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A G7 PARTNERSHIP FOR

Women's Digital Financial Inclusion in Africa

Report prepared at the request of the G7 French Presidency

Foreword

It is expensive to be poor. This was made crystal clear to me more than a decade ago when I was a guest at a women's group meeting in the village of Misungwi in Tanzania. The members took turns telling me what they used to do when they needed money. The best option was to sell a chicken for whatever they could get (and do without the eggs). The worst option was to pay the astronomical interest rates charged by the moneylender.

Then they dug into their pockets for shillings to deposit in the group's cashbox. They had joined, they said, because they wanted to take control of their financial lives and their futures. Now they had savings when they needed them. If a business opportunity presented itself, they could get credit and take advantage of it. In case of disaster, they were insured.

At the end of the meeting, as a security measure, three members secured the cashbox with three different padlocks.

Since then, innovation has made it possible for women around the world to conduct much more sophisticated transactions in an instant using only a mobile phone. African countries have been some of the pioneers in digital finance, and yet, across the continent, 400 million people, most of them women, don't have access to digital financial services. They are stuck in the era of the moneylender and the forced chicken sale. As a result, they are less likely to be able to lift themselves and their families out of poverty.

This report is a blueprint for closing that gap of 400 million and creating a world that is both more prosperous and more equal for everyone.

This year, the French Presidency of the G7 chose a theme based on a big, bold, important idea: fighting inequality. Like most ideas, though, it is abstract. Digital financial inclusion is a practical *strategy* for helping the marginalized move toward the center. In short, what you are about to read amounts to a practical plan for equality that we can start implementing right away.

The report draws on the lessons our foundation has learned about financial services for the poor since we started investing in the area about 15 years ago. It identifies five key ways in which G7 countries can support African countries as their leaders seek to include more than 400 million people in the digital economy for the first time.

- First, build an interoperable digital payment infrastructure so that you can transact with anyone else, even if you have different service providers.
- Second, build equitable digital identification systems that cover each and every individual on the continent, giving all people the formal proof of identity they need to open and use financial accounts.
- Third, update financial regulations to make space for digital products and services while keeping the financial system secure.
- Fourth, help countries identify investments and policies that enable them to maximize the social and economic returns from digital technologies and infrastructure while minimizing potential harms.
- Fifth, research the best ways to design digital financial systems and deliver digital financial services to maximize gender equality.

If African countries are able to take all five steps, the benefits will be sweeping. People living in poverty, who lack opportunity as much as money, will have more power to plan for the future instead of reacting to financial needs as they happen. The poor countries in which they live will generate economic growth based on widespread prosperity—that is, the kind of growth that lasts and strengthens the social fabric.

For centuries, that social fabric has been frayed by the fact that women are not treated equally. Indeed, a majority of the Africans trapped in the informal economy are women. With access to digital financial services, they will have the ability to earn money and to choose how to spend it. Millions of entrepreneurial women will be able to get startup capital, do business efficiently without layers of middle men, save, and invest in priorities like health and education that supercharge development.

The women in Misungwi Village told me how they invested the money they'd saved—a tin roof to replace the thatched one, for example, or supplies of cloth for their dressmaking business. But they also told me about what it felt like. They said that, now that they felt able to manage daily financial risks, they were starting to dream of the future for the first time in their lives. They said that being partners with their husbands about household finances made them more equal in their marriages. What they were telling me about was empowerment.

The old financial system was built to exclude. It excluded the poor, whose transactions were too small to matter. It excluded the rural, who lived too far away from bank branches. It excluded women, whose husbands were supposed to make the decisions. It is very hard to retrofit an exclusive system to be inclusive.

Luckily, we don't have to. We are at a pivotal moment in history. The old, analog financial system is being disrupted by a new, digital one. We have the opportunity to build this modern financial system from its foundations to include and empower everyone.

The world has one chance to seize this opportunity—and that chance is now. We cannot wait, or else the inequalities of the past will insinuate themselves into the future. I urge the leaders of the G7 to commit themselves to taking the practical steps outlined in the following pages. If they do, they will help the world's poorest people build a pathway to prosperity for their families and their nations.

Melinda Gates

MELINDA GATES
Co-Chair and Trustee,
Bill & Melinda Gates Foundation

Executive Summary

African governments are at the forefront of efforts to harness digital technologies to build more inclusive economies. Double-digit growth in mobile phone ownership in the first half of this decade has triggered a surge of innovative digital tools and services across the continent.[1] However, the benefits of the digital age are not being shared equally. Women—especially those living in poor and marginalized communities—are most likely to be on the wrong side of a persistent digital divide.

This year, the Group of Seven (G7) outlined an agenda to fight inequality. As part of this agenda, the ***G7 Partnership for Women's Digital Financial Inclusion in Africa*** will support African governments, central banks, and financial institutions in their efforts to build more inclusive, sustainable, and responsible digital financial systems, ensuring that 400 million more African adults are financially included—nearly 60 percent of whom are women. Essential to efforts to expand digital financial inclusion to women in Africa are five pillars that fall into three categories: infrastructure, regulation, and planning (see Figure 01).

I. Infrastructure

Pillar 1: Interoperability

Between 2014 and 2017, the share of sub-Saharan African adults with a mobile money account nearly doubled (from 12 percent to 21 percent), and a growing number of people are using these accounts to pay bills, move money, and buy goods.[2] Sub-Saharan Africa is also home to the 10 economies worldwide where more adults now have mobile money accounts than have accounts at a financial institution.[3] However, even those who can access digital finance often find that the system is not as valuable, reliable, or affordable as it could be because individuals can only send and receive money with users of the same service.[4] To accelerate the development of **inclusive, interoperable payment systems**, the G7 can support efforts such as the work of the **African Development Bank's Africa Digital Financial Inclusion (ADFI) facility**. This facility seeks to assist African central banks and commercial actors in the design and build-out of interoperable payment infrastructure, so that everyone can transact with everyone else, regardless of who provides the service they're using.

Pillar 2: Digital Identification

More than 400 million African adults do not have access to the formal financial tools that are transforming the way people in the region manage their money. One critical barrier to women's financial inclusion is the inability to prove one's identity. The G7 can support initiatives such as the **World Bank Group's Identification for Development (ID4D) initiative** to improve access to **digital identification**. This will underpin the design and build-out of secure digital identification (ID) systems that cover every individual on the continent, giving all people the proof of identity they need to open and use financial accounts.

