



# **Remittances and Gender Linking Remittances to Asset Building Products for Microfinance Clients**

**June 30, 2005**

Multilateral Investment Fund Inter-American Development Bank  
International Forum on Remittances 2005



# Agenda

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- **Introduction**
- **Barriers that women face to access banking services**
- **Intra-household resource allocation and the capacity of low income women to grow their businesses**
  - **The case of the Dominican Republic**
- **Linking remittances to asset building products**

# Women's World Banking Network

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## **WWB's Mission**

To have a major impact on expanding the economic assets, participation and power of low income women as entrepreneurs and economic agents by opening their access to finance, knowledge and markets.

## **How Does WWB Work?**

Supports affiliates and associates by providing tailored, integrated services in four areas:

**Technical Services** - to help strong microfinance institutions build strategy; strengthen their organization and operations; and design and implement new products and processes.

**Financial Products and Services** - to help eligible core network members mobilize commercial resources and achieve integration into financial markets.

**Policy Change Initiatives** - aimed at transforming financial systems to benefit the poor.

**Linkages and Learning Services** - exchanges among network members to transfer knowledge and to reinforce WWB's mission, vision and values.

# Why is Market Research Important for WWB?

- To understand what clients want and need.
- To analyze data which feeds into product design.
- To understand gender relations, intra household resource allocations and the implications to microfinance.



## Constraints that Women may Encounter in Accessing Financial Services Globally

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➤ Westpac Bank is the third largest of the four major banks in Australia and the largest in New Zealand

➤ In the early 90s Westpac undertook a major cultural shift to **position itself as the Bank of Choice for Women:**

- **Hired women for management position,**
- **did research of women in business and**
- **developed a strategy to service women clients.**

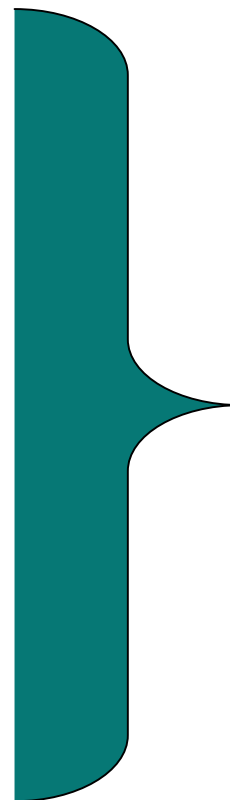
➤ Research done in Australia in the mid 90s showed that:

- The banking industry in particular was predominantly male dominated.
- 40% of the Australian business women felt bank discriminated against them on the basis of gender.
- Banking staff perception of women's role in society supported an entrenched culture of discrimination purely based on gender:

*"Women are too emotional to make financial decisions,"*

*"Women have smaller brains,"*

*"Women aren't really serious about career and business,"*

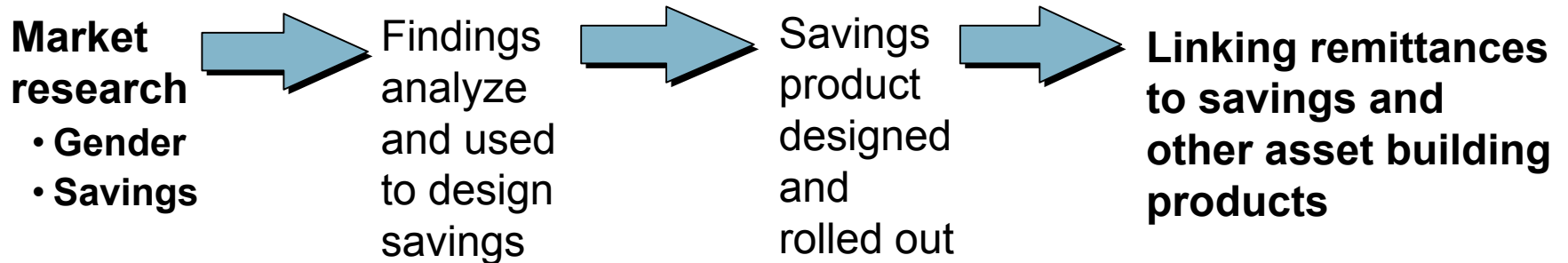


The Westpac Women in Business programs have generated significant business and reputation value to the bank. Three years into the program **directly tractable results from the Women in business program totaled over half a billion dollars.**

# The Case of ADOPEM

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ADOPEM the MFI wanted to become a bank and offer savings to its clients. It wanted to continue serving the same market segments and ensure that there was no mission drift.



