Driving digital financial transformation in support of SDG 5: recent gains and remaining challenges

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Summary of text:
Digital financial inclusion can be defined as 'digital access to and use of formal financial services by excluded and underserved populations'. Access to and use of digital financial services, which are designed to meet women's needs and incentivized through policies which make them safe and affordable, leads to women's active participation in the formal economy, increased GDP growth, higher labor force participation, and improved household bargaining power. Despite recent progress, three quarters of a billion women are still formally excluded from the financial system.

The gender gap in digital financial inclusion is maintained by several factors. These include existing gendered social norms which dictate that financial matters are the domain of men. These social norms may lead to the perception that women are incapable of making financial decisions and that it is inappropriate for women to undertake work outside the household. Gendered social norms also influence the type of products supplied by financial service providers, who generally perceive financial products as gender-blind or neutral. This can result in product terms, marketing methods, and distribution channels which do not meet women's needs. Gendered legislation also serves as a barrier to women's financial inclusion, whereby women's ability to own, manage and control property, enter contracts and open accounts is restricted by law.

The gender gap in digital financial inclusion is also maintained by gender disparity in mobile phone ownership. Women cite mobile phone ownership and a lack of official identification documentation as key reasons for their lack of participation in the financial system. Barriers to obtaining identification are more common for married women. Limited digital skills and financial literacy similarly constrain women's access to digital financial services. These factors also make women more vulnerable to cyber fraud, SMS and voice phishing, identity theft and online harassment.

Key recommendations:

- In tandem with deepening of the digital payments ecosystem, payments of government social benefits to women should be digitized. A digitized social protection program should be reliable, accessible, flexible, secure and accountable and provide women with agency at every step. Together with this, policy frameworks should be established which encourage businesses to digitize wage payments and merchant payments, and digital remittances should be made more affordable. Enabling pervasive, gender-sensitive cash-in-cash-out networks will be crucial.
- Policies should be developed to encourage women's access to identification documents, including where appropriate the provision of women-only registration counters, mobile registration services which bring enrollment closer to women's homes and marketing campaigns which are tailored to women. Legal barriers to obtaining identification documentation should be removed and tiered, gender-sensitive know your customer requirements should be applied by financial service providers.
- Financial capability should be integrated into government cash transfer programs to reach women with timely and relevant training, while national strategies should address key aspects of consumer protection, risks and redress mechanisms.
- Policy makers should incentivize the collection, analysis and use of demand and supply side gender disaggregated data by financial service providers and legislators.