Figure 01

Five pillars to advancing digital financial inclusion

1 Build inclusive digital payment infrastructure

2 Expand digital ID systems to reach excluded women

3 Create enabling policy and regulatory environments to support innovation

4 Assess overall digital readiness to maximize social and economic returns

5 Evaluate how governments can best use payments and ID systems reforms to impact women's lives

II. Regulation

Pillar 3: Regulation

Although digital financial technologies hold potential to accelerate women's economic empowerment, they also pose considerable risks—from overindebtedness to digitally-enabled fraud. It is thus critical that financial regulations keep pace with technology innovations. The G7 can help by supporting efforts like the **United Nations Capital Development Fund (UNCDF) Africa Policy Accelerator**, and the **Alliance for Financial Inclusion (AFI)**, which assist African regulators in their efforts to design regulatory frameworks that harness emerging payment and ID technologies and advance women's financial inclusion, while mitigating the downside risks associated with these new technologies.

III. Planning

Pillar 4: Assessment of Digital Readiness

Digital financial inclusion efforts should not be conducted in isolation. Instead, they should be anchored within a country's broader digital strategy, including national efforts to expand the electricity grid or increase broadband coverage. As a first step, countries should carry out **assessments of their digital readiness** through research into the state of their digital networks and the actions needed to address digital infrastructure gaps. Through the **country diagnostic framework** developed by the ***Pathways for Prosperity Commission*** at Oxford University's Blavatnik School of Government, the G7 can support African governments in their efforts to prioritize digital investments and develop supportive policies to ensure that they maximize the social and economic returns from digital technology while minimizing its harms.

Pillar 5: Gender-Specific Research

Governments must also undertake **gender-specific research** to ensure that digital interventions do not leave the poorest women behind. The G7 can help address the evidence gap by supporting rigorous research—such as that led by the **J-PAL Africa Digital Identification and Finance Initiative**—which evaluates how African governments can best use payments and ID technologies to increase household welfare and women's economic empowerment, while minimizing the downside risks associated with these technologies.

Although each of these pillars will have an important impact on its own, it is the *interaction* of these initiatives, as much as the initiatives themselves, that will determine the collective impact of this G7 effort. For example, ADFI and ID4D will work together to help countries build *integrated* payment and ID systems that combine interoperable payment functionality with a biometric ID database, enabling previously excluded women to easily transact with one another and verify who is on the other side of a given transaction. At the same time, diagnostics developed by the Pathways to Prosperity Commission will assist countries in the development of national digital strategies, which will inform and embed the work of ID4D and ADFI in broader digital systems. In turn, UNCDF will support the development of financial regulations that keep pace with the infrastructure enhancements supported by ADFI and ID4D. As new payment and ID technologies are introduced, J-PAL Africa will carefully test how governments can best use these technologies to advance women's empowerment, informing the policy and infrastructure programs of the other four pillars.

G7 members have a long track record of advancing financial inclusion in Africa. Agence Française de Développement (AFD), for example, has long supported African governments, central banks, and financial institutions in their efforts to build more inclusive, sustainable, and responsible financial systems. The task now is to harness emerging payment and identity technologies to accelerate these efforts. The **G7 Partnership for Women's Digital Financial Inclusion in Africa** aims to achieve this by making the critical infrastructure, regulatory, and planning investments that will ensure that women are not left behind by this digital revolution.

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ABOUT THE COVER ART

The front cover illustration is inspired by symbols and images from the West African region. Background elements encompass the Adinkra symbols of adaptability, community, leadership, strength, and vigilance. The three women figures are based on akua'ba fertility dolls, which represent hope and positivity. The dolls are said to embody important qualities of womanhood: beauty, willpower, and wisdom.

Introduction

Global economies—from Nairobi to Beijing—are undergoing a rapid transformation, with digital technologies changing the way people communicate, work, bank, and access information.

Today, small businesses in China are using e-commerce platforms to sell their products across the world. Previously unbanked households in Kenya can now access instant credit over their mobile phones. Rural households in Senegal are lighting their homes by linking their bank accounts to off-grid solar energy systems. Government officials in India are combining digital payment and ID technologies to deposit money directly into the accounts of citizens living in distant villages, increasing the transparency and efficiency of social welfare programs.

These and other digital innovations are creating opportunities for countries to build more inclusive, productive, and prosperous societies. The McKinsey Global Institute estimates that widespread adoption and use of digital payments and financial services could increase the GDP of all emerging markets by $3.7 trillion by 2025. This additional GDP could create up to 95 million new jobs, raise overall productivity and investment levels, and make government spending more efficient.[6]

No one stands to benefit more from this growth than women.

Women and girls shoulder the global burden of poverty.[7] Decades of research show that poverty deprives women of vital health, education, and socioeconomic opportunities throughout their lives. As a result, women earn less, own fewer assets, and are underrepresented in economic and political decision-making. This inequality means they experience fewer benefits from economic growth and suffer more of the challenges of life lived in poverty.

For women in low- and middle-income countries, digital savings, credit, and payments services can provide them with a critical link to the formal economy and a gateway to greater economic security and personal empowerment. An emerging body of evidence shows this also pays dividends for their families in the form of better health and education. When women-headed households in Kenya adopted mobile money accounts, poverty dropped, savings rose, and 185,000 women left agricultural jobs for more reliable, higher paying positions in business or retail.[8] In Niger, distributing government benefit payments through a mobile phone instead of cash helped give women who received the transfers more decision-making power in their households.[9]

