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Comparative Analysis of the Challenges of Financial Inclusion of Female Street Traders in Asia, Latin America and Sub-Saharan Africa

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Abstract: The current desk-study sought to explore the challenges of financial inclusion of female street traders in Asia, Latin America and Sub-Saharan Africa. The research determined whether or not financial products and services that were on offer were sustainable, affordable and met the needs of female street traders. Archival data and document reviews were used to analyse financial services used by female street traders in the three regions. While new innovations such as mobile money have facilitated payments, the gender gap in financial inclusion was still significant. Meanwhile, many countries in Asia, Latin America and Sub-Saharan Africa have either implemented initiatives or set specific targets to promote financial inclusion including collaboration by regulators at regional and international level, peer review on progress as well as heightened discussions on interoperability and how the various actors in financial inclusion can have a common vision in product design and policy reforms. Female street traders should not only have bank accounts, but should also be in a position to enjoy the ancillary services for the benefit of their businesses and ultimately the economy. There are economic incentives for policymakers in the three regions of Asia, Latin America and Sub-Saharan Africa to take an interest in financial inclusion, as their large informal economies encouraged corruption and made it difficult for governments to collect taxes. Governments should digitise money as it gives them more control, helps taxation to be more efficient and effective and reduces the informal economy. Financial inclusion could be enhanced through financial education of female traders, introduction of agency banking and expansion of mobile money in rural areas. Further research should focus on the adequacy of banking services offered to female entrepreneurs in the informal sector.
Keywords: Financial inclusion, savings account, female street traders.

INTRODUCTION

Global, regional and national-level policy makers are increasingly embracing financial inclusion as priority and key driver of economic growth. Over the years, the scope of financial inclusion has evolved from being mainly confined to owning a bank account and simple savings products, to encompass remittances (payment services), affordable credit, savings, financial counselling and insurance [1]. For financial inclusion to be meaningful, both individuals and businesses must be able to access useful and affordable financial products and services that meet their needs [2]. These must also be delivered in a responsible and sustainable way. Unfortunately, a significant proportion of the world population still remains financially excluded and hence remained trapped in poverty. The role of financial inclusion in poverty alleviation is supported by empirical evidence. For example, Burgess, Pande and Wong [3] cited in Finmark [4] reported that state-led branch expansion into rural unbanked locations and the enforcement of directed bank lending in India led to reduction in poverty through increased bank borrowing among the poor, in particular among low caste and tribal groups.

A contextually relevant definition of financial inclusion is important as it influences and guides the variables to measure and identify the benchmarks against which success and failure are to be measured. The definition should transcend the financial sector and should be the key guide for shaping and formulating appropriate strategies as well as relevant products, taking into account facets that are seen to be in line with the context in which financial inclusion is being considered. The view by the Global Partnership for Financial Inclusion [5] is that financial inclusion should not only provide access to financial services to excluded and underserved populations, but it should promote inclusive economic growth and social justice. As such an inclusive financial system should ensure access to financial services for all in a reliable, convenient, affordable, continuous and flexible manner by focusing on the financially underserved as well as the financially excluded. This is the definition adopted by the current study as it does not only embody the access and quality lenses but it also specifies the targeted population of financial inclusion strategies and comprehensively addresses the different facets of the diverse areas of financial inclusion.

The Alliance for Financial Inclusion (AFI) [6] outlined four commonly used lenses through which financial inclusion can be fashioned, namely, access, quality, usage and welfare. Access is considered as the ability to use the available financial services and products from financial institutions. The number of open accounts across the country considered alongside the population with a bank account can give a basic expression of access. Quality expresses the relevance of the financial services or product to the lifestyle needs of the consumer. It includes the attitudes and opinions the consumers have to the product currently available to them. It also measures the quality of the choices available to the consumer as well as the levels of understanding the choices and their implications. Usage looks at the adoption of financial services particularly with regard to permanence and depth. Of importance are the regularity, frequency and adoption of use over time in addition to the combination of financial products used. Lastly, welfare is taken as the impact a financial service has on the consumer. This is difficult to measure as the role of financial services to people's lives can be mistaken for another important factor.

