Advancing women's financial inclusion in Tanzania

The role of mobile money

GSMA

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Mobile Money

The GSMA's Mobile Money programme works to accelerate the development of the mobile money ecosystem for the underserved.

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Introduction

Mobile phones are widespread in Tanzania: out of a population of 62 million, 88% have access to a mobile.[1] As a result, mobile money use is high, with 45% of the adult population (15+ years old) having an account – according to the 2021 World Bank Global Findex database.[2]

However, mobile money account ownership is lower in Tanzania than in other East African markets, such as Kenya and Uganda, where account ownership stands at 69% and 54% respectively. Furthermore, mobile money account ownership and usage in Tanzania is lower among women when compared to men, with a gender gap on mobile money account ownership of 18%.[3]

The aim of this report is to highlight progress towards women's financial inclusion in Tanzania since the COVID-19 pandemic, as well as the impact of the government levy on mobile money services on women. It provides insights on women's access to and use of digital financial services, and recommendations on overcoming the gender gap.

This resource is based on qualitative insights from interviews with Tanzanian mobile money providers, secondary desk research and nationally representative quantitative data from the 2021 World Bank Global Findex database.

Intended for mobile money providers and policymakers, this resource outlines areas to focus on to reduce the mobile money gender gap and improve women's financial inclusion in Tanzania.

1 GSMA (2022). GSMA Mobile Connectivity Index 2021.
2 Note: The majority of data and charts in this presentation are derived from the World Bank Global Findex Database 2021
3 Note: See slide 20 (Terminology) for the gender gap calculation

Six key findings

01

Mobile money account ownership is growing, but women are still less likely than men to own an account due to persisting challenges. Account ownership among women continues to increase and the gender gap has narrowed by 7 percentage points to 18%.

02

The proportion of women who have sent or received a digital payment continues to grow. But the gender gap remains stagnant at 22% and absolute levels of men and women making payments remain considerably lower than in East African neighbours Kenya and Uganda.

03

Digital merchant payments remain low, especially amongst women, with fewer than 2% having used this service. Merchant payment use is notably lower than in Kenya and Uganda too.

04

Women in Tanzania are half as likely as men to have saved using a mobile money account. These levels are considerably lower than Kenya and Uganda, both of which have gender gaps of 17%. Furthermore, women in Tanzania are 31% less likely than men to have borrowed via mobile money or a financial institution.

05

Women are increasingly using a mobile or the internet to pay bills, but a gender gap remains. Although absolute numbers remain low, the gender gap has decreased by 21 percentage points since 2017.

06

The recent government levy on mobile money transaction fees is likely to have had a disproportionately negative impact on women's use due to their relatively high price sensitivity.

The Tanzanian context

Women's financial inclusion in Tanzania is improving, but their economic participation and opportunity need attention

