Jan. 28, 2019

Fintech for women: scaling the financial inclusion pyramid in Egypt



Chloe Gueguen

All blogs

Arab Women's Enterprise Fund's (AWEF) study in Egypt on leveraging 'Fintech' innovations to create meaningful financial solutions for low-income people, especially poor or disadvantaged women.

Fintech is often talked about as a revolution - but in Egypt it is more of a democratisation.

By making financial services more widely available and lowering costs and barriers to access finance, financial technology (fintech) can democratise financial services to the masses – starting with the 23.2 million Egyptian women who remain excluded from the formal financial system.

In a bid to accelerate women's financial inclusion in MENA, the region with the lowest female economic participation in the world, the DFID-funded Arab Women's Enterprise Fund (AWEF) led a study to understand

- the scope for Digital Financial Services (DFS) in Egypt
- map key constraints to women's financial inclusion
- identify opportunities to transform the livelihoods of low-income Egyptian women through improved access to finance.

This blog highlights the main findings of this study by:

1. setting the scene on the gender finance landscape in Egypt
2. mapping key stakeholders in the women's financial inclusion ecosystem

3. identifying main constraints to female access to, and control over, financial resources
4. presenting AWEF's strategy to democratise financial services for poor women in Egypt

An increased gender gap in financial account ownership



There is a 12 percentage point gender gap in Egypt, up 3 points since 2014.

2017 Global Findex Database

Female Entrepreneurs
1 out of 4 Egyptian entrepreneurs is female (7.5% of women compared to 21% of men).
Yet, female-led businesses have higher failure rates than male-led businesses.

GEM Egypt National Report, 2016/2017

Financial Literacy
Arab countries have the lowest financial literacy rates in the world.
Only **25% Egyptian women** are financialy literate.

S&P Global FinLit Survey & Financial Literacy in the Arab Region: UAE report, Oct 2017

Access to Finance
In 2016, **13.2%** of firms named access to finance as their biggest obstacle (10.4% in 2013).

Entreprise Surveys, World Bank, 2017

Setting the scene: women's financial and economic exclusion in Egypt

Access to financial resources is widely acknowledged as a key condition to women's economic empowerment. In Egypt, women's economic and financial empowerment is a governmental priority. Even though female financial inclusion is on the rise, women remain disproportionately excluded from the formal financial system.

Only 27 per cent of adult women have a financial account (versus 39 per cent for men). A gender gap of 12 percentage points that has not only increased over the last three years but also remains considerably above the global average for developing markets. Putting this into perspective: Egypt now has about 23.2 million un-banked or under-banked adult women.

Unemployed Adult Women
Nearly **a quarter of Egypt's women** are jobless. Most women work in unpaid and informal jobs.

The Global Gender Gap Report 2017

Female Breadwinners
About **3.3 million Egyptian families** are financially supported by women as the main breadwinner, representing **14%** of households.

CAPMAS, 2017

Female Business Owners
Women account for **9%** of business owners (including self-employed). The majority run micro-entreprises.

Overall Gender Gap
Egypt ranks **134** out of 144 countries in terms of gender inequality gap.

The Global Gender Gap Report 2017

Female Land Ownership
Lack of land ownership disadvantages female entrepreneurs' ability to pledge property and assets as collateral for loans.

CAPMAS "Man and Woman" of 2015

Understanding the market: a financial sector largely dominated by microfinance institutions, with a growing fintech scene

At present microfinance is the most effective financial sub-sector serving the unbanked and underbanked in Egypt, especially women.

In Q2 of 2018 microfinance beneficiaries reached 2.9 million, out of which 70 per cent were women. Yet, with more and more women owning mobile phones, digital finance now offers promising opportunities to further increase women's access and agency over financial resources – both at the microenterprise and household levels.

