

Michael Gondwe: Women's access to financial services in Zambia

Opening remarks by Dr Michael Gondwe, Governor of the Bank of Zambia, at the "Women's Access to Financial Services in Zambia – Dissemination and Consultation Conference", Lusaka, 24 June 2014.

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- Permanent Secretary, Ministry of Finance;
- Permanent Secretary, Ministry of Gender and Child Development
- Permanent Secretary, Ministry of Commerce
- Bank of Zambia Board Members
- Your Excellences, High Commissioners and Ambassadors to Zambia present;
- The United Nations Development Programme Country Director, Ms Viola Morgan;
- The African Development Bank Country Representatives; Dr Freddie Kwesiga;
- Representatives from the International labour Organisation (ILO);
- Deputy Governor Administration, Bank of Zambia Dr. Tukiya Kankasa-Mabula
- New Faces, New Voices Representative, Ms Nomsa Daniels
- Chairpersons of the Boards of Commercial Banks,
- Chief Executive Officers of Banks and Other Organisations;
- Senior Staff and Colleagues from Bank of Zambia;
- Members of the Press;
- Distinguished Guests, Ladies and Gentlemen.

It is my honour and privilege to welcome you all to this conference on Women's Financial Inclusion in Zambia. May I extend a special welcome to delegates that have come from abroad. I wish you a good stay and hope you will have time to visit the various places of interest and sample the food that Lusaka offers.

Ladies and Gentlemen, the Conference is a dissemination and consultation forum aimed at presenting and reviewing the findings of a study on "**Women's Access to Financial Services in Zambia**". This conference is therefore a platform for reflection and consultation among various stakeholders present here today.

Bank of Zambia recognises that an insight into the Women's Access to Financial Services is critical to overcoming existing barriers to financial inclusion and devising appropriate strategies for empowering the women to realise their full economic potential and contribute to as well as benefit from the economic growth that the country is enjoying. It is in this regard that the Bank of Zambia commissioned the study on "**Women's Access to Financial Services in Zambia**". I invited New Faces New Voices to replicate the study on "Women's Access to Financial Services in Mozambique" that was conducted for the Central Bank of Mozambique in 2013.

Ladies and Gentlemen, Specifically, the study is expected to provide in depth understanding on the following two perspectives:

1. Understanding gender perspectives on usage of financial services; levels and trends, sources of finance; formal, semi-formal and informal, financial products provided; credit, savings, insurance, remittances, mobile banking and other financial products and services. The regional distribution; rural versus urban and the awareness versus

understanding and perceptions of access to finance, the constraints, opportunities for financial education, financial decision making process, and household dynamics that confront women.

2. Understanding the types of financial products and services available in terms of; – the types of providers, the services which are regularly or less frequently used, services which are paid for and for how much, and challenges in accessing the financial products and services.

As Bank of Zambia, we believe that this study will also contribute to the documentation of information relating to financial inclusion. The information is important to aid in policy formulation by the government and potentially inform business strategy of financial service providers to reach out to the un-banked citizens. We encourage other stakeholders to contribute to this necessary body of knowledge in our financial sector.

Financial inclusion for the majority of our people, especially women, is a corner stone of our financial sector development. The Honourable Minister of Finance in his 2014 National Budget address, set the stage by emphasising the need to accelerate broad based growth, diversification of the economy and the entrenchment of social justice so that all Zambians, rural or urban, male or female, young or old and including the differently abled, benefit from and contribute to national development.

Ladies and Gentlemen, it has been reported at various fora that our women continue to face challenges in accessing financial products and services. These barriers range from cultural, legal, financial and sometimes religious discrimination among others. However, access to finance and financial services in general, has in the recent past been cited as a major challenge to the participation of women in economic development. As you are aware, finance can be looked at as the oil that lubricates smooth economic growth and therefore any impediments to accessing this important resource has an adverse impact on the country's economic growth prospects. The Study and this Conference have come at an opportune time when we are focusing on enabling all Zambians to be empowered financially and ultimately economically so that we reduce the high levels of poverty in the country. I have no doubt that the findings of the study, will stimulate profound discussions which will shape the efforts going forward on financial inclusion and promulgate the financial inclusion agenda to all Zambians.

Distinguished Guests, Ladies and Gentlemen, It will, however, take deliberate policies and long-term commitment from all stakeholders beyond the study for us to ensure financial inclusion of women. It will further require constant review of the policies, re-assessment of priorities, and adequate financial resources to effectively implement interventions to promote women's access to finance. This entails integration of gender-specific perspectives at the design stage of policies and programmes to provide for inclusion of clauses more equitable access to financial assets and services by women.

In the past few decades, the state of the financial sector in Zambia has been characterised by low financial intermediation that witnessed limited access to financial services particularly for the rural population and the low-to-middle income earners, high cost of funds and underdeveloped money and capital markets. However, the improvement in the macro-economic environment and positive economic growth has resulted in great strides in the development of the financial services and financial sector in general.

The Government of the Republic of Zambia through the Ministry of Finance and Bank of Zambia has been putting in place measures to maintain a stable macroeconomic environment which have resulted in low inflation and a decline in interest rates in recent years. Except for the volatility of the Kwacha exchange rate against other currencies experienced in recent months, the exchange rate has been fairly stable over the years. We remain confident that the economy is on a robust footing and the end year inflation target of 6.5 per cent is attainable. The Bank of Zambia will continue to be vigilant and take appropriate measures to support the stability in the macroeconomic environment.

