

# GENDER ANALYSIS OF DIGITAL FINANCIAL INCLUSION AND WOMEN'S ECONOMIC EMPOWERMENT

## Somali Women's Experiences



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## EXECUTIVE SUMMARY

Across Somalia and Somaliland, women generally earn less, save less, hold less secure jobs, and are more likely to be employed in the informal sector with no safety nets. Women and men in Somalia and Somaliland continue to face prolonged conflict, climate change, insecurity, and political crisis vulnerabilities, among others (WFP, June 2021). Women's economic and productive lives have been extremely affected by COVID-19. The emergence of the global COVID-19 pandemic further exacerbated deplorable living conditions and worsened the existing gender disparities for these groups of people. COVID-19 caused loss of livelihoods, income generation, loss of dependents (spouse), health challenges, and gender-based violence due to mobility restrictions and lockdowns for women in Somalia and Somaliland.

This research flows from the global partnership between World Food Programme (WFP) and the Bill and Melinda Gates Foundation (BMGF). It seeks to explore how large-scale Government to Person (G2P) payments can best be digitized, directed, and designed to achieve greater impact for women. It provides an in-depth gender analysis of Somali women's digital and financial lives and the extent to which social norms influence household finances and decision-making. It explores how cash transfers through mobile money can have an impact on digital financial inclusion and women's economic empowerment. This study also outlines the findings drawn from the gender analysis and offers recommendations to enhance the financial resilience of vulnerable people, particularly women in Somalia and Somaliland.

The study employed a qualitative, women-centered, and evidence-based research design using mixed methods. Primary data was obtained from 10 Focus Group Discussions (FGDs) with the beneficiaries of safety net programs and 36 in-depth interviews with Key Informants (KI) through field research carried out in Somalia and in Somaliland. Secondary data was obtained through a desk review of existing literature.

## Major Findings

### i. Women's lives in general

- **Changes in gender roles and division of labor within households:** The study found that the impact of war and experiences of displacement has permanently changed gender roles, especially the division of labor within the Somali community. Women's daily lives are determined by traditional gender roles/stereotypes, livelihood, family responsibilities, marital status, level of education, age, disability, and location. Somali women were found to be the primary breadwinners/household heads for their families. They mainly engage in informal, casual work and small

businesses to earn a living. Although some of these activities served as sources of livelihood, they did not provide them with job security.

- **Women desire financial independence and the ability to meet their families' needs:** Regardless of their location (rural or urban), all the women interviewed valued the ability to provide for their families and to ensure the well-being of their children. They aspired for economic independence through secured employment, investment or sustainable income-generating activity, savings, and access to resources such as capital/loans for start-ups or land for the IDPs to build better houses. However, their household expenditure patterns were dominated by spending towards basic needs only- food, water rent, medical bills, clothes, and school fees for their children, with hardly any surplus left to support their financial independence aspirations.
- **The biggest barrier is insufficient income:** The greatest challenges in the lives of the women interviewed include lack of financial resources, debts, rising cost of living, time poverty due to their daily domestic workload, insecurity, illiteracy, lack of social assistance to cushion them against shocks of droughts/floods/pandemics, expectations from immediate families, and sexual and gender-based violence. They cited baking, henna artistry, tailoring, hairdressing, makeup, and selling second-hand clothes and utensils as some of the desirable sources of income.
- **Lack of mobility for persons with disability hinders their financial inclusion:** The study found that for women with disability experienced challenges due to their lack of mobility and desired assistive devices and technology to enhance their mobility and inclusion.

## ii. Women's lives vs. social norms:

- **Women being the primary recipients of cash showed no impact on household power dynamics:** The study found that the unconditional cash transfer received by women through mobile money empowered them to make financial decisions, particularly on what to buy and whom to share the money with. This was more significant than how the decisions to spend the money were arrived at. However, the transfers did not have any significant impact on household gender power dynamics because of the small amount of the entitlements.
- **Even with women receiving cash transfers, men are still considered to be in charge of finances in the household.** Among Somalis, religious and cultural beliefs are core to socio-economic status and subsequently impact women's financial lives. From the field study, participants expressed mixed responses based on the women's marital status, socialization, and locality. For instance, married women in rural areas supported the (supposedly religious) idea that men are the financial

heads/leaders and women their dependents, while married women in the urban IDP camps reported that earning income for their family did not conflict with their religious and cultural beliefs.

