Factors to be Considered in Financing Rural Women

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DOI: https://doi.org/10.51244/IJRSI.2024.1107039

Received: 24 June 2024; Accepted: 01 July 2024; Published: 07 August 2024

ABSTRACT

Gender segregation still persist in the financial sector, rural women face various challenges in accessing financial services and products especially in the rural areas. Men own most of the land and agricultural machines in the rural areas. The Post structural Feminist theory will be used in this study to show that women are different from men and have different categories that need to be considered in rural financial services. Women constitute 52% of the Zimbabwean population yet they are not fully benefiting from financing programmes. As a result, they resort to informal channels of financing such as Self Help Groups in form of Rotating Savings Cooperatives and Associations (ROSCAs) which offer limited funds at exorbitant interest rates. Rural women usually find challenges to meet the Know Your Customer (KYC) requirements from many financial institutions because gender issues are often ignored in the formulation, implementation and evaluation of these programmes. Policy pillars to include gender in rural finance will also be discussed. Importance of rural financial services and the challenges that rural women face in the financial sector will be discussed. Gender issues in the rural financial sector will be explored so that rural women can meaningfully benefit from available programmes hence reduced poverty.

Key words: gender, rural, financial services

INTRODUCTION

The Zimbabwean government has always been willing to include gender issues in all development programmes but there is need to focus more on implementation and evaluation on these programmes so that progress can be tracked especially in rural financial services. According to the Global Economic Forum (2022) Global Gender Gap Index rank Zimbabwe 50th out of 146 countries 8th in Sub Saharan Africa (SSA) in gender parity suggesting both progress and remaining challenges on the country's path towards gender equality. These challenges include lack of gender mainstreaming in the rural financial services. Gender is a critical notion for rural financial services scrutiny in addition to the plan and execution of financial services to rural people.

According to Masvotore and Tsara (2023) both rural male and females are susceptible to poverty but gender discrimination makes women more vulnerable to poverty and they are fewer resources to cope with poverty. This is because rural women spent most of their income on the household and especially on children's welfare, therefore poverty becomes feminised. The term feminisation of poverty denotes that women are the most affected by poverty and are amongst the poorest in society (Pearce, 1987). Due to the feminisation of poverty it is critical for financial institutions to consider gender issues in offering services and products in rural areas. Furthermore, most valuable assets like livestock and land are owned by men in the rural areas. Myamba (2023) argues that generally, rural women have more limited access to assets, resources and services such as such as credit than man. According to AFI, (2023) there is a growing recognition that any effort to close the gender gap in the financial inclusion and to support the creation of gender equitable financial system requires greater participation of women at all level.

POST STRUCTURAL FEMINISM

The study used Post Structural Feminism (PSF) to analyse the financial exclusion of rural women. PSF has its roots in poststructuralism, an intellectual movement that emerged in the second half of the 1960s and is associated with thinkers such as Derrida and Foucault (Maclaran & Steven, 2018). PSF is a promising avenue for theoretical inquiry to unravel the masculinist discourse that has been perpetuated in rural financial services provision thinking and practice. The rationale of the critical gender lens is timely, given current financial exclusion of rural women. However, to address all these challenges, gender issues should be at the centre of every rural financial inclusion initiative.

PSF positions gender as the focal point of inquiry, viewing it as a dynamic political and social construct that defines specific actions considered appropriate for one gender (Kilic, 2022). In this study, gender is placed at the centre of rural women's financial inclusion by analyzing the gender issues that hinder and promote the financial inclusion of rural women. Ritzer (2008) argues that women's experience of inequality and oppression varies according to their location within societies' structural oppression arrangements. Women in rural areas are vulnerable to financial exclusion because of their geographical location, which is often remote and inaccessible. There is also poor internet connectivity, which limits their access to DFS. William (1990) asserts that women are at a disadvantage when they are treated the same as men, particularly in situations involving issues like pregnancy leave and divorce. This is especially prevalent in rural areas where women are treated identically to men in the financial sector. When these women become pregnant and temporarily step away from their income-generating projects, the financial sector fails to consider this when they have an outstanding loan. If they are unable to make loan payments during this period, interest continues to accrue, further exacerbating their vulnerability to poverty.

William (1990) states that women are different from men not only in terms of their biology but also in terms of their values and their "voice." Rural women value their households and spend most of their income on the household, yet their voices are not heard in the formal financial sector. Eisenstein, a post-structural feminist, argues that PSF seeks to deconstruct the male/female dichotomy and the sameness/difference debate (William, 1990). According to Masvotore and Tsara (2023) rural women continue to be among the poor because of change of roles and circumstances such as becoming single parents, divorced, widowed and breadwinners in the family but their state of deprivation remains obscured. Men are still being considered as the breadwinners by many financial programmes hence men continue to benefit from such programmes. The Rural Financial Market Historical Overview of 1924 to 1991 did not consider gender issues in the financing of rural agriculture. The document only mentions that in 1983 the Agricultural Finance Corporation extended credit to married women, provided the corporation was satisfied that they were farmers excluding the other categories of women.