## Gender Identity/ Roles and Responsibilities

	What Does it Mean to be a Man?	What Does it Mean to be a Woman?
<b>The 'model'</b>	<b>To be head of the family</b> <b>To be the authority figure</b> <b>To provide</b> <b>To be 'machista'</b>	<b>Mother</b> <b>Wife</b> <b>Does housework</b> <b>Subject to husband's decisions</b> <b>Financial managers</b> <b>Generates income</b>
<b>The Reality</b>	<b>Men limit expenditures to food and housing</b>	<b>The above and...</b> <b>To take care of and financially support the elderly</b> <b>To worry about the future</b> <b>To take care of family's health</b> <b>To carry out multiple tasks</b>

### Changing Gender Identities

***“Now women can claim their rights and try to get ahead like men, before it was only men who could move ahead, because women didn't have the right to do anything, not study, have a business, work, nothing, and now women have the same rights as men and we can claim our rights, and our place anywhere, we have businesses, we work we don't look for our money.”*** (GF/MB-5, pages 2-3)

Both men and women acknowledge that:

**Whoever generates the income decides how it will be spent and equate that with power. And.....**

**Development of women-owned businesses has contributed to women having more rights, and greater independence to plan their own lives.**

- *“That money is power is a truism, he who has nothing is worth nothing, **when you have money you have power over yourself**, so if you apply that to the house, you know that there will be a problem, for example, when a woman comes home and you say look love I want you to do this, she says I don’t want to, get someone else to do it for you and she doesn’t do it.” (Man)*
- *“I sell products, I make business and if tomorrow I need to renew my visa and go to Donaire to get products, he cannot tell me that I can’t go because it’s my money.” (Woman)*
- *“I’ve seen a very distinct liberation. Women now are not like women before. They don’t put up with it. Women before, like my mother, they had to do lots of things for men, they worked like mules.” (Man)*



- **Men recognize that women save more than they do. By and large, interviewees said that women save and men don't..**
  - *“Yes, they're very good savers (women), my wife, she doesn't work but she doesn't waste anything.” (Man)*
- **In order to protect savings, women often hide them from their husband.**
- **SANES (used mainly by women) are a convenient and flexible mechanism for saving small amounts of money for multiple purposes – school fees, purchase of household goods, goods for the business, to pay a loan and for home improvement.**
- **Most women stretch the money for basic necessities as best they can, or overestimate how much they need for food, which allows them to save what is left over**
  - *“Here women go to the Colmado..ah! and when they come to pay they'll say tell Juan we owe 150 and they only owe 40 so there'll be 110 difference. So he comes in, how much does she owe you, she owes 150, and then he brings me 150, and since what's mine is 40, she gets 110.” (Man)*
- **Men who save most likely save in banks for specific purposes such as another business or a car.**

The qualitative research indicated clear product attributes that women value.....

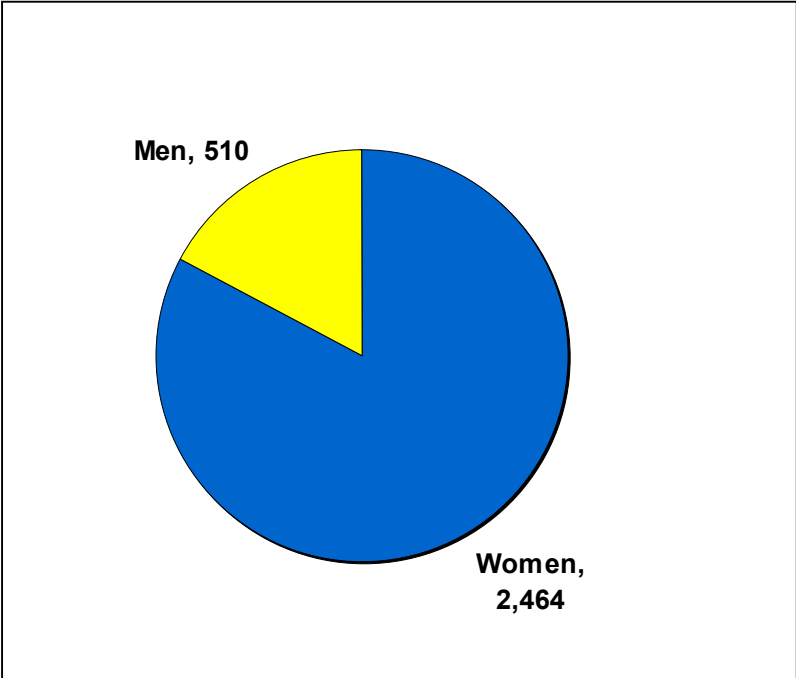
- **Privacy—passbook accounts do not show account balance**
- **Goal oriented—proof that this is major motivator**
- **Convenient— distance to go deposit or home collection.**
- **Affordable installments— daily savings.**
- **Incentive system—e.g. ‘matched savings accounts’; down payment for housing loans**
- **Marketing—target women, their aspirations, ‘benefits’ of product, element of lottery (SAN)**

