



POLICY BRIEF

Digital Financial Services through Mobile Phones: Bringing Inclusivity to Tanzania's Rural Women

STIPRO

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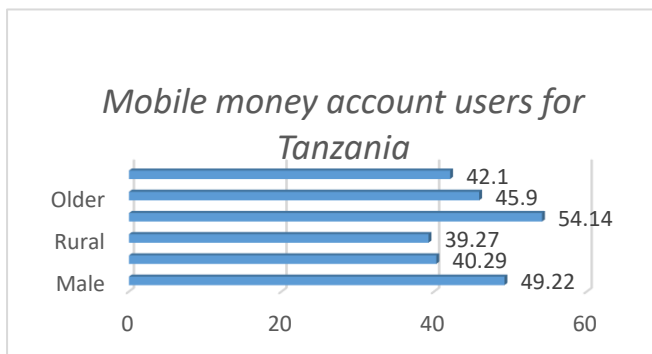
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Key Messages

- While rural women are aware of mobile money services, they lack understanding of functionalities beyond basic transactions like sending and withdrawing money.
- High costs, language barriers, and male-dominated agent services discourage rural women from fully utilizing mobile money.
- Advanced services like savings and insurance are underutilized due to knowledge gaps and a preference for traditional methods.
- Tanzania's Financial Inclusion Framework lacks targeted strategies, and detailed implementation plans for rural women, limiting its effectiveness.

What is the issue?

Financial inclusion, particularly through mobile money services, plays a vital role in fostering economic growth in developing economies by providing access to financial products and services. In Tanzania, where 88% of the population owns mobile phones, approximately 45% possess mobile money accounts. Nevertheless, there remains a notable disparity concerning gender (men and women) and geographical location (rural and Urban), with women in rural areas being more prone to exclusion.



This policy brief addresses the financial exclusion of rural women by examining the obstacles they face and proposing policy options to promote their financial inclusion. The preparation of this policy brief is based on information from the Global Findex Database 2021 for Tanzania, studies of similar topic in other developing countries and qualitative data from Focus Group Discussions that were held.

The key elements covered in this brief are:

- Women's awareness of available digital financial services through mobile money.
- Women's perception of these services.
- Usage levels and challenges faced by women in adopting these services.
- Evaluation of the policy and regulatory framework to ensure its suitability for promoting inclusion.

Why is it important?

By addressing these aspects, the aim is to suggest remedies and propose some policy recommendations that will enable greater financial inclusion for rural women in Tanzania.

Awareness

In terms of **awareness**, the findings show that rural women are aware of the existence of numerous financial products available on their mobile phones. Unfortunately, they lack understanding of their functionalities and operations. They are most familiar with sending and withdrawing money, while other services, such as insurance, remain largely unfamiliar. This is mainly because advertisements for these services are sent as short text messages to their mobile phones, making them aware of their availability. However, these advertisements lack sufficient information to enable a complete understanding of the services.

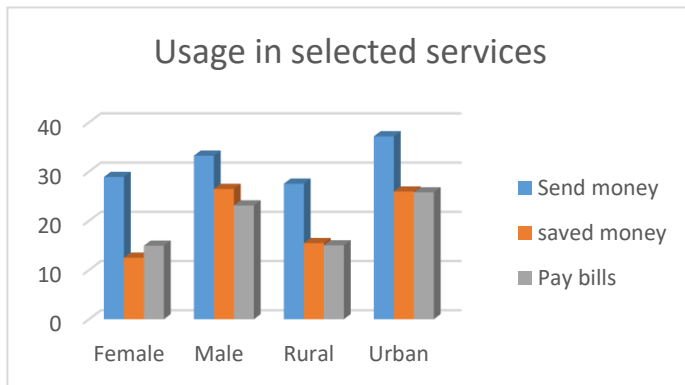
Perceptions

Regarding **perceptions** of mobile money services, rural women acknowledge the convenience and safety they offer but tend to avoid them due to high costs. Additionally, older individuals in rural areas face greater challenges related to language and technical aspects. Cultural restrictions do not significantly impede the use of digital financial services, as the most common activities—sending and withdrawing money through mobile agents—require minimal time. This could become an obstacle if transactions at the agent take a long time, especially since most agents are male.

Usage

Regarding **usage**, sending and receiving money are the most utilized services across all demographics. However, usage frequency is lower in rural areas. Insurance and savings services are generally underutilized across all demographics, with rural women having limited understanding of insurance

and preferring to save through traditional saving groups rather than their mobile money accounts.



Furthermore, the National Financial Inclusion Framework, although looks good and indeed has the ambition to improve inclusiveness, it falls short in providing specific outcomes and initiatives focused on women and rural populations, potentially hindering true financial inclusion to those groups. These unique fine details on how marketing strategies are done and how these products are specified go a long way into making these services inclusive or not. Somehow, the focus on the special groups mentioned earlier in the framework was lost during the development of policy strategies and their implementation.

Policy Recommendations

Based on these reflections, recommendations are made to both the private sector and the Government.

For the private sector

- The service providers are recommended to find a way of efficiently linking up with the underserved, especially those in the rural areas, to ensure they understand their financial service needs. This can be done by strengthening the role of agents in the KYC issues and borrowing features from the traditional ways used, especially in saving.
- It is also recommended that service providers invest in capacity building of the mobile money agents so that they can also participate in marketing a wide range of financial service products to the mobile money users they serve.

- The service providers are recommended to find effective marketing strategies that are suitable for the underserved, especially rural women. This could be done by increasing female agents in rural areas

Meanwhile, for the Government

- We propose that the policy framework include specific initiatives and implementation strategies targeting underserved groups, especially women in rural areas, and explicitly mention these groups at the program level.
- Initiatives to improve financial and technological literacy should be designed to address the needs and context of rural women, both in content and delivery methods.
- The policy should provide incentives for service providers to reach out to rural areas; this can be done by increasing government-to-person payments in the form of wages, social transfers, and other payments, which drive the volume of mobile money usage. The same can be done for person-to-government payments through municipal levy, taxes and other payment through mobile money

References

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Mission

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