Post-structural feminists claim to attend to the differences and multiplicities of women's specific locations and positions (Singh, 1995). Women are not a homogeneous group. They vary in terms of urban and rural living, economic status and marital status, including those who are married, single, widowed, below and above the poverty line. According to Vishwanath (2021), vulnerable customer groups such as rural women, who often have comparatively low literacy rates and lack exposure and access to technology, are being left behind in financial inclusion. All these women have different barriers in the formal financial sector. Female-headed households may have better financial decision-making power and more responsibilities.

Financial institutions underserve many rural women compared to urban areas (Boaky-Adjei, 2022). According to IDRC (2018), low-income women in rural areas often face barriers to accessing a safe place to save due to mobility and time constraints. Rural women experience more barriers in the financial sector than urban women. Hence, there are more opportunities for urban women in the financial sector.

Post-structural feminists see gender as being constructed in discourse and the categories of male or female as historically and socially situated rather than being stable or fixed in meaning (Kilic, 2022). Historically, a woman's place has been in the private sphere. This has limited rural women's opportunities to attend financial inclusion programmes and participate in income-generating projects, allowing them to save in the formal financial sector. Kilic (2022) argues that PSF problematises what being a woman means by deconstructing the privatisation of positions in society according to men and the categories of the opposite gender.

The financial sector ignores gendered power dynamics, assuming that women are homogeneous. Thus, financial institutions do not consider these dynamics when dealing with rural women. Poststructuralism views culture as the enduring gender determinant (Kolozova, 2021). The patriarchal nature of African culture has subordinated women, creating barriers for them in the financial sector. Some women even need their husband's permission to apply for a loan or open an account. PSF utilises the concept of gender to challenge the status quo (El Mquirmi, 2020). The ongoing financial exclusion of rural women needs to be confronted using a post-structural feminist approach.

According to El Mquirmi (2020), the key element of the PSF Theory is that it highlights the relevance of linguistic practices by questioning the binary categories of male and female. The language used in the financial sector is biased and masculine; for example, KYC and collateral security requirements suit males more than females. Ravelli et al. (2018) state that in rural areas, although land is a primary form of collateral, most women are culturally and often legally prevented from owning it. Men typically possess valuable assets at the household level, which they can use as collateral to secure loans. They also own land suitable for contract farming and are more likely to create the business plans necessary to acquire business loans. As a response to this, PSF aims to challenge this discourse and create a new narrative that confronts and overcomes male bias (El Mquirmi, 2020). This new narrative aims to promote gender equality and sensitivity in the financial sector.

THE IMPORTANCE OF FINANCIAL INCLUSION

This section provides a detailed discussion regarding the importance and relevance of financial inclusion for rural women.

3.1 The Achievement of Sustainable Development Goals

According to Dr Chipika, the Deputy Governor of RBZ, an inclusive economy is critical to achieving the seventeen global sustainable development goals in Zimbabwe, and financial inclusion has been identified as a key enabler in attaining the SDGs (RBZ, 2020). Providing poor rural women with access to affordable financial products and services can help reduce hunger and poverty, promote good health and well-being, improve children's education, foster gender equality and empowerment, and facilitate the use of affordable and clean energy. Considering the gender issues in rural finances supports the Living No One Behind mantra by the United Nations.

3.2 Poverty Reduction

According to Holloway, Niaz and Rouse (2017), women disproportionately experience poverty from unequal division of labour and lack of equal access and control of resources. This makes rural women a vulnerable group to poverty. Kapur and Reddy (2020) argue that access to basic financial services enables the less fortunate and more vulnerable in society to step out of the vicious cycle of poverty and empower themselves and their families. Poverty is rampant in rural areas, and rural women are more affected than men. When rural women have access to basic financial services, they can have the base to venture into income-generating projects. This can allow them to send their children to school, thereby breaking the generational cycle of poverty. Travelli, et al (2018) argue that financial inclusion is not only important for women to access and make transactions but also essential for saving money and building assets in a safe place. This, in turn, helps them escape poverty.

