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DISCUSSION PAPER

Including women in financial cooperatives – why is it difficult, and which opportunities lie ahead? Learning from selected financial cooperatives in Albania, India and West Africa.

“Year by year (...)I see more clearly that the primary causes of poverty and illness are the cultural, financial, and legal restrictions that block what women can do—and think they can do—for themselves and their children.”, Melinda Gates

“Reducing the gender gap requires that we put a gender lens on everything we do.” Greta Bull, CGAP
CEO

“No country can ever truly flourish if it stifles the potential of its women and deprives itself of the contributions of half its citizens” Michele Obama

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Background

This report is part of the World Bank (WBG), Rabo Partnerships and Foundation partnership on “Strengthening Financial Cooperatives”. This global program aims at strengthening financial cooperatives, receiving support from the Dutch Ministry of Foreign Affairs. It includes country work focusing on both operational and regulatory aspects, and a Center of Excellence to disseminate knowledge on financial cooperatives and create a global community. This report arises from the observation of the limited participation of women in CFIs, and aims at exploring the extent of women participation in CFIs, identifying causes of under-representation and analyzing successful models of inclusion. With that, the report aims to provide a theoretical background, practical tools for financial cooperatives and their stakeholders as well as recommendations for Governments.

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Introduction

About 1.7 billion adults remain unbanked globally - without an account at a financial institution or through a mobile money provider. Women are overrepresented in this group with 56%, meaning that 980 million do not have an account¹. Despite the general progress made in terms of financial inclusion worldwide, the gender gap remains unchanged since 2011, indicating that women are still facing various additional challenges in gaining access to a broad array of financial services (credit, savings, insurance, payments).

Aiming to solve these challenges, financial inclusion of women is becoming an increasingly important topic on the global development agenda. Women's financial inclusion could have positive effects in smoothing consumption, decreasing financial risks and costs, providing security, increasing saving and investment rates, and facilitating new business opportunities². Thus, closing the gender gap in financial inclusion can act as an enabler of countries' development, economic growth, inequality reduction, business evolution, and social inclusion³.

Reasons for including women in CFIs are widespread and can generally be viewed from both the demand and supply side. The same is true for obstacles to women inclusion. On the demand side, women are often struggling because they lack income, collateral, and/or financial literacy. Looking at the supply side, there is a lack of data, trained staff on providing services to women, and/or a consideration of gender as a priority.

Cooperative Financial Institutions (CFIs) can play a critical role in closing the gap, historically being an important actor in the financial inclusion and economic empowerment among the most vulnerable populations, particularly those living in rural areas⁴. Having a business model which is anchored in their characteristics as locally based, member-owned organizations, CFIs ideally mirror the society in which they are operating: because of their responsibility to work for the sustainable development of their communities, but also in order to stay relevant and alive. How far are CFIs currently in fulfilling their potential role of accelerating women's financial inclusion? Are CFIs serving women, and what are some of the successful examples? And vice versa: what can women offer to CFIs? Is there a business case for CFIs in increasing their outreach to women? This paper aims to explore these questions, therewith providing practical tools to increase women's representation in CFIs and enabling CFIs to exploit this large untapped potential. It does so by first providing background information on available data of women in CFIs, relevant literature, and existing methods to improve women's inclusion. After that, this paper explores three distinct models that have been developed by financial cooperatives to serve and empower women: the women-only model (Mann Deshi, India), the household model (Fed invest, Albania) and the group model (CIF, West Africa). The paper concludes with a short summary and suggested way forward. The insights of this paper intend to accelerate discussion and further exploration of developing initiatives that can be implemented at scale.

¹ The World Bank. (2017).

² Rao, S. (2015). Gender and financial inclusion through the post. UNWomen

³ Rao, S. (2015). Gender and financial inclusion through the post. UNWomen

⁴ Lakshmi, P. & Visalakshmi, S. (2013). Impact of Cooperatives in Financial Inclusion & Comprehensive Development.

General Background

Key definitions on the scope

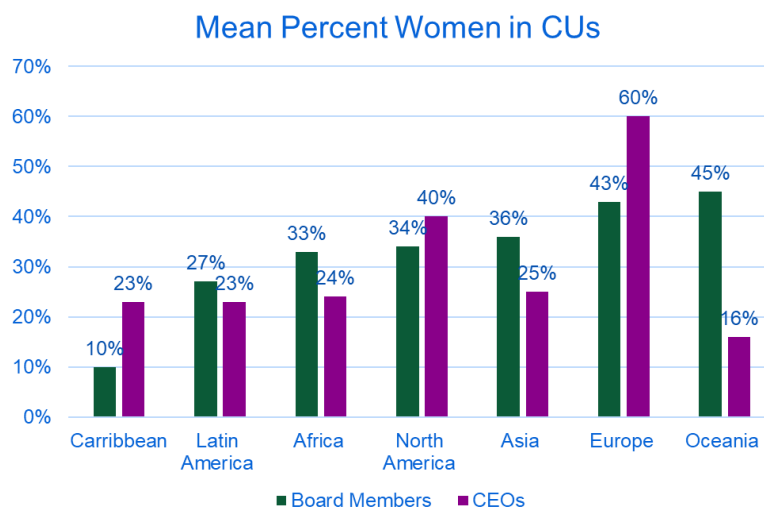
For the remainder of this paper, it is crucial to highlight two key definitions regarding the scope and their meanings. **Cooperative Financial Institutions** (CFIs) in this paper include banks and cooperatives that deliver financial services while operating according to the cooperative principles⁵. While informal institutions like Self Help Groups (SHGs) and Rotating Savings and Credit Associations (ROSCAs) often have similar objectives, they do not fall within this definition and thus are excluded of the scope of this paper.

Cooperatives are people-centered enterprises owned, controlled and run by and for their members⁶. In this paper, **members** include those who have voting rights and in this way are part of the cooperative. Account holders are those who have an account at the institution, and may be (but are not always) a member of the cooperative.

Lack of data availability on women in CFIs

Overall data on women's inclusion are increasingly available. As mentioned in the next chapter, the United Nations (UN) has developed a Gender Development Index (GDI), and Findex measures the financial inclusion gender gap in a number of countries. Looking at CFIs more specifically, the World Council of Credit Unions (WOCCU) has collected data on women in leadership positions in credit unions. As the graph below presents, women are generally underrepresented, especially in the Caribbean, Latin America, and Africa.