- **Community leaders play a critical role in women's financial lives:** Besides the husbands, it was observed that community leaders were influential in the lives of women because they interpreted and guided society on religious and cultural matters. Notably, in rural areas, community leaders were found to be mainly men, while in urban areas, some of the community leaders interviewed were women.
- **Women experienced gate-keeping challenges in accessing the cash transfer programs:** While women communicated that they had benefited from cash transfers, they experienced gate-keeping challenges. The gatekeepers<sup>1</sup> influence the selection of the beneficiaries to participate in cash transfer programs. The most affected are women with disability, female-headed households, and those from minority clans.
- **Women face social pressures to share cash transfers beyond primary households:** Somali women voluntarily shared their money with their neighbors, and immediate and distant relatives as part of their communal solidarity. Interestingly, one of the emerging trends is that in polygamous marriages or family set-ups, women shared their financial resources/assistance with their co-wives as part of motherhood solidarity. Jealousy among co-wives induced social pressure to share the money.
- **While women had access to productive resources like land, ownership largely belonged to men:** The study found that men had direct access to a family assets like title deeds. Women do not have the same access and collateral as male guarantors to apply for loans. Where such properties were at their disposal, they did not bear their name. Financial institutions were found to be skeptical about giving capital to women for fear of default.

### iii. Women's Digital and Financial lives:

- **Women's financial decision making is mainly tied to their income participation.** The study found that some women made all the decisions on finances, especially on the cash transfers they received while others consulted and involved their husbands and children in decisions on how to use the transfers. However, the study noted that husbands consulted with their wives only when the money belonged to the wife.

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<sup>1</sup> Gatekeepers include landlords or individuals in charge of IDPs camps, community leaders and regional government administration.

- **Heavy reliance on cash transfer as main source of income for uses beyond food:** The study found that the main source of income for the women studied was the cash transfer received from the government through the Shock Responsive Safety Net for Human Capital Project (SNHCP) using mobile money; casual work; small business; street begging; relatives; and neighbors. The basic needs of households were influenced by family size, type of household, geographical location, disability, displacement, age, clan affiliation, and the rising cost of living. There was a difference between how women (a) use the money they receive from their spouses and (b) cash transfers. They reported that the money received from the spouses was spent on basic needs, based on spousal instructions, while they used cash transfers on other priorities like repairing shelters and paying off debts.
- **High preference for mobile money among women:** Amid the COVID-19 pandemic, mobile money transfer was found to be the safest and most responsive mode of distributing assistance to the poor and the vulnerable. Mobile money transfer reduced face-face interactions. In comparison to the two methods used to distribute social assistance, namely vouchers and direct cash/money through banks, mobile money transfer was regarded as the most effective and stress-free modality. For the women, it is instantaneous, more private, and required no need to queue or travel long distances. Women also found it to be more transparent, practical, secure, and more friendly.
- **Besides communication, sending and receiving money, women are finding multiple uses for their mobile phones:** The study found that women used their mobile phones (smartphones) to advertise their businesses (henna artistry) and to save money. Contrastingly, the men used their mobile phones as a torch, or radio to listen to the news. The gender difference in mobile phone usage can be attributed to women's limited knowledge and minimal time to explore phone applications and their functions.
- **Lack of ownership of mobile phones puts women at a risk of losing their transfers:** The study found that mobile phone ownership whether wholly owned or shared is critical to access and usage of financial services. However, some of the respondents reported that they lacked mobile phone ownership. Such women have to rely on other parties to receive the cash, in some cases their husbands, who keep part or all of the money.
- **Presence of informal community savings groups among women:** The participants said that the amount received was too small to allow them to do any savings or investments. However, Somaliland women formed informal lending/savings groups known as Ayuuto. Men interviewed said that they did not participate in savings groups because women formed them privately and they don't

have any savings. Through Ayuuto, women borrowed money to invest in small businesses selling clothes and household items.

- **Women have positive attitude towards the informal financial system:** Somali women have a positive attitude towards informal money lending systems (Ayuuto), mobile money, and to some extent money transfer operators/hawala because it is accessible to them. However, their attitude towards and knowledge of formal financial systems like banks is evolving. Both rural and urban women interviewed said that they trust the informal financial system because it is more accessible and personalized.

#### **iv. Barriers to Women's Digital and Financial Lives:**

The study found several barriers to women's digital and financial lives, the most significant ones being illiteracy, poverty, core social-cultural dynamics, seasonal migration, and insecurity.

- **Low levels of basic and financial literacy:** Low levels of literacy were found to be a major barrier. 39 out of the 45 women respondents said they had no formal education to navigate mobile phones and financial services. They were therefore dependent on their children, neighbors, and relatives to operate their mobile phones. This included reading messages, sending texts and money. To use mobile money services, women seek assistance from their children or share their PIN and passwords with shopkeepers and mobile money agents.
- **Seasonal migration hinders access to digital financial services:** Nomadic communities experienced poor mobile network access, and lack of electricity to charge mobile phones, particularly when they go travel beyond borders in search of pasture and water.
- **Link between barriers that women face and their marital status:** In Somalia and Somaliland, gender-specific barriers to women's digital and financial lives were reported. These barriers were linked to personal statuses such as marital status, disability, and parenting responsibilities/domestic chores. For instance, due to a lack of assistance for childcare, women were not able to engage in income-generating activities.