Chikoko and Mangwendeza [7] state that the objective of financial inclusion is to ensure that products and services, of the organised financial system, should include within its ambit people with low income, particularly those in the informal sector. By providing access to affordable banking services, females in general are likely to use ancillary services such as credit and insurance facilities to start and expand businesses, invest in education or health, manage risk and weather financial shocks, which can improve the overall quality of their lives [2]. Effective and efficient financial inclusion must be aimed at providing access to and promoting usage of quality financial services that range from savings, payments and transfers to credit and insurance. It should bring the "unbanked" into the formal financial system and reasons for exclusion should be reduced as much as possible. Financial access should facilitate day-to-day living, and must assist families and businesses to plan for everything from long-term goals to unexpected emergencies.

King [8] observed that access to formal financial services has the potential to help transform the lives of low-income households through three channels; namely, to smooth consumption, investment in human or productive capital and the management of vulnerabilities. For the poor, financial services are important because they face fluctuating incomes in agricultural and informal sectors and are prone to significant health and institutional shocks. It is estimated that 2.5 billion people are excluded from financial services globally, most of whom live in poverty in middle-income countries and in the poorest countries in the world [9, 8]. Gender affects financial inclusion even after controlling for individual characteristics such as household size, age, education, place of residence, marital status, employment status, income, and level of education, implying that financial services are biased against females [4].

The current desk research on the challenges of financial inclusion of female street traders in Asia, Latin America and Sub-Saharan Africa focused largely on access to products and services offered by financial institutions to female street traders. Banks as providers of payment systems are formally registered, licensed and regulated by central banks. In order for payment systems to be deemed effective, they must be useable making them relevant in improving the welfare of users, in this case female street traders. What are the challenges faced by the banks when providing banking services to female street traders? Do the banking services offered adequately meet the needs of female street traders? The first question was addressed in the current study while the second overarching question would require further research.

Research Questions

- What banking services are used by female street traders in Asia, Latin America and Sub-Saharan Africa?
- How suitable are the banking services or products in Asia, Latin America and Sub-Saharan Africa to the needs of female street traders?
- What factors prohibit female street traders to access financial services in Asia, Latin America and Sub-Saharan Africa?

Research Methodology and Design

The study applied the qualitative approach [10]. Archival data and document reviews were used to analyse the challenges of financial inclusion of female street traders in Asia, Latin America and Sub-Saharan Africa. The research determined whether or not financial products and services that were on offer were sustainable, affordable and met the needs of the female street vendors. By comparing regional experiences among different areas, circumstances and income levels, the desk-study aimed to identify lessons regarding best practices and important innovations that would be useful for other countries.

Conceptual Framework of Financial Inclusion

The study used consumer choice theory to develop a conceptual framework to help identify the challenges of female street traders to financial inclusion in Asia, Latin America and Sub-Saharan Africa. The application of consumer theory to questions of financial access can help provide a conceptual framework for empirical research [8]. In this regard, to highlight the various constraints to and dynamics of financial inclusion, three approaches were considered: demand and supply at the individual and at the national level, and consumer choice theory at the individual level. The usage of financial services is determined by the intersection of the demand and supply curves. As expected, the demand curve for financial services is downward sloping; demand falls as the price of opening or using financial services rises. On the other hand, the supply curve of financial services is upward sloping; supply increases as the price of using financial services rises.

Regional Perspectives of Financial Inclusion of Female Street Traders

In all the three regions covered, street trade was rampant and covered a large section of the informal sector and a source of employment and income for many urban dwellers. Unfortunately, in most of the countries, street vending remained unrecognised and hence unaccounted for in national economic statistics. Instead, street trade was viewed as an underground activity and thus a nuisance that undermined the healthy function of the formal economy. This perception resulted in conflicts with urban authorities over licensing, taxation, site of operation, sanitation and working conditions [11].

There were slight regional and country variations in the goods and services provided by street traders. A common phenomenon was that a majority of the street vendors were women [11, 12] although there was also a large number of men and children. Street vendors traded in numerous products (such as clothing, food, cosmetics, flowers and herbs, motor spares, trinkets and household goods) and provided a variety of services such as transport, shoe polishing, hairdressing, photography, commercial pay phone services, barbering, mechanical repairs, music recording and accessories, security, designing, manufacturing and all types of repair work including garment, shoes, watch and clock repairs among others. Displaying their products on tables, racks, stalls, on bare ground or on their person, street traders operated from a variety of strategic points in cities, such as transport nodes, railway and bus stations, pavements, road junctions, alleyways and any available open urban spaces. People in the informal sector are generally prone to significant health and institutional shocks. Given that street trade bears the face of a woman, what financial services are available to them? What challenges do female street traders encounter in order to access these financial services?

