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Development in brief

Effectively shaping gender equality in the financial sector

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The German government has established gender equality as a cross-cutting issue in development cooperation. The aim is to strengthen women's economic and political participation. The financial sector plays a central role in this, as access to credit and basic financial services such as account management and payment transfers is an important prerequisite for women's economic self-determination. In the following, we explain in more detail how financial sector projects can be designed to be effective and gender-responsive.

Political focus on equality

The third development policy action plan on gender equality[1] (2023-2027) stipulates that 93 per cent of the new project funds committed by the Federal Ministry for Economic Cooperation and Development (BMZ) must contribute to gender equality. Of these, at least eight per cent should pursue gender equality as their main objective. Since 2022, there has been a steady increase in gender-related financial sector projects; by 2024, the proportion had already exceeded the BMZ's stated ambitions.

Gender equality in projects has a measurable impact on women

In addition to the number of projects, their content is also crucial to their impact. Even the targeted anchoring of gender equality in project design leads to statistically significant results. This is shown by an empirical analysis[2] based on data on sector- and gender-specific ODA shares of OECD-DAC donor countries and the Global Findex database[3] on 72 low- and middle-income countries. According to this analysis, a one percentage point increase in the share of gender-specific development cooperation in the financial sector correlates on average with a two percentage point increase in the share of women using bank accounts or mobile banking. If, on the other hand, projects do not address gender-specific requirements, they often unintentionally exclude women from financial services and prevent inclusive financial development, as the specific barriers faced by women are not taken into account.

Key influencing factors

The positive effects can be attributed to the following interrelated factors, which determine the extent to which women benefit from financial sector projects:

Framework conditions and barriers

Legislation, social norms, limited mobility and family roles can influence women's use of financial services. Many women have limited access to these services due to a lack of authority to make decisions, a disproportionate share of care work or restricted freedom of movement, which is why formats that are flexible in terms of time and location are necessary. A lack of basic financial and digital literacy, as well as limited access to mobile devices, can also be additional barriers.

Focus on needs and usage

It is often unclear why women do not use existing financial services. Market research that records usage profiles provides clarity when designing measures and enables services to be tailored to specific needs – and also gives financial intermediaries the opportunity to tap into new business potential. Training courses, mentoring programmes and low-threshold learning formats, such as educational videos, promote the digital and financial skills of female bank customers and support independent use. Digital products such as e-wallets and mobile banking make access easier for women, as they are more compatible with their everyday lives.

Institutional anchoring

Another important aspect for achieving sustainable results is the institutional anchoring of gender aspects within financial intermediaries. Internal gender strategies, the use of gender-disaggregated data and the involvement of (middle) management form the basis for sustainable implementation.

Conclusion

Without specific consideration of gender-specific issues in financial sector projects, women often remain excluded from the progress of financial inclusion. Therefore, the consistent integration of gender aspects, as called for in the BMZ Action Plan, is essential. Digital solutions offer women a new gateway here. However, the targeted development of digital and financial skills is crucial to their use and impact. In addition, self-determined access to financial services requires deliberate support to political measures that remove legal and cultural barriers. Last but not least, the institutional anchoring of gender aspects in the financial sector is crucial for long-term effective and inclusive implementation. ■

[1] Third Development Policy Action Plan on Gender Equality | Federal Government

[2] Unpublished work available to KfW which can be shared if required

[3] Global Findex-Datenbank

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