Table 1: Mean percent women occupying leadership roles in CUs around the world.⁷



⁵ International Cooperative Alliance. (2018). Cooperative identity, values & principles. Retrieved from: <https://www.ica.coop/en/cooperatives/cooperative-identity#:~:text=Cooperatives%20are%20based%20on%20the,responsibility%20and%20caring%20for%20others.>

⁶ International Cooperative Alliance. (2018). Cooperative identity, values & principles. Retrieved from: <https://www.ica.coop/en/cooperatives/cooperative-identity#:~:text=Cooperatives%20are%20based%20on%20the,responsibility%20and%20caring%20for%20others.>

⁷ WOCCU. (2019). Statistical Report.

Apart from the aforementioned, data collection on women in CFIs remains scarce. The latest statistical report of the World Council of Credit Unions (WOCCU)⁸ presents that their overall membership comprises 86,055 credit unions from 118 countries on six continents, serving 291,432,972 members with a 9.55% penetration. While disaggregating by country and financial variables, the report does not do so by sex.

WOCCU indicates to be interested in this type of data, yet, because of their dependence on national association for data collection, it proves hard to reach consistency on this. Collecting sex-disaggregated data is often seen as an extra step, which is not taken if it is not required by the regulator. While not having a global data base differentiating between male and female membership, WOCCU did collect these data for a few individual countries. Most striking with a large share of women among members are Zimbabwe (62%, estimated), Uruguay (60%), Tajikistan and Sierra Leone (both 59%, estimated). On the other side of the spectrum are Turkey (8%), Afghanistan (27%), and Papua New Guinea (30%, estimated).

Generally speaking, the scarcity of global sex-disaggregated data, especially on the supply side, is due to several reasons, being⁹:

- a) a lack of awareness among regulators and financial institutions of the importance of data disaggregation by sex, resulting in a low level of effective leadership regarding supply-side data at both the global and national level;
- b) the financial institutions' systems and processes are not necessarily set up to capture and disaggregate information in the required form, in either their consumer or commercial portfolios;
- c) data quality problems that hamper data compilation;
- d) the underuse of available data; and

Sex-disaggregated types of data are essential to help policymakers understand women's financial needs and behavior and thereby support the design of evidence-based policies that extend financial inclusion for women¹⁰.

Available literature and current initiatives to support women inclusion in CFIs

Available literature on women in CFIs has led to various findings. On an overall assessment, it can be concluded that **cooperatives can play a very important role in the empowerment of women through various schemes**¹¹. Multiple factors are found to contribute to the ability of cooperatives to enhance women's inclusion and therewith women's empowerment.

Training, education and information have an important role to play in increasing women's involvement in cooperatives. Various methods exist to enhance women's financial inclusion. WOCCU, for example, piloted a **Gender Lens Investment** (GLI) methodology for credit unions worldwide to integrate optimal systems that can connect women with needed capital. In this context, WOCCU conducts a gender-lens market survey analysis and designs a "GLI Accelerator Kit"- a customized set of tools credit unions can adopt to better serve women entrepreneurs and women-led businesses. The thought behind this is that increasing women's access to capital offers the potential of delivering both increased gender equity and

⁸ WOCCU. (2019). Statistical Report.

⁹ Pailhé, C. (2018). Sex-disaggregated Supply-side Data Relevant to Financial Inclusion. Inter-American Development Bank.

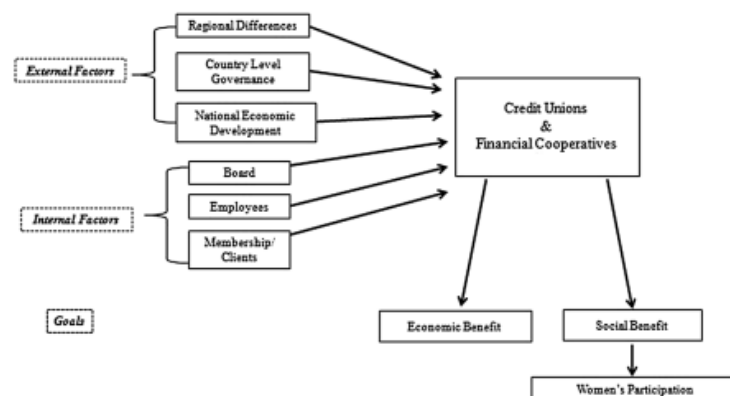
¹⁰ Pailhé, C. (2018). Sex-disaggregated Supply-side Data Relevant to Financial Inclusion. Inter-American Development Bank.

¹¹ Ghebremichael, B. (2013). The Role of Cooperatives in Empowering women.

financial returns¹². According to WOCCU, there is not just one tool to tackle all challenges that come with women inclusion: each region and even each cooperative requires a different approach. Depending on the specific needs and challenges of a cooperative, WOCCU develops a tailor-made solution such as financial literacy training, or a dashboard to collect and update information. Simultaneously, they inform cooperatives about the business case of serving women. Another example comes from Agriterra¹³, who offers a **Female Leadership Program**, aiming to strengthen the position of female members and leaders in cooperatives¹⁴.

However, **these trainings are most effective if other external factors such as policy and legal frameworks, national economic development, and social norms are in favor of supporting women's inclusion as well**^{15,16}. These vary from country to country and are difficult for individual cooperatives to influence. As figure 1 shows, internal factors, too, play a role in enhancing women's inclusion. **Female-dominated Boards tend to lead to favor a social orientation**¹⁷. This includes a relatively high share of loans allocated to women. Further, women tend to be more careful and realistic when granting loans, considering the fact that **increases in average loan sizes are associated with decreases in female participation in the administration and governance**¹⁸. And last, the impact of women in CFI membership and clientele is far reaching, seeing that an **increase in the participation of women borrowers leads to an increase of the number of women in organizational governance**¹⁹.

Figure 1: Factors influencing women's inclusion²⁰



¹² WOCCU. (2020). WOCCU Developing Gender Lens Investment Methodology in Senegal. Retrieved from: https://www.woccu.org/newsroom/releases/WOCCU_Developing_Gender_Lens_Investment_Methodology_in_Senegal.

¹³ An international, non-profit agency that provides expert advice and training to cooperatives and farmer organizations in emerging economies.

¹⁴ Agriterra. (2020). Retrieved from: https://www.agriterra.org/female_Leadership_2020/.

¹⁵ Bezboruah, K. & Pillai, V. (2014). Exploring the Participation of Women in Financial Cooperatives and Credit Unions in Developing Countries.

¹⁶ Ghebremichael, B. (2013). The Role of Cooperatives in Empowering women.

¹⁷ Périlleux, A. & Szafarz, A. (2015). Women Leaders and Social Performance: Evidence from Financial Cooperatives in Senegal.

¹⁸ Bezboruah, K. & Pillai, V. (2014). Exploring the Participation of Women in Financial Cooperatives and Credit Unions in Developing Countries.