Ladies and Gentlemen, the strong economic performance has culminated in growth in both the number of financial services providers and the financial products in the country. However, the level of financial inclusion still needs to be broadened further. The evidence from the FinScope Demand Surveys revealed that as at 2009 only 37 per cent of the adult Zambian population was financially included. This signified a 3.6 per cent marginal increase from 33.7 per cent in the 2005 survey. The FinScope study further revealed that access to finance for women was relatively poor in relation to their male counterparts. This study being presented today is, therefore, a welcome opportunity to reflect on the progress since 2009.

Financial institutions have a role to play in ensuring financial services and products are available at reasonable terms, including fair and practical know your customer (KYC) assessments, the use of alternative collateral and flexible lines of credit to mention, but a few. To enhance income-generating activities from survival level to strong and viable businesses, in particular for women led enterprises, access to credit, banking and financial services and facilities is essential to fully develop small scale to businesses. The firm, robust and sustainable growth can only be founded on strong and viable Small and Medium Enterprises hence the need to financially empower enterprises is cardinal through financial inclusion. This lack of access to finance by our entrepreneurs is a major concern for both, the Bank of Zambia and Government.

Ladies and Gentlemen, Allow me to outline some of the measures the Bank has been putting in place to accelerate access to finance for all citizens generally, and in particular for women. The Bank of Zambia is the lead implementer of the Financial Sector Development Plan on behalf of the Government of the Republic of Zambia. As you may be aware, the Zambian government formulated the FSDP as a comprehensive strategy for addressing challenges in the Zambian financial sector. Under the second phase of the FSDP, access to finance by the various strata of society, including access based on gender is identified as a key challenge to be addressed.

The development of the FSDP and its implementation, therefore, reflects the priority attached by the Government to this important endeavour. It's also worth noting that the Bank of Zambia has incorporated Financial Inclusion as one of the key objectives under its Strategic Plan for the period 2012 – 2015, namely, to increase financial inclusion to 50 percent of the population by 2015.

Ladies and Gentlemen, the strategies under this objective include the following:

1. Developing an index to measure the depth and breadth of financial services in Zambia;
2. Promoting agency banking and mobile banking;
3. Developing a framework for branchless banking.
4. Establishing a unified collateral registry framework;
5. Undertaking financial education interventions;
6. Revising legal and regulatory framework to promote financial inclusion; and
7. Developing incentive mechanisms to encourage outreach of financial services to rural areas and other financially excluded citizens.

The Financial Education Coordinating Unit (FECU) has been established at the Bank to spearhead the financial literacy campaign across the country. The Bank of Zambia has also facilitated for persons who are excluded, both in urban and rural areas not to encounter difficulties in the opening of bank accounts by simplifying the know your customer (KYC) procedures for opening and operating bank accounts. The simplified procedures or relaxed "KYC" note allows banks to use various forms of reference documentation such as community leaders other than the traditional approach that required lawyers, commissioner of oaths, government officials and other officials or institutions. The Bank has also licensed a

credit reference bureau to help create credit histories for financial market participants that may serve as alternative to collateral.

In addition, it has now become easier to access banking services through lower bank account opening balance, improved payments systems through mobile banking, e-money and increased numbers of Automated Teller Machines and Point of Sale terminals.

Ladies and Gentlemen, the Bank of Zambia has also partnered with the International Labour Organization (ILO) to promote the use of the FAMOS Check Tool by financial service providers in order to enhance access to finance by women entrepreneurs. The tool is intended to enable financial service providers undertake a systematic assessment of the extent to which these institutions target women entrepreneurs, their needs and potentialities.

The tool also assists financial service providers to develop appropriate strategies to extend their outreach to women entrepreneurs as well as develop products to meet the needs of women entrepreneurs. In this collaborative exercise, ILO has since facilitated capacity building within the Bank of Zambia and certified some members of staff to undertake the FAMOS training within the entire financial sector.

Commercial Banks have been expected to utilize the tool and use the results to tailor services and products that reach out to women. However progress made in this area could be improved. There is an urgent need therefore to reinvigorate the FAMOS check tool. Bank of Zambia will continue to encourage financial institutions to administer the FAMOS check tool and the cooperation of all stakeholders in this regard is vital.

The Bank of Zambia will continue to create an enabling environment through policies, legislation and regulation that facilitate greater financial inclusion of women. You may wish to know that the Bank has taken on board gender mainstreaming as part of its strategic plan, essentially to have a pluralistic approach that values the diversity among both women and men.

Ladies and Gentlemen, let me remind you that Zambia has affiliated itself to conventions and initiatives that have the specific intention of enhancing the welfare of women. The Bank of Zambia will continue to take the role of the provider of an enabling environment that enhances access to finance and financial services by all, especially those that have been traditionally excluded like the economically active poor women whose entrepreneurial prowess needs to be harnessed in order to reduce poverty and increase the economic welfare of our people.

Bank of Zambia is therefore delighted to be associated with this study and conference which provide a unique opportunity to listen to findings of the study and exchange ideas on the various outcomes from the study. It is my hope and trust that you will take advantage of this forum to initiate dialogue between Women Entrepreneurs and women in general and the various other stakeholders to propose mechanisms to accelerate women's access to finance. This is an opportunity also for women to discuss challenges faced in accessing various financial products and services. Equally, it is an opportunity for other stakeholders, especially financial services providers to enlighten all of us on financial products and other services on offer to mitigate the challenges women face.

May I take this opportunity to thank the partners who financed and supported the study and conference: Financial Sector Deepening Zambia Germany Cooperation/GIZ, New Faces New Voices, and Making Finance Work for Africa. The Bank of Zambia looks forward to continued cordial relations and partnership in fostering developments in the area of financial inclusion for women and other areas of cooperation.

Ladies and gentlemen, as I wish you all a successful conference, it is now my honour and privilege to declare the conference officially opened.

I thank you.