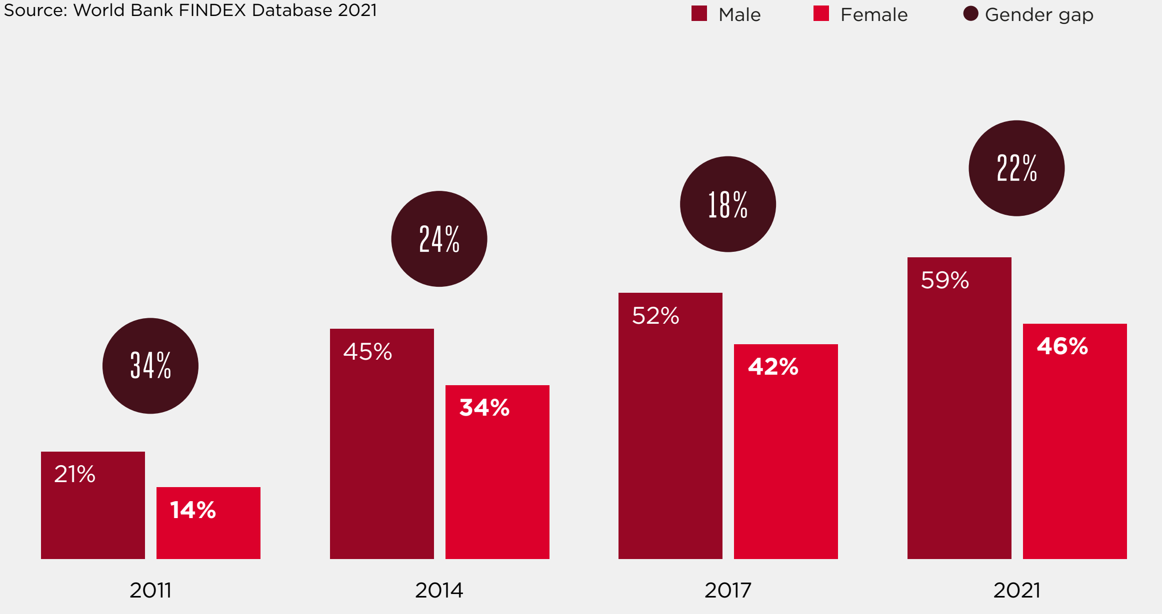
- **There are 31 million women in Tanzania,**[4] which has a high number of registered mobile money accounts, six live deployments and enabling regulation[5] capable of driving women's usage.[6]
- **The gender gap in financial account ownership widened by four percentage points to 22%** (Figure 1). Men's account ownership continued to outpace women's in 2021, highlighting the COVID-19 pandemic's disproportionate impact on women.
- **Economic participation and opportunity for women remains somewhat limited.**[7] In 2022, Tanzania ranked 65th in the world in the Global Gender Gap Index for women's economic participation and opportunity.[8] By comparison, Kenya ranks 6th.
- **Women are overrepresented in low-value informal sector work,** contributing to a 58% wage gap between women and men.[9]

Figure 1

Male and female financial account ownership in Tanzania, by year

Percentage of total adult population (age 15+)

Source: World Bank FINDEX Database 2021



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4 The World Bank. (2022). World Bank Open Data.
5 GSMA. (2022). GSMA Mobile Money Metrics.
6 GSMA. (2021). Are The Effects of Mobile Money Regulation Gender Neutral?
7 The World Bank. (2022). Tanzania Economic Update: Addressing Women's Economic Constraints Could Accelerate Tanzania's Economic Development and Poverty Reduction.
8 The World Economic Forum. (2022). Global Gender Gap Report 2022.
9 Joseph, C. and Leyaro, V. (2019). Gender Differential Effects of Technical and Vocational Training: Empirical Evidence for Tanzania.

Six key findings

01

Mobile money account ownership is growing, but women are still less likely than men to own an account[10]

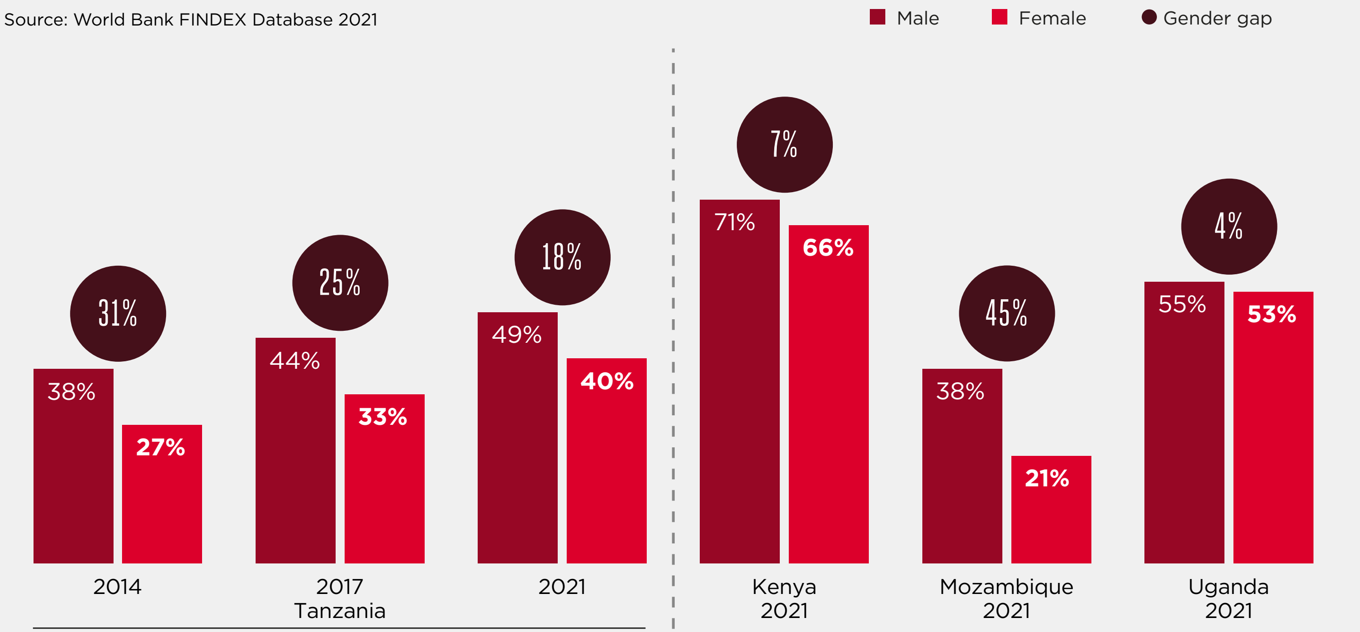
- The mobile money account ownership gender gap has narrowed. Women are now 18% less likely than men to have a mobile money account, down from 25% in 2017 (Figure 2).
- The absolute level of mobile money penetration in Tanzania is lower than in neighbouring countries, while the gender gap in account ownership remains higher than in neighbouring countries. The gender gap in mobile money account ownership is 7% in Kenya and 4% in Uganda.
- Rural populations are almost 27% less likely to have an account, compared to urban populations (39% of rural inhabitants vs 54% of urban inhabitants). Rural women are even less likely to have an account than rural men.

