

# Empowering Women through Digital Tools & Services

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<sup>1. &</sup>quot;The Global Findex Database 2017." The World Bank Group, https://globalfindex.worldbank.org.

<sup>2. &</sup>quot;2018 Findex Shows No Progress on Global Financial Inclusion Gender Gap." Financial Alliance for Women, May, 2, 2018, https://financialallianceforwomen.org/news-events/2018-findex-shows-no-progress-global-financial-inclusion-gender-gap/.

<sup>3. &</sup>quot;Investing in Women." International Finance Corporation, https://www.ifc.org/wps/wcm/connect/news\_ext\_content/ifc\_external\_corporate\_site/news+and+events/news/perspectives-i1c6.



# Moving women toward financial security

For millions of women, financial inclusion is a critical step forward. But we believe it is just the first one. The road to financial security means moving beyond access. That's why we have turned our attention to re-imagining what it means to achieve inclusive growth for people, communities, and economies around the world.

Mastercard is empowering women with the resources to gain tangible control over their financial futures and economic potential. We have created digital tools and services to provide women equal access to training, capital, and financial services. Ultimately, this creates a path to a better quality of life for them and their families.

In Egypt and Indonesia, for example, Mastercard has developed pioneering programs to use modern payments technologies, such as mobile wallets, to receive critical payment and secure access to life-saving commodities such as water and medicine.

In Uganda, an innovative solution enables parents and caregivers to pay school fees and other school expenses with their mobile phones easily, securely, and on time, ensuring that both the current and future generations have access to the tools and education needed to increase their economic potential.

In this paper, we highlight just four examples of the more than 750 global programs Mastercard has embarked on in partnership with governments, private sector companies, and international development organizations to help underbanked, unbanked, unempowered, and vulnerable populations achieve financial security.



### Jaza Duka (Kenya)

Lucy, a single mother of two, lives in Kenya and has been a retailer for 10 years. Her store represents her only source of income, which she uses to pay for school fees for her children.

The cash nature of Lucy's business means her stock purchases are restricted by the cash she has on hand. Without a formal bank account and credit history, Lucy's ability to obtain a credit line is severely reduced. This credit is necessary to purchase additional goods and grow her business.<sup>5</sup>

Millions of small shop owners like Lucy struggle with this issue. As of 2017, 70 percent of women-owned small- and medium-sized businesses in the developing world do not have access to adequate financing. This represents a \$300 billion credit gap each year.<sup>6</sup>

#### The Solution

The "Jaza Duka" program ("fill up your store") was developed in partnership among Mastercard, Unilever, and Kenya Commercial Bank (KCB) to offer new lending models for micromerchants in Kenya. The program combines distribution data from Unilever and analysis by Mastercard on how much inventory a store has bought from Unilever over time. The resulting digital footprint helps to inform lending decisions by KCB. This solves for the problem that banks usually require formal credit history or collateral to make these decisions. This absence of a credit history results in entrepreneurs borrowing from informal lenders at high interest rates and becoming trapped in a cycle of debt.

As part of the micro-credit, the partners are providing the store owners with training to help them manage their finances, inventory, and forward planning to ensure supply meets demand. Entrepreneurs are trained on marketing tools and techniques to help sell their products and subsequently increase their opportunity to grow faster. Local communities can also benefit from having quicker, more reliable access to the products they need most to support their families.

Participation in this program has helped Lucy grow her inventory and business knowledge by removing a critical barrier to the growth of her business: access to credit. She now feels confident about meeting her family's financial needs—including her children's education—and is providing better service to her community.

#### The Impact<sup>7</sup>



18,000

**Kiosk Owners** 



Average Percentage Increase in Sales of Unilever Products

- 5. "New credit-risk models for the unbanked." McKinsey & Company, April 2013, https://www.mckinsey.com/business-functions/risk/our-insights/new-credit-risk-models-for-the-unbanked."
- 6. "Statement on Women Entrepreneurs Finance Initiative (We-Fi)." The World Bank, October 12, 2017, https://www.worldbank.org/en/news/press-release/2017/10/12/statement-on-women-entrepreneurs-finance-initiative-we-fi.
- 7. "Kenya: 18,000 Shops Sign up for Credit Facility by Unilever, KCB and Mastercard." Syminvest, January 23, 2019, https://www.syminvest.com/news/kenya-18000-shops-sign-up-for-credit-facility-by-unilever-kcb-and-mastercard/2019/1/23/7929.