According to Mecha (2017), poverty leads to physical weaknesses due to lack of food, underdevelopment, and malnutrition, resulting in a low immune response to infections and an inability to access or afford health services. Children born to impoverished mothers often have weak immune systems due to malnutrition and frequently miss school due to illness. As a result, these children may face a challenging future; thus, poverty is passed from generation to generation. Moreover, their mothers may struggle to provide for them, as caring for sick children leaves little time for work. However, if rural women can access affordable financial products and services, poverty could be significantly reduced, leading to the upbringing of healthier children.

According to the Finscope Survey 2014, 70% of the Zimbabwean population resides in rural areas (RBZ, 2016). According to Anna (2015), poverty is higher in rural areas, with around 76% of rural people affected. Addressing the financial inclusion issues of rural women can result in improved living standards for households. This is achieved through better access to food, healthcare, and education for children, as women typically spend much of their income on household and children's needs. Children with better education can make more informed life decisions and have opportunities for formal employment, thus ensuring sustainable employment. Historically and for traditional reasons, men continue to dominate livestock ownership and production in rural Zimbabwe, making decisions regarding their management, use, and disposal (FAO, 2017). In rural areas, men tend to own more valuable livestock like cattle, while women primarily own poultry. By providing access to financial services programmes, women can venture into more valuable livestock production.

3.3 Family Wellbeing

According to Williams, et al (2018), when women earn an income, they gain more control over it. They are likely to reinvest it in their households by improving their children's education and health, providing better food and nutrition for their family, and increasing the family's livelihood assets. Financial inclusion benefits the overall well-being of the family, as women tend to spend most of their income on the household and children. Hence, promoting financial inclusion among rural women can lead to improved outcomes for children, households, nutrition, and the broader community.

In Nepal, offering easily accessible, free savings accounts to rural female heads of households resulted in 84% of women opening an account. This boosted spending on education and nutritious food (Hendrick, 2019). Usually, female-headed households are more susceptible to poverty, and financial inclusion is a powerful tool in mitigating poverty in such households. This creates an opportunity for their children to access education, thereby breaking the cycle of poverty. According to Phina (2015, cited in Hendrick, 2019), compared to those without accounts, these women also increased health-related expenditures, enabling households to better respond to health emergencies.

3.4 Dealing with Shocks

According to the AFI (2021), improving rural financial services is necessary for boosting agricultural productivity, increasing agriculture-related income, and assisting the poor in diversifying their livelihoods. It also aids in the development of non-agricultural income, improves nutrition, and builds resilience against climate and other periodic shocks. This helps prevent the risk of falling into poverty traps. When rural women have access to formal financial services, they can diversify their income sources and manage shocks such as droughts and cyclones more effectively. In addition, income from non-agricultural projects can be used to purchase food, resulting in food security. The financial inclusion of rural women can also enhance agricultural productivity by purchasing fertilisers, hybrid seeds, and chemicals. Alshebani and Khandare (2014) argue that rural people, like everyone else, need diverse financial services to run their businesses, build assets and manage risk.

3.5 Economic Empowerment

Financial services promote economic empowerment and active participation in the financial system, particularly for rural women (Hendriks, 2019). In Zimbabwe, rural women make up the largest group among the financially excluded. By including them in the financial system, they are empowered to make financial decisions at the household level. This allows them to meet specific goals, such as improving the health, education, and nutrition of their children. Financial empowerment increases female participation in community decision-making, improves well-being, and combats socio-economic marginalisation (World Bank, 2020). When rural women have access to formal financial services, they can start and grow small businesses. They can use their financial strength to participate in community decisions, leading to community and eventually rural development.

Financial tools can empower rural women within the household to make financial decisions and gain control over resource allocation. According to Hendrick (2019), in the Philippines, the initiation of goal-based accounts boosted savings by 81%. This led to enhanced bargaining power for women within the household, increased expenditure on female-oriented consumer durables, and notably appealed to less empowered women.

Thus, financial inclusion empowered these less-empowered women.

Women's empowerment has been on the agenda of every government, as noted by Samant et al. (2019). Since women make up a large portion of every country's population, their financial inclusion, especially in rural areas, can enhance national development. Samant et al. (2019) further argue that women's empowerment is a prerequisite for nation-building and economic development. Despite constituting half of the population, women often do not enjoy the same status as their male counterparts.

3.6 Access to Micro-insurance

Other prominent financial services under financial inclusion include insurance and payment facilities (Fareed, 2021). Insurance is critical because it can be used to manage shocks and mitigate risks faced by rural women. These shocks include drought, death, illness, crop failure, death of livestock and floods. Rural women can be covered against such risks if they have access to insurance. Without insurance rural women and their families continue being vulnerable to unforeseen disasters.