Challenges of Financial Inclusion of Female Street Traders in Asia

Within emerging economies in Asia, the percentage of residents with bank accounts varies widely, from nearly 100 percent in Singapore and the Republic of Korea, to less than 20 percent in Afghanistan, the Kyrgyz Republic, Pakistan and Tajikistan and less than two percent in Turkmenistan [13, 14]. This observation assumes that the financial access of households tends to rise with per capita gross domestic product (GDP). However, huge variations across countries remain, implying that factors other than income—including overall financial development and regulatory, institutional, social, and geographic factors—play important roles. For example, Yoshino and Morgan [14] observed that deposit penetration in Bangladesh is much higher than in Afghanistan or Nepal, despite these countries' similar per capita income levels.

A sizeable section of females in the informal sector in Asia continued to remain excluded from accessing financial services provided by the banking sector. This was despite the fact that countries in the region viewed financial inclusion as a viable business which provided opportunities to channel finances into the formal banking sector. A survey by Women's World Banking [15] showed that Indonesia, Vietnam, the Philippines and Cambodia had less than one third of their female population holding formal bank accounts. In the same countries, between 79 and 97 percent of small to medium enterprises operated by females were unserved, under-served or chose not to access formal financing.

Studies have shown that most street traders remained excluded due to lack of identity documents that were required when opening bank accounts. Financial literacy is also limited as most street traders have low literacy levels, low or no financial literacy and are unaware of banking products and services that they can access [16]. Other major challenges are irregular incomes due to the nature of the business, which is also compounded by frequent removal and evictions from market sites, lack of interest by banks to service this target group as well as the lengthy procedures by banks for opening and in-store transactions.

In India, Ravikumar [17] suggested that there was need to set up brick and mortar bank branches in rural areas in order to reduce financial exclusion. Ravikumar [17] observed that generally the high cost involved in setting up and maintaining branch networks deterred many financial institutions in the region from setting up branches. Prathap [18] suggested the establishment of microfinance institutions as one solution for financial exclusion. These can provide sustainable mechanism to meet some financial needs of some sections of the un-banked poor particularly those who depend on fisheries for their livelihoods.

Yoshino and Morgan [14] classified barriers to financial inclusion in Asia as either supply-side or demand-side. The supply-side barriers reflected limitations on the financial sector's capacity or willingness to extend financial services to poorer households or small to medium enterprises. These barriers can be further subdivided into three categories: market-driven factors, regulatory factors, and infrastructure limitations [14]. Market-driven factors include aspects such as (i) relatively high maintenance costs associated with small deposits or loans, (ii) high costs associated with providing financial services in small towns in rural areas, (iii) a lack of credit data or usable collateral, and (iv) a lack of convenient access points. Yoshino and Morgan [14] observed that the provision of financial services in rural areas can pose particular problems in archipelagic countries, such as Indonesia and the Philippines; this highlights the need to focus on innovative delivery technologies that can break down transport-related barriers. They noted that the lack of credit data and reliable financial records worsens the problem of information asymmetry, which discourages banks from lending to poorer households and SMEs. Regulatory factors include capital adequacy and supervisory rules that may limit the attractiveness of small deposits, loans, or other financial products for financial institutions. Strict requirements regarding the opening of branches or automated teller machines may also decrease the attractiveness of doing so in remote areas. Identification and other documentation requirements are important with respect to know-your-client requirements as well as the monitoring of possible money laundering and terrorist-financing activities; however, these can pose problems for poor households in countries that do not have universal individual identification systems [14]. Regulatory requirements, such as restrictions on foreign ownership and inspection requirements, can also restrict the entry of microfinance institutions. Yoshino and Morgan [14] recommended that regulatory requirements must be calibrated to be commensurate with the systemic financial risks posed by various financial institutions and the trade-off of financial stability with greater financial inclusion. Infrastructure-related barriers include (i) a lack of access to secure and reliable payments and settlement systems, (ii) the limited availability of either fixed or mobile telephone communications, and (iii) the limited availability of convenient transport to bank branches or automated teller machines (ATMs). The demand-side barriers to financial inclusion include a lack of funds, lack of knowledge of financial products (that is, financial literacy) and lack of trust. Yoshino and Morgan [14] noted that lack of trust can be a significant problem when countries do not have (i) well-functioning supervision or regulation of financial institutions, (ii) consumer protection programmes requiring adequate disclosure, (iii) collection procedure regulations, or (iv) dispute resolution systems.

