Plenary 4: Women’s Empowerment through to Access to Finance

Session Synopsis
The potential for women to participate in the private sector and contribute to a nation's economic well-being is well documented, however, in the Solomon Islands over 70% of women remain excluded from the formal financial sector, with this level of disparity common across the entire Pacific region.

Microfinance in the Pacific is generally considered a successful method of supporting poor and disadvantaged families. The success of microfinance in the Pacific is attributed to how it leverages the already strong community ties which characterize the region. On a cultural level, Pacific women have for many years run businesses, accumulated savings and made financial decisions for their households. These skills provide a solid foundation for women to pursue pathways into the formal financial sector, given the opportunity.

**Community Banking**

The inclusive nature of communities and villages in the Pacific provides for a variety of approaches for solidarity banking in the Pacific, which have been adopted in particular by women. The level of group formality and nature of commitments between members vary from country to country and organization.

With group lending, women from a single community form a group in order to meet the requirements of a financial institution. Before a woman applies for a loan, the group will have already completed their own simple risk assessment by only inviting reliable women to join the group. A vigorous loan process follows which involves developing a business plan together with the lending institution. Before the loan is granted it must also be agreed to by the group. After a loan has been granted the financial institution will send staff to visit the client from time to time and conduct assessments on the woman's business. If a member is found to be misusing money it is reported to the group which often results in a speedy correction of inappropriate behavior. This type of group lending has been very successful in the Pacific. The method combines ensuring that members of the group understand their responsibility and role in the financing as well as careful loan analysis and processing by the financial institution.

Women's savings clubs are widespread throughout the Pacific Islands, many having successful results. The common interests of women in communities and inherent skills to save, borrow and make considered decisions lend themselves to savings clubs in locations devoid of transport, electricity, formal education and other infrastructure. Business and broader microfinance education and training is essential to take the next step and build on the foundations created by savings clubs.
Take-up of finance by women has revealed the critical importance of financial products and services designed to meet women’s needs – access and use is greater where products and services are demand-driven. This covers the gamut of financial inclusion - savings, loan and insurance products, account features, fee structures, digital and branchless delivery channels, etc. Another key driver of take-up is trust. Women need to be confident about both the organization/ institution they are banking with, and its products and services.

**Household Empowerment**

It is not only women who become empowered with access to finance, but their entire household. Women are able to borrow for themselves as well as for their husbands which can lead to stronger partnerships. After a woman’s business has become successful, in many cases their husbands have left their current work to work for their wife. The additional income generated through the woman’s business also allows mothers to invest more in their other family members such as paying for education for children or purchasing a car for a relative to become a taxi driver. Women’s empowerment has benefits that extend beyond financial security – it can be infectious, empowering the whole household.

**Challenges**

Financial education is essential for financial inclusion to be truly successful. Teaching women to save for important life events decreases the vulnerability of their loan funds. Financial institutions can teach women savings, budgeting, and how to take out loan products. Once a woman has been educated on what products are available, she can make more informed decisions on what product is right for her. It is also essential that young people have access to business and financial education as this will provide them with important foundational skills that can be applied to give them further advantages later in life.

Market saturation is an increasing risk and challenge requiring both institutions and women clients to constantly seek new markets and business activities in more than one sector.

Research has shown that some rural women do not have the confidence to walk into a bank, as they may feel it is a place that only working class people are welcome. Mobile banking is a potential solution to this and other challenges associated with access; particularly for rural communities. Financial institutions can set up mobile agents who can travel to villages and provide financial education services as well as assist women to open bank accounts.

In some cases regulation and other obligations are limiting commercial and development banks from reaching women in the informal economy and at the lowest sector of the financial pyramid, particularly...
women in rural areas. There are also micro entrepreneurs looking to expand but are not able to access credit because they cannot satisfy the requirements of banks.

**Key Points:**

- **Empowering women through access to finance can be a powerful force for economic development, and there are examples of successful approaches throughout the Pacific that would benefit from documentation and distribution across the region to inspire other women and communities.**

- **Women’s savings clubs are an effective way in the Pacific to increase access to finance and engagement with formal financial institutions. The strong community linkages found within Pacific culture underpins the success of this model. This presents an opportunity for financial institutions to learn how these community linkages can be leveraged to design and deliver products and services that would be particularly beneficial to women.**

- **The impact that access to finance can have on a woman can extend to their family members as well. A successful women entrepreneur will have opportunities to invest in new ways to support their families and improve their living standards. Financial institutions can work with clients understand and realize this potential.**

- **Raising awareness of and providing education about the financial products and services available and potential opportunities this enables, is critical to empowering women in the Pacific.**

- **Mobile and branchless banking innovations continue to provide opportunities for financial institutions to overcome challenges associated with reaching women in rural communities and providing services to new markets.**
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