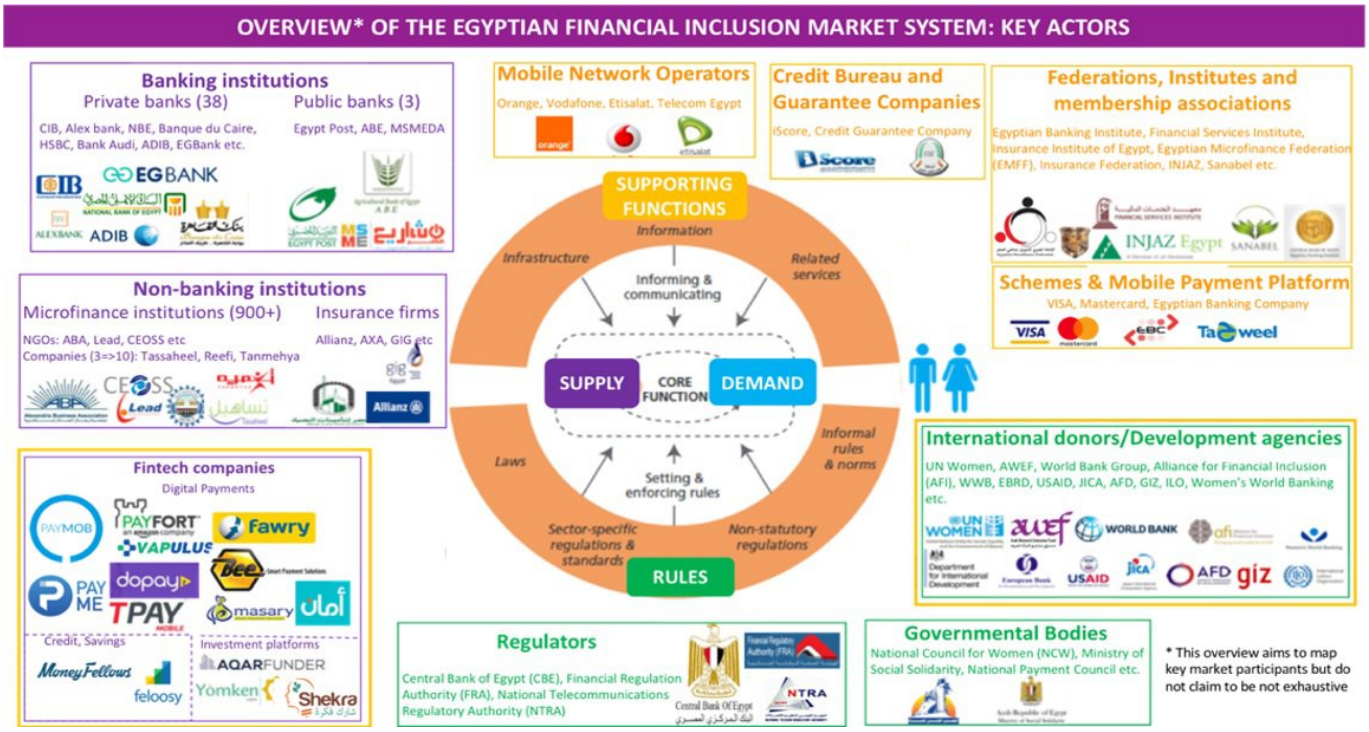
Egypt currently has around 9-10 million mobile wallets, a type of payment tool through which individuals and businesses can receive and send money via mobile devices. These innovative solutions can act as an entry point to financial services for unbanked women. They can allow them to pay their bills or suppliers, collect payments from clients, send money to their loved ones, store small savings in a safe place or even receive social-cash transfers - in a cheaper, safer and easier way.

One such example is the Nafaqa social benefit programme, the first digital government-to-person (G2P) programme in Egypt. This digital social transfer solution aims to facilitate the disbursement of allowances (previously disbursed in cash) to about 390,000 widows or divorced Egyptian women. Nasser Bank launched this service in October 2017 in partnership with the four mobile operators. Five months into the launch, registration of more than 11,783 women was reported.

Soon female microfinance borrowers will also be able to pay their loan instalments in one single tap from their mobile. This will save long hours of transport and

queues to visit a physical branch, as well as the missed revenues associated with closing their micro-business for a few hours.

For these reasons AWEF is partnering with leading fintech and financial firms to encourage women's digital financial inclusion in Egypt. By ensuring that we work to address the systemic constraints to women accessing and using digital finance, we will enable more women to profit from the socio-economic benefits associated with such innovative services.



The infographic above summarises AWEF's Financial Inclusion stakeholder mapping according to the four functions needed to make financial markets work for women.

Identifying systemic constraints hindering women's access to, and use of, financial services

In June 2018, AWEF conducted a market assessment of the women's financial inclusion sector in Egypt. AWEF used a dual research approach:

1. by collecting and analysing primary data via more than 30 stakeholder interviews
2. by using secondary research to consolidate existing data such as the Global Findex database.

