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Savings Groups and Women's Financial Inclusion

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REDUCING POVERTY
THROUGH FINANCIAL SECTOR DEVELOPMENT

Understanding Women's Financial Inclusion



<30 %

sub-Saharan women have an account with a financial institution

Women with access to a range of appropriate financial services are more likely to develop sustainable livelihoods, invest more in health and education, and interact with and benefit from markets.

In sub-Saharan Africa, however, less than 30 percent of women have an account with a financial institution; and women's financial exclusion is more severe among the rural poor, young women and other marginalized populations. In fact, the extreme poor expend as much as five percent of their annual income on financial services, mainly in the form of informal instruments that are riskier and costlier – limiting their ability to interact with markets and the range of investments in livelihoods, health, education and nutrition.

While the financial inclusion income gap was reduced by several percentage points between 2011 and 2014, the gender gap remained essentially static over the period. Compared to other disparities in access to financial services, “the gender gap is particularly noteworthy for its persistence over time.” Constraints to women's financial inclusion include: the demand for small frequent transactions, reduced mobility, adverse social norms, gender gaps in financial and digital literacy, collateral and documentation requirements, and time poverty.

“Investing in women and girls should be a shared priority across public and private sector stakeholders given the economic and civic implications of female participation in the formal financial ecosystem. From a micro perspective, having convenient access to a suite of quality financial services enables women to invest in themselves, in their families, and in their communities by saving for the future, paying for educational and health expenses, putting money toward small businesses, and engaging in other productive financial activities. For businesses, reaching an untapped segment of the market with products and services that individual customers find useful would augment providers' revenue. From a macroeconomic perspective, women's economic empowerment has increasingly been regarded as contributing to sustained inclusive and equitable economic growth, and sustainable development.”

¹ LEWIS, Robin et al. Bridging the financial inclusion gender gap. Brookings Institution, 2016 (<https://www.brookings.edu/blog/techtank/2016/04/01/bridging-the-financial-inclusion-gender-gap/>).

² LEWIS, Robin et al. Bridging the financial inclusion gender gap. Brookings Institution, 2016 (<https://www.brookings.edu/blog/techtank/2016/04/01/bridging-the-financial-inclusion-gender-gap/>).

Savings Groups



Over the last decade, Savings Groups have emerged as a key strategy in advancing the FSD Network's goals of promoting women's financial inclusion in underserved markets.

A Savings Group is comprised of 15-25 self-selected individuals who save together and take small loans from those savings. Savings Groups provide members the opportunity to save frequently in small amounts, access to credit on flexible terms, and a basic form of insurance. Savings Groups are owned, managed and operated by their members; they are, by design, financially and institutionally sustainable, and continue to operate independently after a training period of about one year.

The community-based microfinance model – pioneered in Africa in the 1990s and now promoted by hundreds of international and local NGOs, national and local governments, and financial service providers across 75 countries – provides access to basic financial services in underserved communities. It is estimated that there are at least 700,000 active Savings Groups worldwide, comprised of 14m members, 80 percent of whom are women.

On average, each group manages total assets of about \$1,200, representing an important safety-net that supports low-income households to meet consumption, investment and emergency needs.

Savings Groups promote:

Economic
Empowerment



Education



Gender
Equality



Health



Nutrition and Food
Security

Evidence of Impact



A recent systematic review of the evidence, supported by FSD Africa, concludes that participation in Savings Groups has a positive impact on savings, access to credit, business investment, food consumption and security, asset accumulation, self-confidence and resilience.

And in combination with complementary services, Savings Groups can have a positive impact on women's financial capabilities and gender norms, as well as maternal, child and newborn health.

Savings Groups also serve as a pathway to women's formal financial inclusion; they aggregate demand among low-income women and offer an efficient entry point for financial service providers in marginalized communities. Over the past decade, about one million girls and women in underserved markets of sub-Saharan Africa have gained access to formal individual and group-based financial services through Savings Groups.
Financial Sector Deepening Network

Since 2008, the FSD Network has invested over \$28m in Savings Groups in sub-Saharan Africa, significantly expanding outreach in Kenya, Mozambique, Tanzania, Uganda, Rwanda and Zambia, facilitating relationships between Savings Groups and financial service providers, supporting innovation in alternative delivery channels and technology, conducting primary and secondary research, and strengthening connections and partnerships among diverse development and market actors.

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Savings Groups Evidence and Learning Initiative

In 2016, FSD Africa and the SEEP Network established a partnership to facilitate the creation, sharing and use of evidence for organizations supporting Savings Groups in sub-Saharan Africa.

The objective of the initiative is to increase access to and use of appropriate financial services by Savings Group populations in the region.

Through the project, FSD Africa and its partners will develop over 20 demand-driven knowledge products and host over 30 high-impact learning events across eight thematic areas – including Gender Equality.

In particular, in 2018, the project will initiate a one-year study on the role of Savings Groups in women's empowerment. The research will contribute to the improved design, implementation, monitoring and results measurement of Savings Groups initiatives in relation to various dimensions of women's empowerment – including economic, social, political and reproductive.

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