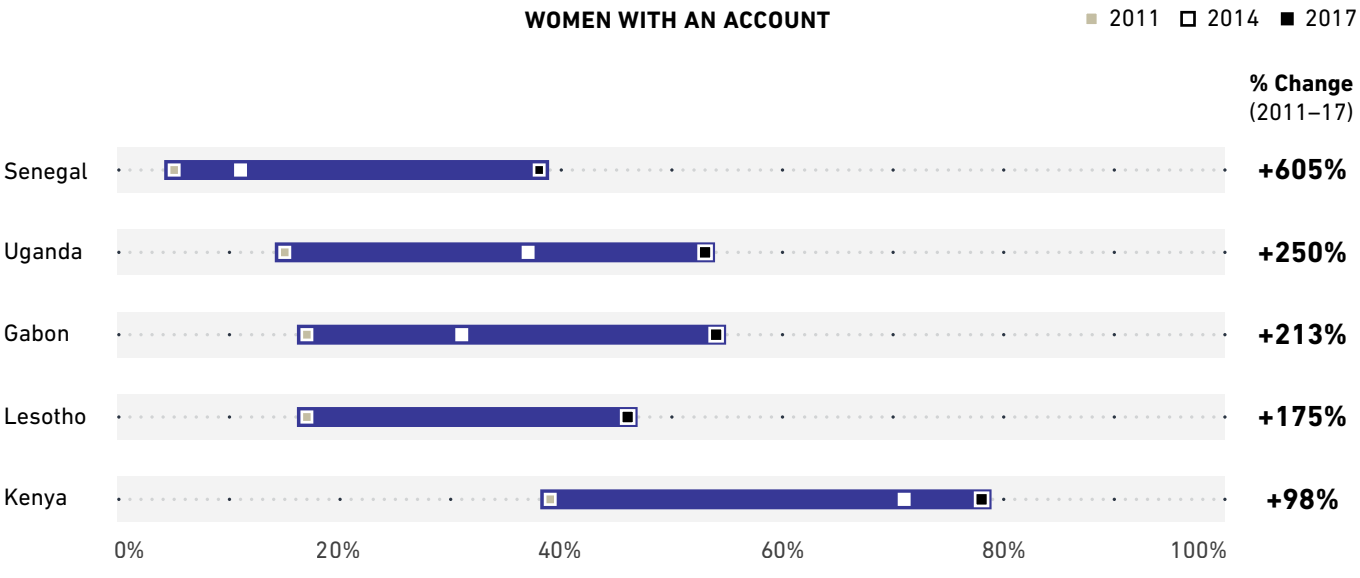
Overall, strong progress has been made with financial inclusion in Africa. Between 2011 and 2017, the share of adults with financial accounts in the region grew from 23 percent to 43 percent, driven largely by growth in mobile money. Although East Africa has seen the most dramatic gains, West and Central Africa have also seen rapid uptake in recent years, bolstered by enabling regulatory policies.

Many of these countries also experienced a sharp uptick in financial inclusion rates among women. Between 2011 and 2017, the number of women with their own account doubled in Kenya and Ghana and increased seven-fold in Senegal.[10] In some countries, mobile money has emerged as an equalizing force. For example, in Côte d'Ivoire, the gender gap in access to financial institutions grew by 90 percent between 2014 and 2017, yet the gender gap on mobile money decreased by 35 percent.[11] Despite this progress, women remain disproportionately excluded from the formal financial sector. As shown in the table on page 6, complex social, cultural, economic, and legal barriers stand in their way. For example, Cameroon, Chad, Gabon, and Niger have regulations that prevent women from opening a bank account in the same way as men.[12]

Digital financial exclusion is not merely an access problem. Although digital technologies hold vast potential to improve human welfare, they also pose considerable risks, from the establishment of digital monopolies to cyber-attacks to digital fraud. As previously excluded women become first-time users of digital technologies, they are particularly exposed to these and other risks, such as new forms of gender-based violence, abuse, and harassment in digital contexts. Our global challenge, therefore, is not merely to close the digital divide, but also to establish sound regulatory and supervisory frameworks to ensure that vulnerable citizens reap the benefits from digital technologies without suffering from their potential adverse effects. The rest of the report describes the infrastructure, regulation, and planning interventions required to advance this vision.

Figure 02

Where are the biggest increases in women's account ownership?



Source: *Global Findex Database 2017.* **Note:** Men and women refers to people ages 15+.

Barriers to women's financial inclusion[13]

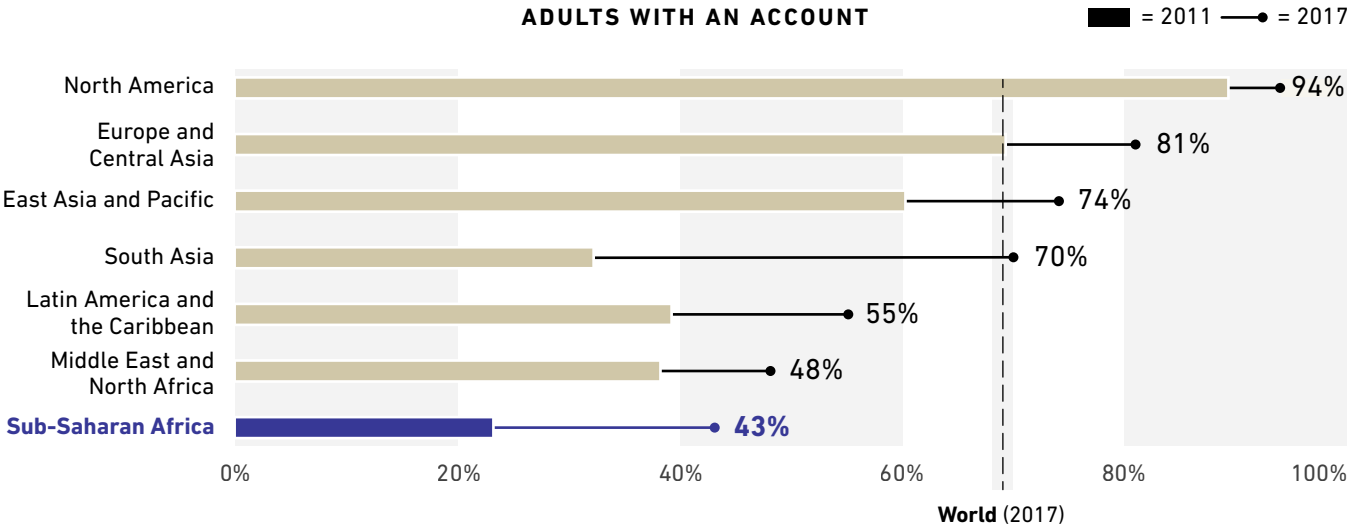
DEMAND SIDE AND SOCIAL NORM BARRIERS	SUPPLY SIDE BARRIERS	LEGAL AND REGULATORY BARRIERS
• Lack of bargaining power within the household • Concentration in lower-paying economic activities • Competing demands on women's time related to unpaid domestic work • Lack of assets for collateral • Lack of formal identification • Reduced mobility due to time constraints and social norms • Lower rates of mobile phone ownership among women • Lower rates of digital literacy among women	• Inappropriate product offerings • Lack of gender-specific policies and practices for product design and marketing • Inappropriate distribution channels	• Account opening requirements that disadvantage women • Barriers to obtaining formal identification • Legal barriers to owning and inheriting property and other collateral • Lack of gender-inclusive credit reporting systems • Lack of market and user data for design of targeted policy interventions

An All-Hands-on-Deck Approach to Advancing Women's Financial Inclusion in Africa

The interventions outlined in this proposal will address many of the market failures inhibiting women's access to digital financial services in Africa. They also provide critical foundational infrastructure necessary to establish and expand the reach of important complementary efforts; however, they do not cover the full landscape of efforts needed to advance women's economic empowerment in Africa. For example, although this proposal aims to expand access to payments and ID technologies among poor and marginalized women, it does not include mechanisms to ensure that banks and microfinance institutions use this digital infrastructure to deliver credit to women entrepreneurs. This is where other initiatives—such as the Affirmative Finance Action for Women in Africa (AFAWA)—can build on the work outlined in this report by providing financing, technical assistance, and regulatory support to increase the flow of credit to women entrepreneurs in Africa. Moreover, partners such as the World Bank, the Consultative Group to Assist the Poor (CGAP), the Better Than Cash Alliance (BTCA), GSMA Mobile for Development, and the Financial Sector Deepening Network[14] (among others) are already advancing many of the pillars outlined in support of financial inclusion. Achieving widespread women's economic empowerment in Africa will require an all-hands-on-deck approach involving governments, financial and telecoms regulators, businesses, civil society, and a range of donor-funded initiatives.