# Banco de Ahorro y Crédito ADOPEM, S.A.

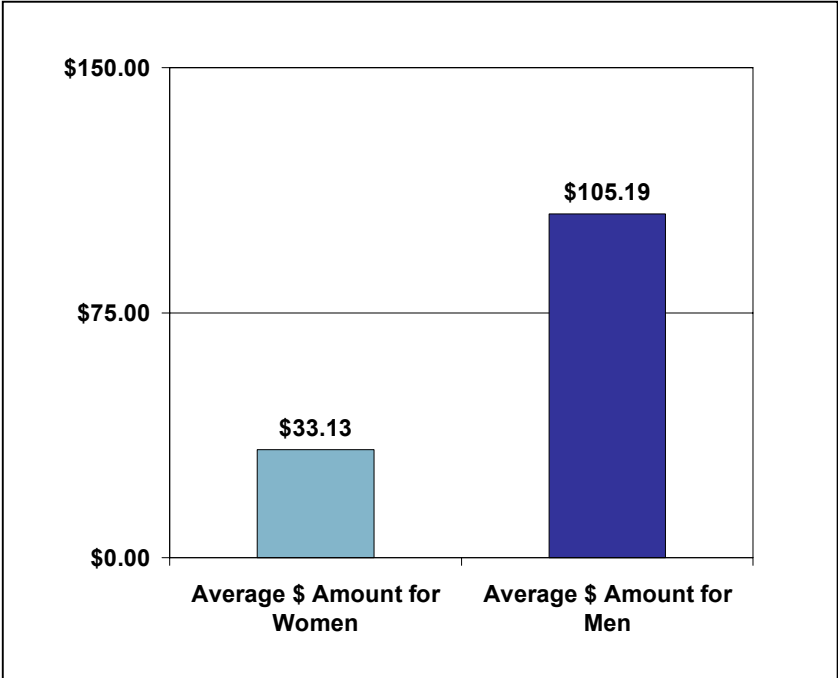
## Savings Accounts as of May 2005

***More women than men have passbook savings accounts but their average savings is lower than men's.***

**Number of Passbook Accounts**




**Average Dollar Amount in Passbook Accounts**



- **The majority of interviewees stated that men were simply responsible for “las compras” (food) and “vivienda” (rent)**
  - *“It’s okay because they have food, it’s your responsibility, your commitment, the family has its food, it’s yours and they aren’t wanting.” (Man)*
- **Women, in their roles as mothers and household managers, are responsible for all other expenses such as clothing, education, health, furniture and recreation.**
- **Different spending preferences in bigger asset categories (washing machines, music systems, cars.)**
  - *“I need a washer at my house, and he thinks I can do washing by hand, or if he says to me, do you think we can buy a radio, I tell him, well, honey, I’m sorry you miss having your radio, but I miss having a washer, because if I have a washer, I can wash, cook, but all the radio does for me is play music, but the washer would help me.” (Woman)*
  - *“There are two basic things that they call walking on your feet and without a house. Someone who walks here is worse than a dog with one leg. You have to be mobile. You have to have at least a bicycle and four sticks to put a tent to call your own.” (Man)*
- **Men often consider that they have the right to have several partners, which frequently results in their having economic responsibility for more than one family.**

# Main Lifecycle Events That Women Save For....

Financial Pressure	Range	Lifecycle Events	Average *
 <p><i>Maximum</i></p> <p><i>Minimum</i></p>	1	Housing	5.2
	2	Education	4.8
	3	Sickness/Health	4.6
	4	Death	4.2
	5	Security for old age	2.6
	6	Purchase car	2.0
	7	Children's wedding/help them get set up in their own home	1.6
	8	Celebrations	1.2
	9	Give birth	1.2
	10	Start business	1.0
	11	Vacations	0.8
	12	Get married	0.6
	13	Obligation to support parents (elderly)	0.6
	14	Buying household goods	0.4

