Bridging the gender gap in financial inclusion has recently become a policy priority among financial sector policy makers in developing and emerging economies. Yet this focus on women’s financial inclusion is not new. Since 2012, the Gesellschaft für Internationale Zusammenarbeit (GIZ) has advocated for greater financial inclusion of women. Taking a regional perspective, GIZ commissioned a policy brief in 2012 titled Advancing African Women’s Financial Inclusion setting out recommendations for policy makers and regulators on how to foster African women’s access to financial services. The Bank of Zambia has drawn on the recommendations in the policy brief along with the country’s Financial Sector Development Plan (FSDP) and its 2012 – 2015 Strategic Plan to champion women’s financial inclusion. In turn the Bank of Zambia has introduced several initiatives focusing on facilitating access to financial services for women. This case study sets out key developments to promote women’s access to financial services in Zambia. Further, it argues that more concrete actions are still required on both the demand and supply sides to achieve the ultimate goal of full financial inclusion of women in the country.

1. Increasing awareness among African policy makers of the case for women’s financial inclusion

Access to financial services can have a transformative social and economic impact on women and their families and society at large. When women are economically empowered, they place a higher priority on spending on food, health, education of children and their family’s wellbeing, according to evidence set out in the World Bank’s World Development Report 2012. The lack of (or inadequate) access to tailor-made financial products and non-financial services offered by financial services providers is an important factor constraining women, particularly from low-income segments, from investing and earning more and ultimately having more resources at their disposal. Supporting women’s access to financial services can substantially contribute to increasing their control over resources and improving the livelihoods of whole communities. For example, the United Nations has shown that if women farmers have equitable access to productive resources such as land and fertilizers, their yields could increase by 20–30% and as a consequence agricultural output in developing countries could increase by as much as 2.5% to 4%.¹ It is not just women individuals or smallholder farmers that face a lack of access to

finance. Access to credit is one of the biggest barriers for women-owned SMEs, which make up a third of all small and medium enterprises (SME) in emerging markets. Indeed, the World Bank estimates that women-owned enterprises have an aggregated unmet financial need of around 300 billion USD per year.\(^2\)

**Women’s financial inclusion has increased in Zambia since 2009, but the gender gap persists.** The latest FinScope survey for Zambia based on 2015 data, shows significant progress in increasing access to financial services for both women and men. In fact, between 2009 and 2015, women’s access increased at a faster rate than men’s, by 69.3% and 50.0% respectively. Alternative delivery channels for financial services have been a contributing factor in closing the access gap, particularly for women, whilst 1.1 million Zambians (14%) were found to have a mobile money account in 2015. However, their success has been concentrated in urban areas.

"Women who have a business don’t want money to go shopping, but to grow their business.”
– Maureen Sumbwe, Zambia Federation of Associations of Women in Business (ZFAWIB)

The lack of access to affordable financial services constrains the growth of women-owned SMEs in the country. Yet for women-owned SMEs in Zambia trying to scale-up their business, the reasons for a lack of access, especially to credit, are multifaceted. The most important challenge cited by women is that they are not treated as serious business people by financial institutions. Other challenges include the lack of financial products tailored to the needs of women entrepreneurs. For instance, the main retail products developed specifically for women in Zambia have features of life-style benefits offering shopping discounts. However, more services supporting women’s potential as entrepreneurs are required.

3 GIZ/MFW4A in this context refers to the programme “Supporting the Partnership: Making Finance Work for Africa MFW4A”. This programme is implemented on behalf of and with the funding of the German Federal Ministry for Economic Cooperation and Development (BMZ).

**New Faces New Voices (NFNV) fostering financial inclusion for women.** NFNV is a Pan-African advocacy group that focuses on expanding the role and influence of women in the financial sector. NFNV engages with decision-makers at the national, regional and global level; conducts research and disseminates knowledge on women’s financial inclusion; convenes conferences and round-table discussions; and promotes women’s leadership in the financial sector. The network aims to increase women’s access to financial services, strengthen the skills and capacity of women as entrepreneurs, consumers and investors, and grow the number and visibility of African women in leadership in the financial sector. NFNV has national chapters in 16 African countries, including Zambia. In Zambia, NFNV also has a strategic collaboration with the Bank of Zambia. http://www.nfnv.org

