

# **LIP Principles & the Financial Inclusion Gender Gap: Key Takeaways**

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# About our research

- Despite the reduction in financial inclusion barriers, women continue to remain outside the formal financial system
- Our research asks: **Can better digital payment system design create the conditions for more women to use DFS?**
- We conducted both quantitative and qualitative research in five countries to explore the impact on gender if LIP Principles are implemented.
  - Focus group discussions, in-depth user interviews and expert interviews in Kenya and Côte d'Ivoire
  - Quantitative data collection and analysis of digital and financial behaviours of women and men in Kenya, Côte d'Ivoire, Bangladesh, Nigeria and South Africa
  - Existing literature survey



# **Evaluating the impact of LIP Principles on the gender gap**



# Predicted cumulative gender impacts

## 1. Lower and more transparent fees and costs

- Qual findings suggest these matter equally to men and women
- Potentially have greater impact on women's limited budgets
- May create a differential positive impact for women by enabling high-frequency low-value transactions

## 2. Greater innovation and variety of financial choice

- Increased product diversity and new entrants will better address women's needs
- Findings suggest interoperability has more positive effect on women than men, both for time and cost savings
- In nascent markets, opportunity to cater to financial behaviours of women



# Predicted individual gender impacts

Our research findings predict that 14 of the LIP Principles will have a greater impact on women than men

Positive	Weakly Positive	Weakly Negative
Interoperable Scale Tiered KYC Enable Inexpensive User Devices Gender disaggregated Data	Push / real-time Identifiers / Directory End User Fees Pricing Transparency User Experience Access Points Notifications Consumer Education	Irrevocable



# **Key areas where LIP Principles improve on typical digital payment systems**



# Interoperability

- In Kenya, where the market is more developed, we were able to assess various interoperable services such as M-Shwari and M-Shwari locked accounts (a reasonable proxy for services available with interoperability). Here, more women than men reported valuing the greater sense of control locked accounts provide them.
- In Côte d'Ivoire, a less developed DFS market with only rudimentary interoperability, women reported primarily moving money between networks by withdrawing and depositing cash. This cost them significantly in time and money -- costs they would not face if interoperability were more prevalent.
- We believe Interoperability will be especially beneficial for women because it will lead to greater convenience and new kinds of more specialized DFS products that meet their specific needs.



*“Open accounts are for when you get an emergency. Locked is for when you have a long-term project, like when you want to buy a piece of land or something like that. It’s useful and the interest is higher.”*

Female M-Pesa agent, informal settlement in the outskirts of Nairobi



# End user fees and pricing transparency

- In Kenya, our transactional analysis showed women pay more in fees on a per-transaction basis, as well as more overall, compared to men.
- In focus groups, both female and male respondents mentioned transaction fees equally, although women appeared to emphasize related concerns more often in Kenya and lacked clear understanding of cost break down in Côte d'Ivoire.
- We believe lower fees and pricing transparency will create slightly more benefits for women than men.

Figure 1. Fees paid for P2P transactions in Kenya





# Tiered KYC

- Access to a national ID is more of a barrier for women than men, which creates significant challenges.
- In Côte d'Ivoire, female respondents were more likely to mention challenges associated with SIM registrations and producing ID for transactions. Focus groups revealed that women often use the DFSP with the least strict KYC standards.
- Tiered KYC, including a zero tier where no ID is required, would likely improve women's access significantly. We believe tiered KYC will have significant benefits to women.

"I had to identify a friend's SIM by my name because she didn't have an ID. We were in Bouaké together. Some months after I moved to Abidjan, this friend lost her phone. I was then the one who had to go to an agency for the removal of her SIM, but given the distance, this was not possible. So she lost her number and took another SIM on behalf of another person because she still does not have her ID documents..."

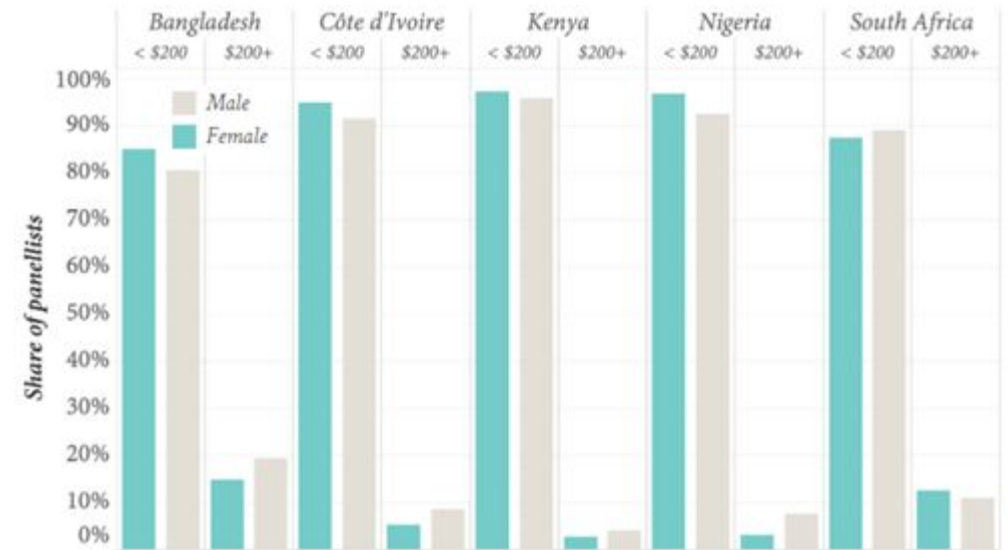
—Female respondent, Côte d'Ivoire



# Inexpensive user devices

- In the five markets in our transactional analysis, women were more likely to own lower-quality devices, with 59% of <\$200 devices owned by women.
- Owners of lower-quality phones had fewer transactions, on average.
- By enabling inexpensive user devices, our analysis predicts that this principle will undoubtedly positively impact women more so than men.

Figure 2. Mobile handset price distribution



# Access points

- Our research in Kenya and Côte d'Ivoire showed that women rely on access points (in this case, agents) more so than men, particularly because they provide trust, information, and assistance.
- Men, on the other hand, did not mention valuing the presence of agents, appearing to be more comfortable doing most of their transactions by themselves on their phone.
- At the moment, agents appear as critical channels for female customers.

"I am talking out of experience, for the past five years as an agent, ladies want to be sure more than the gents. Ladies will come and say "I want to withdraw, can you help me and enter the agent number for me."

—Male M-Pesa agent, rural Kenyan area

"The majority of women who come need help to validate their transaction. I'm helping. Women need more help than men."

—Female agent in Marcory, Côte d'Ivoire