Figure 2

Male and female mobile money account ownership in Tanzania and selected East African countries, by year

Percentage of total adult population (age 15+)

Source: World Bank FINDEX Database 2021



10 Note: See slide 10 for challenges and barriers to women

01
Mobile money drives financial inclusion by helping women overcome challenges

Low awareness prevents many women from accessing and using formal financial services.[11] With more advertising and visible service points, particularly in areas underserved by traditional financial services, mobile money can overcome the low awareness problem.

Tanzanian women are time-poor as they spend nearly four times longer carrying out household chores and unpaid work for the household than men.[12] Compared to traditional and other formal financial services, mobile money can save women time and enable them to transact from anywhere.

Tanzanian women have low literacy rates.[13] Low digital and financial literacy can be barriers to uptake. However, for those with low literacy levels, mobile money's digital interface can make transactions simpler and more accessible than formal financial services.

Cultural norms can prevent women from working outside the home.[14] Mobile money can enable women to become economically independent, allowing them to send or receive money while at home or away from the home.

Women's lower quality economic opportunities result in lower income.[15] Mobile money allows women to make more affordable low-value transactions at any time compared to other formal financial services.

Stringent Know Your Customer (KYC) requirements mean that women are less likely to have a traditional bank account, due to a lack of documentation such as a government approved form of identity (ID).[16] Mobile money tends to have more flexible KYC requirements, often using a customer's SIM registration details. This makes it easier for women to register for an account.

11 Idris, I. (2018). Barriers to Women's Economic Inclusion in Tanzania.
12 Organisation for Economic Co-operation and Development. (2019). Gender, Institutions and Development Database.
13 Were et al. (2021). Gender disparities in financial inclusion in Tanzania.
14 Idris, I. (2018). Barriers to Women's Economic Inclusion in Tanzania.
15 Alliance for Financial Inclusion. (2016). Tanzania Narrows the Financial Inclusion Gender Gap.
16 Were et al. (2021). Gender disparities in financial inclusion in Tanzania.