Challenges of Financial Inclusion of Female Street Traders in Latin America

According to the United Nations Development Programme, Latin America is the continent with the most inequality in the world. But could having access to financial services, such as a bank account, credit and budgeting advice, help empower those at the bottom of the pyramid? According to Banning-Lover [6] citing the World Bank, stated that 60 million people gained access to such services in Latin America although 200 million people remained unbanked making universal access to financial services by 2020 rather ambitious.

In a study on financial inclusion in Latin America focusing on Bogota in Colombia, Mexico City and several Brazilian cities, Solo [19] found out that 65-80 percent of the urban population were unbanked. In addition all the unbanked people showed other characteristics of marginality including lower incomes and lower educational levels than the population at large and higher representation among minority and immigrant population groups, and among those dependent on the informal sector and living in informal settlements. The study noted that the primary reasons given for not using banks or formal sector institutions were insufficient resources, high initial deposits, minimum balances and stringent documentation requirements, high maintenance costs for savings and mistrust of or discomfort with banking institutions. According to Solo [19], access to financial services was limited by banking costs not by poverty.

Often females, particularly the poor in Latin America have faced challenges in having basic transactional accounts. Generally, they prefer to store their money as cash as access is much easier. Loans are usually accessed from personal networks or loan sharks (Consultative Group to Assist the Poor (CGAP) [20]. Martínez Dibarboure cited in Banning-Lover [6] said that those on the edges of the financial system were distrustful of banks, which was holding back usage in Uruguay. But would building trust with the poor be enough? Any new affordable financial service offered to low-income families must come with the right financial education and the product or programme's consequences anticipated. Banning-Lover [6] noted that the government of Brazil implemented a government subsidies scheme in 1995 in order to improve uptake of financial products by the poor with limited success. Instead, alcoholism increased in men as they no longer needed to give money to their wives. Meanwhile, when the women got government pension directly they got into debt as they were not taught how to manage money and tended to draw it out all at once. In Peru, financial education is taught at primary school level. However, some financial products are just too easily available in Latin America especially credit cards which could be obtained at the bottom of cornflake boxes in Guatemala.

A common problem in Latin America was that some of the financial products provided did not match up to customers' needs because many of the things financial institutions did were supply driven. Thus there was need for consumers to lead the design process of the products targeted at them. For example, Banning-Lover [6] observed that for most women, their dream was to be financially independent from their husbands. CGAP [20] however noted that providers of financial services in Latin America targeted males more than females. This was mainly because social norms did not expect females to have financial independence, more so those in the informal sector. In some instances they did not have access to transport and depend on their spouses in order for them to reach banks. CGAP [20] refers to a study by Harvard University which shows that females do not have the independence to control their bank accounts. They divert funds meant for their business enterprises to businesses run by men in their households.

Although a number of service providers including the retail sector have interest in financial inclusion growing as shops offer 21st century services, potential customers were left behind as they could not make payments online unless they had a debit or credit card. Another area of concern that had a huge bearing on people's ability to gain access to financial services in Latin America was the lack of proper identification document(s). Banning-Lover [6] pointed out that undocumented people were unable to register at banks, leaving them financially reliant on family or loan sharks.

Challenges of Financial Inclusion of Female Street Traders in Sub-Saharan Africa

In Sub-Saharan Africa only 24 percent of adults have a bank account even though Africa's formal financial sector has grown in recent years [21]. Honohan and King [22] cited in King [8] estimated that approximately 80 percent (300 million people) of the population of eleven (11) Sub-Saharan African countries do not have a formal bank account, and as a result they are deemed 'financially excluded'. Small scale farmers, small scale enterprises, females, the self-employed, unemployed and pensioners remain excluded from the opportunities and services provided by the formal financial sector. This, is despite the geographical and functional reach of most commercial banks and microfinance institutions in the region. In Africa, women's contribution to economic development has been severely constrained by access to finance. According to Kamau and Routman [23], women have difficulties accessing finance for various reasons: poverty, limited employment in the formal sector, and cultural barriers to land and property ownership. As data revealed, only three percent of land in Kenya, one percent in Tanzania, 20 percent in Zimbabwe was owned by women. Their limited ownership created serious obstacles to accessing capital from banks and other financial institutions, which usually required collateral for the loans in the form of title deeds, property and land [23].