In Zimbabwe, according to the Finmark (2020) survey, the uptake of insurance services by rural women is 4% as compared to 17.2% in urban areas. Insurance uptake is still very low for rural women, and access to financial services can help improve access to better health services. Rural insurance helps rural women to venture into more viable projects. According to a field experiment by Karlan et al. (2014), in Ghana, households that obtained free micro insurance adopted high-risk crops, invested more in cultivation, and ended up with higher revenue. In this case, insurance gives farmers an opportunity to break out of the cycle of poverty. With the aid of micro insurance, rural women can venture into cash crop farming and move out of subsistence farming.

3.7 Creates Employment

Financial inclusion can indirectly create employment for women in rural areas. According to Soyemi et al. (2020), access to credit boosts the establishment of new businesses and enables the expansion of existing ones. The start-up expansion creates jobs for the unemployed. Financial inclusion for rural women provides access to affordable loans, enabling them to develop livelihood strategies that create employment. These strategies may include gardening, poultry farming (including road runners and broilers), sewing, and knitting projects. These home-based projects create income for women. Many rural women already possess skills acquired while growing up, which can be transformed into businesses.

As reported by Soyemi et al. (2020), the availability of credit in Mongolia enabled more women to expand their businesses, generating 8.5% higher entrepreneur's profit. In essence, rural women ought to be financially included to reap the benefits mentioned earlier. When women are financially included, their livelihoods are transformed. This will eventually lead to rural transformation by reducing the feminisation of poverty.

FACTORS CAUSING THE FINANCIAL EXCLUSION OF RURAL WOMEN

This section will discuss the factors leading to the financial exclusion of rural women.

4.1 Inadequate Requirements

Rural women often lack the credit history required to secure loans from formal financial institutions. They are frequently excluded from the financial system and may be viewed as riskier applicants, especially first-time borrowers without a credit history. This can lead to higher interest rates (Al-shami, Razali and Rashid, 2018), further excluding them from formal financial systems. In Zimbabwe, there is no credit register specifically for rural women that financial institutions could use to assess credit history and worthiness. Additionally, these women are often not formally employed and lack the three months of bank statements often required by banks.

4.2 Gender Inequality

In some countries, women are still oppressed and considered inferior, unable to access microfinance services independently. The World Bank (2018a) states that in countries like Chad, Guinea-Bissau, and Niger, married women are still required to have permission from their husbands or male relatives to open a bank account. This further restricts their access to financial services. Such patriarchal practices prevent women from pursuing other income-generating activities, perpetuating gender inequality.

4.3 Financial Illiteracy

According to FAO (2020), women in rural areas often have lower education levels than men and fewer opportunities for specialized training and entrepreneurship programmes. Lower levels of education lead to financial illiteracy, which in turn creates difficulties for rural women in using and adopting digital financial services. This gender gap contributes to the challenges rural women face when trying to access financial products. According to the United Nations (2018), over half of poor rural women lack basic literacy. The same is true for numeracy; both prevent women from managing money, engaging in trade and accessing information.

As a result of their financial illiteracy, these women face challenges in understanding basic income and expenditure, budgeting, setting financial goals, negotiating financially, and managing debt. This negatively impacts their small businesses. Most of the 3.9 billion people who are not connected to the internet are poorer and less educated. The majority are rural women and girls (UN Women, 2018). FAO (2019) states that illiteracy is a key factor limiting rural women's ability to benefit from financial services, as all financial procedures, such as instructions, rules, contracts, statements, cheques and letters, are communicated in written form. In most cases, the English language is used in these documents. However, most poor women are unfamiliar with the language. Documents should be simplified for individuals with limited literacy and, when necessary, translated into local languages to ensure understanding among the poorest rural women.

According to GAO (2010, cited in Mwangi, 2018), a lack of financial education can lead rural women to purchase unsuitable products or face difficulties with credit when seeking access. In some cases, these women may engage with banks that charge high-interest rates, leading to an accumulation of debt and exacerbating their poverty. As noted by Mwangi, (2018), there is a need to address language barriers and low literacy levels that pose challenges in developing financial education initiatives for the financially excluded. Such barriers may deter rural women from accessing financial services.

Dube (2015) argues that the poor often do not have the capacity to prepare financial accounts for their businesses, which is a requirement for credit risk analysis by most financial institutions. Providing basic financial literacy training will contribute to human capital development. The acquired skills will be crucial in planning and managing finances daily, weekly, monthly, and annually. Access to microfinance without financial literacy will not alleviate poverty in rural areas.