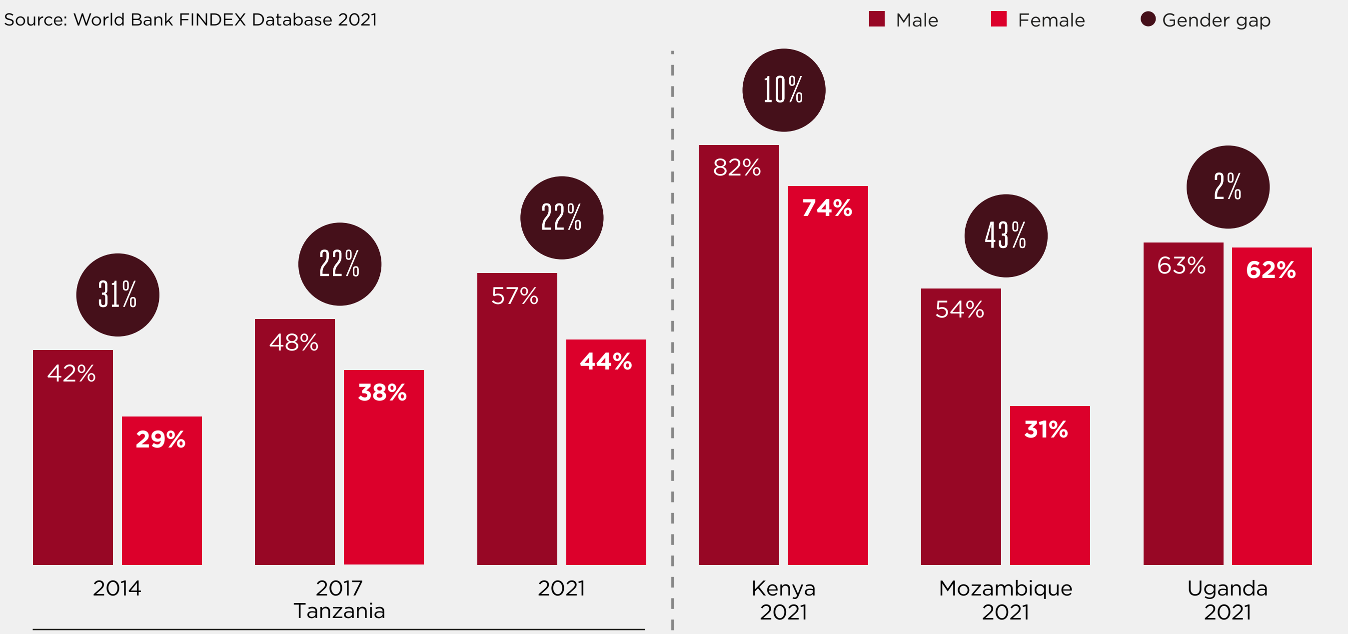
02
The proportion of women who have sent or received a digital payment continues to grow

Figure 3

Males and females who made or received a digital payment in Tanzania and selected East African countries, by year

Percentage of total adult population (age 15+)

Source: World Bank FINDEX Database 2021



- Men and women sending or receiving a digital payment in Tanzania continued to increase in 2021.
- However, the gender gap for sending or receiving digital payments has stagnated since 2017.
- Tanzanian women in 2021 are 22% less likely to have made or received a digital payment than men (Figure 3).
- When compared to some East African neighbours, a notably smaller proportion of Tanzanian women make and receive digital payments. This has resulted in a larger gender gap in Tanzania than in Kenya or Uganda.

03

Digital merchant payments remain low, especially among women, with fewer than 2% having used this service

— On average, less than 5% of Tanzania's adults (aged 15 and over) have made a digital merchant payment. Less than 2% of women have used this service (Figure 4).

— By comparison in Kenya and Mozambique, overall use of merchant payments among men and women is much higher at nearly 37% and 13% respectively.