In Southern Africa Development Community region, Finmark Trust [4] found out that the gender gap in bank account ownership was highest in Botswana, Swaziland and Mauritius, while South Africa was the only country with a positive gender gap, that is, women being more financially included than men. This was mainly driven by women receiving social grants through South African Social Security Agency (SASSA) card. The study found that the gap in account usage was wider than account ownership. For example, in Malawi the gap in bank account usage was 19 percent while the gap in access to bank account was only eight percent. Not surprisingly, despite the higher proportion of females being banked in South Africa, it was actually males that used accounts more than females. Most bank accounts owned by females in South Africa were either dormant or mailbox accounts. The gender gap in access to bank credit was bigger even in countries where the level of access was the highest. Instead more females used someone else's account. The usage of someone else's account was the highest among females in Zambia, Tanzania and Swaziland – countries with the lowest bank penetration and vice-versa, with the exception of Mauritius and the Democratic Republic of Congo. According to Finmark Trust [4], more females cited lack of money as the primary reason for not having a bank account. For instance, 88 percent of females cited lack of money as the top most important reason for not having a bank account in Botswana compared to only 56 percent of males. Other factors that acted as barriers against account ownership by females included remoteness of bank branches, low levels of financial literacy, failure to maintain minimum balance for opening a bank account, and women were less involved in household financial decision making, lack of understanding about how banks operated and more females preferred informal financial services providers to banks.

The Southern Africa Development Community (SADC) Council of Ministers approved the SADC Strategy on Financial Inclusion and SME Access to Finance in 2016. The overall goal is to improve level of access to affordable and appropriate levels from 69 percent in 2014 to 90 percent by 2020. According to the Access Strand [4] 35 percent of females in SADC have formal bank accounts compared to 41 percent of males. The report further states that 18 percent of females compared to 19 percent of males have other formal non-bank accounts, 12 percent of females compared to 10 percent of males have informal savings accounts and 35 percent of females compared to 30 percent of males are excluded.

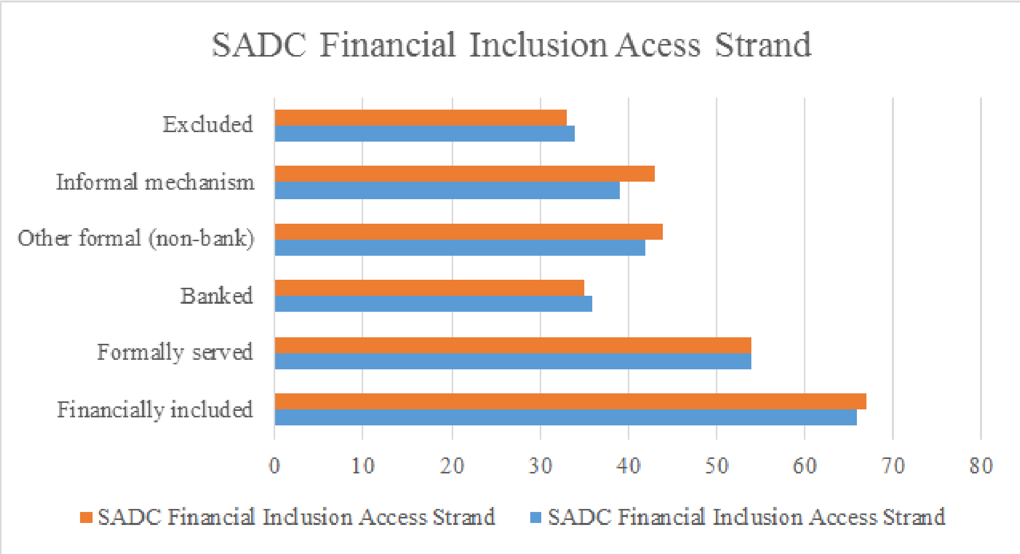

Fig-1: Percentage of financial inclusion by gender in SADC
Source: FinScope Policy Papers (2017) [24]

As depicted in Figure 1, the number of people in SADC that were financially excluded decreased from 34 percent in 2015 to 33 percent in 2017. The number of those using informal banking services such as savings clubs increased from 39 percent in 2015 to 43 percent in 2017. The number of people who are financially included increased by one percentage point from 66 percent in 2015 to 67 percent in 2017. Tanzania leads the Sub-Saharan Africa region in financial inclusion. An enabler to financial inclusion is usage of mobile phones for financial transactions. In Tanzania, holders of mobile phone accounts exceed 30 percent of the adult population. During the third quarter of 2011, Tanzania had a mobile phone penetration of 49 percent [20]. A survey of savings groups in Arusha, Tanzania showed that community based savings groups provided females an opportunity to save weekly and take loans as needed.