Figure 03

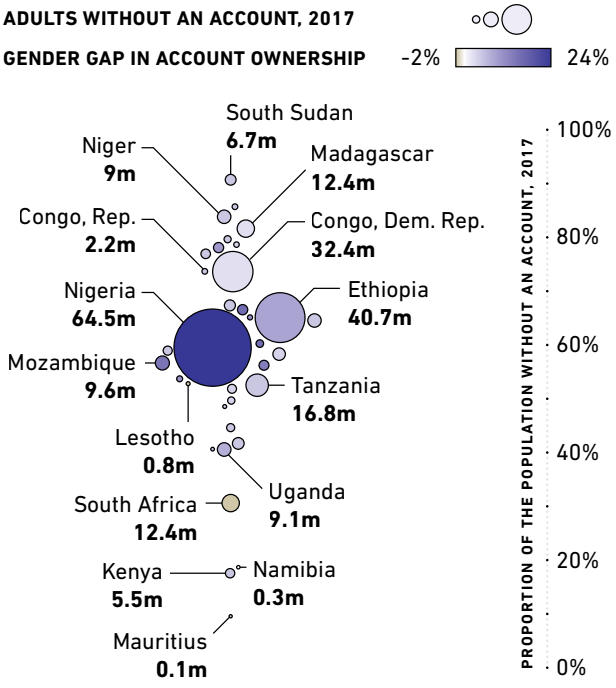
The state of financial inclusion across the world



Source: *Global Findex Database 2017.* **Note:** Men and women refers to people ages 15+.

Figure 04

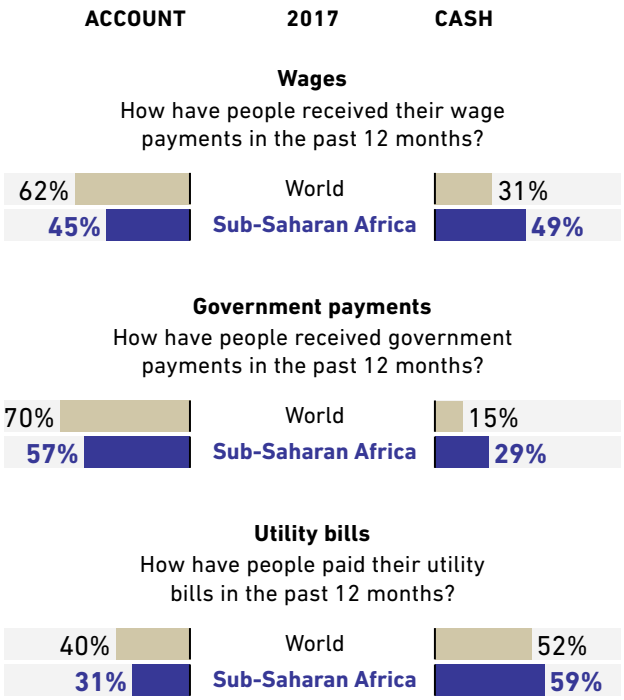
Where do adults in sub-Saharan Africa without a financial account live?



Source: *Global Findex Database 2017.* **Note:** Only countries with data shown. Men and women refers to people ages 15+.

Figure 05

Sub-Saharan Africa: payments made in cash vs. accounts



Source: *Global Findex Database 2017.*

I. Infrastructure

More than 400 million African adults, nearly 60 percent of whom are women, do not have access to the digital financial services that are transforming the way people in the region manage their money. In places where people can take advantage of formal finance, systems are often not as valuable, reliable, or affordable as they could be because of a lack of interoperability.

In other words, where digital payment systems exist at all, individuals can often only send and receive money with other users of the same service. Another critical barrier to financial inclusion and the use of available financial accounts is an **inability to prove one's identity**. Donors and national governments have an opportunity to address both barriers by building integrated systems that combine payments interoperability with a biometric ID database, enabling previously excluded women to easily transact with one another and verify who is on the other side of a given transaction.

We address both of these infrastructure pillars below.

Pillar 1: Interoperability

Build Inclusive Digital Payment Infrastructure

The Challenge: Most digital finance systems in Africa do not allow customers to transact with anyone they choose. As a result, the vast majority of digital transactions are still peer-to-peer money transfers within the same network. What does this mean in practice? A healthcare worker who receives her wages in a closed-loop mobile money account is likely to withdraw funds in cash—often traveling long distances and incurring fees—to buy food for her family, pay her bills, and send money to her son who lives in a neighboring country. Closed-loop systems thus cause many customers to underutilize their accounts or revert entirely to cash-based financial tools.

The Opportunity: So-called "open-loop," interoperable payment systems are more valuable for customers, governments, and businesses—expanding access, functionality, and choice. Initially, service providers were not convinced that sharing a payment platform would be good for business and that a platform could sustainably address the low-value transactions undertaken by the poor. Today, however, a growing number of companies and banks are seeking to expand interoperability on systems that provide a more convenient and beneficial service capable of sustainably facilitating transactions for all users. We believe it is possible and critical to design inclusive payment systems that provide the infrastructure for delivering savings, credit, and insurance services to marginalized communities, while also unlocking innovation in new pro-poor services, such as pay-as-you-go (PAYGO) rural solar home systems.[15]

The Call to Action: Given the complexity and urgency of setting up interoperable and inclusive payment systems, governments, donors, and the private sector must each do their part. Donors can provide technical assistance, fund research, and share best practices. Governments can set up conducive regulatory and policy frameworks (discussed in more detail in the next section) and provide incentives for the private sector to collaborate. One promising effort is the African Development Bank's Africa Digital Financial Inclusion (ADFI) facility, which is focused on promoting pro-poor payment infrastructure across Africa. With the Agence Française de Développement (AFD) as one of its founding members, women's financial inclusion was defined as an ADFI priority from the start. ADFI will design targeted initiatives that address the specific needs and challenges women face, including government-led efforts to digitize government-to-person (G2P) payments in a gender-intentional manner. **To accelerate the development of inclusive payment systems, the G7 should support technical and financial assistance to governments through the ADFI**.

