How Ghana's new Digital Finance Policy Can Drive Women's Inclusion

Ishmael K. Tsatsu

Researcher at University of Ghana, Legon

Department of Economics

ikktsatsu@gmail.com

1.0 Introduction

The Ministry of Finance has launched three policy initiatives designed to deepen financial inclusion and accelerate the shift to digital payments. The government's plan to create a highly digitalized payment system that promotes inclusive growth and accelerates economic development was outlined by the Ministry as part of the launch.

The Ministry of Finance, in collaboration with financial sector regulators and other key stakeholders, have developed a National Financial Inclusion and Development Strategy (NFIDS) to address the fundamental barriers preventing the underserved population from accessing financial products and services that would enable them to generate income, build assets, manage financial risks, and become economically empowered (Sebu et al., 2023).

According to Demirgüç-Kunt, A., & Singer, D. (2017), just 58% of Ghana's adult population, as reported by the Consultative Group to Assist the Poor (CGAP) of the World Bank, had access to formal financial services in 2015.

The strategy's ultimate goal is to raise financial participation from 58% of Ghana's adult population to 85% by 2023. According to the Financial Inclusion Insights Survey, although 42% of the population still does not have access to formal financial services in Ghana, access increased significantly from 41% to 58% between 2010 and 2015, when the World Bank's Consultative Group to Assist the Poor (CGAP) was active (Hermes, N., Lensink, R., & Meesters, A., 2018).

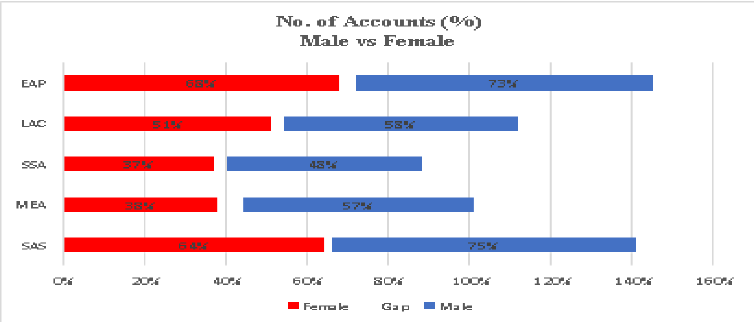
One of the policy's objectives is to ensure that at least 85% of men and women have financial accounts by 2023. For men, who had attained 62% account ownership in 2017, there are good reasons to be hopeful that this goal may be attained. But what about women? Can the new initiative aid to bridge the gender gap?

Global economic progress is fundamentally dependent on the empowerment of women, particularly in Ghana, where the economic fabric of the nation is heavily influenced by the activities that women engage in. To achieve Sustainable Development Goal (SDG) 17 gender equality must be reached. Financial inclusion is crucial in achieving women's empowerment since women's capacity to create wealth is a significant contributor to their empowerment (Doss et al. 2019).

2.0 Progress in Financial Inclusion at the Global Level

In 2021, 76% of adults worldwide held an account with a bank or other regulated organization, such as a credit union, microfinance organization, or supplier of mobile money services (Global Findex Database,2021). From 51% of adults worldwide to 76% of adults, account ownership climbed by 50% in ten years from 2011 to 2021. In developing economies, the average account ownership rate rose by 8 percentage points between 2017 and 2021, from 63% of adults to 71% of people. Its growth in Sub-Saharan Africa is primarily attributable to the uptake of mobile money. For instance, the gender disparity in account ownership across developing nations has decreased from 9 percentage points, where it had been hovering for many years, to 6 percentage points.

Figure 1.0 Number of Accounts (Percentage of Population, 15 years and above)



Source: Global Findex Database,2021

3.0 Ghana's Gender Financial Inclusion Disparity

Even though the overall economy has made great progress, women have lagged in the process of financial inclusion. According to data from the Global Financial Index, as of 2011, over 29% of adult Ghanaians (15 years and older) possessed formal accounts and used mobile accounts. Its percentage climbed to 41% in 2014 and then to 58% in 2017. The upward trend indicates a decline in the percentage of Ghanaians excluded from the formal financial system. Despite this, women had less access to financial services than the ordinary American (Asuming et al., 2019).

There is an 8-percentage point gender discrepancy in Ghana, where 54% of women have official financial accounts, according to the 2017 Findex. Digital Financial Policy (DFP) might be able to close this deficit. In fact, non-bank financial institutions, more specifically mobile money, accounted for 50% of all new financial account access between 2010 and 2021. And Digital financial service (DFS)'s path forward as an enabler of inclusiveness is still on track today. Table 1 shows that women's access to financial accounts increased by only 27 percentage points, to 54%, during the same period, whereas men's access climbed by nearly 30 percentage points, from about 62% in 2011 to around 30% in 2017

(FinDeex, 2017). Hence, the 5-percentage point gender disparity that existed in 2011 expanded by almost 3 percentage points by 2017. According to the data, as shown in figure 1, the gender gap is continuing to increase. What causes this disparity to widen, and what can be done to reverse these tendencies, is the pressing question?

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Table 1.0. Account Ownership at a Financial Institution or with Mobile-money service Providers, Females (Percentage of Population, 15 years and above) in Ghana.