The instrumental role of NFNV and GIZ/MFW4A\(^3\) in bringing women’s lack of access to finance to the attention of African policy makers. In 2012, GIZ/MFW4A commissioned a series of research studies entitled *Gender differences in the usage of formal finance*, covering Malawi, Namibia, Rwanda, Uganda and Zambia. In the same year, the partnership Making Finance Work for Africa (MFW4A) in collaboration with the East African Community (EAC), NFNV and GIZ/MFW4A organised a Round Table on Women and Access to Finance in Africa in Arusha, Tanzania. The round table marked the start of increasing interest by African policy makers as well as other stakeholders and development partners in women’s access to finance. This was a topic that up until then had not received much attention. The round table consultations →
resulted in a policy brief *Advancing African Women’s Financial Inclusion (2012)*. It was one of the first publications focusing exclusively on African women’s access to financial services. The Bank of Zambia championed the cause of women’s financial inclusion from the first meeting in Arusha. In addition, development partners such as United Nations Capital Development Fund (UNCDF), the IFC-initiated Global Banking Alliance for Women (GBA), Women’s World Banking and the Alliance for Financial Inclusion (AFI), have taken up the topic and advocate for greater women’s financial inclusion.

## 2. Diverse and complex challenges underpin the gender gap in financial inclusion in Zambia

Women’s financial inclusion in Zambia has substantially increased. However, diverse factors on both, the supply and demand sides, still constrain women’s access and usage of financial services. Some of the most important constraining factors are:

**Cultural norms are still stronger than legal provisions.**

These norms impede women’s status in the Zambian society and their access to financial resources and participation in economic activity. A major issue is their limited control over assets, especially land. Even though some legal provisions regarding land rights have recently improved, challenges persist since the changes in legal provisions apply only to state land representing only about 6% of the total land in Zambia. Indeed, 94% is customary land and governed by traditional leaders based on patriarchal inheritance norms. Consequently, most Zambian women still do not have equal land rights. The National Gender Policy (2000) stipulates that 30% of land should be allocated to women, but has in practice only marginally increased women’s land ownership. In another example of where cultural norms undermine gender equality, some financial institutions still require the signature of a woman’s husband for extending a loan to her even though abolished by law, while the same does not apply for men.

> “Women are not special projects. This takes away our confidence. Our biggest challenge is that women are not dealt with as business people.”
> — Charity Lumpa, Chairperson, Zambia National Commercial Bank (Zanaco)

4 The non-governmental organisation Focus on Land reports that both, the Lands Act (1995), which provides for the documentation and registration of land rights, as well as the Interstate Succession Act (1987), which governs the division of an estate where the deceased did not have a will, apply only to state land.
According to the FinScope survey 2015, almost one third of adults who do not use microfinance services state that they do either not understand the service or do not have enough money to use it.

Few tailor-made products and services exist for women. Few financial institutions have adapted their products and customer services, to the needs and behaviours of women in Zambia, especially at the retail and micro small and medium enterprise (MSME) level. Staff of financial institutions are increasingly trained in engaging with clients in local languages, however, comprehension of services remains a challenge for illiterate clients. Moreover, Know Your Customer (KYC) requirements by financial institutions are often more difficult for women to fulfil since they are often not in the possession of some of the legal identity documentation a financial institution demands.

3. The Bank of Zambia as a strong advocate at the policy level

The Bank of Zambia recognised the importance of women’s financial inclusion at an early stage and has been an instrumental advocate ever since. The Bank has used a combination of policy approaches and activities which have contributed to remarkable progress in advancing women’s financial inclusion:

A shift in the strategic approach to addressing gender. In its Strategic Plan 2012-2015, the Bank of Zambia had a initiative to mainstream gender issues across its work programmes and human resources in line with the Bank’s mission. In its follow-up 2016 – 2019 Strategic Plan which was launched in September 2016, the Bank of Zambia has put in place a broader and more definite strategic objective to entrench gender mainstreaming within the financial sector to contribute to gender equality in Zambia. This is intended to make the financial sector more responsive to the needs of women customers in the retail and MSME segments.