4.4 Debt Accumulation

In some instances, the financial inclusion of impoverished rural women through microfinance institutions has worsened their situation. Crispen and Kantchewa (2023) observed that clients often use microfinance for consumption rather than business, which can lead to debt accumulation as it is also used to settle existing debts. This can trap rural women in a vicious cycle of poverty, causing them to move from one microfinance institution to another to manage their debt. In extreme cases, as argued by Fofana et al. (2015), this debt trap can lead to suicide, leaving children orphaned due to microfinance debt—a circumstance arguably worse than poverty. If not careful, poor women risk becoming enslaved by microfinance institutions.

According to Ganle (2015), in rural Ghana, the World Vision findings show that some women have become empowered, while others have become disempowered as a result of accessing a loan. This can result from mismanagement of the loan due to a lack of financial literacy. The loans are often used for unproductive activities. Additionally, these women find it challenging to distinguish between profits and capital. Therefore, there is a need to invest in financial literacy training in rural areas.

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XI Issue VII July 2024

4.5 Limited Access

Rural women have limited access to the formal financial sector compared to those in urban areas. The Reserve Bank of Zimbabwe (RBZ, 2016) noted that financial inclusion is skewed towards the urban population at 89%, while the rural population is at 62%, even though 70% of Zimbabwe's population resides in rural areas. The Zimbabwe Association of Micro Finance Institutions (ZAMFI) (2018), reported that as of 30 September 2018, female clients constituted 45% (189 236) of the total clients, while male clients made up 55%. There were 112 rural branches compared to 205 urban branches of financial institutions. These statistics show that few women access formal financial services. The delay in reducing financial inclusion barriers means that a greater portion of the country cannot access finances to start income-generating projects that can improve their living standards and reduce poverty in rural areas.

4.6 Unqualified Personnel

Formal financial institutions in developing contexts often lack specific expertise in rural and agricultural financing, specifically targeting rural women as potential clients of financial services (FAO, 2020). There is a need for personnel who are gender sensitive, who can work with poor rural women with low levels of education and are financially illiterate. In some cases, employees in formal financial institutions are unwilling to relocate to rural areas due to their remoteness, inaccessibility and poor network**.** They prefer urban areas with better living standards in terms of better road networks, electricity and water supply. Karn (2018) argues that the microfinance industry is facing difficulties finding professional and qualified personnel to work for microfinance institutions, primarily in rural areas, leading to management deficiencies.

4.7 Currency Instability and Inflation

Currency instability and inflation negatively affect efforts to improve financial services for the rural poor. Alshebani and Khandare (2014) state that currency exchange rate instability can limit loans obtained from donors and other external sources. This is currently the case in Zimbabwe, where currency instability may restrict the amount of loans available to rural women from both internal and external. Ozili (2022) also note that inflation can lead to high-interest rates, making borrowers more reluctant to apply for loans. The risk of not being able to repay loans due to high-interest rates discourages rural women from taking them, even when they are available. Therefore, currency stability is crucial for promoting access to microfinance services for people with low incomes.

4.8 Lack of Collateral Security

Rural populations, particularly women, often lack collateral due to limited land ownership (AFI, 2022). In rural areas, women rarely own land, making it difficult for them to secure loans from formal financial institutions. In Zimbabwe, land title deeds are not issued in rural areas. Instead, ninety-year leases are given, which some banks do not accept as collateral. Often, these leases are under the names of male family members such as husbands, fathers, or brothers. According to Sangwe, Gicharu, and Mahea (2010), rural women usually face challenges in providing the required collateral since they may not possess sufficient properties and assets.

According to UN Women (2018,), less than 13% of landowners are women. Men hold the majority of land ownership, which can be used as collateral security. Traditionally, all married male members of a community have access to arable plots. The right to allocate these plots rests with local government authorities and traditional leaders operating within jurisdictions under the Rural District Council Act (1988) and Communal Lands Act (1982) (FAO, 2017). This implies that if land were used as collateral for microloans, few women could utilise it. Rural women in Zimbabwe make up the majority of smallholder farmers (FAO, 2017). Women often receive minimal or no financial support, such as loans and credit, even in sectors where they are predominant. These sectors include the informal economy, micro and small-scale enterprises, and agriculture, where women spend most of their time working. For rural areas to be transformed, women need financial support in these critical economic sectors. Most of the rural women are not formally employed and lack collateral security, making them particularly vulnerable to poverty.

According to SIDA (2018), rural women's limited right to land ownership constrains their ability to provide collateral for loans, limiting their ability to invest in agricultural inputs and equipment. This situation exacerbates their poverty, as they are forced to remain as subsistence farmers. In Ethiopia, Ghana, and Tanzania, mechanised irrigation technologies were primarily used on plots controlled by men (FAO, 2017).. Despite performing most of the agricultural work, women had limited rights and served only as 'helpers' to their husbands as is predominant in rural Zimbabwe (Anderson et al., 2021).