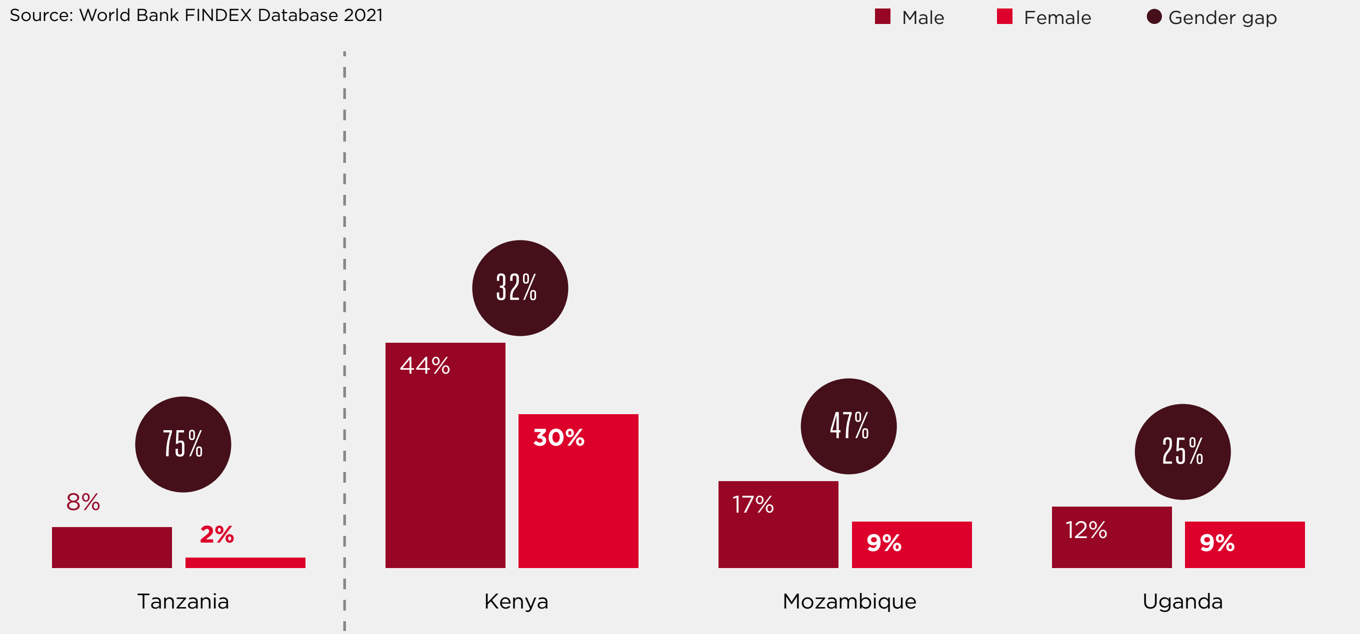
— Fragmented payment channels results in merchants having to receive varying types of payment from customers, which can be a difficult and lengthy process for all involved.[17] A lack of interoperability between merchant points-of-sale and digital wallets means customers often continue paying in cash, despite having mobile money.

Figure 4

Males and females who made digital merchant payments in Tanzania and selected East African countries, 2021

Percentage of total adult population (age 15+)

Source: World Bank FINDEX Database 2021



17 International Finance Corporation. (2016). User Insights in Enabling Interoperable Mobile Money Merchant Payments in Tanzania.

04

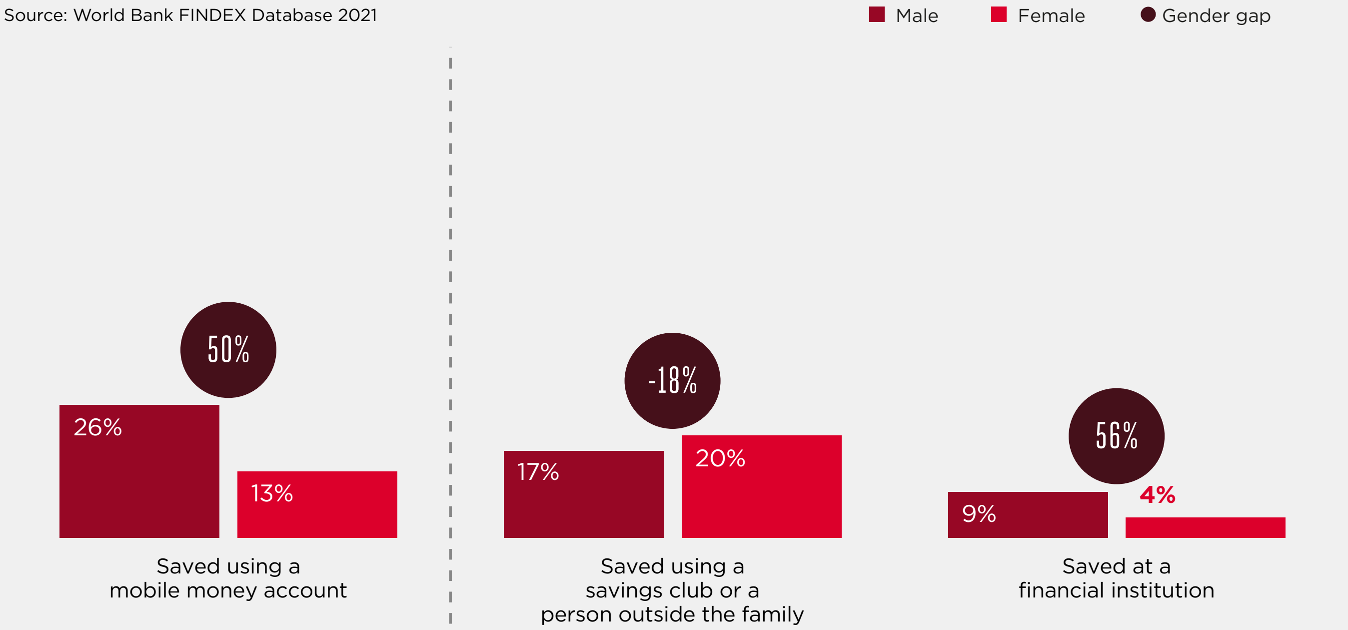
Women in Tanzania are half as likely as men to have saved using a mobile money account