Understanding the gender dimension of financial inclusion and creating awareness. In 2014 the Bank of Zambia commissioned a report Women’s access to financial services in Zambia to better understand specific issues related to women’s access to financial services. The report explored issues around women’s economic empowerment.
and financial inclusion constraints on both the demand and supply sides in Zambia, as well as provided recommendations for different stakeholders to address these challenges. The findings were disseminated at an event called Women’s Access to Financial Services in Zambia – Dissemination and Consultation Conference in Lusaka, Zambia in June 2014.

Bank of Zambia as a strong champion for women’s financial inclusion. At the 3rd African Women’s Economic Summit, an event organized by the Ministry of Gender, Bank of Zambia, the African Development Bank, the

GIZ/MFW4A is supporting a regional network of women’s financial inclusion champions.
GIZ/MFW4A were instrumental in drawing international attention to the challenge of women’s access to finance. In collaboration with several bi-lateral GIZ programmes based in-country GIZ/MFW4A supported a variety of African countries to promote women’s access to finance. As such it funded research to better understand the specific issues relevant for women’s financial inclusion in the national contexts of the Democratic Republic of Congo, Egypt, Mozambique, Rwanda, Uganda and Zimbabwe. Additionally, GIZ/MFW4A puts a strong focus on sharing experiences and learnings. It supports a regional network of champions and facilitates exchange between policymakers. It also invited the Bank of Zambia to share its country’s experience at the Sanabel conference in the Middle East and North Africa (MENA) region in November 2015.6

Promoting organisational gender self-assessments within financial institutions. To promote gender equality in the Zambian financial sector, the Bank of Zambia has supported the implementation of a gender self-assessment tool, the ILO’s Female and Male Operated Enterprises (FAMOS) initiative. This tool aims to facilitate different organisations, including financial institutions and government departments, to have a fresh look and a systematic assessment of the extent to which they target and serve women entrepreneurs, their needs and their potential. Bank of Zambia staff and those from commercial banks were trained on how to implement the self-assessment tool. The financial institutions that implemented the tool confirmed that it helped them to consider financial access for women from a different perspective.

National Task Force on Gender Inclusiveness. The implementation of the FAMOS initiative in Zambia led to the establishment of a multi-sectoral National Task Force on Gender Inclusiveness in 2012. The task force included representatives of government, the private sector, NGOs and development partners, as well as NFNV. Amongst other things, the task force was involved in organizing in 2013 the Access to Finance for Women – Promoting Gender

NFNV and GIZ/MFW4A helped to promote and mainstream the topic of women’s financial inclusion in Zambia.

NFNV supported the Bank of Zambia in its early phases of bringing the topic of financial inclusion for women to the attention of policymakers in Zambia. NFNV worked closely as a facilitator and local partner with the Bank of Zambia. GIZ/MFW4A provided funding for the study Women’s access to financial services in Zambia and supported the organisation of the conference to disseminate the findings and consult with stakeholders.

“*We value the exposure to international fora and the sharing and learning we were able to get through the cooperation with NFNV and GIZ.*”  
– Dr Tukiya Kankasa-Mabula, Deputy Governor, Bank of Zambia

International Labour Organisation, the United Nations agencies in Zambia and NFNV in 2014, the Bank of Zambia made a commitment to gender mainstreaming. Confirming its commitment to the principles of equality and equity, it also underwent a participatory gender audit by the International Labour Organisation (ILO). Currently, the Bank of Zambia is developing an internal gender strategy including plans on how to promote gender diversity internally with regards to its own staff, as well as at the level of the overall financial sector. Finally, the Bank of Zambia with the support of its Board, has hired a full-time gender specialist. The Bank of Zambia champions gender equality and specifically equality in access to finance at a national, regional and international level.

6 Sanabel is the microfinance network of Arab countries established in 2002.
capital of SMEs often held in movable assets, such as stock or livestock. It is expected to result in better access and better terms for loan contracts for these businesses. The initiative enables access to finance for both women and men without the necessary collateral. However, since women often do not own land titles, they disproportionately are affected by a lack of collateral. As a result of the new Movable Property Bill, they are able to use a greater variety of assets as collateral.