FIVE CONDITIONS FOR PRO-POOR DIGITAL PAYMENT SYSTEMS	
1	**Extensive use of real-time push payments.** Payments are initiated by customers rather than merchants, and help to reduce risk, improve reliability, and lower costs.
2	**A wider, more diverse range of financial services providers.** Nonbank players may have an advantage when it comes to reaching large numbers of people at a very low cost.
3	**True interoperability among providers.** Interoperability ensures that the system is as useful as possible, allowing customers to transact with as many people, merchants, and businesses as possible, regardless of their mobile phone network or service provider.
4	**A not-for-loss or cost-recovery model at the infrastructure level.** Such a model enables sustainable delivery of services.
5	**Shared services for fraud detection.** Sharing services dramatically improves efficiencies and reduces risks, lowering costs even more.

Pillar 2: Digital Identification

Expand Digital Identity Systems to Reach Excluded Women

The Challenge: A person's ability to prove their identity is fundamental to participating in modern life. A formal ID is often a prerequisite to accessing healthcare, receiving government services, gaining formal employment, voting, and opening a bank account. However, many low- and middle-income countries do not have ID systems with the capacity to provide secure and trustworthy ID credentials to the entire population, nor the necessary legal and technical safeguards to prevent the misuse of data or other privacy breaches. As a result, nearly 38 percent of the population in low-income countries lack a foundational or national ID, compared to 5 percent of adults in high-income countries.[16] Women are disproportionately affected: 45 percent of women in low-income countries lack a formal ID compared with only 30 percent of men.

Designing and implementing a well-functioning ID system is not the only challenge: gender-based legal differences and nationality laws that discriminate against women limit women's ability to obtain identification for themselves and their children. In Benin, Cameroon, Congo, Mauritius, and Namibia, for example, married women are subject to additional requirements to obtain an ID card, such as providing supporting documentation to establish their husband's name.[17]

The Opportunity: The World Bank's ID4D initiative estimates that 1 billion people around the world are unable to prove their identity, with over half living in Africa.[18] The nature of the problem varies across African countries. Botswana, Kenya, and Rwanda, for example, have relatively advanced ID systems in terms of coverage, robustness, and utility. Some, such as Nigeria and Tanzania, are in intermediate stages of development, while others, such as the Democratic Republic of the Congo, Ethiopia, and Liberia, have nonexistent or newly emerging ID systems.[19] With the right policy and regulatory frameworks in place, advances in digital technology, such as biometrics, provide an opportunity for countries to build inclusive ID systems.

Policies that close gender gaps in accessing IDs can also promote women's economic empowerment and gender equality goals. Across sub-Saharan Africa, men are 9 percentage points more likely than women to have a formal ID, and the gaps are twice as large in some economies, such as Ethiopia and Niger. Furthermore, mutual recognition of IDs among countries can accelerate regional integration, which can create economic empowerment for women. Use of a national ID card in lieu of a passport for travel between Kenya, Rwanda, and Uganda has allowed a greater number of women traders to cross borders more often and through regular channels, which has improved their safety and increased business.[20] This approach is also being trialed in West Africa, beginning in Côte d'Ivoire and Guinea, with great potential to drive regional economic and social integration.[21]

CASE STUDY:

India's Aadhaar Identification System

When the Government of India set out to increase financial inclusion, it recognized identification as a key issue to be addressed. The government developed Aadhaar, a biometric ID system for all residents. 1.2 billion people have been registered under Aadhaar, giving some residents their first opportunity to access formal financial services. Aadhaar is integrated with an electronic know-your-customer (e-KYC) system, which increases access for consumers and reduces costs for providers. The rollout of Aadhaar—combined with an ambitious national financial inclusion campaign that included policies specifically targeted at women—closed the gender gap in formal financial account ownership from 20 percent in 2014 to 6 percent in 2017.[22] Aadhaar also made it possible to direct payments specifically to women's accounts and ensure that women, through their foundational ID, had control over their funds. At the same time, the Aadhaar program has faced criticism over data privacy concerns and the exclusion of genuine beneficiaries, prompting the Indian Supreme Court and government agencies to introduce measures aimed at protecting user privacy, increasing user control over personal data, and preventing genuine beneficiaries of government programs from being denied benefits.[23]

The Call to Action: Building a digital ID system is no small feat—it is a complex challenge demanding financial investment, technical capacity, sustained leadership, and cross-sectoral coordination.[24] Fortunately, there is global experience that can provide lessons about how to develop a digital ID system that is economically viable and able to manage risks. The World Bank's ID4D initiative has spearheaded the development of principles on identification for sustainable development and produced detailed guidelines, diagnostic tools, and frameworks for designing and building such systems.[25] The initiative also provides technical assistance to African governments as they develop national ID strategies and roll out inclusive digital ID systems. **The G7 can help build more inclusive digital ID systems across Africa by supporting the ID4D initiative's work.**

45%

of women in low-income countries lack a formal ID compared with only 30 percent of men.

II. Regulation

Although digital financial technologies hold potential to advance financial inclusion and accelerate women's formal status and economic empowerment, they also pose considerable risks—from predatory lending to digitally-enabled fraud. It is thus critical that financial regulations keep pace with infrastructure improvements and technology innovations to mitigate these and other risks.

Pillar 3: Regulation

Create an Enabling Policy and Regulatory Environment for Financial Inclusion

The Challenge: African nations have been global leaders in innovative regulatory and policy approaches to digital financial services. However, in many countries, policy has not kept up with practice, entrenching inequitable access and use of financial services. The Consultative Group to Assist the Poor (CGAP), a global think tank dedicated to financial inclusion, has identified four basic regulatory enablers of digital financial services:[26] 1) allowing for the safe entry of new nonbank players; 2) permitting the use of agents as distribution channels; 3) introducing tiered ID requirements; and 4) developing strategies to protect consumers.