4.9 Cultural Norms and Values

According to the United Nations (UN) (2020), cultural and social norms can restrict women’s financial and economic independence. Due to patriarchy, some women in rural areas are not allowed to visit financial institutions by their husbands. Lyons, et al (2020) reveal that 45% of women who do not own a mobile phone are not permitted to own one by a family member. This restriction limits rural women's ability to reap the benefits of digital financial services. Social norms, such as women's lack of decision-making power, low self-esteem, and customary laws regarding women's ownership of properties and assets, suggest that women may not be able to provide the necessary collateral for credit facilities (Adewoyin, et al 2022). Rural women usually own assets like kitchen utensils and hens, which formal financial institutions do not accept as collateral security. In terms of farming, women often grow small grains for household use, while men venture into government and privately financed cash crops like tobacco, maize, and cotton.

In a number of traditional cultures, rural women are responsible for a variety of household chores that take up most of their day, making it challenging for them to manage their financial needs (FAO, 2020). These productive, reproductive, and communal roles make it difficult for women to attend financial literacy lessons and meetings. In Pakistan, social norms that limit women's interactions outside their households and expect them to operate businesses from home have tempered the success of start-up loans and business training for female-owned enterprises (Said et al., 2019, cited in Peteriechner, 2021).

Government policies and strategies aimed at addressing women's issues often overlook the unique challenges faced by women in rural areas. According to FAO (2017), patriarchal systems, cultural norms, and traditions significantly influence gender dynamics in Zimbabwe. These dynamics are particularly evident in women's access to and control over resources, their roles and participation in (i) decision-making, (ii) rural institutions, and (iii) development planning. Certain cultural norms can inhibit women from venturing into economic activities such as financial services. Some societies believe that a woman's role is primarily at home, caring for children and managing household tasks (Mecha, 2017).

4.10 Geographical Distance and Profitability.

Kapur and Reddy (2020) state that most commercial banks operate only in urban commercial areas and set up their branches in profitable areas. Hence, people living in rural areas find it difficult to access financial services. Banks and other financial institutions view operating in rural areas as unprofitable due to the limited customer capacity base. This further financially excludes women in rural areas who do not have the financial capacity to travel to urban areas to pursue financial services. Women in rural areas can also face travel constraints from their husbands. The low economically active population density in rural areas leads to wasted time and reduces economies of scale (Kapur & Reddy, 2020). Banks operating in such regions may become increasingly unprofitable, further limiting their operations in rural areas to serve women.

Boaky-Adjei, et al (2022) discuss geographical barriers that pose challenges for households and businesses in remote, rural areas and islands. These challenges pertain to data connectivity (like fixed broadband or mobile data access), the availability of physical branches of financial institutions, and even reliable electricity. Electricity or solar energy is vital in providing financial services to poor rural women. However, these are not readily available in rural Zimbabwe, and the lack of electricity impacts the availability of the network for digital financial services. Additionally, the costs of solar installations are too high for rural women.

Geographical distance from a financial institution is a greater limitation for women than men. Women’s limited mobility is often due to heavy workloads, childcare responsibilities, a lack of transportation, and cultural barriers around travelling alone (SIDA, 2018). Financial institutions are reluctant to establish branches in rural areas due to their remoteness and irregular client base. Therefore, women find it difficult to travel to urban areas to access these services.

4.11 Unsuitable Financial Products

According to the Alliance for Financial Inclusion (AFI) (2022), the financial needs of rural women are poorly served by the current rural financial system. The products and services are often too generic and designed to the needs of urban, wealthier customers. Sometimes, financial institutions require business plans and bank statements from borrowers to acquire loans; however, rural women do not have these documents. Appropriate financial services for rural women should be able to fund farming as a business and support rural entrepreneurship.

The lack of financial expertise among institutions working with rural women often leads to the development of inappropriate products. As reported by the FAO (2020), this significantly impairs financial institutions' ability to design products and services tailored to the specific strengths, opportunities, needs, and weaknesses of rural women, including product features (e.g., interest rates, flexible payment terms, grace periods) and alternative delivery channels suited for rural contexts. Many institutions use the group guaranteeing technique for repayment when working with rural women, which deters these women from taking small business loans. Additionally, the repayment periods are often too short and lack a grace period, which intimidates many rural women.

Financial services providers often overlook gender differences in the demand for and use of financial products and services. Generally, they do not invest in understanding their clients and potential clients thoroughly (SIDA, 2018). The products offered fail to meet the needs of rural women. Since these women often lack the necessary documents and collateral security required by banks, financial products should be tailor-made to accommodate and serve such clients.