## Gendered Investment Patterns

- Although both male and female interviewees said that they give priority to investing in housing and in educating their children, women tended to place more emphasis on these investments than men (due to their role)
  - *In this country you have a child and you raise this child... Now the child has an obligation to take care of you, as poor people we base the future on our children, we say that a person with no children is like a tree without fruit.....” (Man)*
- Property is the main investment vehicle for both men and women. This is used to generate rental income now and in the future (e.g. financing old age)

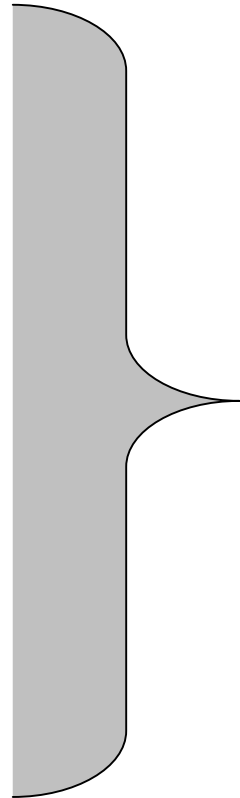
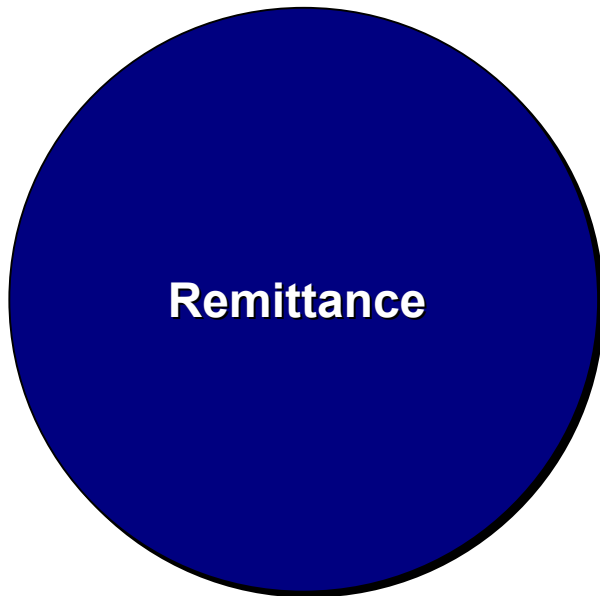


*“My business is still small and I haven’t expanded it because of the construction of the house.” (woman)*

## The Road Ahead .....

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ADOPEM Bank is designing a strategy to link remittance to asset building products for its clients. Potential products include:



Programmed savings for housing

Programmed savings for school fees

Programmed savings to invest in business in the DR - package will include business training, market research, business plan, and linkages with similar businesses.

Loans for housing paid by monthly remittances

Health Insurance payments for relatives in the recipient country

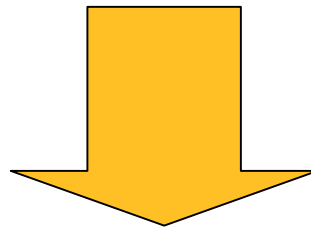
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**Thank you**



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# ***Back Up***



## Microfinance Product/service delivery mechanisms that Contribute to both Women's Living Conditions and Position in Society

Through qualitative research there are indications that access to microfinance contributes to improve the living conditions of low income women as well as their subordinate roles .

Product Design	Impact on Women's Living Conditions	Impact on Women's Position in Society
Working capital loan	Capital for income generation	Changes the perception of women in the household In some societies, enables women to enter 'productive sphere' for first time
Loans for household fixed assets ( gas cookers, refrigerator etc.)	Reduces time spent per day collecting firewood	May change the perception of the woman in the household
Housing loans	Regular loan: Accommodation, asset building	Loan + property title: Transforms power relations inside household.
Group meetings	Efficiently run meetings frees women up to do other things	Maximize use of time at meetings: Build social capital, information on health, gender awareness

# Linking Remittances to Asset Building Products

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## Remittances and Savings



Equity Building Limited in Kenya ( EBL) has linked to savings products to remittances:

Jijenge, which means *Realize Your Dream*, is a contractual savings product targeting Kenyans living overseas who send a portion of the remittances to the savings account in order to build or purchase a house.