"Our belief is that by using Kupaa we will be able to help curb school dropout rates in the country—especially of girls, empower young people to continue their education, and, ultimately, improve their current economic circumstances."

Salah Goss, Vice President, Innovation Management, Products and Innovation at Mastercard



### Kupaa (Uganda)

One hundred and three million youths worldwide lack basic literacy skills and more than 60 percent of them are women.<sup>8</sup> Education and its related costs are often the largest expense for low income families and more girls are out of school than boys. An estimated 781 million people aged 15 and over remain illiterate. Nearly two-thirds of them are women, a proportion that has remained unchanged for two decades.<sup>9</sup> The inability for caregivers to pay for education is a main driver of children missing days of school or not being able to attend at all. This problem especially affects girls who are pulled out of school at a higher rate than boys.

According to the World Bank, fees and costs related to going to school are the biggest financial barriers to schooling. 10

#### The Solution

The growth of mobile technology in Africa has presented an opportunity for parents, schools, and governments to efficiently pay for and manage school-related expenses.

Kupaa, meaning "to fly very high" in Swahili, is a solution that Mastercard launched in partnership with UNICEF Uganda and the Ministry of Education in Uganda. It enables parents and caregivers to pay school fees and other school expenses with their mobile phones securely, easily, and in small payments when they are able, easing the burden of lump sum payments. This empowers women to help improve the life of their family by making education more accessible.

#### The Impact

The program removes two of the critical barriers to child education: direct costs, which are the large sum tuition costs that can be smoothed through payment plans; and indirect

costs, such as time and travel expenses, which are reduced through digital payments. Investing in quality, early childhood education brings the highest returns to individuals, societies, and countries. Investing in the education of girls contributes to wages, growth, upward mobility, and positive social impact.<sup>11</sup>

To date, Mastercard has over 270,000 students registered across over 500 schools, impacting nearly 228,000 guardians in four districts in Uganda. 12

One of the key reasons for the success since the launch of the pilot was the support from the Ministry of Education in Uganda and UNICEF Uganda, and their willingness to collaborate with the private sector. They have shown that cross sector collaboration works, and that digitizing vital sectors in emerging markets can be a game changer for vulnerable populations.

- 8. "Goal 4: Quality Education." United Nations Development Programme, https://www.undp.org/content/undp/en/home/sustainable-development-goals/goal-4-quality-education/.
- 9. "The World's Women 2015: Education." United Nations, https://unstats.un.org/unsd/gender/chapter3/chapter3.html.
- 10. "World Development Report: LEARNING to Realize Education's Promise." The World Bank, 2018, https://www.worldbank.org/en/publication/wdr2018.
- 11. "What Works in Girls' Education: Evident for the World's Best Investment." Brookings Institution Press, https://www.brookings.edu/wp-content/uploads/2016/07/What-Works-in-Girls-Educationlowres.pdf.
- 12. Numbers sourced from Kupaa performance tracking.

"We were looking for a partner that could help us expand our aid delivery channels and reach a large number of beneficiaries effectively and securely.... We view mobile technology as an innovative mechanism to support cash transfer programs and are excited at the potential to use Mastercard Send as a way to improve the distribution of cash-based humanitarian aid."

Tracy Reines, American Red Cross



Jaiyah is an entrepreneur and mother of two. Like many women in her neighborhood in Bekasi, Indonesia, she has trouble accessing clean drinking water and has to buy all of the water she drinks in bottles and jugs.

Like Jaiyah, Lusi and her husband are barely getting by. The family struggles to live on the income he makes cleaning air conditioners. Buying water every week is an expensive proposition. But they do it because they're determined to keep their children hydrated and healthy.

For millions of people like Jaiyah and Lusi, access to clean water is a basic necessity that they simply cannot afford. For many Indonesians, water sources are distant, contaminated, or expensive. However, access to clean water can provide the ultimate link to economic empowerment—health.