This holistic study helped inform AWEF's financial inclusion strategy and was extensively shared within the broader Egyptian financial landscape. The study outlined three types of constraints - from the demand-, supply- and environment-side. While not specific to women only, these constraints appeared to be experienced by women in a more acute way, as per the infographic below.

OVERVIEW* OF THE CONSTRAINTS TO WOMEN'S FINANCIAL INCLUSION IN EGYPT

1. DEMAND-SIDE CONSTRAINTS

- **Social and cultural norms** inhibit women's access to financial resources & their ability to work in the financial sector. Social norms also prevent women from being mobile & accessing bank branches which tend to be far from rural areas.
- **Lack of collateral** & recurring revenues prevent female microfinance beneficiaries from graduating from group loans to individual loans of higher value.
- Poor consumers, especially women, tend to have **limited financial literacy.**
- There is an overall **lack of trust and understanding of the financial sector**, especially the insurance sector. Due to religious beliefs, financial services are **perceived negatively** by some because of the 'interest' linked to these services.

2. SUPPLY-SIDE CONSTRAINTS

- Financial Institutions have **limited gender-disaggregated data** preventing them from developing gender-relevant products & marketing channels etc.
- There is **limited diversity and a lack of relevant products that fit poor women's needs**, especially in micro-savings and microinsurance.
- **Bank presence in rural areas is limited**. The outreach of the **e-payment agent networks** (male-dominated) and e-money cash-in/cash-out points can be further strengthened.
- There is a **cultural disconnect** between the banks and the poor. **Internal banking processes** are not adapted to poor women, micro-businesses, or those with limited collateral.
- There is **limited information** on the financial products available in the market.

3. ENVIRONMENTAL CONSTRAINTS

- There is **limited communication on a holistic Financial Inclusion Strategy** and **integrating a gender perspective** in relevant policies and strategies.
- **Egyptian Inheritance laws** tend to reduce women's access to assets, which in turn, limit women's capacity to start a new venture or apply for credit.
- Building credit history and proving creditworthiness can be challenging for women, and it appears that the **credit bureau - iScore - provides limited credit information** on this target population, thus also reducing the ability, for financial institutions, to design relevant products for women.
- **Limited affordability of e-payment services**: High consumer fees on mobile wallets inhibit their ability to reach the unbanked, especially women who are more price-sensitive.
- For new consumers, **registration for e-wallet accounts can be cumbersome** (KYC regulation and infrastructure).
- For suppliers (microfinance institutions, mobile operators), the license process to offer a new mobile wallet service can be lengthy and challenging.

This is a qualitative overview based on 30+ interviews with financial experts in Egypt. Caution should be taken when when extrapolating results.
The last constraint in each section seems to affect both genders at the same level.

Building upon opportunities: AWEF's strategy to help Egyptian women scale the financial inclusion pyramid

In a bid to bridge these three types of constraints while capitalising on the fast-growing digital finance ecosystem, AWEF developed a three-level intervention strategy to help poor women scale the financial inclusion pyramid in Egypt:

1. **At the end-beneficiary level** AWEF is working to increase awareness, understanding and trust of digital financial services among poor women, both as individual consumers and/or entrepreneurs. AWEF facilitated the introduction of the very first e-learning platform in Arabic targeting more than 3,500 low-income female microbusiness-owners in Egypt, It is in partnership with Vodafone Egypt and Tasaheel Microfinance, a leading microfinance institution.
2. **At the institutional level** AWEF is working with fintech institutions to strengthen the supply of digital financial services. It is supporting them in the development of gender-focused strategies, tailored products and marketing or distribution channels that cater to women's specific needs. Currently AWEF is