## **Recommendations**

1. **Need for additional income generation options.** Given that insufficient income was stated as major barrier for women's access (through purchase of mobile etc.) and use of digital financial services, a focus should be put on increasing income generation opportunities. Safety net beneficiaries need a link to services and products that will allow them to save and invest to enrich and diversify their income.

WFP and other actors, including the government should consider partnerships with microfinance institutions (MFIs) and other private sector actors to establish these links to maximize the potential of the cash transfers to change women's lives. For instance, MFIs such as Kaah International Microfinance Services (KIMS) are a potential partner in empowering women economically since they offer group loans that do not require a guarantor because the beneficiaries as a group can act as a guarantor. Besides the financial products, KIMS offers include mentorship, business, and financial training that could enhance the financial management capacity of the women beneficiaries. Additionally, the unconditional cash transfers could be complimented with meaningful gendered skill transfer activities such as vocational training to promote self-reliance. Examples include entrepreneurship skills, market-responsive vocational training such as baking, tailoring, smart farming, henna artistry, make-up, livestock keeping, hairdressing, poultry, bee-keeping skills, agri-business, veterinary, digital, and financial literacy.

2. **Create digital financial capability strengthening programs that are inclusive.**

Given the low basic financial and digital literacy, strengthening these capabilities, would enhance the uptake of sustainable and more secure digital financial solutions and expand mobile wallet use among women. Mobile network operators (MNOs) and other mobile money actors such as humanitarian agencies can partner to design and provide digital literacy training and simplified processes for women to fully utilize mobile phone features, feedback mechanisms and other relevant digital products and services that can enhance their basic skills.

- With the support of the government, the MNOs and other private sector need to create innovative and inclusive mobile services that cater to the needs of women, pastoralists, persons with disability and other groups of people with unique needs.
- As a result of nomadic movements, it would be impossible to strengthen the financial and digital capabilities of pastoralist women through standard classroom-based programs. Stakeholders should invest in Alternative Basic Education (ABE) for pastoralists, especially during the migratory season, to expand and improve access to equitable, quality education for children.
- Due to lack of assistance/support for caregiving roles and other social dynamics such as the roles of the spouses in household financial decision-making, women find it difficult to engage in income-generating activities. Hence, the trainings should also include the spouses and limiting gender norms challenges discussed to renegotiate the newly found roles. Also, innovative women-centered mobile/digital financial solutions should be created to help to ease women's domestic burdens/role in the care economy.

3. **Promote and strengthen the existing lending and savings groups to enhance financial inclusion for both women and men:** Savings groups (Ayuuto) among women have allowed them to borrow money and invest in businesses. These

savings groups should be strengthened and institutionalized through policy frameworks, training, and funding to enhance the financial inclusion of individuals excluded by formal financial institutions such as banks. Since there is positive attitude towards the informal money lending system, the government should support savings groups for women and men by establishing funds that they can borrow from and use to invest in businesses. The government can also encourage and support the creation of associations or cooperatives, especially for the rural agro-pastoralist and pastoralist women in Somalia and Somaliland, through which it can channel funds and other resources to enhance income generation, investments, and more resilient livelihoods.

4. **Increase consumer protections:** While women reported to be using mobile money, many of them were not fully aware of its usage, needing assistance from mobile money agents, increasing the risks of exploitation. MNOs can work with other stakeholders to create awareness on potential risks and empower them to report any cases of abuse by mobile money agents and other violations of their digital security and privacy.
5. **Introduce digital community-based champions:** the heavy reliance of women on family members and especially agents, puts them at a high risk of abuse. Community based digital champions could be identified among communities and sensitized to provide support to women through peer-to-peer learning.
6. **Need to continue with research on the aspects of digital financial inclusion:** considering that digital financial inclusion is critical in addressing income inequalities, it is important to continue with research on the aspects of DFI to achieve highly contextualized and practical evidence based and scalable DFI solutions for diverse Somali women.

## CONCLUSION

Amid persistent conflict, many families are now dependent on women's income for their survival, regardless of whether there are adult males in the household. Gender roles have changed permanently and have become multiple; women have become the financial providers for many vulnerable people, a role that traditionally was assigned to men. Cash transfer via mobile money positively impacted vulnerable households and strengthened women's decision-making capacity. However, this improvement is mostly in the domestic sphere, not the public sphere. Mobile money is more empowering, gender-sensitive, and user friendly for women and allows them to build social capital by sharing their assistance with relatives. Digital money transfers through social protection programmes have a significant potential for increased financial inclusion of women in Somalia and Somaliland, especially when coupled with complementary digital and community-centered solutions incorporating the needs of diverse women, nomadic families and persons living with disabilities and other disenfranchised groups.