#### The Solution

Mastercard, Palang Merah Indonesia, and the American Red Cross launched a pilot program to use Mastercard Send to distribute funds digitally to provide low cost, easily accessed and predictable humanitarian aid. Indonesian families can purchase clean water and other critical items needed for survival during the drought season.

Mastercard Send leverages technology built for remittance services to connect to a wide network of mobile network operators, banks, and money transfer organizations worldwide. The technology enables the delivery of financial assistance payments through different channels—payment cards, mobile money, bank accounts, and cash-out agents from anywhere in the world.

In addition, with access to a mobile wallet or a payment card, beneficiaries can receive other types of payments such as electronic remittances from friends and family abroad via the same method.

#### The Impact

The partnership helps international organizations improve the distribution of humanitarian aid to refugees, internally displaced persons (IDPs) and those in impoverished and disaster-affected communities. It enables women to meet their family's basic needs through access to critical necessities and supports the dignity of choice.

To-date, the company has facilitated the electronic transfer of aid to over 2.5 million people and was recently recognized for these efforts on Fortune's annual Change the World list. 13

<sup>13. &</sup>quot;Mastercard and Palang Merah Indonesia Launch Mobile Disbursements Program for Humanitarian Aid." Mastercard, October 26, 2016, https://newsroom.mastercard.com/ as ia-pacific/press-releases/mastercard-and-palang-merah-indonesia-launch-mobile-disbursements-program-for-humanitarian-aid/.



Ministry of Social Solidarity Women's Program (Egypt)

In Egypt, attempting to collect alimony and social welfare benefits in a cash-driven environment presented women with an unsafe, insecure, and costly experience.

Amal, a janitor and single mom, needed to take off work every month to collect her alimony. Often, the ministry outlets where she picked up payments were closed, requiring her to return another day and incur further wage reductions and expensive transportation costs.

Additionally, due to the social stigmas of being divorced, the process presented an undignified and unsafe experience.

#### The Solution

Mastercard collaborated with Egypt's Ministry of Social Solidarity to launch the country's first government disbursement model for social benefits. The program uses Mobility Money Networks to deliver payments directly to women's mobile phones. Fund transfers are immediate and instantly available for use at ATMs or merchants.

#### The Impact

The digital disbursement process eliminated the cost and time expense of travel and provided women the confidentiality and control such payments offer. Furthermore, this control made it harder for family and friends to access the funds without consent.

The program also provided women with an on-ramp to digital payments and their benefits. Women have started to explore other services and use cases—such as P2P—to send money to their families in remote areas and to pay utilities directly instead of visiting outlets.

After the success of the pilot, the Ministry of Finance is planning to roll out the digital disbursement service to 300,000 people and potentially to over nine million pension recipients.

60,000<sup>14</sup> 600,000<sup>14</sup> 9 Million<sup>14</sup>

Dilat Alimany 2020 Target

Pilot AlimonyTarget 2020TargetProgramAlimonyPensionerParticipantsExpansionExpansion



# Putting women on the path to prosperity

There are hundreds of millions of people whose lives and livelihoods have been hamstrung because the digital economy has been out of reach. In most of the world, women continue to lag well behind men in financial access. Globally, 65 percent of women have an account compared with 72 percent of men, a gap that is all but unchanged since 2011.<sup>15</sup>

In order to help close this gap, we must empower women with the digital tools and training they need to change the trajectory of their economic circumstances. For some, this means access to vital services and life-sustaining supplies. For others, it means sending their children to school to create new opportunities for their futures. It also means unlocking credit for female entrepreneurs so they can expand their own businesses and bring financial stability to their and their family's lives.

For these women and for millions of others, financial inclusion is the first step. That's why in 2015, Mastercard announced a commitment to bring 500 million people into the financial system by the end of 2020. Now on the cusp on that goal, the company has set its sights beyond. Attention has turned to re-imagining what it means to achieve inclusive growth for people, communities, and economies around the world.

Building pathways to more stable and prosperous financial futures for women and millions of vulnerable communities requires innovative partnerships, both public and private. By leveraging our best assets—tools, technology, insights, funding, and expertise—we can create new, sustainable business models for social impact that change the trajectory and potential of human lives.





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