Figure 5

Males and females who saved money using mobile money and other methods in Tanzania

Percentage of total adult population (age 15+), 2021

Source: World Bank FINDEX Database 2021



- Accessible mobile money-enabled savings accounts can help women weather unexpected shocks and periods of varying or no income.
- In Tanzania in 2021, women (20%) are most likely, and more likely than men, to save money using savings clubs or with a person outside their family (Figure 5).
- Women (13%) are less likely to save using mobile money and are half as likely as men to do so.
- However, more women saved using mobile money than at a traditional financial institution (4%).
- Since 2011, the proportion of women saving money at a financial institution has consistently declined, while those saving money using savings clubs or a person outside the family rose until 2017.
- In 2021, the proportion of women using savings clubs or a person outside the family to save declined to 20%, while those using mobile money to save reached 13%. This suggests that women may be using mobile money more often to save.

M-Koba Digital Savings Group Product by Vodacom Tanzania

In recognition of low digital savings uptake among women, M-Koba, a digital savings group product was launched by Vodacom Tanzania in 2019 to improve women's ability to save.

After low initial uptake, Vodacom partnered with development organisations to improve how they build awareness, perception and trust in M-Koba and educate women on how to use it.

Vodacom pivoted from a 'train the trainer' approach with group leaders only to direct in-person training of all savings group members. Typically two or three training sessions were required.

04

Women in Tanzania are 31% less likely than men to have borrowed via mobile money or a financial institution

— Accessible and responsible mobile money-enabled microloans could help women weather any unexpected shocks and periods of varying or no income.

— As of 2021, women in Tanzania are less likely than men to be able to access emergency funds within 30 days (81% vs 92% respectively).

— Women are 31% less likely than men to have borrowed using mobile money or a formal financial institution too (Figure 6).

— While 11% of women have borrowed in these two ways, only 3% borrowed from a formal financial institution. This highlights women's greater relative use of mobile money for borrowing in Tanzania.

— Tanzanian women are less likely to have borrowed using a formal financial institution or mobile money (11%) compared to women in Kenya (37%) and Uganda (29%), while the gender gap in Tanzania (31%) is more than twice as large than that in Kenya (12%) and Uganda (0%).