Financial systems play a critical role in developing economic structures and infrastructure that promote financial inclusion. In this regard, many African countries need to increase availability of financial products and services at low cost to allow low income earners to positively participate in the continent's economic growth [25]. The major challenge to interpret and compare data on financial inclusion as well as its measurement focus on the demand-side and not on the supply-side. There is therefore need to balance the two in order to get a comprehensive picture of the financial inclusion landscape and how to engineer positive impact to economic development. In eastern and southern Africa available showed that there was low penetration of banking that demonstrated the underlying need to promote financial inclusion programmes particularly for female street traders. Governments in the region had made efforts to identify land, construct official working sites and relocate vendors to the government approved sites. However despite all these efforts, financial inclusion was still a challenge. Eligibility to be banked was low in almost all the countries in these regions, as most females did not have identity documents and thus could not meet regulators' Know Your Customer requirements. Other challenges included low literacy levels, low income which did not warrant having a bank account, lack of collateral, limited or no time to manage an account and visit a bank as well as mobility constraints since most banks are located in central business districts. Also of great concern were cultural constraints that did not give females the independence to own a bank account and an overall lack of gender parity in relation to access to banking services.

Approaches towards Inclusive Financial Services

While the reasons for financial exclusion are many, studies have also shown that the strategies to reduce financial exclusion are also diverse. The drive towards financial inclusion requires strategic policies that match customer needs and expectations while at the same time ensuring bank management principles of safety and soundness are maintained. Chitokwindo, Mago and Hofisi [26] state that greater financial inclusion can impact the behaviour of firms and consumers and in turn influence the effectiveness of a country's monetary policy. They further state that a country's financial stability is dependent on how a country improves financial access for its citizenry. Yoshino and Morgan [14] concur and state that financial inclusion strategies can be implemented at the national level by central banks, financial regulatory agencies, private institutions and nongovernment organizations. They observed that in Asia, Indonesia, the Philippines, and Thailand were relatively advanced in developing broad national strategies for financial inclusion while efforts to promote SMEs in Thailand were organized through the SMEs Promotion Master Plan. Financial inclusion strategies encompass the following broad areas: (i) the promotion of inclusion-oriented financial institutions (for example, microfinance institutions, state-owned banks, post offices offering financial services, credit cooperatives and community organizations), (ii) subsidized funding, (for example, Palli Karma Sahayak Foundation for Micro Finance Institutions (MFIs) to support SMEs in Bangladesh and Micro Units Development and Refinance Agency Bank in India), (iii) the development of innovative products and services, (for example, micro-deposits, microloans, Taka 10 bank accounts for farmers, school banking programmes in Bangladesh and micro-deposits, microloans and micro-insurance products; agents for insurance, e-money and payments in Philippines), (iv) the development of innovative delivery technologies, (for example, telephone banking, e-money in Philippines, Thailand, Indonesia and India; mobile phone banking in Bangladesh and telephone banking via point-of-sale terminals, e-remittance services in Sri Lanka), and (v) the development of innovative systems to enhance access to credit (for example, loan guarantee programmes in Thailand and stock exchange platforms for SMEs, credit bureaus, credit guarantee programmes in India) [14]. Meanwhile, some developed countries such as United Kingdom and Germany have used all these strategies except subsidised funding.

