

RESEARCH REPORT:

Deepening Financial Inclusion for Women in the Pacific Islands

*An assessment of the gender issues surrounding women's
ability to access and control financial resources
in Papua New Guinea and Samoa*



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Abstract

With funding from the New Zealand Aid Programme, Women's World Banking conducted a gender study in Papua New Guinea (PNG) and Samoa to explore women's ability to access and control financial resources and analyze the issues that must be addressed in order to provide effective financial services to women toward their deepened financial inclusion. This document represents a comprehensive analysis of insights drawn from women's perceptions of their financial behavior. The recommendations found in this report are directed toward donors and practitioners in the region and are intended to serve to stimulate dialogue toward the development of strategic entry points to deepen women's financial inclusion in the Pacific.

The views expressed in this report are those of the authors and do not necessarily reflect the position of the New Zealand Government, the New Zealand Ministry of Foreign Affairs and Trade or any other party. Nor do these entities accept any liability for claims arising from the report's content or reliance on it.

Women's World Banking is a global network comprised of 39 leading microfinance institutions from 28 countries, serving more than 19 million clients, 73 percent of whom are women. The outstanding loan portfolio of the networks amounts to US\$ 6.9 billion compared to a savings portfolio of US\$ 4.4 billion. Although its members are diverse in geography, size and structure, they are all united by the firm belief that microfinance must remain committed to women as clients, innovators and leaders. Women's World Banking designs and tailors, together with its network members, financial products that match the needs of their female clientele. Women not only have access to financial services but also gain control over their assets. By replicating and scaling these innovative approaches, Women's World Banking will prove that investing in women can be profitable and at the same time generate positive social benefits in form of a strong multiplier effect on the well-being of their households and communities. In addition to a female specific product design Women's World Banking supports its member institutions to develop principled, visionary leaders and meritocratic organizations through its Center of Microfinance Leadership with a strong focus on gender diversity—a commitment that dates back to its establishment as a global network in 1979.

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Women's World Banking Research Team

- **Anjali Banthia, Project Manager** of Women's World Banking's initiative to deepen financial inclusion for women in the Pacific Islands. Aiming to bring the voice of women customers to the design of microfinance product and marketing strategies, Anjali is responsible for designing and delivering action-oriented market research to support Women's World Banking's programs in savings, micro-insurance, credit and remittances for women and girls in Asia, Africa and the Pacific Islands.
- **Penelope Schoeffel, Social Anthropologist & Pacific Islands Women and Development Specialist/Consultant.** Penny brings over 30 years of experience in gender and development in the Pacific Islands and elsewhere. A long-time resident and scholar around the Pacific Islands, Penny brings deep insights into the challenges of women in the Pacific to the project. Her experience includes being a lecturer at various universities and doing evaluations and reviews on various programs, spanning women's education, health, water and environmental issues and other development issues.
- **Carol Tyroler, Small Business Development Specialist/Consultant.** Carol brings over 20 years of professional poverty alleviation strategizing and management in over 30 countries with a strong focus on livelihood development and competitiveness along various value chains, with a focus on economically empowering women. Carol brings a wealth of experience and insights into the ways that women can build their economic security to the project.

Nationwide Microbank Team

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List of Acronyms

Asian Development Bank	ADB
Australian Agency for International Development	AusAID
Bank South Pacific	BSP
Competency-based Economies through Formation of Enterprise	CEFE
Focus group	FG
Gender-based violence	GBV
Interview	I
International Finance Corporation	IFC
Inclusive Finance for Underserved Economy	INFUSE
Management information systems	MIS
Nationwide Microbank	NMB
Oil Palm Industry Corporation	OPIC
Papua New Guinea	PNG
Papua New Guinean Kina (currency)	PGK
PNG Microfinance Limited	PML
Rotating Savings and Credit Associations	ROSCA
Samoan Tala (currency)	WST
Small Business Enterprise Center	SBEC
South Pacific Business Development	SPBD
United Nations Capital Development Fund	UNCDF
Women in Business Development, Inc.	WIBDI