Beyond financial services regulation, digital ID programs must be accompanied by strong policy measures that include appropriate data protection, an individual's right to consent, design principles for privacy, a documented privacy policy, and an independent body for privacy oversight.[27]

CASE STUDY:

Mobile Money Regulations in Ghana[28]

Between 2014 and 2017, mobile money penetration in Ghana tripled, from 13 percent to 39 percent, while overall account access increased from 41 percent to 58 percent.[29] The primary catalyst for this growth was the Bank of Ghana's introduction of new agent and electronic money regulations in July 2015.[30] The new regulations permitted non-banks, such as mobile operators, to own and run mobile money businesses that offer payments, deposit accounts, and cash-in/cash-out services, but not loans. Providers must back customer funds in trust accounts held at commercial banks to ensure that they do not take on any credit risk. The new regulations also introduced a three-tiered know-your-customer (KYC) system, lowering the documentation requirements for entry-level, low-value accounts, with increased documentation requirements as customers seek to maintain or transfer higher amounts. Ghana's regulatory reforms demonstrate how central banks can help expand financial access, while maintaining the safety and soundness of the financial system.

Overall account access in Ghana increased from 41% to 58% between 2014 and 2017.

The Opportunity: Creating room for new market players, such as electronic money issuers, can unlock the expansion of digital financial services. Equally, easy access to agents, such as shopkeepers who can facilitate the exchange of mobile money for cash, is especially important for women because they tend to be less mobile than men and may require multiple in-person interactions to build trust in the service. Risk-adjusted ID requirements for opening accounts will allow more women and other vulnerable populations to benefit from digital financial services. Effective consumer protection is vital: Basic rules for transparency, fair treatment, effective recourse, and service delivery are all needed to build consumer trust and create a safe and sound DFS sector over the long term. Women are especially at risk of unfair treatment, because they tend to be more vulnerable to abusive and aggressive business practices.[31] The G20's 2011 High-level Principles on Financial Consumer Protection calls out the importance of addressing the needs of vulnerable groups for protection and education.[32] At the regional level, regulatory harmonization can enable commerce and trade initiatives—much like the mutual recognition of IDs among countries can accelerate regional integration and benefit women traders.

The Call to Action: A variety of global and regional partners are working together to address the remaining regulatory and policy barriers to digital financial inclusion. The Alliance for Financial Inclusion (AFI), for example, has launched a multi-donor facility that combines peer learning among African regulators, public-private dialogue, capacity building, and in-country policy implementation to advance digital innovation, gender-inclusive finance, and inclusive green finance across the continent.[33] Between 2016 and 2018, over 160 financial inclusion policies and regulations were implemented by African policymakers through engagement in AFI, and an increasing number consider gender-inclusive finance to be a high priority. In addition, the newly launched UNCDF Africa Policy Accelerator builds on AFI's peer learning and regulatory capacity-building efforts by providing African regulators with sustained, in-country technical support. The Africa Policy Accelerator will make use of UNCDF's strong country and regional presence across Africa to ensure that local regulators have the technical inputs they need to implement strong and inclusive digital financial regulations. **G7 members should help scale up efforts like these, supporting regulators in African markets to create incentives to reduce the gender gap and establish a conducive regulatory environment that is mindful of local realities.**

African leaders are poised to accelerate and expand digital financial services across the continent, making way for strong, inclusive digital economies benefiting millions, especially women.

160+

financial inclusion policies and regulations were implemented by African policymakers between 2016 and 2018.

Legal Barriers to Women's Financial Inclusion

Inequitable or regressive legislation can be an underlying cause of women's economic or financial exclusion. For example, laws that require a husband's permission for activities, such as getting an ID card, registering a birth, or obtaining a loan, act as major barriers to economic empowerment. These laws directly hinder a woman's ability to access financial services, find employment, or even own a cellphone.

In 17 countries, married women cannot legally travel outside the home in the same way as men, which restricts women's ability to find and attend work, access banking or other social services, or live in a place that offers economic opportunities for them. Legal restrictions on driving can have similar impacts.

In addition, accessing financial services, starting or registering businesses, and obtaining credit or loans often requires capital or assets as collateral. A number of countries have legislation that prevents women from building up capital or owning assets. These include unequal divorce laws where unpaid care work is not recognized as a household contribution, and so marital assets are not split equally, leaving the woman at a significant disadvantage. Inequitable inheritance laws that favor boys and men over girls and women have the same effect of depriving women and girls of their fair share of property and capital. These laws perpetuate intergenerational poverty and discrimination. They are exacerbated by "head of household" laws that exist in 31 countries, which designate that a man be in charge of property, decisions, and family assets. These laws can mean a woman is not entitled to receive government financial support, or cannot be allocated land, for example. Similarly, lack of land rights for women is a major barrier to accruing assets and property.

The 2019 Gender Equality Advisory Council (GEAC) is committed to documenting global examples of laws that address barriers to women's economic empowerment, including women's financial inclusion. The GEAC will then ask G7 and other world leaders to demonstrate commitment to gender equality by repealing regressive laws and adopting progressive laws in their own countries.

17

countries restrict women's ability to legally travel outside the home in the same way as men.

III. Planning

Digital financial inclusion efforts should not be conducted in isolation. Instead, they should be anchored in a country's broader digital strategy, from efforts to expand the electricity grid to policies to increase broadband coverage. As a first step, countries should carry out assessments of their digital readiness to better understand the state of their digital networks and the actions needed to address infrastructure gaps.

If the fundamentals of digital readiness are not in place, efforts to financially include women may have the unintended consequence of only benefiting the privileged few who already have access to technology and the skills and financial resources to use it. National governments and donors must undertake **additional gender-specific research** to ensure that interventions do not leave the poorest women on the wrong side of a digital divide. This research includes evaluations of existing programs, to ensure that lessons from these programs inform the other pillars of work.

Pillar 4: Assessment of Digital Readiness

Identify Actions Needed to Address Infrastructure Gaps

Mobile access is a basic precondition for mobile money systems, but it is not spreading quickly or evenly enough across the region. Mobile subscriber growth has slowed in recent years as the industry confronted the challenges of affordability and a younger population. Growth rates in the region have fallen well below the double-digit annual rates seen in the first half of the decade and are projected to stay low for at least the next five years.[34]

The Challenge: Most people in Africa use mobile Internet to get online. Yet sub-Saharan African nations have some of the lowest mobile connectivity index scores in the world, as measured by the GSMA.[35] The number of subscribers has quadrupled since the start of this decade, but by 2025 around 800 million people will still not be connected, mainly women and those in underserved rural and low-income populations.[36] In sub-Saharan Africa, women are 15 percent less likely to own a mobile phone and 41 percent less likely to use mobile Internet than men.[37]

The Opportunity: How can mobile adoption rates be improved, particularly for unconnected women? Mobile network coverage is one piece of the puzzle. Although Africa has achieved near-universal 2G coverage, mobile broadband networks reach only about two-thirds of the population. This means about 400 million people live in areas without mobile broadband services. Reaching these underserved populations requires public and private sector investment; more innovation in efficient connectivity solutions such as infrastructure sharing, satellites, and drones; and supportive government policies, such as the effective use of Universal Service Funds and other incentives.[38]