¹⁹ Bezboruah, K. & Pillai, V. (2014). Exploring the Participation of Women in Financial Cooperatives and Credit Unions in Developing Countries.

²⁰ Bezboruah, K. & Pillai, V. (2014). Exploring the Participation of Women in Financial Cooperatives and Credit Unions in Developing Countries.

To find out how these literature findings show in practice, and to inspire and provide practical tools for other cooperatives worldwide, we interviewed three financial cooperatives networks about their current state of women's inclusion: which road did they take to get where they stand today, and which challenges and opportunities still lie ahead? The three dimensions of women inclusion that we have explored are:

1. **Representation of women at the Board**
2. **Share of women in employment**
3. **Share of women in CFI membership and clientele**

The next chapter presents the main findings, followed by specific information per cooperative.

Overview of three models of women inclusion in financial cooperatives

This note explores three distinct models that have been developed by financial cooperatives to serve and empower women: the women-only model, the household model and the group model. Mann Deshi is a cooperative bank operating in one state of India (Maharashtra) since 1997 and focusing exclusively on women. The two other examples are “mixed cooperatives” (accepting both men and women as members), but with different approaches to women inclusion. FED invest is a financial cooperative created in 1992 in Albania, with a specific mandate to empower women through a “household” approach: all credit contracts offered need to be co-signed by the credit-taker's spouse. Finally, CIF is the regional confederation of 6 national apex networks in 5 countries in West Africa, with several networks adopting a “group” approach to women inclusion: offering individual loans as part of joint liability groups, using social pressure as a substitute for collateral which often times women do not have. In total, this note covers eight financial cooperatives networks (Mann Deshi Bank, FED invest, and 6 CIF networks).

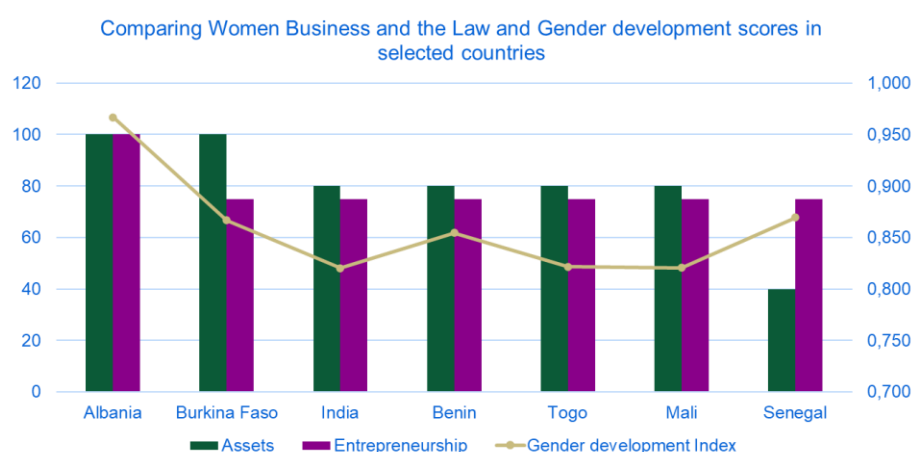
The eight financial cooperatives networks that have been selected for this note operate in different country contexts, with various levels of gender gaps in economic inclusion and development all of which impact access to finance (See Table 2).

- **When analyzing the Women, Business and the Law Index (WBLI), which measures legal differences on access to economic opportunities between men and women, some striking differences appear on laws related to assets and entrepreneurship, both of which have an impact on access to finance.** For instance, Albania scores 100 on both indicators while Senegal scores 40 on assets and 75 on entrepreneurship. In Senegal, sons and daughters do not have equal rights to inherit assets from their parents and female and male surviving spouses do not have equal rights to inherit assets. Detailed scores for each country are provided in Appendix 1.
- **Similarly, selected countries display various levels of gender gaps in human development, as measured by the Gender Development Index (GDI)²¹.** Albania has the highest gender development index (0.97) as opposed to Mali (0.82) which has the lowest gender development index.

²¹ United Nations Development Program. (2020). The Gender Development Index (GDI) measures gender gaps in human development achievements by accounting for disparities between women and men in three basic dimensions of human development—health, knowledge and living standards. A value equal to 1 indicates development equality between genders, while values further from 1 have less development equality between genders.

- **Finally, selected countries display various levels of financial inclusion gap** as measured by Findex. Albania has the lowest financial inclusion gender gap (4 percentage points²²) while Mali has the highest financial inclusion gender gap (20 percentage points)

Table 2: Women Business and the Law scores and Gender Development Index in selected countries²³²⁴



While all selected financial cooperatives for this note have a clear gender strategy, they generally are less inclusive of women compared to other financial institutions in their countries, which raises questions about their specific role in financial inclusion of women. This is a striking finding, in particular when taking into account the facts that: 1) financial cooperatives generally aim at serving underserved segments, 2) financial cooperatives which have been selected for this note are those which have a developed a specific strategy to serve women. Some of the reasons for this relative underperformance might be linked to the specific context in which financial cooperatives operate: many CFIs operate in rural areas, where potential female clients are more likely to be illiterate, harder to serve, or more affected by the legal constraints that the Women, Business and the Law Index exemplifies (no ID, no formal asset ownership, unable to enter a contract without husband's concurrence etc....). In addition, in rural areas, women may have several informal options to asset holdings, such as livestock (chickens, goats, cows) or participating in rotating savings and credit associations (ROSCAs²⁵) or Self-Help Groups that may be easier for women than savings accounts offered by CFIs²⁶. On the other hand, there might be also causes to be found

²² Findex. (2017). Gender gap = % of men with account at financial institution - % of women with account at financial institution

²³ Source left scale: Women, Business and the Law indicators for Assets and Entrepreneurship. (2021).

²⁴ Source right scale: United Nations Development Program. (2020). The Gender Development Index (GDI) measures gender gaps in human development achievements by accounting for disparities between women and men in three basic dimensions of human development—health, knowledge and living standards. A value equal to 1 indicates development equality between genders, while values further from 1 have less development equality between genders.

²⁵ A rotating savings and credit association is a group of individuals who agree to meet for a defined period in order to save and borrow together, a form of combined peer-to-peer banking and peer-to-peer lending. ROSCAs are informal or 'pre-co-operative' microfinance groups.

