households where their spouses are the primary decision makers compared to 40% of urban women. According to Patel (2020), almost one third (32%) of rural women have not received any formal education, compared to 13% urban women, they are less likely than urban women to have completed high school (35% vs 63%) . Only one in five (18%) say they own a bank account compared to 41% of urban women. Digital connection, access to credit, and secure employment opportunities can promote financial inclusion of rural women (Patel, 2020). When rural women have secure employment, they can save as well as acquiring loans that require bank statements. To address these decision making barriers financial institutions, need to have gender lenses.

### Lack of Gender Mainstreaming

Rural women are often excluded from agricultural developments that have the potential to lead their financial inclusion into the formal financial sector. Djurfeldt, Dzanku and Isinika (2018) carried out a study desk research on agriculture, diversification and gender in rural Africa and Asia and results revealed that gender aspects have been largely absent from discussions of agrarian change over the long term because of the family structure in the historical global north, as well as present day South East Asia and Sub Saharan Africa (SSA). As a result it is men who often benefit from agrarian reforms such as land reforms hence women cannot use land as collateral security. Given the relatively large number of female households in the dataset and the peculiarities of women's exclusion from agrarian resources, an understanding of gendered patterns of agrarian transformation as well as linkages to the non-farm sector is overdue (et al., 2018). Markets for non-staple food crops have been masculine in Tanzania, Malawi and Mozambique, while they have been feminised in the case of Kenya (Djurfeldt et al., 2018). Rural women need to be included in these markets so that their access to markets can be improved. There is need for gender mainstreaming in all development programmes and this can be achieved by offering women leadership positions so that they can push for gender equality.

### Patriarchal Barriers

Patriarchal barriers to financial inclusion are deep rooted in rural women. Bornemann et al., (2020) analysed barriers to financial inclusion from rural communities, accessing the characteristics leading to rural women struggling to access credit and relevancy of support programmes that combine technical assistance and credit for rural women in rural Nicaragua. The results revealed that social and economic growth for women in rural areas of Nicaragua is restricted by lack of financial inclusion and that gender exclusion is a huge contributor to lack of financial inclusion in rural Nicaragua. Rural women often only seek financial inclusion if they receive support from their husbands and women in rural areas face psychological barriers at home and often too fearful to create their own enterprise and worry about having to pay back loans (Bornemann et al., 2020). Patel (2020) also agrees that husbands are decision makers when it comes to their women's access to financial services and products. This low self-esteem is derived from cultural patriarchy in which rural women live and they often feel discouraged and uneasy when applying or trying to apply for credit. The results are similar to Patel (2020) whose studies revealed that half (51%) of rural women live in households where their spouses are the primary decision makers compared to 40% of urban women in Africa. The credit promoter should work with the husband to encourage more support where needed (Bornemann et al, 2020). The credit policies and programs should place an emphasis on addressing household dynamics to incorporate them onto a set of indicators that promoters should monitor and adjust loan repayment guidelines for financial institutions with clients in rural areas given the micro income lifestyle of those living in these communities. There is need to encourage credit providers to adapt their procedures for assessing credit applicants form, different household type such as single–parent where the woman is in charge of her family without a partner since the female–headed type household is increasing in number in rural areas (Bornemann et al., 2020). Female-headed houses are overburdened by household needs making it difficult to repay loans. However, they also have more financial decision making powers compared to married women hence the need for gender sensitivity training.

## RECOMMENDATIONS TO ENHANCE FINANCIAL INCLUSION OF RURAL WOMEN

### Labour Saving Techniques

Rural women are overburdened by household chores and this limits their time on income generating projects and financial literacy programmes. Rural women need support on labour saving techniques. There is need to introduce special support for unpaid work targeting stay at home women, caregivers and farm based organisations to increase women's participation in agricultural production (Samudzimu, and Munkumba, 2022). Rural women are excluded from the formal financial sector because they are not employed. Most rural women stay at home and are care givers and there is need for products and services that cater for their needs. Rural women and girls undertake disproportionate share of unpaid work and such uneven distribution of responsibilities is a constraint on women's and girls' of entrepreneurial activities (UN Women, 2018). Introducing labour and time-saving technologies, and machines for women can help them to deal with household chores (FAO, 2018 and JICA, 2023). According to UNCTAD, (2020) gender inequality is evident in access to technology as it is mainly men who first learn how to use technology in a given household or community when technology is first acquired. Women farmers do not have the financial means to buy or rent new machines and be able to compete with other farmers. Digifarm in cocoa farming in Cote d'Ivoire introduced harvest collection services to address the mobility constraints of women farmers rather than expecting women to travel to collecting points (Chassin, 2022).