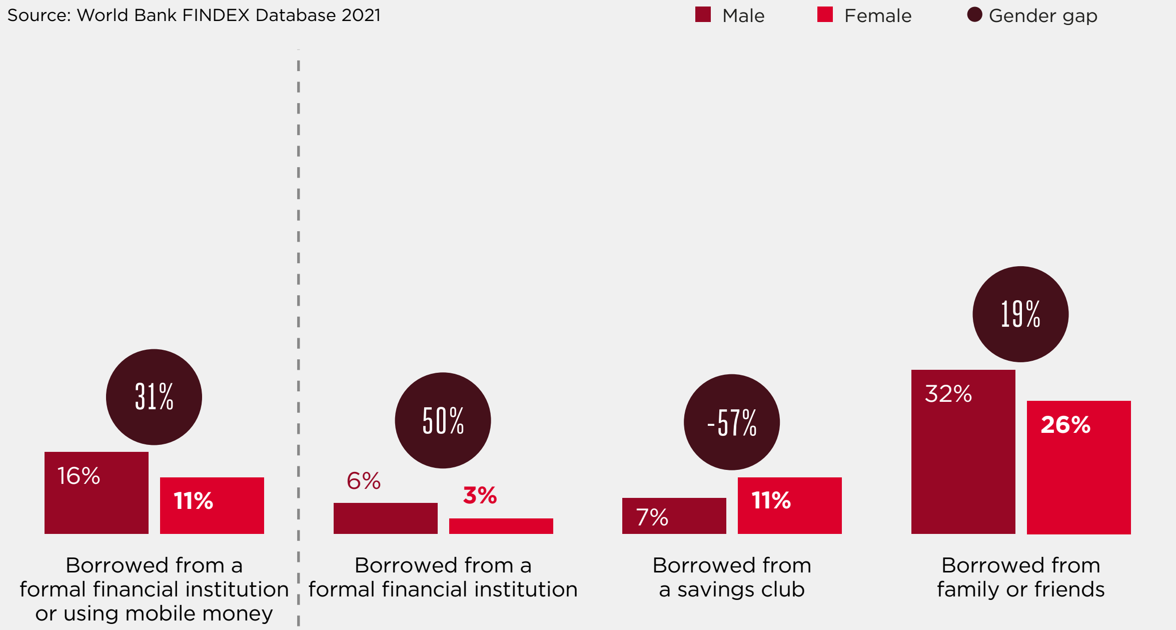
— The proportion of women in Tanzania borrowing money from a formal financial institution, a savings club or family or friends has generally declined between 2011 and 2021. In 2021, while there was a small rebound in those using family or friends, the proportion of women borrowing using mobile money or a formal financial institution was equal to those borrowing from a savings club.

Figure 6

Males and females who borrowed money in different ways in Tanzania

Percentage of total adult population (age 15+), 2021

Source: World Bank FINDEX Database 2021



05

Women are increasingly using a mobile or the internet to pay bills, but a gender gap remains

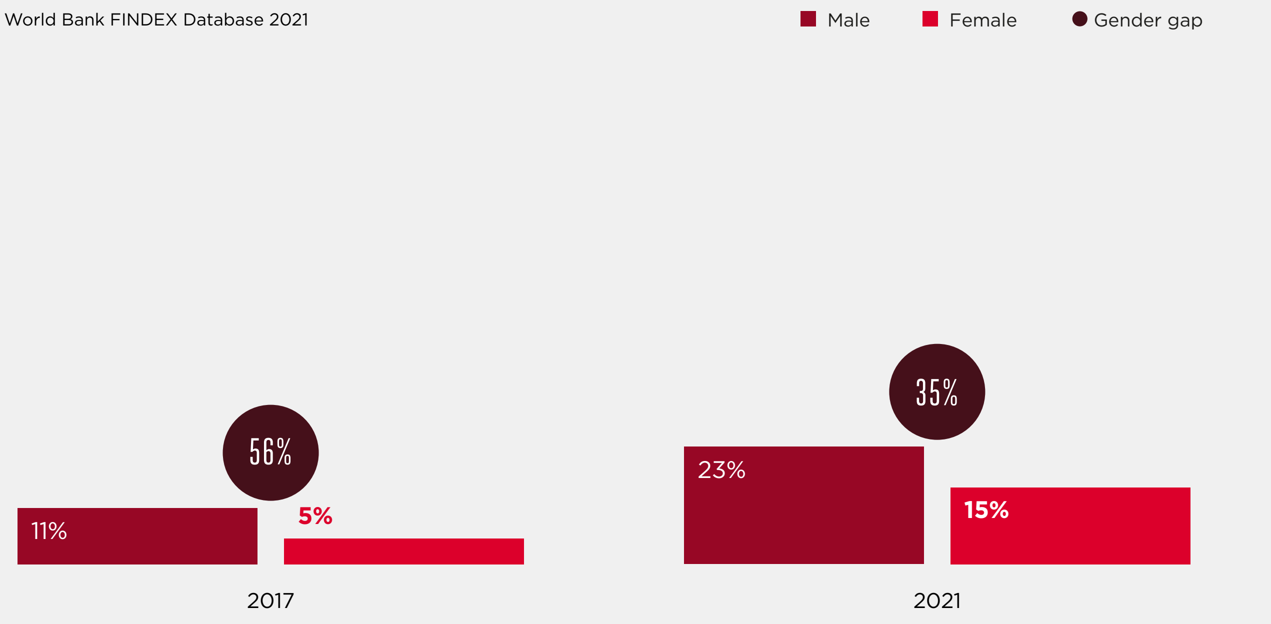
- Since 2017, the number of women making a digital bill payment has increased, suggesting that this is a service that adds value for women.
- However, overall use remains low with less than one in four men and one in seven women using a mobile phone or the internet to pay bills.
- In 2021, women were 35% less likely than men to have used a mobile phone or the internet to pay bills. This has dropped significantly from 56% in 2017 (Figure 7).

