

Women's Changing Financial Education Priorities: From Adolescence to Old Age



Because microfinance has always attracted a high percentage of female clients, it is widely thought to be a 'gender aware' industry. Yet, few products are tailored to women's specific needs, and delivery channels tend to make few allowances for women's time constraints and triple responsibilities as: household managers, income generators, and community organizers. While some institutions, such as Equity Bank in East Africa, market financial products to women, it is not always clear how different these product offerings are. Essentially they respond to household needs—loans for school fees, emergency loans to cope with children's illness, or funeral insurance to manage with the death of a loved one. While the ready cash these products provide for predictable and unpredictable events is highly valued, women have another unique set of needs for which financial services are largely unavailable. Many women experience important stress events across their lives such as divorce, migration, widowhood and old age, and at these times, their financial responsibilities can change dramatically.

Building financial capabilities enables women to better manage these stressors and build assets. It also offers a gateway to financial inclusion of a population that is often deemed too risky by formal financial institutions. Insights gained from Microfinance Opportunities' work on building financial literacy has led us to take a new look at the women's space in microfinance. We see opportunities for financial services providers to tap into the women's market with products and services linked to the financial pressures of life cycle transitions, creating a win-win situation for them and for women. To improve their ability to cope with these transitions, we observe that women need not only the right financial products at the right times, but also financial education to acquire the knowledge, skills, and attitudes to gain greater control of resources. These stress points offer valuable 'teachable moments' for building women's financial capabilities to move forward with more knowledge and confidence, and less anxiety, as they manage their transitions. MFO seeks to implement a women's strategy segmented by these life cycle events by reaching out to each segment with products and services tailored to the financial pressures and conditions associated with each one.

With the emphasis on reducing women's vulnerability during periods of major shock, this new approach also offers an opportunity to link financial services providers with a different set of community-based organizations. Women at different ages grappling with life cycle transitions often interact with specialized non-financial service providers, such as HIV/AIDS service organizations, legal advocates, organizations managing Conditional Cash Transfers (CCTs), or shelters offering protection from domestic violence. In partnership with such women's advocates, MFO seeks to introduce financial education as a tool to facilitate the financial management of stress events. Building financial capabilities of these market segments through financial education provides a way of linking the two types of institutions and facilitating the entry of 'unbanked' women into the financial system.

Microfinance Opportunities has identified five major stress points in women's lives involving transition. For each one, women are faced with a new, complex situation that often accompanies overwhelming financial pressures. In the short run the challenge may be how to put food on the table. Over the long run the priority will shift to rebuilding sustained support for oneself and one's children, possibly after the loss of assets.

The five transitions below are presented in sequence as women age. While not an exhaustive list, they represent major stress points which can be better navigated with the help of financial education. During these periods, financial education can provide women with a road map to reduce their vulnerability, better manage cash flow, and ease overwhelming financial pressures. Major transitions for women include:

From adolescence to adulthood: Young women face many stresses as they leave school, move away from their childhood home and family, enter into new relationships and living arrangements, enter into remunerative work, and, make their transition into the adult world. Having the skills and confidence to earn and manage their own money can help to reduce the stress of these critical life transitions.

Family transitions: While women often expect marriage to provide shelter and financial protection, women can quickly be at risk and lose these assets on becoming single heads of households due to divorce, widowhood, abuse, or abandonment.

Geographical transition: Women often remain at home to manage household finances alone during extended absences of husbands who migrate for work. Increasingly they are on the move themselves. In country they leave their rural homes for work as domestic servants in cities; the electronics and garment factories of Asia hum under women's hands; international migration for work, often in the same occupations, takes them across borders and into totally new worlds; the IDP and refugee camps are populated largely by women and children who often have undergone a range of traumas in addition to geographic dislocation. Women are on the move for many different reasons and embedded in each are unique, often complex, financial challenges, stresses, and decisions.

Transitions out of poverty: Among the most vulnerable segments of the population, women can be recipients of anti-poverty programs that involve various forms of asset transfer (e.g. food aid, Conditional Cash Transfers, social security payments). With financial education they can learn to manage an income stream that did not exist before.

Transitions to old age: At this point in their life cycle, women grow too old to be active in the workforce, but they live longer. The pressures they experience are often the result of a decline in traditional intergenerational support, and/or new obligations to care for orphans who are the legacy of the HIV/AIDs pandemic.

Programs resulting from this planning phase will involve diverse actors and delivery of financial education—for example a handbook used at domestic violence shelters to help newly single women take charge of their finances, or onsite financial management training for factory workers. We invite organizations to contact us to discuss opportunities for collaborative work or make us aware of other women's initiatives.

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