²⁶ Although such informal savings methods may not offer the same advantages as formal savings (e.g., safety, earning of interests, access to a broader array of products) they may be more convenient (no financial literacy barrier), less costly (e.g., costs of going to a financial institution) and adjusted to short-term maturity requirements.

in the way financial cooperatives operate. For instance, the fact that financial cooperatives require members to spend time collectively on defining the institution's strategy and processes could be a constraint for women that might be more time-constrained and less able to engage in group decision-making due to social norms. In addition, the slow turn-around of boards and management in CFIs compared to other financial institutions, could mean that decision-making remains in the same hands for decades maintaining traditional view of the gender roles. Understanding the reasons for gender gaps in CFIs and the respective importance of external and internal factors is an area for further research. Among the 8 CFI networks selected, only 3 have a higher share of women in their membership than the share of women in total account holders in the country. These 3 networks are Mann Deshi in India, PAMECAS in Senegal and FECECAM in Benin (see numbers displayed in red in Table 3 below). Such results may be explained by the fact that both Mann Deshi and PAMECAS have had a deliberate focus on gender since their inception.

Table 3: Compared share of women in selected CFIs membership to share of women in total account holders in the country²⁷²⁸

	I	II	III	
	Share of women with an account	Share of women account holders in total number of account holders	Share of women in selected CFIs membership (%)	Difference between II and III
India	77%	48%	100%	52%
Senegal	38%	45%	47%	2%
Benin	29%	37%	44%	7%
Togo	38%	42%	41%	-1%
Albania	38%	48%	37%	-11%
Burkina Faso	34%	40%	28%	-12%
Mali	26%	37%	26%	-11%

The relative share of women in membership, management and at the Board varies widely depending on the adopted model, but there are links between women representation in these different groups. In the women-only cooperative, the highest level of women inclusion is, by design in membership: 100%. However, this percentage drops when it comes to top management: among 11 members of top management, 6 are women²⁹. In mixed cooperatives (FED invest and CIF), highest levels of women inclusion are found in employees (47% at CIF and 70% at FED invest). Surprisingly, FED invest has a higher percentage of women at the Board than among members. In the CIF network, there seems to be a link between inclusion of women as clients, employees and board members, but it is difficult to establish the direction of the causality. PAMECAS which has the highest percentage of women as members also has high levels of women representation among employees and at the Board. These findings echo earlier

²⁷ Sources: Index. (2017). Share of women account holders calculated using Index Data and assuming gender parity in adult population; Interviews with CFIs representatives.

²⁸ Numbers displayed in red are for networks where share of women in membership is higher than the share of women in total account holders in the country.

²⁹ Mann Deshi. (2021). <https://manneshibank.com/about/our-people/>.

research showing that with increases in the participation of women borrowers, the number of women in organizational governance also increases³⁰.

Table 4: Relative share of women in membership, employment and Board in all three networks³¹

Name of CFI network or federation	% women in members	% women in employees	% women at the Board
CIF	38%	47%	28%
FED invest	37%	70%	50%
Mann Deshi	100%	75%	94%

All selected financial institutions mention the same types of constraints and opportunities for serving women. In most cases, the fact that women have generally less collateral than men was identified as a constraint for access to finance. In addition, mobility constraints were also identified by several institutions, therefore leading to “doorstep banking” approaches for almost all cooperatives’ networks. On the other hand, all mixed cooperatives mention that among their clients, women have better repayment rates (see the example of PAMECAS, CIF cooperatives network in Senegal, in Table 5). One striking difference is FED invest mentioning as an opportunity that its women clients are more educated and eager to learn, while cooperatives in India and West Africa mentioned lower levels of education and financial education among women as a constraint and a risk.

Table 5: Compared Portfolio at Risk for male and female borrowers at PAMECAS (CIF cooperatives network in Senegal)³²³³

	PAR 30	PAR 90
Women	6.2%	2.6%
Men	8.9%	4.9%
Variation	-44%	-92%

While some CFIs have developed specific products and trainings to address women’s needs, others offer the same products and services to all their members. Mann Deshi started with a focus on savings, which was identified as the most pressing need for women and led to the creation of Mann Deshi bank. It has also developed specific business trainings for women to help them generate revenues. CIF affiliates have developed specific products for women (e.g., savings and credit products bundled with health and family planning trainings). On the other hand, FED invest offers the same products and trainings to men and women, but sees difference in product usage: women tend to save more, take smaller credits with better repayment rates, and engage more in trainings.

³⁰ Bezboruah, K. & Pillai, V. (2014). Exploring the Participation of Women in Financial Cooperatives and Credit Unions in Developing Countries.

³¹ Note: For CIF the % in employment is the average of all networks.

³² Source: Gender Equity in Credit Union Finance, a WOCCU global initiative

³³ Note: Portfolio at Risk (PAR) is the percentage of the gross loan portfolio that is overdue by more than 30/90 days

All selected CFIs are optimistic about the role of digital financial services for women. In all cases, digital finance is seen by CFIs as an opportunity to improve the inclusion of women as it can help address time poverty (no need to spend time going to a cooperative branch), liquidity constraints (costs of going to a cooperative branch³⁴), mobility constraints (no need to go outside of the house which might not be appropriate in certain settings) and privacy constraints (financial transactions can be done privately).

Mann Deshi – the women-only model

Overview of Mann Deshi

Mann Deshi Sahakari bank is India's first cooperative bank set up in 1996 for and by rural women in Maharashtra. Originally created as a safe space for women to save their money, the bank has grown over time. To date, Mann Deshi counts over 30,000 members³⁵ and 200,000 account holders, together accumulating over 1 million USD of capital. Still, it remains a member-driven and member owned bank, continuously developing and pioneering affordable loan products for (rural) women.

Mann Deshi's model offers an integrated approach as they run a) A bank that provides women with customized savings products as well as affordable and easy access to credit to support women build their assets and wealth b) A Foundation that provides women with the knowledge, skills and support necessary to become successful entrepreneurs with more control over their lives and c) A Chamber of Commerce for providing legal, compliance, financial and marketing advisory support.

A women-only model

Mann Deshi is a financial cooperative governed by women and for women customers. The bank was initially created to offer formal savings to women, and the bank then diversified its product offering. Men can now be offered savings but cannot get loans and cannot become members.

Specific products for women – *“it is all about what they want, not what is easy for us”*

When developing new products, the needs of women members and clients are always central. For the Joint Liability Group Loans, for example, women do not need collateral or property to apply. Mann Deshi helps them to form groups of 4-5 to apply for a loan together and stand as guarantors for each other. The Weekly Market Cash Flow facility is targeted to women vendors across dozens of village weekly markets, who can benefit from this cash flow facility to build their working capital. Other available loans include – but are not limited to - Micro Enterprise Loans, Vehicle Loans, Housing Loans, and Loan Against Deposits. With doorstep banking, Mann Deshi visits customers regularly to provide small loans, and collect repayments and deposits. Chetna Sinha, Founder and Chairperson of Mann Deshi Bank, summarizes this approach as “it is all about what they want, not what is easy for us”.

