

Can financial inclusion tip the balance in favour of those furthest behind?



MARIE-MARCELLE GERARD

have an account. This highlights a key reason behind the low rate of financial inclusion in developing economies, where formal financial institutions often overlook individuals like Victoria.

Why is financial inclusion important?

Financial inclusion is the ability of individuals and businesses to access useful and affordable financial products and services that meet their needs—delivered in a responsible and sustainable way.

For women like Victoria, this access can be life-changing, as they often carry the dual burden of managing household responsibilities while contributing economically. When women have access to financial resources and services, they invest in their children's education, in livelihoods that increase their income and savings, accelerating social progress and economic growth. They create jobs for other women and, collectively, have the potential to help lift entire countries out of poverty.

Over the past five years, BRAC Tanzania Finance Ltd has been conducting annual impact surveys with 60 Decibels, using the Lean Data methodology to measure outcomes in our clients' lives.

In 2023, our Lean Data surveys showed that 97% of clients reported an improvement in their quality of life and 91% said they are able to save more. Furthermore, four out of five clients said that they are accessing loans for the first time, highlighting that BRAC Tanzania Finance Ltd is fulfilling a critical gap in the market. The top outcomes reported by the surveyed clients were an improved ability to afford food, acquire assets, and increased spending on home improvements. All the clients we surveyed were women.



Veronica, an entrepreneur from Iringa, has grown her poultry business to over 400 broilers since joining BRAC in 2018, and has expanded into catering, creating new jobs and opportunities for her community.

Forty-year-old Victoria (not her real name) is a widow, a mother of two, and the owner of a small agribusiness in Tanga, Tanzania. Like many living in conditions of poverty, she faces numerous obstacles, with access to responsible financial services being one of the most significant.

Client of BRAC Tanzania Finance Ltd for over a decade, Victoria borrows not only to fund her business but also to cover essential needs like her children's school fees. When I met her this year and listened to her journey, I was struck by her determination. "I've always wanted more for my children," she said. "But for many years, it felt like I was just making enough money to get by."

Today, Victoria is a businesswoman selling vegetables she harvests from her farm. She has built a home for her family, saves regularly, and knows how to make better financial decisions. Victoria embodies the grit and resilience of countless women across Tanzania who aspire to give their children more but struggle to access responsible financial services to invest in their businesses.

According to the Global Findex Database 2021, nearly three out of four adults in Tanzania do not have an account in a financial institution, with women less likely than men to

BRAC Tanzania Finance Ltd's financial services are designed with the needs and requirements of women in mind. Our group-based, collateral-free microloans are exclusively designed for women, empowering them to build financial resilience and achieve economic empowerment. As of September 2024, BRAC Tanzania Finance Ltd served more than 373,000 clients, 97% of whom are women, with 68% earning TZS 14,987 (USD 5.5) per day.

Last year, Victoria was part of the first cohort of a financial and digital literacy training programme launched by BRAC Tanzania Finance Ltd with support from the Mastercard Foundation. So far, we have trained more than 91,500 women.

This new initiative aims to provide women clients with the necessary knowledge and skills to better manage their finances. Victoria is now using this knowledge to budget, save a portion of her profits, and expand her business by selling fertiliser, which has boosted her income.

When we invest in women, we invest in a better world.

Empowering women economically and closing gender divides are key to achieving the Sustainable Development Goals for Tanzania, particularly Goal 5: achieving gender equality; Goal 8: promoting full and productive employment and decent work for all; and Goal 10: reducing

inequalities. Financial inclusion for women has been shown to bring multiple benefits, including more influence over their household's spending priorities, planning for long-term goals, and managing unexpected emergencies. When women have access to financial resources, they uplift not only themselves but also others around them.

On the occasion of Financial Inclusion Week, I advocate for supportive policies and regulations that would allow microfinance institutions to expand our reach and be sustainable at the same time. Investors and donors play a crucial role in supporting microfinance institutions and can deploy their significant funding more effectively by prioritising impact-driven institutions that serve the last mile.

Time and again, my colleagues and I have witnessed the profound impact of responsible financial services, especially for women. Let's continue collaborating to build a financial sector that fosters inclusivity and growth, reaching more young women and ensuring that they too benefit from these opportunities. Our work is far from over—we have yet to reach every Victoria.

Author:

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Sources:

- The Global Findex Database 2021
- Women and Equitable Growth in a Resource-Constrained World
- Women's Economic Empowerment Through Financial Inclusion

LEAN DATA SURVEY RESULT
AS AT DECEMBER 2023

- 97%** of our clients say their quality of life improved after engaging with BRAC.
- 95%** of our clients earned more
- 97%** of our clients managed their finances better.
- 91%** of our clients saved more.
- 89%** of our clients contributed more to important household decisions.

*Lean Data Survey by 60 Decibels

“With the BRAC loan and the profits I earn from my business, I can support my family and provide them with essentials such as education and food.”

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