Gender-discriminatory bank laws still exist in certain banks and financial institutions, hindering the financial inclusion of rural women. According to Miles (2017), restrictions in some countries prevent women from applying for credit or making money transfers without a male family member's signature. Such gender-discriminatory banking laws impede rural women's access to credit. If a male member refuses to sign or is unavailable, these women are denied the opportunity to access credit.

The tendency to assume women are one big market segment leads to the development of generic products that ultimately meet no one’s needs (World Bank Group, 2018). There is a significant difference between urban and rural women's needs. Rural women may need credit for basic necessities, while urban women might need loans for luxuries. Therefore, there is a need for customised financial products based on need assessments. For example, the Pronaf-Mulher credit line, which targets women in rural areas in Brazil, contributed to a 15% increase in women's credit share in rural development programmes from 2001 to 2006 (Miles, 2017).

4.12 Lack of Capital

In Ghana and Nigeria, the number of female entrepreneurs exceeds that of men (IDRC, 2018). Despite women making an essential contribution to the agricultural and rural economies in Sub-Saharan Africa, female entrepreneurs continue to receive a small fraction of the total capital available for Small to Medium Enterprises (SME) investment across Africa (IDRC, 2018). Rural women face barriers when accessing credit, which adversely impacts their businesses. Men have better credit opportunities, further widening the gender gap in financial inclusion.

4.13 Lack of Income

According to the National Financial Inclusion of India (2019-2024) and Matunhu and Mago (2013), the lack of surplus income among rural women leads to their financial exclusion. Having access to surplus income gives rural women an opportunity to save with formal financial institutions. These savings records can then be used to secure loans when these institutions require a three-month bank statement. Without surplus income to save, rural women are unable to provide the necessary bank statements. In summary, these factors make rural women an unattractive clientele for banks and financial institutions. As such, they must be addressed to achieve the financial inclusion of rural women.

PILLARS OF WOMEN'S FINANCIAL INCLUSION

For this study, policy pillars from the State Bank of Pakistan (SBP) will be used because they are specific to gender issues in rural financial services. Figure 1 below shows the pillars to reduce the gender gap in financial inclusion.

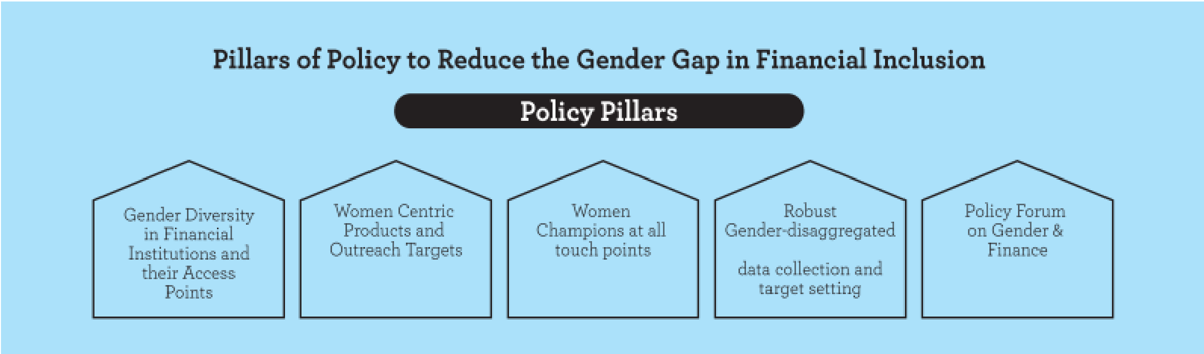

Figure 1: Women's Financial Inclusion Policy Pillars

Source: Adapted from the State Bank of Pakistan: Banking on equality (2019:11).

5.1 Gender Diversity in Financial Institutions and Access Points

According to the SBP (2019), maintaining gender balance in the "access points" of banks, including branches and agents, is essential to encourage women to use formal financial services. Rural women are generally more likely to approach female agents because of cultural barriers associated with interacting with males. Gender diversity in financial institutions means that men and women have equal opportunities and financial inclusion representation in recruitments, retention, promotion, leadership and training (AFI, 2023 & ADB, 2018). This will ensure that gender issues in the financial sector are taken into consideration at all levels. The SBP (2019) suggests that internal gender imbalances must be addressed by recruiting more women to bank boards. These women representatives will advocate for the inclusion of rural women at higher decision making levels. The Central bank of Bahamas and Bank of Namibia have 60% women staff (AFI, 2023) and China has 60% (ADG, 2018). However some countries still have lower percentages of women staff in the financial sector. India has 16% (ADB, 2018).