Sharing information on women as a public good

As most women lack collateral or property, Mann Deshi developed an alternative way of credit scoring, granting them access to credit when showing entrepreneurial skills such as basic accounting. When

³⁴ Such costs include the costs of transportation as well as the opportunity costs. For instance, Chetna Sinha, CEO Founder and Chairperson of Mann Deshi Bank indicates “if you go to a bank you lose a working day, it's 50 rupees”.

³⁵ To get voting rights members need at least 20 shares. Women that are part of Joint liability group are counted as individual members as well.

women show to face challenges in these entrepreneurial skills, they are offered complementing trainings provided by Mann Deshi Foundation.

Mann Deshi sees these credit scores as a “public good” and has started sharing them with the State Bank of India as a way to increase women’s access to credit as part of Government’s Mudra Yojana program³⁶. While the Mudra Yojana program scheme allows individuals and MSMEs to access funding at affordable rates, women are often underserved by this program due to the lack of information on their businesses. By sharing credit scores with the State Bank of India, Mann Deshi supports women’s access to loans at a subsidized rate. Mann Deshi shares credit scores with the State Bank of India, mainly in areas where Mann Deshi does not have operations so that subsidized loans do not compete with Mann Deshi loans.

Mobile phones as gateway to the world and to finance

Taking into account the fast increase in both mobile phone and smartphone usage in India, the Bank offers several digital products to make banking easy and accessible. The SMS Banking Service sends an SMS alert for every transaction a customer makes, online money transfer allows customers to transfer money from any bank branch to an individual with an account in any other bank, and in the near future Mann Deshi will launch a mobile banking app which will allow clients to manage their accounts, deposits, and loans digitally. Mann Deshi sees a strong interest from its clients in digital finance. Indeed, smartphone costs have decreased³⁷ and are often seen as a “gateway to the world” for Mann Deshi clients, who sometimes take a loan to purchase a smartphone. Mann Deshi indicates that the digital platform facilitates business transactions for women entrepreneurs and allows them to save time (e.g., accounting app, digital bills, digital money transfers). Besides, the bank emphasizes the importance of considering women’s specific needs and challenges when developing solutions, listening to their innovative ideas. “Never bring poor solutions to poor people” Mrs. Sinha states. As one of the results of customer feedback, Mann Deshi currently uses biometrics rather than pin codes to increase the security of the digital wallet.

A strong business case for serving rural women

Since 2002, Mann Deshi Bank serves rural women on a profitable basis, with the support of Mann Deshi Foundation, through volume maximization rather than margin per customer maximization. It shows that even by supporting small businesses and customers, a cooperative bank can be profitable and sustainable. The foundation is registered under the charity act and operates on grant-based principles: it funds its operations either through Corporate Social responsibility funds or charity.

FED invest – The household approach

Overview of Fed invest

Established in 1992 as the first Microfinance Institution in Albania, the network today counts over 78 thousand members and is operating in more than 2,000 villages, generating over 57 million USD in assets. With a focus on rural areas (80%), FED invest serves a wide range of customers: from financially excluded

³⁶ Mudra Yojana is a loan scheme initiated by Government of India in 2016 that allows financial institutions (Banks, Non-Bank Financial Institutions and Microfinance Institutions) to offer small loans to individuals and MSMEs to start their new business or for existing businesses, without demanding any collateral or security.

³⁷ handsets currently cost about \$80 in India. Data usage costs have also significantly decreased in India.

segments to successful SMEs. The cooperative works along a two-tier system: 63 branches with each their own members, all coming together in a central support center with Executive Management.

Applying a mixed governance structure, FED invest comprises of administrative staff and elected people. FED invest only operates with members, who form the entire General Assembly. FED invest is organized in small units, represented by elected people at the General Assembly.

Distinct needs, behaviors and aspirations

FED invest offers the same products and trainings to men and women, aiming to not create specific products for women, but rather prevent women's exclusion from financial services. Still, FED invest sees difference in product usage. The network indicates that among its clients, women save more than men, generally take smaller loans than men and show better repayment rates. These differences in products usage are due to the type of activities women are involved in but also to their attitudes towards financial services. Women are generally involved in microbusinesses such as small tailor shops, hairdressers, and agro-tourism while men tend to be involved in more capital-intensive SMEs, for instance in construction or agro-processing. Beyond differences in activities, FED invest indicates that women generally take smaller loans due to the fact that they are less comfortable with borrowing beyond their needs.

Women as “an additional guarantee”

While in most parts of the world, the fact that women have less collateral is seen as a key constraint for their access to credit, Fed invest sees things the other way around. Fed invest has 55% of its portfolio in agriculture, which is exposed to a variety of production and market risks and where clients often lack proper collateral³⁸. Since 1995, as a way to improve the quality of its portfolio and to empower women, FED invest requires all borrowers to get their credit contract co-signed by their spouse. This requirement is based on Fed invest's interpretation of the Albanian Family Code, stating that family members share property and their responsibility for it. Other financial institutions in Albania do not have this requirement.

This is a way for the institution to ensure that the household does not borrow beyond its needs and that both husband and wife are comfortable with the credit contract. Women account for a minority of all members (37%), but this number does not reflect the fact that through this “household approach”, women also play an important role in their husbands' financial lives and are empowered in their household. Yet, experience has taught that loan officers play an important role in this process, by verbally explaining and checking whether all signers fully understand the content of the contract.

Digital finance offers potential to bridge the gender gap

Beyond the differences in usage of financial services, FED invest notes that among its clients, women are generally more eager to learn and engage in training, in particular digital literacy trainings. They also are heavier users of social media. This strong interest in digital channels translates into relatively higher usage of digital channels by women, compared to other products.

FED invest has recently launched an Agri Business Assistance digital platform which offers a variety of products and services to its members such as agricultural expertise, market information and networking opportunities and financial services. While women account for 37% of FED invest members, they account

³⁸ Farmers may have collateral which is harder to realize and may not be accepted by financial institutions (e.g., agricultural equipment, livestock, crops etc.).

for 45% of customers on this platform, which shows that digital finance may be well suited to women's preferences. Going forward, FED invest wants to further develop the usage of digital financial services with the help of women and sees limited digital literacy in the country as a key challenge to overcome. The Agri Business Assistance platform combines both digital and physical services, which might be a good first step toward increased digital literacy, rather than an immediate and complete digitization of services.

FED invest expects that since the launch of currents accounts, FED online, and Utility Payments, the share of women in membership will increase, as well as the number of women who benefit from these services.