Ordinary savings account which is where most remittance recipients save a portion of their remittances. Eighty percent of remittance recipients retain a portion of their remittances in savings.

## Remittances and Financial Literacy



Remittance services in six rural villages of Tamil Nadu, one of the largest receivers of remittances in India.

Established kiosks and ATMs in the villages as well as online chat systems for villagers to inform remittance senders of ICICI services.

ICICI was able to influence remittance withdrawals from one lump sum at the beginning, to several smaller amounts throughout the month leaving more funds in client's account for a longer time.

- ❑ **However, liberating oneself from gender stereotypes is not much easier than escaping from poverty. Many interviewees noted that women's increasing financial contribution has been met with a reduction in financial contribution from men.**
  - *“When women begin to work, men begin to step to the side, to get rid of some responsibilities.” (Woman)*
  - *“Both have responsibility but sometimes here in Santo Domingo the men lean on the woman if she is working and if he doesn't have good work, he gets comfortable there, he'll lie beside the woman and so the woman has to bear all of the burden. (Woman)*

# Success Factors: Changing Gender Roles

- ❑ **There have been modest changes in attitudes and behavior regarding ‘non-market’ activities. A few interviewees said that either their boy children or their husbands help out.**
- ❑ **And there is greater awareness that gender roles are learned behavior and that they can bring about change by educating their sons and daughters differently.**
  - *“I’ve always thought men are like that because of how they’re brought up, because there are women who didn’t want to make their sons do housework, they’d say no son of mine is going to be a sissy, and the men themselves don’t want to do it, not for anything in the world, much less have their boys doing it, I think that things are changing now, I tell them you have to do housework because after you have a wife you have to help her.” (Woman)*
  - *“Because men are educated for that, as they say from the street, at my house I have a problem or I had one, but I worked it out. I have a daughter and a son and I had my son cleaning the bathroom, and the husband got angry and said that it wasn’t boy’s work, that it was women’s work or girl’s work, and I said no, there’s no women’s work or men’s work here, it’s everybody’s work, that’s what I said and it was very hard for me. I’m not going to fight with him, I have to accept him the way he is. Its not true that they are willing to mop the floor, wash the clothes, if they have to do it out of need perhaps they do it.” (Woman)*

# Triple Burden


- ❑ **Just as research has shown in other countries, men generally have not met the increase in women's 'market' activities with an increase in their 'non-market' activities such as housework and child minding.**
  - *"The question of domestic things, the boys (kids) don't like. I don't like it either, sometimes the wife makes them do things (chores), I don't say anything but I don't like it, a man is not for that." (Man)*
  - *"For a man, a woman never gets tired, because if he sees her sitting he believes that she doesn't have anything to do." (Woman)*
  
- ❑ **All women and most men interviewed acknowledged that women work more than men.**
  - *"Besides being a housewife, I am a business woman, a wife, a domestic worker, it is difficult and I coordinate the hours, a lot of work, because that's all, also have to change the baby, and make the food, its all work, and the child is also waiting here for me, the husband is over there, telling me to bring him his food." (Woman)*
  - *"We (men) are the ones who look for food, and woman, they work more than men, they work much more, triple what we do." (Man)*

## Implications

## Other products/services that tackle both practical and/or strategic gender needs

Product Design	Practical Needs	Strategic Needs
Business development services	Improve competitive position	Only if promote entry into higher value added sub-sectors
Access to childcare	Frees up time to devote to other activities	None, unless male partner takes up responsibility
Health insurance	Less likely to die in labor, of cancer etc.	?
Financial literacy	Women can make better decisions/ choices	?

# Economic Participation and Power of Poor Women

Level	Sphere			
<p data-bbox="97 411 386 508"><b>Decision-making power</b></p>  <p data-bbox="97 1143 338 1240"><b>Beneficiary/recipient</b></p>	Household	MFI	Community	National
	Decision making <b>power</b> on use of resources in the household	Decision making <b>power</b> at the institutional level	Decision making <b>power</b> on where and how resources are utilized in community dev.	Bargaining <b>power</b> to influence national economic policy and laws
	Generate income	Consultation (market research)	Participates in community meetings and project implementation	Vote
	Allowance from husband/ family	Access to services	Volunteer time and effort	Workers contributing to GDP