Digital devices and services also need to become more affordable. Among women in Africa, affordability is cited as the top barrier to mobile ownership.[39] Countries in sub-Saharan Africa have some of the world's highest total costs of mobile ownership[40] as a proportion of income. The total cost of mobile ownership is on average 10 percent of monthly income, well above the 5 percent threshold recommended by the U.N. Broadband Commission.[41]

Assessing inclusive digital readiness: an illustrative framework

INFRASTRUCTURE	HUMAN CAPITAL AND LABOR MARKETS	FINANCE AND BUSINESS MODELS	POLICY AND REGULATION
• Hard infrastructure (e.g., electricity, communications) • Soft infrastructure (e.g., payments and identity)	• Growth of skills relevant to digital economies • Labor market flexibility • Social protection	• Affordability of key technologies • Access to finance for tech startups	• Policy and regulatory environment (e.g., tax, IP, and data standards)

Although the cost of phones has been declining, sector-specific taxes in some markets are affecting the affordability of devices and services. A careful review of what is driving costs in each market is needed to inform appropriate action.

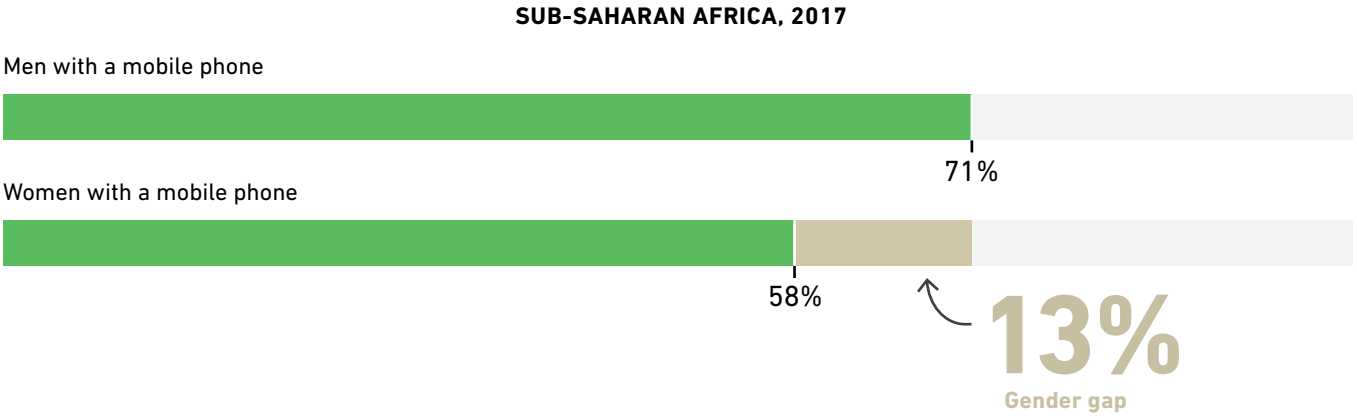
The Call to Action: In addition to continued support for the GSMA's efforts to expand mobile Internet access for women and other underserved populations, the G7 should help expand cross-sector initiatives for digital readiness. Partners collaborating at Oxford University's Blavatnik School of Government under the **Pathways for Prosperity Commission on Technology and Inclusive Development** have developed a four-component framework for assessing inclusive digital readiness, including: infrastructure; human capital and labor markets; financing and business models; and tax and competition policy/regulation for innovation, with an assessment of inclusion, including gender inclusion, embedded in all four components.[42] Above, an illustration provides a high-level snapshot of these four components.

Failure to progress in any one of these areas will undermine the overall contribution of digital technologies to inclusive growth. Although each country will (and should) determine its own approach to development in the digital age, there has been considerable demand from policymakers for operational guidance on the issues and decisions they are facing. This diagnostic tool is part of a three-step process to 1) develop practical, effective, and inclusive digital strategies to address the identified gaps; 2) assess the distributional impacts of potential policies; and 3) set out priorities for implementation.

Through the country diagnostic framework and broader process developed by the Pathways for Prosperity Commission, the G7 should support national governments in creating the right environment for digital technologies to contribute to inclusive growth and equality—investing in necessary infrastructure and capabilities and guiding markets toward innovation through careful regulation, policies, and partnerships.

Figure 06

The mobile phone ownership gender gap



Source: *Global Findex Database 2017.* **Note:** Men and women refers to people ages 15+.

Pillar 5: Gender-Specific Research

Undertake Gender-Specific Research to Determine How Payment and ID Technologies Can Improve Women's Lives

Women's financial inclusion is a powerful lever for advancing gender equality, but significant progress will not be made if we do not truly understand the impact of emerging digital financial service solutions on women's lives.

The Challenge: More and better data is needed so that policymakers can adopt and invest in proven models and track the benefits over time. The World Bank has been a leader on this front: Sex-disaggregated data from the Global Findex and ID4D databases underpin many of the recommendations and calls for action in this report. Rigorous research into the collective impact of digital financial inclusion reforms, including much more sex-disaggregated data, will be a critical investment for any country seeking to reap the benefits of digital financial inclusion for all.

The Opportunity: One promising area of research is the impact of digitizing government-to-person (G2P) payments. With about 80 million unbanked women in developing economies receiving government transfers in cash,[43] a tremendous opportunity exists to financially include and empower women on a massive scale. Three elements are essential to ensuring that women realize the full benefits of these payments: *digitizing* G2P payments, *directing* them to women specifically, and *designing* the program to meet women's unique needs. Emerging research on the impact of digitized G2P payments for women's economic empowerment is promising, but it has not yet captured the realities of African governments at various stages of ID and payment infrastructure development.