CIF – The group approach

Overview of CIF

The Confédération des Institutions Financières d'Afrique de l'Ouest (CIF) is the regional confederation of six national apex networks in five countries in West Africa (Benin, Togo, Senegal, Mali, Burkina Faso). The combined network of credit cooperatives operates at 800 locations and serves approximately 4.5 million clients. It is regulated and supervised as a financial institution by the West African Central Bank (BCEAO). Their clientele/membership are mostly in the rural, agricultural and SME segments. The CIF is the first financial institution in West Africa by number of clients, and its key figures are as follows: 1.5 bn USD in assets, 800 million USD in deposits, 600 million USD in loans and 5000 employees.

Same federation, different outcomes on gender

While all networks are part of the same federation, with similar objectives, products and a common information system, there are wide differences in each network's outcome on women inclusion. For instance, women account for 47% of clients for PAMECAS in Senegal but only 23% of KAFO JIGINEW in Mali.

Table 6: Inclusion of women in CIF networks, compared to financial inclusion of women at national level, as of June 30, 2020³⁹⁴⁰

Name of network	Number of individual members	Assets (in million USD)	% women in members	% women in total account holders in the country	% women in employees	% women at the board
PAMECAS Senegal	849 506	124	47%	45%	51%	45%
FECECAM Benin	1 154 490	201	44%	37%	29%	
FUCEC Togo	1 094 086	226	41%	42%	64%	
NYESIGISO Mali	239 397	29	29%	37%	48%	
FCPB Burkina Faso	616 650	419	28%	40%	66%	
KAFO JIGINEW Mali	429 070	116	23%	37%	23%	
Total CIF			38%		47%	28%

³⁹ Note: female membership in FCPB Burkina Faso may be underestimated as women are not counted individually when part of a village savings group (caisse villageoise).

⁴⁰ Note: Numbers displayed in red are for networks where share of women in membership is higher than the share of women in total account holders in the country.

CIF faces various constraints to include women as clients, employees and board members

- As clients, women tend to lack collateral such as land, have more time and mobility constraints and less access to business networks and information. For instance, in the agriculture sector, CIF mentions that women are generally less involved in agricultural cooperatives and therefore have less market access, access to inputs and agricultural information.
- As employees, women and men perform generally different roles that may be attributable to business and social norms. Women tend to be involved in customer enrollment⁴¹ and savings activities while men are more active in loan appraisal and loan recovery.
- Regarding the Board, there seem to be constraints coming from women self-selecting out (they believe they are not qualified) In addition, CIF indicates that there are “social or cultural norms which establish men above women”, but that women are generally included at the Board except as president of the Board.

Emerging enablers of women inclusion include segmentation, gender-sensitive products and approaches, customer protection and digital finance

- **Cultural norms and country context play a role in financial inclusion, but some financial cooperatives perform better than others in similar contexts.**
 - For instance, Burkina and Senegal have similar scores in Gender Development Index, and there are more legal constraints for women in Senegal to access assets compared to Burkina (cf WBLI scores), but the Senegalese CFI network has a higher share of women in its membership (47%) than the CFI network in Burkina (28%)
 - Both NYESIGISO and KAFO JIGINEW are operating in Mali, but NYESIGISO is more inclusive of women (29% vs 23%). This relatively better performance may be due to external factors (more active in urban areas) but also to internal factors such as specific products and approaches. For instance, NYESIGISO has developed a “doorstep banking” product that allows clients to make deposits at their doorstep for any amount higher than 200 FCFA. In addition, NYESIGISO has more female employees (48% vs 23%) which may play a role in women inclusion in membership.
- **Women members do not constitute a monolithic block, and one product does not fit all**
 - About 20 years ago, a federation-wide product targeting women called “Crédit Epargne avec Education” has been developed at CIF. It is a savings product that is linked to joint liability credit and bundled with education modules on health and family planning. The joint liability feature allows CIF to lend to women without collateral. While this product has played a key role in improving CIF’s outreach to women, it seems to be suitable mainly for women who have limited time-constraints, regular cash-flows, and require smaller loans. Indeed, CIF has noticed that economically active women often mention that they do not have time for the mandatory training on health and family planning. In addition, with weekly repayments, this product is sub-optimal for women involved in agriculture who have seasonal incomes. Finally, with a ceiling of 50,000 FCFA per person, the product is sub-optimal for women with larger

⁴¹ CIF indicates that women are thought to be more welcoming than men and therefore need to be the entry point for members and customers.

financing requirements and women often find difficulties “graduating” from a group lending product to individual products.

- **Institutions that have developed gender-sensitive products and approaches seem to perform better on women inclusion**

- Within the CIF confederation, PAMECAS (Senegal) and FECECAM (Benin) are the networks with the larger share of women members (respectively 6 and 12), and these gender gaps are below the national average gender gap in financial inclusion (respectively 8 and 20)
- PAMECAS has historically been focused on women, with a flagship product targeted to women called “ Access to Financial Services for Senegalese Women”⁴² . This product targets women, either individually or in group, for investments in income-generating activities. Today PAMECAS offers three credit products for women: one for market traders with no collateral, one for groups, and one for entrepreneurs. In addition, PAMECAS offers a doorstep banking product that allows clients to make deposits or credit repayments at their doorstep for any amount larger than 200 FCFA (about USD 30 cents)
- Similarly, FECECAM has developed specific products for women⁴³ as well as doorstep banking. In addition, FECECAM has developed a women network called ONAFECAM (Organisation Nationale des femmes du Crédit Agricole Mutuel) to promote women participation as members, employees and Board. For instance, this network has requested several governance changes such as the introduction of a mandatory quota of one third of women among Board members⁴⁴.

- **Customer protection is key when dealing with segments with limited financial education**

According to CIF, developing specific products for women is not enough. Given the relatively lower levels of financial education of women, such products need to be strictly monitored. Group leaders may indeed take advantage of some of their members’ limited financial education.

- **Digital finance as a way to improve privacy and women inclusion**

According to CIF, digital finance will play a role in improving women inclusion, by increasing the convenience, security and confidentiality of their transactions. Digitization can address some of the cultural norms that prevent women from accessing financial services. Having access to credit at one’s fingertips rather than having to go to a financial institution will improve the privacy of financial transactions, give them more control over finances and potentially reduce gender gaps in financial inclusion.

Conclusion and suggested way forward

While all selected financial cooperatives for this note have a clear gender strategy, they generally seem less inclusive of women compared to other financial institutions in their countries, which raises

⁴² Accès des Femmes Sénégalaises aux services Financiers (AFSSEF). DID has provided Technical Assistance and Guarantees for the development of this product. Source: [Rapport social évaluation SPI du réseau PAMECAS-Sénégal 2008-2009](#).