	2011	2014	2017	2021
Adult	29%	41%	58%	66%
Male	32%	42%	62%	37.50%
Female	27%	39%	54%	62.50%

Source: Global Financial Index Database, 2021.

While DFS presents a chance to eliminate the gender pay gap, doing so will involve addressing the obstacles women have in having access to these services. According to a 2018 World Cocoa Foundation study of rural cocoa growers, women were 20%–30% less likely than men to hold a bank account, mobile money account, or both. The study also revealed that while 17% of the women who did not have an account claimed to be uncomfortable with or to have a bad opinion of DFS, 50% of those who did not have an account cited a lack of cash as the reason. Moreover, women typically have lower levels of formal identification, financial literacy, and computer literacy, all of which inhibit their adoption of DFS.

In Ghana, financial inclusion is a problem that the DFS policy has opportunity to address because of the rapid expansion of digital services over time. Nonetheless, because of the policy's reliance on digital development, men can handle financial inclusion more easily than women. This is a result of the uneven development of digital services over time for men and women. For instance, according to the Findex data, mobile money growth for males increased by 30 percentage points between 2014 and 2017, but only by 22 percentage points for women. Similar to this, male growth in digital payment increased from 2014 to 2021 by 27 percentage points while female growth increased by 20 percentage points (Anane, I., & Nie, F, 2022). Hence, if targeted measures are not made to address the obstacles women face in obtaining financial services, the DFS, which is leveraging digital growth, has the potential to worsen the gender gap.

4.0 How the Digital Financial Service Policy can Improve Women's Financial Inclusion

The Digital Financial Service (DFS) policy gives a general explanation of how a gender lens should be used in its execution. Understanding market dynamics from a gender perspective, taking into account normative obstacles, talking to women to learn about their demands, keeping an eye on the impact on women and managing unintended consequences, and making the business case for providing to women are all included in this. However, how would this appear in real life? The DFS policy can improve on women inclusion through the following measures:

To set the ball rolling, the goal of the policy should be geared towards improving women's financial literacy. According to a 2018 World Cocoa Foundation study, 17% of women expressed negative opinions of digital services, which made them uncomfortable using those services. Hence, it is important to avoid doing things that would make the views worse, especially when a digital service is what motivates inclusion. For instance, it's important to control information about the electronic levy, which aims to tax digital services, to prevent it from worsening women's access to and usability of those services, which would then affect the gender gap.

Secondly, the DFS policy can encourage fintech innovation that better satisfies the financial requirements of women. The recommendation of the policy is to foster fintech innovation and establish Ghana as a regional fintech centre. One approach to achieve this is to reward female-owned fintech companies or financial service providers who launch products geared toward women or open doors for female mobile phone ownership. More female-owned fintechs and "male champions" who create and promote digital solutions for women should also be supported through innovation hubs. Financial services companies concurred that the women's market held enormous untapped economic potential in a 2020 CGAP study on women's financial inclusion in Ghana, but they said more research was necessary before they would be willing to engage in women-targeted products. Unlocking this opportunity would be made possible through support from hubs and innovation challenges.

Moreover, the DFS policy can enhance women inclusion by incorporating gender sensitization in the development of capacity. In order for supply and regulatory-side actors in the financial services industry to fully comprehend the particular challenges that women face with regard to financial inclusion and how those challenges can be addressed through policy, regulation, and business practices, it is imperative that the various government ministries, development partners, and DFS providers who are working to advance financial inclusion provide ongoing capacity building.

Additionally, working on Micro Small Medium Enterprise (MSME) payment digitalization with women-owned companies in mind. The DFS policy's digital payments pillar calls for encouraging digital payments in retail. Concentrating on companies run by women could have a significant impact. In the informal economy, women make up 90% of the labour force and own 46% of the companies, according to the Ghana Statistics Service (Debrah, Y. A., 2022). In addition to lowering the risk associated with women carrying large quantities of cash, digitizing this market's transactions would also produce digital records that would allow lenders to extend the financing that expanding enterprises require.

Another point worth noting is to gather data that is gender-disaggregated to support enabling regulation for women inclusion. The guideline emphasizes the requirement to collect more gender-disaggregated data from all providers who submit information to the regulator. In that regard, the Bank of Ghana ought to assist the banking industry. According to Surge (2022), the central bank has already announced plans to release gender-disaggregated measuring indicators and data gathering tools, which are essential for DFS monitoring and regulation. This is one of the central bank's pledges to the Alliance for Financial Inclusion (AFI).

Lastly, Women inclusion can be enhanced by placing the governance and regulation of DFS with a focus on women. According to the policy, a task group would be formed with representatives from the regulatory bodies in charge of overseeing DFS to assess "problems in the DFS environment." This task team ought to be evenly split between men and women and ought to systematically examine each effort from a gender perspective.

5.0 Conclusion

In conclusion, Financial inclusion is mostly driven by digital services. Account ownership climbed by 50% in 10 years globally. There is an 8-percentage point gender discrepancy in Ghana, with 52% women having official accounts. Hence, measures that have the potential to lessen or eliminate obstacles that prevent women from using and accessing digital services should be promoted to improve financial inclusion among women. A few of such measures include enhance financial literacy among women, increase women access to usage of mobile phone and mobile money, include gender sensitization in capacity building, encourage fintech innovation that better addresses women’s financial needs and then digitalizing payment systems of SMEs that are women-owned.

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