Figure 7

Males and females who used a mobile phone or internet to pay bills in Tanzania, by year

Percentage of total adult population (age 15+)

Source: World Bank FINDEX Database 2021



06

The recent levy on mobile money transaction fees is likely to have affected women's use, due to their relatively high price sensitivity

- As of 2021, nearly 60% of women in Tanzania (aged 15 years and over) were very worried and experienced or continue to experience severe financial hardship due to disruption caused by the COVID-19 pandemic.[18] Women were 13% more likely than men to have experienced this.
- The Tanzanian government responded by waiving the pre-existing 10% tax on mobile money transactions, making mobile money more affordable for women who were struggling financially.
- As the COVID-19 pandemic continued, the Tanzanian government raised a levy on mobile money transfers and withdrawals to fund response programming. The average transaction fee paid by a customer saw an increase of 3% to 369% depending on the transaction value, compared to the previous month.[19] This impacted customers, who lowered their use of mobile money, and, in some cases, spurred some people to revert to cash transactions.
- As women tend to be more price-sensitive, this levy is likely to have disproportionately impacted women's use of mobile money.

18 The World Bank. (2022). The Global Findex Database.
19 GSMA. (2022). Tanzania Mobile Money Levy Impact Analysis (1st July 2021 – 31st March 2022).

Recommendations

Recommendations to increase mobile money use among women

Increase **awareness** of mobile money products and services among women in Tanzania by featuring women in marketing campaigns, as well as having in-person events to introduce women and train them on various products.

Ensure there is a focus on **gender equality**, and reaching women at an organisational level through senior leaders championing the issue and setting specific gender equity targets for mobile money services.

Lower **KYC requirements** by using pre-existing information found on user's digital IDs, making ID verification cheaper for mobile money providers and easier for women customers to produce.

Mobile money providers must aim to integrate payment solutions and make it easier for **merchants** to receive payments from varying digital sources. In turn, this will help women use a range of mobile money services to digitally transact more easily with merchants.

Roll out **financial and digital literacy programmes** – such as the GSMA Mobile Internet Skills Training Toolkit[20] (MISTT) – to build women's understanding of and confidence in using mobile money and adjacent digital financial services autonomously.

Understand the mobile money gender gap by improving the quality and availability of **gender disaggregated data**,[21] and understanding women's needs and the barriers they face to mobile money account ownership and use.

Ensure the location and operating hours of **agents** are amenable to women, and consider recruiting more female agents to build trust and comfort levels for women customers.

Partner with utility companies, service providers and educational institutions to promote the use of mobile money to pay bills and school fees.

20 GSMA. (2022). Mobile Internet Skills Training Toolkit.
21 GSMA. (2022). State of the Industry Report on Mobile Money 2022.

Terminology

Gender Gap

Based on results from the 2021 World Bank Global Findex Database, the gender gaps (e.g. for ownership or use of a mobile money account) in this report, are calculated using the following formula:

$$\text{Gender gap in ownership / use (\%)} = \frac{\text{Male owners / users (\% of male population)} - \text{Female owners / users (\% of female population)}}{\text{Male owners / users (\% of male population)}}$$

Mobile money

A service is considered a mobile money service by the GSMA if it meets the following criteria:

- A mobile money service includes transferring money and making and receiving payments using a mobile phone.
- The service must be available to the unbanked, for example, people who do not have access to a formal account at a financial institution.
- The service must offer a network of physical transactional points which can include agents, outside of bank branches and ATMs, that make the service widely accessible to everyone. The agent network must be larger than the service’s formal outlets.
- Mobile banking or payment services (such as Apple Pay and Google Pay) that offer the mobile phone as just another channel to access a traditional banking product are not included.
- Payment services linked to a traditional banking product or credit card, such as Apple Pay, Google Pay and Samsung Pay, are not included.

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