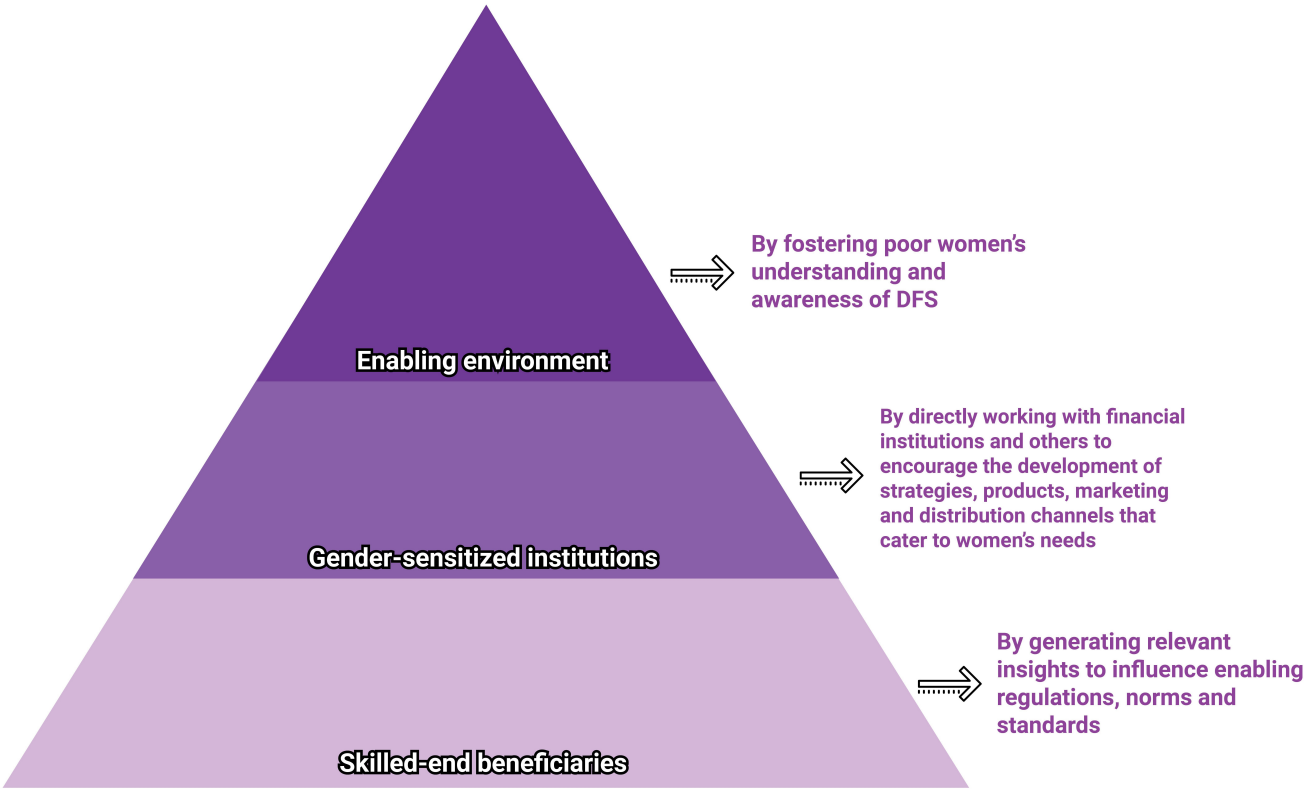
piloting the very first female agent network in Egypt in partnership with a leading e-payment network in the country.

3. **At the enabling environment level**, based on its work, AWEF is generating and disseminating insights on main challenges, opportunities and innovative models for closing the digital and financial gender gaps in Egypt.

With AWEF's Financial Inclusion strategy in place we look forward to sharing more on our experience piloting innovative business models to accelerate women's digital financial inclusion in Egypt and in the MENA region.

Women's financial and digital financial inclusion has been less studied in the MENA region compared to other regions. The extent to which digital financial services can contribute to women's agency and empowerment also needs to be better understood. By building a sound learning agenda AWEF aims to bridge these research gaps.

The global gender gap in access to finance terms is not going to close on its own. By identifying systemic issues and successful solutions to women's financial inclusion in a collaborative and holistic manner we multiply our chances of having an impact on more women, their families and communities.



Chloé Gueguen is a digital finance specialist and a relentless advocate of leveraging 'Fintech' innovations to create meaningful financial solutions for low-income people, especially poor or disadvantaged women.

AWEF is funded by the U.K. Department for International Development (DFID). It is implemented by three organisations: DAI, MarketShare Associates, and Education for Employment, a network of NGOs that works across education, entrepreneurship, and employment in MENA.

This blog was first published in partnership with the SEEP network

Printed from https://beamexchange.org/community/blogs/9999/1/1/fintech-for-women-egypt/ on 03/28/2024 at 12:14