### Improving Rural Women's Mobility

Rural women usually have mobility constrains due to patriarchy and development partners can resolve this problem. Nawaz, (2020) analysed the impact of NGOs on Bangladesh in rural women's mobility in the public domain in rural Bangladesh, the results revealed that movement restriction negatively affect women's freedom of movement and women's economic empowerment. Women's mobility is a key indicator of women's empowerment and financial inclusion. This has led to women concentrating on reproductive and productive roles which are undervalued and unpaid. 95% of women respondents reported visiting different places out of village to attend economic, social and legal training offered by NGOs and therefore mobility has improved (Nawaz, 2020). The improvement in mobility means that women can do all economic projects that can improve their lives and have time to attend to financial inclusion programmes like microfinance. In rural areas the challenge of women's entrepreneurship is even bigger because of the scarcity of support services and limited mobility of women (World Bank, 2018).

### Involve Women in Agricultural Leadership Positions

There is need to include women into agricultural and financial leadership positions so that they can support other women in agriculture. Mc Guinness, Farrell, Conway, Bennett, and Holloway, (2023) carried out a case study on women's experiences in agriculture in Dublin in Ireland. The results revealed that women were not taken seriously in farming groups as males do and were not welcome as well as lacking self-confidence, yet there was an invaluable contribution to agriculture from women. According to Mc Guinness et al., (2023) participation of women in agriculture through employment, on committees and at events were more visible, it benefited women considering entering into agriculture. Agricultural loans should also be made available to rural women.

### Improving Women's Access to Livestock Production

Women rarely have the opportunity to get into livestock production, yet it has the potential to generate income and promote their inclusion into the formal financial sector. Mataka, Kaitibie, and Ratna, (2023) carried out a study to estimate the impact of women's empowerment household livestock production and marketing decision on household food security in Malawi, Nsanje district. They recommended that nutrition sensitive programmes should target women's agency in livestock production and nutrition decisions for improved food security among rural households in Malawi. When designing food security initiatives government should consider women's role in household food nutrition decisions then government and the

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private sector should consider financial inclusion mechanisms for household food security (Mataka, et al., 2023). Most cultures in Africa do not give women the opportunity to own livestock and this has made them vulnerable to poverty and these barriers should be addressed.

### Gender Sensitive Training

It is important for the central bank to offer gender training to all financial institutions dealing with rural women so that rural women's financial issues can be addressed fully. According to White et al., (2015), the Bank of Zambia has provided training on gender issues to the financial sector through International Labour Organisation (ILO). The bank of Zambia could encourage commercial institutions to engage in greater outreach and delivery of financial services to women, especially in rural areas (White et al., 2015). If financial institution are not trained on gender sensitivity, the financial exclusion of rural women will not be addressed. There is also need to address psychological barriers that limit rural women's financial inclusion.

### Addressing Psychological Barriers

Psychological barriers affecting rural women's financial inclusion have been ignored by many financial institutions. Bornemann et al., (2020) state that women in rural areas face psychological barriers at home in Nicaragua and are often too fearful to create their own enterprise and worry about having to pay back loans. This low self-esteem is derived from patriarchy in which rural women were socialised. Socialisation has created gender roles which have placed women in the private spheres which is the home and men's roles are in the public sphere where they are paid through the bank and have access to financial services. Bornemann et al., (2020) further argue that the women felt discouraged and uneasy when applying or trying to apply for credit and almost half of the women who went to apply for credit felt that the language used by the credit officer was not easy to understand. This discourages rural women from utilising available products and services in the formal financial sector exacerbating their vulnerability to poverty. Bornemann, et al., (2020) state that women in rural communities of Nicaragua are concerned about their ability to pay back credit, face social constraints and often feel excluded by financial service providers.

There is need to educate credit providers so that they fully understand the psychological barriers that women from rural communities face when attempting to apply (Bornemann et al., 2020). There is need to inform credit promoters that when judging whether a women form the rural community should receive credit, they should consider her husband's attitude and the material and emotional support he gives the wife (Bornemann et al., 2020). Most rural women do not get support from their husbands when applying for loans and there is need to engage men when offering financial opportunities to women. Besides the psychological barriers there is also a rural-urban gender gap in financial inclusion.

## CONCLUSION

The paper has explored different gender issues which influence the financial inclusion of rural women in the developing world. These issues include time poverty, rural urban gender gap, patriarchal barrier and lack of gender mainstreaming. In light of the findings development partners should assist the government in dealing with cultural psychological and mobility barriers that limit the promotion of rural women's financial inclusion. They should engage rural men in gender sensitive training so that they can support women in their endeavor to be included in the formal financial sector. This will also give rural women financial decision making power at household level. Institutions involved in the financial inclusion of rural women should enforce gender mainstreaming so that rural women are not left out. Rural women should also have leadership positions in agricultural programmes so that they push for the inclusion of rural women in income generating programmes like contract farming. Labour saving techniques will also be helpful in addressing time poverty among rural women.

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