⁴³ For instance, the “Tres petit Credit pour les Femmes (or “ Very Small Credit for Women”)

⁴⁴ [Appui à l’élaboration du Plan d’action « Genre et développement » Bénin, 2002](#)

questions about their specific role in fostering the financial inclusion of women. This note suggests that this may be due to external factors (social norms in rural settings) and internal factors (time requirements, collective decision making, slow Board turnaround). Understanding the reasons for gender gaps in CFIs and the respective importance of external and internal factors is an area for further research and will be essential to find ways to address women exclusion. On the other hand, the example of Mann Deshi sharing credit scores with other financial institutions show that some CFIs do not only outperform other financial institutions regarding women inclusion, but also enable them to better serve women.

There are various ways for CFIs to serve and empower women. This note explores three distinct models: the women-only model, the household model and the group model. For the three studied case examples in India, Albania, and West Africa, we can conclude that the level of women's inclusion varies greatly: both in membership as well as in the Boards. Looking at what enables cooperatives to include women, three recurring factors could be discovered:

CFIs should develop **gender-sensitive approaches**. The purpose of gender-sensitive approaches is not to design solutions dedicated only to female customers but rather to ensure that female customers' specificities are taken into account when developing products and services. For some CFIs, gender-sensitive approaches may lead to offer products targeting exclusively women (e.g., CIF, Mann Deshi), while other CFIs may offer the same products to men and women (e.g., Fed invest). When CFIs develop products targeting exclusively women, they should bear in mind that segmentation is key to offer suitable products.

- First, gender-sensitive **approaches** are key for a high representation in both women membership as well as employees and Board members. By making women a crucial part of the cooperative's strategy, credit processes, and decision making, not only their access to finance but also their participation in cooperatives and society at large is increased. Trainings on for example financial literacy and leadership can be a valuable part of a women-focused strategy.
- Second, gender-sensitive **products** can attract and facilitate women membership and clientele. When designing these products, it is crucial to consider the (daily) challenges women may face, including a lack of time. The most significant challenge seems to be women's lack of collateral, to which our case examples have proven to find innovative solutions such as alternative credit scoring models and joint liability products. Further, women's income patterns (e.g., weekly instead of monthly) and cultural barriers can be taken into account when designing products.
- And last, **digitization** seems to play an important role in including women. All three case examples acknowledged the usefulness and potential of digital products in making financial services more accessible for women. However, such optimism about the potential of digital finance among CFIs raises two questions: On the demand-side, given the existence of gender gaps in phone ownership and mobile money usage in many countries, will women truly benefit from the development of digital financial services? And on the supply side, given that financial cooperatives are often lagging other financial services providers in their digital transformation, will financial cooperatives be able to be competitive and offer digital financial services to better serve women? CFIs with access to a national payments platform, such as Mann Deshi, might have an advantage in this regard.

Women have much to offer to financial cooperatives. The interviewed CFIs indicated that their women clients generally are less likely to borrow beyond their needs or capacity; have a better repayment rate; and are eager to engage in financial literacy trainings or use new channels.

Thus, the question is not if cooperatives should include women, but rather how. Mann Deshi, FED invest, and CIF have shown that it is not only possible but also valuable to give women an important role in CFIs. We invite other cooperatives to take on their role as an important actor in the financial inclusion and economic empowerment among the most vulnerable populations, and do the same.

Areas for further research

Based on this initial paper, we would suggest the following to areas for further research:

- Understanding the reasons for gender gaps in CFIs and the respective importance of external and internal factors.
- Understanding the financial lives and aspirations women members of CFIs and analyzing the adequacy of CFI's product offering (e.g., credit, savings, payments, insurance etc.).

Emerging recommendations for Government

Objective	Responsible	Recommendation
Generate data on women in CFIs	Central Bank	1.Require and help CFIs to report gender-disaggregated data on membership, loans and savings
Promote Financial Education and ensure customer protection		2.Require and help CFIs report to the credit bureau so that a data trail is generated for CFI clients
Create incentives for CFIs to offer credit to customers lacking collateral	Ministry of Finance	3.Launch Financial Education campaigns and ensure customer protection through grievance mechanisms
		4.Allow sound CFIs to benefit from existing Partial Credit Guarantees schemes
		(cf: Principles for Partial Credit Guarantees)

Emerging recommendation for Cooperatives Financial Institutions

Federations

- Conduct market research and develop products that address women's needs
- Develop information systems that allow gender-disaggregated data to be collected and analyzed

Financial cooperatives

Develop gender-sensitive approaches and products
Invest in digitization

Appendix 1. Women Business and the Law scores on Entrepreneurship and Assets in selected countries, 2021

Albania

Question	Answer	Score	Legal Basis
Does the law prohibit discrimination in access to credit based on gender?	Yes	1	Law on Protection from Discrimination, Arts. 1 and 20(2)(e)
Can a woman sign a contract in the same way as a man?	Yes	1	Family Code, Arts. 1 and 50
Can a woman register a business in the same way as a man?	Yes	1	Law on Entrepreneurs and Commercial Companies, Art. 6
Can a woman open a bank account in the same way as a man?	Yes	1	Family Code, Arts. 1 and 50

Question	Answer	Score	Legal Basis
Do men and women have equal ownership rights to immovable property?	Yes	1	Family Code, Art. 90
Do sons and daughters have equal rights to inherit assets from their parents?	Yes	1	Civil Code, Arts. 360-361
Do female and male surviving spouses have equal rights to inherit assets?	Yes	1	Civil Code, Arts. 360-361
Does the law grant spouses equal administrative authority over assets during marriage?	Yes	1	Family Code, Art. 90
Does the law provide for the valuation of nonmonetary contributions?	Yes	1	Family Code, Arts. 73-78 and 103
What is the default marital property regime?	Partial community of property		

India

Question	Answer	Score	Legal Basis
Does the law prohibit discrimination in access to credit based on gender?	No	0	No applicable provisions could be located
Can a woman sign a contract in the same way as a man?	Yes	1	Indian Contract Act 1872, Sec. 11
Can a woman register a business in the same way as a man?	Yes	1	Companies Act 2013, Secs. 3 and 7
Can a woman open a bank account in the same way as a man?	Yes	1	No restrictions could be located