Despite the various impediments to accessing financial services, women in Africa especially street traders were able to overcome these problems by forming voluntary groups where they mobilised savings and collectively invested to improve their livelihoods. That is, women grouped themselves into informal savings clubs, popularly known as “chamas” in Kenya, “osusus” in Nigeria, “susus” in Ghana, “round” in Zimbabwe or “Ekub” in Eritrea and Ethiopia. In Kenya the voluntary savings clubs mobilised approximately US$600 million and it was estimated that nearly one out of every two women in Kenya were members [23]. The structure of these groups is fairly straightforward. Generally, a small group of women form the group based on family ties, friendships or work relationships. They make an informal arrangement whereby each person contributes a certain amount of money into a common pool. This sum is then distributed to one person in the group who uses it for her own individual purposes. After a period of time (which could be daily, weekly or monthly), the group meets again and the process is repeated with a different individual taking the role as the beneficiary. Eventually, each member is a recipient of the pot and the process begins anew, giving the groups the common analogy to a “merry-go-round.” Other variants of this model have loaned the pooled money to borrowers for interest or invested in businesses, property or stock—the proceeds from which are shared between members [23]. The voluntary savings clubs have transformed individual women’s lives including owning real estate property, farm land, or financial investments— that would have been simply unattainable without such clubs. Some banks have accordingly begun to take note of the phenomenon, offering savings clubs accounts with preferential interest rates on both deposits and loans. As a consequence, it has become much more lucrative to save and borrow as a group than as an individual.

With respect to digital financial service provision, the East Africa Community comprising Kenya, Rwanda, Uganda and Tanzania have progressed markedly as stated by Lewis, Villasenor and West [27]. These countries have developed national financial inclusion strategies that dove tail into their common monetary area. In 2015 mobile financial service providers in Kenya and Rwanda partnered to offer inter linked mobile money transactions. This enhanced financial inclusion by facilitating international transfers. In Rwanda, financial exclusion among adults declined about 17 percentage points driven by a significant increase in the number of adults who use a product or service from a formal financial institution.

CONCLUSION AND RECOMMENDATIONS

Empirical studies have shown that generally women in Asia, Latin America and Sub-Saharan Africa remain excluded from equal access to social and economic capital such as employment, political, financial and social/legal services. Thus, the heightened interest in financial inclusion is not misplaced, as inclusive growth and development have become permanent items on global policy agenda. Financial exclusion was still widespread in the three regions of Asia, Latin America and Sub-Saharan Africa especially among females in the informal sector such as female street traders. The barriers to financial inclusion were classified as either supply-side or demand-side and were varied across the three regions. As research continues, challenges and opportunities in financial inclusion must be addressed through shared policy options that ensure financial products and services are easily accessible and affordable for the poor. National and regional financial inclusion goals should also be a coherent part of national and regional economic development strategies. This is particularly so in an environment where there is a clarion call for regional integration.

Meanwhile, many countries in Asia, Latin America and Sub-Saharan Africa have either implemented initiatives or set specific targets to promote financial inclusion. Some of the approaches adopted included collaboration by regulators at regional and international level, peer review on progress as well as heightened discussions on interoperability and how the various actors in financial inclusion can have a common vision in product design and policy reforms. There is need for a paradigm shift by both service providers of financial products and the target market if financial inclusion is to have the positive impact on an economy. Female street traders should not only have bank accounts, but should also be in a position to enjoy the ancillary services for the benefit of their businesses and ultimately the economy. That is, just giving people access to financial services was not enough. Financial institutions should talk about usage and providing services of the right quality where providers look out for their customers.

There are economic incentives for policymakers in the three regions of Asia, Latin America and Sub-Saharan Africa to take an interest in financial inclusion, as their large informal economies encouraged corruption and made it difficult for governments to collect taxes. Governments should digitise money as it gives them more control, helps taxation to be more efficient and effective and reduces the informal economy. Another strategy is to put a tax on cash transactions. Future research should focus on how the banking services offered adequately meet the needs of female street traders and how these traders were coping with financial exclusion.

Recommendations emanating from the review include the following:

- Governments should promote financial literacy through financial education of female traders so that they understand the language used by banks, benefits of owning a bank account, and how to apply for it.
- Banks should introduce agency banking and mobile money in rural areas in order to help females in rural areas that are excluded from owning a bank account due to remoteness of bank branches.
- Governments and central banks should strengthen informal financial service providers including registered microfinance institutions to expand the outreach of financial services to females in rural areas. While the informal sector supports female access to financial services, there are always the risks of exploitation and safety nets that need to be provided through appropriate consumer protection measures.
- Governments and aid organizations should promote income generating capability of women in order to improve financial inclusion and address gender disparity in economic activities.
- Governments should promote the development of innovative products and services, such as micro deposits, microloans, and micro insurance products; agents for insurance, e-money and mobile payments.

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