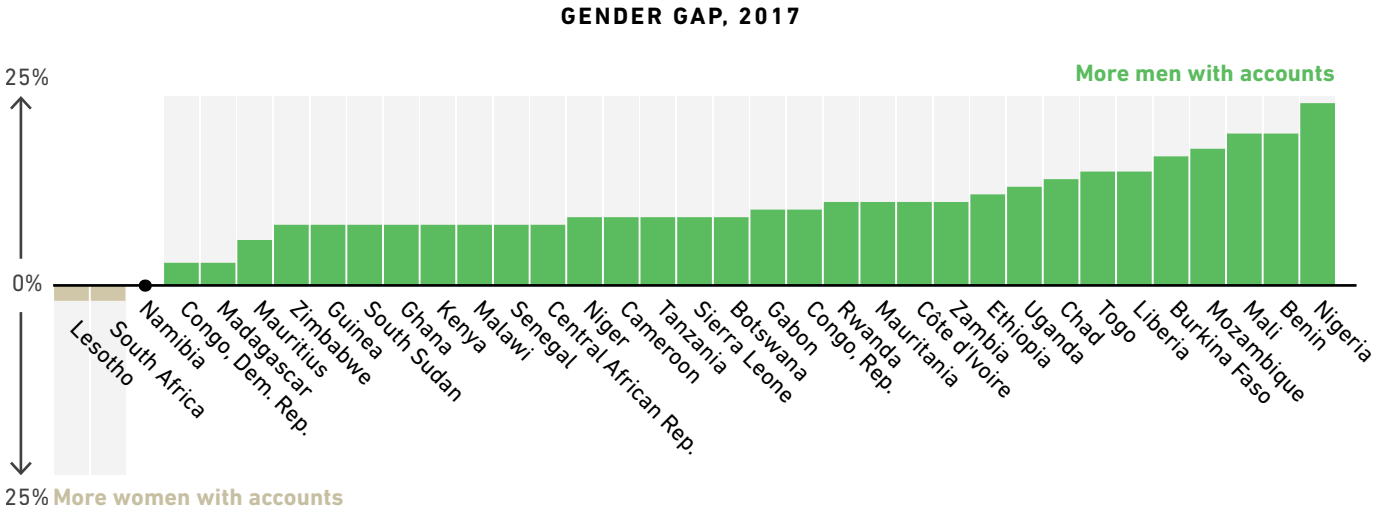
Another promising area of research is the role of digital literacy and account facilitation in enabling previously excluded women to access and use financial services. Though conventional classroom-based approaches to financial education have not proven successful in imparting lasting knowledge or in changing people's financial behavior, there is some evidence that simple, personalized, and timely digital literacy and account facilitation interventions can improve uptake and usage of financial services (see the Madhya Pradesh case study on page 18).[44] There is thus considerable opportunity to rigorously test which digital literacy and account facilitation interventions have the greatest impact on connecting unbanked women to formal financial services and encouraging appropriate usage of those services.

The Call to Action: In addition to providing financial resources to conduct gender-specific research, political advocacy to ensure that women are front and center in research and data collection initiatives is a must. Profiling successful global partnerships, such as the Women's Financial Inclusion Data (WFID) Partnership hosted at Data2X,[45] is an important way to spur more action on developing gender data and research strategies. The **J-PAL Africa Digital Identification and Finance Initiative** aims to partner with African governments to rigorously test how African governments can use payments and ID infrastructure to improve the efficiency of public services, reduce corruption, increase fiscal space, and boost the welfare impact of public programs, particularly for marginalized groups and women. **The G7 should help to address the evidence gap by supporting rigorous research into the impact of payment and ID reforms on women's economic empowerment.**

A tremendous opportunity exists to financially include and empower women on a massive scale.

Figure 07

Where are the biggest and smallest gender gaps in account ownership?

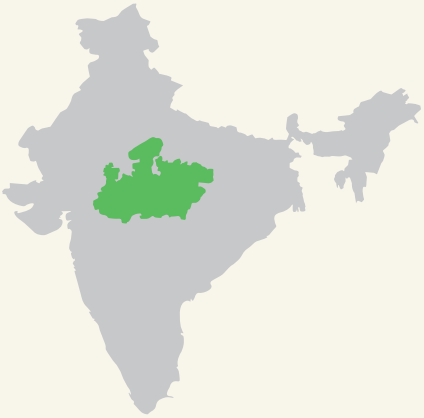


Source: *Global Findex Database, 2017.* **Note:** Only countries with data shown. Men and women refers to people ages 15+.

CASE STUDY:

Women's Economic Empowerment in Madhya Pradesh, India[46]

In a randomized controlled trial in Madhya Pradesh, India, researchers varied whether women's wages from a public workfare program—the National Rural Employment Guarantee Scheme (NREGS)—were directly deposited into their own individual bank account instead of the husband's account. A random subset of these women also received training about how to access and use their accounts. One year later, women who received direct deposit into their own accounts plus account training increased their participation in both the public and private labor markets, despite no change in market wages. Women that benefited from the reform were also more likely to agree that a working woman is a better caretaker, mother, and wife than were those that were excluded from the reform, and their husbands were less likely to perceive social costs from having wives that worked. In sum, directing payments into women-held accounts improved incentives for women to participate in the NREGS workfare program, which in turn affected social norms concerning women's work more broadly, unlocking the economic potential of women well beyond the NREGS program itself.



Directing payments into women-held accounts, rather than those of their husbands, improved incentives for women to participate in the workforce.

Conclusion

African leaders are poised to accelerate and expand digital financial services across the continent, making way for strong, inclusive digital economies benefiting millions, especially women. Africa's already thriving mobile money markets are fertile ground for this expansion, and the African Union's agenda for a unified and integrated Africa provides a framework for this progress, including harmonized regulations and a pan-African payment system, which will support trade, economic growth, and development across the continent's eight regional economic communities.

It is essential that women are not left behind by this digital revolution.

The French Presidency of the G7 and G7 countries have a historic opportunity to support these African government-led efforts to harness digital technologies that promote financial inclusion, broad economic growth, and women's economic empowerment. This can be achieved through strong political leadership and modest but high-impact resources targeted to strategic areas where the opportunity to advance digital financial inclusion for women in Africa is greatest.

This report profiles five pillars for extending digital financial inclusion to African women—interoperability, digital identity, regulation, assessment of digital readiness, and gender-specific research—and highlights selected initiatives from the African Development Bank, the World Bank, J-PAL Africa, UNCDF, the Alliance for Financial Inclusion, and Oxford University's Blavatnik School of Government. Together, these offer clear pathways for G7 governments to help reduce inequality and close the gender gap across the African continent.

Already, the G7 has demonstrated that it can play a critical role in complex global development challenges that affect the world's most vulnerable citizens, from planting the seeds of The Global Fund to end the AIDS, tuberculosis, and malaria epidemics to setting up a new mechanism with U.N. agencies to reduce maternal and infant mortality. Members now have another opportunity to help unleash a new generation of financially empowered women by spearheading a catalytic set of interventions to support African governments on the path to digital readiness and women's financial inclusion.

Access to digital financial services may seem like a small step in the broader context of inequality, but to the woman walking all day to collect her paycheck, or watching as others make financial decisions for her, a mobile wallet can be a passport to economic opportunity. And, when women can fully participate in the economy, they don't just benefit from growth, they drive it.

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