Question	Answer	Score	Legal Basis
Do men and women have equal ownership rights to immovable property?	Yes	1	Hindu Succession Act of 1956, Sec. 14
Do sons and daughters have equal rights to inherit assets from their parents?	Yes	1	Hindu Succession (Amendment) Act 2005, Sec. 3
Do female and male surviving spouses have equal rights to inherit assets?	Yes	1	Hindu Succession (Amendment) Act 2005, Sec. 5
Does the law grant spouses equal administrative authority over assets during marriage?	Yes	1	Hindu Marriage Act of 1955, Sec. 27; Hindu Succession Act of 1956, Sec. 14
Does the law provide for the valuation of nonmonetary contributions?	No	0	Hindu Marriage Act of 1955, Sec. 27; Hindu Succession Act of 1956, Sec. 14
What is the default marital property regime?	Separation of property		

Benin

Question	Answer	Score	Legal Basis
Does the law prohibit discrimination in access to credit based on gender?	No	0	No applicable provisions could be located
Can a woman sign a contract in the same way as a man?	Yes	1	Loi No. 2002-07 portant Code des Personnes et de la Famille, Art. 173
Can a woman register a business in the same way as a man?	Yes	1	No restrictions could be located
Can a woman open a bank account in the same way as a man?	Yes	1	Loi No. 2002-07 portant Code des Personnes et de la Famille, Art. 175

Question	Answer	Score	Legal Basis
Do men and women have equal ownership rights to immovable property?	Yes	1	Loi No. 2002-07 portant Code des Personnes et de la Famille, Art. 185
Do sons and daughters have equal rights to inherit assets from their parents?	Yes	1	Loi No. 2002-07 portant Code des Personnes et de la Famille, Art. 619
Do female and male surviving spouses have equal rights to inherit assets?	Yes	1	Loi No. 2002-07 portant Code des Personnes et de la Famille, Arts. 630 et 634
Does the law grant spouses equal administrative authority over assets during marriage?	Yes	1	Loi No. 2002-07 portant Code des Personnes et de la Famille, Art. 185
Does the law provide for the valuation of nonmonetary contributions?	No	0	Loi No. 2002-07 portant Code des Personnes et de la Famille, Art. 185
What is the default marital property regime?	Separation of property		

Togo

Question	Answer	Score	Legal Basis
Does the law prohibit discrimination in access to credit based on gender?	No	0	No applicable provisions could be located
Can a woman sign a contract in the same way as a man?	Yes	1	Code des Personnes et de la Famille, Art. 103
Can a woman register a business in the same way as a man?	Yes	1	No restrictions could be located
Can a woman open a bank account in the same way as a man?	Yes	1	No restrictions could be located

Question	Answer	Score	Legal Basis
Do men and women have equal ownership rights to immovable property?	Yes	1	Code des Personnes et de la Famille, Art. 363
Do sons and daughters have equal rights to inherit assets from their parents?	Yes	1	Code des Personnes et de la Famille, Arts. 413, 414 et 426
Do female and male surviving spouses have equal rights to inherit assets?	Yes	1	Code des Personnes et de la Famille, Arts. 413, 414 et 430
Does the law grant spouses equal administrative authority over assets during marriage?	Yes	1	Code des Personnes et de la Famille, Art. 363
Does the law provide for the valuation of nonmonetary contributions?	No	0	No applicable provisions could be located
What is the default marital property regime?	Separation of property		

Senegal

Question	Answer	Score	Legal Basis
Does the law prohibit discrimination in access to credit based on gender?	No	0	No applicable provisions could be located
Can a woman sign a contract in the same way as a man?	Yes	1	Code des Obligations Civiles et Commerciales, Art. 57
Can a woman register a business in the same way as a man?	Yes	1	No restrictions could be located
Can a woman open a bank account in the same way as a man?	Yes	1	Code de la Famille, Art. 374

Question	Answer	Score	Legal Basis
Do men and women have equal ownership rights to immovable property?	Yes	1	No restrictions could be located
Do sons and daughters have equal rights to inherit assets from their parents?	No	0	Code de la Famille, Arts. 572-604
Do female and male surviving spouses have equal rights to inherit assets?	No	0	Code de la Famille, Arts. 601, 603 et 609
Does the law grant spouses equal administrative authority over assets during marriage?	Yes	1	Code de la Famille, Art. 380
Does the law provide for the valuation of nonmonetary contributions?	No	0	No applicable provisions could be located
What is the default marital property regime?	Separation of property		

Burkina Faso

Question	Answer	Score	Legal Basis
Does the law prohibit discrimination in access to credit based on gender?	No	0	No applicable provisions could be located
Can a woman sign a contract in the same way as a man?	Yes	1	Code Civil, Art. 1123; Code des Personnes et de la Famille, Art. 298
Can a woman register a business in the same way as a man?	Yes	1	No restrictions could be located
Can a woman open a bank account in the same way as a man?	Yes	1	Code des Personnes et de la Famille, Art. 300

Question	Answer	Score	Legal Basis
Do men and women have equal ownership rights to immovable property?	Yes	1	Code des Personnes et de la Famille, Art. 331
Do sons and daughters have equal rights to inherit assets from their parents?	Yes	1	Code des Personnes et de la Famille, Art. 733
Do female and male surviving spouses have equal rights to inherit assets?	Yes	1	Code des Personnes et de la Famille, Art. 744
Does the law grant spouses equal administrative authority over assets during marriage?	Yes	1	Code des Personnes et de la Famille, Art. 331
Does the law provide for the valuation of nonmonetary contributions?	Yes	1	Code des Personnes et de la Famille, Arts. 309, 319 et 320
What is the default marital property regime?	Partial community of property		

Mali

Question	Answer	Score	Legal Basis
Does the law prohibit discrimination in access to credit based on gender?	No	0	No applicable provisions could be located
Can a woman sign a contract in the same way as a man?	Yes	1	No restrictions could be located
Can a woman register a business in the same way as a man?	Yes	1	No restrictions could be located
Can a woman open a bank account in the same way as a man?	Yes	1	No restrictions could be located

Question	Answer	Score	Legal Basis
Do men and women have equal ownership rights to immovable property?	Yes	1	Loi No. 2011-087 Portant Code des Personnes et de la Famille, Art. 396
Do sons and daughters have equal rights to inherit assets from their parents?	Yes	1	Loi No. 2011-087 Portant Code des Personnes et de la Famille, Arts. 753 et 773
Do female and male surviving spouses have equal rights to inherit assets?	Yes	1	Loi No. 2011-087 Portant Code des Personnes et de la Famille, Arts. 770, 798 et 800
Does the law grant spouses equal administrative authority over assets during marriage?	Yes	1	Loi No. 2011-087 Portant Code des Personnes et de la Famille, Arts. 388 et 396
Does the law provide for the valuation of nonmonetary contributions?	No	0	No applicable provisions could be located
What is the default marital property regime?	Separation of property		