5.2 Women-Centric Products and Outreach Targets

The SBP (2019) postulates that all banks must develop a suite of financial services and products that cater to women's financial needs (household, entrepreneurial, and others) while remaining mindful of existing social norms. Social norms are often overlooked in banking. However in Jordan, Dinarak recruited 30 female agents to increase outreach in rural areas and the bank is now being considered as being more women friendly financial institution (Women's Enterprise Fund (AWEF), 2019).The SBP (2019) also states that financial institutions will be assigned outreach targets for savings and credit products to enhance access, usage, and quality of financial products for women. In many developing countries, banks are not given outreach targets for rural women, excluding them from the formal financial sector.

AWEF (2019) states that Dinarak has developed a network of female agents to reach disadvantaged women in rural areas. This helps to improve outreach to previously excluded areas. Furthermore, the SBP (2019) emphasises the need for dedicated financial literacy and marketing campaigns, partnerships with stakeholders, and simplification of loan documentation processes. These measures are intended to improve awareness and reach various female market segments. At present, loan forms in banks are often too complicated for rural women to understand. Dinarak redesigned brochures showing how women use e-wallets on day to day basis (AWEF, 2019). This is a huge improvement considering the fact that most promotional material portray male customers.

5.3 Women Champions at all Touch Points

There is a need to help rural women feel comfortable in the formal financial sector. According to SBP (2019), financial institutions should encourage the presence of women champions at customer touch points, such as bank branches and call centres, to make women more comfortable accessing financial products suited to their needs. These women champions could be women in business who have undergone gender-sensitive training. According to Graham (2019) due to the existence of gender inequalities related to cultural norms limiting women's mobility and association in Afghanistan FINCA established a women only branch called Women's Special Branch (WSB) with staff being exclusively women. The bank is meant to meet women's financial needs at their convenience and addresses cultural barriers associated with dealing with men. They would serve as the primary contact for women customers, providing information about financial services and products, non-financial advisory services, and facilitating complaint resolution (SBP, 2017).

5.4 Robust Gender-Disaggregated Data Collection and Target Setting

The absence of data can create a mismatch between perceived barriers to women's financial inclusion and policy interventions designed to address these constraints (SBP, 2019). Currently, there is a mismatch in rural sex-disaggregated data in many developing countries. However in countries like Tunisia and Morocco gender sex aggregated data on women's financial inclusion is publicized in a bid to improve financial inclusion strategies (World Bank 2018). However the data seems to be too general for rural financial inclusion strategies to be improved. According to SBP (2019), a gender focus on women's financial inclusion with quantitative targets can lead to improved financial inclusion for women. Therefore, banks will be assigned indicative targets for maintaining gender balance in products and services and will be asked to submit their respective roadmaps for reaching these targets. Without these initiatives, there will be no roadmap towards the financial inclusion of rural women.

5.5 Policy Forum on Gender and Finance

There is a need for a policy forum on gender and finance. SBP (2019) states that research has proven that high-level platforms on gender, which regularly invite leaders from various spheres of the private and public sectors, are instrumental in prioritising women's financial inclusion. They drive the agenda forward and garner support from multiple stakeholders. Collaborations also assist with fundraising towards rural women's financial inclusion. In these forums, opportunities and challenges of rural women's financial inclusion will be discussed and reviewed, providing room for improving existing policy frameworks. According to ADB (2018), policies promoting gender parity in China's financial sector are becoming effective, with an increase in the number of women working in this sector. This will prompt reforms in legal and regulatory frameworks to create space for innovations that support greater women's financial inclusion. These may include co-titling between husbands and wives on landholding and revised account opening forms for widows and single women to facilitate easy account opening (SBP, 2019). Most bank forms have sections on spouses, which might be unnecessary for widows and single women.

CONCLUSION

From the above discussion it is clear that rural women face various challenges in accessing financial services. Financial services to rural areas are critical in poverty eradication. This chapter will help in making future financial services programmes gender sensitive hence benefiting both males and females.

RECOMMENDATIONS

Gender issues should be included in financial services so that rural women can benefit from financial services. These include workshop with rural men to train them on gender equality so that rural women can get support at

ISSN No. 2321-2705 | DOI: 10.51244/IJRSI |Volume XI Issue VII July 2024

household level were these barriers exist. Financial institutions must design gender sensitive financial programmes like collateral free loans, grace periods for rural women facing challenges in repaying loans due to pregnancy issues. Promotional material, account opening and loan application forms should be in local languages. Financial literacy programmes should also be designed and disseminated in local languages. Male champions in gender sensitivity should be used in such programmes. Female agent should be available at grassroots level to address proximity barriers. There is also need for financial rural sex disaggregated data so that progress on financial services can be assessed and improved.

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