Including gender-disaggregated data into reporting requirements. The Bank of Zambia has required financial institutions to provide gender-disaggregated data by including this into their supervisory reporting standards. Analysing data for men and women separately allows the Bank of Zambia to evaluate if its initiatives to increase women’s access to finance are having the intended results.

4. Concrete achievements at the regulatory level

Besides strong advocacy at the policy level, the Bank of Zambia has implemented a number of initiatives at the regulatory and supervisory level with the aim of reducing constraints and promoting access to financial services overall, and also to benefit women:

Simplified Know Your Customer (KYC) regulations. The Bank of Zambia issued a simplified Know Your Customer (KYC) practice note for opening and operating bank accounts. The simplified procedures allow banks to accept various forms of customer identification such as confirmations from headmen or community leaders. This facilitates account openings, especially for the low-income segment. This is beneficial to women who constitute the largest number of Zambians without a formal identification document.

Setting up a collateral registry. The Bank of Zambia in collaboration with the Ministry of Commerce and the Patents and Companies Registration Agency (PACRA) developed a legal framework for the establishment of a collateral registry for moveable assets. The adoption of the Movable Property Bill (2015) aims to unlock the capital of SMEs often held in movable assets, such as stock or livestock. It is expected to result in better access and better terms for loan contracts for these businesses. The initiative enables access to finance for both women and men without the necessary collateral. However, since women often do not own land titles, they disproportionately are affected by a lack of collateral. As a result of the new Movable Property Bill, they are able to use a greater variety of assets as collateral.

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Extending a licence to a bank focusing on women. The Ministry of Finance and the Ministry of Gender launched a project to establish a “women’s bank” in Zambia in late 2015. Its aim will be to focus primarily on women, but it will also be open to men. However, the bank’s strategy and target group within the women’s market is yet to be determined. The government has set up an interim board and a project committee to manage the process of establishing the bank.

5. An increased focus on both the supply and demand sides is needed in the future

Zambia has reportedly made progress in promoting and facilitating women’s financial inclusion, supported by the Bank of Zambia. However, most activities implemented
so far remain at the macro level and still need to trickle down to the micro level and ultimately benefit women clients. To deepen and widen its impact on the level of the financial services providers and clients, initiatives at the policy and regulatory level need to be met by the following additional concrete actions to achieve scale on both the supply and demand sides. These include:

**Foster innovations regarding alternative delivery channels.** The Bank of Zambia has drafted agent banking regulations which are pending issuance. Currently, agent networks are approved on a case-by-case basis by the Bank of Zambia. The Bank of Zambia has issued the National Payment Systems Directives on Electronic Money Issuance in 2015. Innovation is happening with regards to delivery channels and products beyond simple payments and the Bank of Zambia needs to continue fostering these developments.

**Focus on products and services for women entrepreneurs.** Financial institutions need to consider women as a target group throughout the entire product development process. More market research by financial institutions should focus on understanding women’s specific needs and behaviours, and develop women targeted products and services based on these. For example, simple products for illiterate women, as well as products for women entrepreneurs at different stages of the business development cycle.

**Implement specific financial education as well as entrepreneurship training.** Many women emphasize the need for tailored support and technical assistance to build and scale viable businesses. This support needs to be long-term and country-wide, going beyond the few existing initiatives. At the same time, women need financial literacy training to help them understand how diverse financial services work and how they can be beneficial to them. These trainings should enable them to compare different products and choose the one best suited to their needs.

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**Making Finance Work for Africa (MFW4A).**
The Making Finance Work for Africa Partnership (MFW4A) is a regional multi-stakeholder initiative to support the development of the financial sector in Africa. MFW4A provides a platform for African governments, the private sector, and development partners to coordinate financial sector development interventions across the continent, avoiding duplication and maximising developmental impact. The partnership’s Secretariat is based in Abidjan, Côte d’Ivoire. www.mfw4a.org

To date, Zambia has made impressive progress in advancing women’s financial inclusion. Now it is essential to maintain the momentum by evaluating the impacts of the regulatory changes implemented, as well as the FAMOS self-assessment process on participating financial institutions.

**Resources**
- FSD Zambia, 2015, Finscope Zambia
- GIZ, 2012, Gender Differences in the Usage of Formal Finance. Five individual reports covering Malawi, Namibia, Rwanda, Uganda and Zambia