

Development Finance Working Paper Series¹

Determinants of Gender Disparities in Financial inclusion: *Insights from Tanzania*

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No. DEFWPS170002

December 2017

¹ **Note:** The findings from this working paper does not in any way reflect the views of the Development Finance Centre (DEFIC). The views are only representative of the authors.

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Published by:

The Development Finance Centre (DEFIC),
Graduation School of Business, University of Cape Town,
9 Portswood Rd, V & A Waterfront, Cape Town, 8002
Centre webpage: <http://www.gsb.uct.ac.za/s.asp?p=791>

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Abstract

This study uses a nationally representative sample of individuals from Finscope survey 2013 to empirically investigate the determinants of gender disparities in financial inclusion in Tanzania. Using logit regression, the study tests whether an individual's gender affects financial inclusion. Subsequently the study evaluates the relationship between individual's characteristics and the uptake of financial services and products by gender. The results provide evidence to suggest that gender disparities in financial inclusion are only prevalent in the uptake to formal savings and formal credit but not access to formal financial accounts and mobile money accounts. Being a woman decreases the likelihood of saving while increasing the likelihood of borrowing at a formal financial institution by 17% and 2% respectively.

Gender disparities in financial inclusion in Tanzania are caused by women being poorer, less educated, less employed, and more dependent than men. More women than men have no formal education hence decreasing their likelihood of accessing formal financial accounts by 58.4%. Employment is the strongest determinant increasing women's financial inclusion by 25% however fewer women are formally employed. While women have a higher propensity to save than men, they lack independence to make financial decisions, have lower financial and digital literacy and have lower mobile phones ownership to access mobile money accounts. The study recommends to Tanzania National Council for Financial Inclusion (TNCFI) to incorporate gender targets in the financial sector and encourage gender mainstreaming in other sectors. Through engagement with other stakeholders, formalise informal sector to increase employment and close gender gaps in education. Scale up informal financial services by integrating them with digital platforms to increase access to formal accounts. Finally, boost implementation of the National Financial Education Framework in efforts to increase women's financial capabilities and empower them to take up formal financial services.

Keywords: Financial Inclusion | Gender | Tanzania |