Executive Summary

Executive Summary

For more than 30 years, Women's World Banking¹ has worked to understand women's financial needs and the ways in which financial services providers can both serve and empower women. To integrate women into the financial sector, it is critical to first understand their lives: the cultures in which they live and work, their roles as caregivers and their financial needs and goals. We must also acknowledge that cultural and socioeconomic constraints often affect their ability to access financial services or grow their businesses. This is why market research is so vital for Women's World Banking. Listening to women discuss their financial lives lies at the heart of our research; through this, we can understand the major barriers that impede their inclusion in the financial sector. Understanding women's challenges is thus imperative to closing the financial inclusion gap. Women's World Banking's success during the past 30 years has been based on our ability to understand their lives and develop appropriate, responsive solutions.

In 2012, Women's World Banking turned to understanding women's financial barriers and opportunities in the Pacific Islands for the first time with support from the New Zealand Aid Programme. As the Pacific region continues to evolve into a modern monetary economy with increasing financial pressures, the opportunities and needs are greater than ever to develop and scale financial solutions to give women more opportunities to grow businesses and meet their household needs. Amongst microfinance practitioners, there have been emerging efforts to bring world class financial services to meet the needs of an under-served population. Exciting initiatives in mobile phone banking, business development services, micro-lending and savings are underway in many Pacific Island countries. Yet much is still to be learned about the specific barriers and opportunities that women and men micro-entrepreneurs face when trying to start and grow businesses, build their homes, educate their children and meet their other financial needs. There is even less known about women's financial contributions and the gender dynamics that create particular challenges for women in the region. The Pacific region is unique in many ways—in geography, scale and culture for example—making it particularly important to develop microfinance models specific to the Pacific context.

This report is based on qualitative research Women's World Banking conducted in May 2012 in partnership with Nationwide Microbank (NMB) in Papua New Guinea (PNG) and Women in Business Development, Inc. (WIBDI) in Samoa. The research aimed to explore women's ability to access and control financial resources and analyze the issues that must be addressed in order to provide effective financial services to women and deepen financial inclusion for women. This report focuses on building an understanding of the challenges and opportunities facing low-income women entrepreneurs in these countries. Women's World Banking's findings, which are relevant to women not only in the Pacific, suggest ways to deepen financial inclusion for women all over the world, for while financial institutions in every region operate in unique circumstances, we have found great scope for cross regional learning.

A. Research design

The research used a combination of qualitative focus groups and in-depth interviews to gather insights on the research objectives. Focus groups were used to understand areas of consensus and disagreement. In-depth interviews were used to extract nuanced insights on sensitive issues, including gender roles and dynamics and household economic profiles of research participants. In PNG, the research consisted of 22 qualitative research sessions, including 9 focus groups and 13 interviews for a total of 65 participants. In Samoa, the research consisted of 12 qualitative research sessions, including 4 focus groups and 8 interviews for a total of 32 participants. The research also included 14 interviews with key stakeholders in the Pacific region, including donors, financial institutions and practitioners.

B. Country focus

PNG and Samoa were selected as sites for this case study to provide two different views of the issues facing women in two sub-regions of the Pacific, Melanesia and Polynesia, respectively. PNG is the largest country in the Pacific by both size and population with a relatively well-developed financial services sector, whereas Samoa is a mid-sized

¹ Women's World Banking is a global network comprised of 39 leading microfinance institutions from 28 countries, serving more than 19 million clients, 73 percent of whom are women. The outstanding loan portfolio of the networks amounts to US\$ 6.9 billion compared to a savings portfolio of US\$ 4.4 billion.

Pacific country with a rather nascent and limited financial services sector. The countries are separated by different ethnicities, language, gender norms and cultural traditions. Gender-based violence, however, is a particular problem for both. The analysis of these two countries is not intended to be a comprehensive survey of the issues facing women around the Pacific but is intended to show the diversity of the region and highlight some areas of commonality.

The responses of research participants indicate that women in both Papua New Guinea and Samoa face *structural* and *circumstantial* barriers in relation to access and control of economic opportunities and finance. *Structural* barriers are those faced by all or most women and arise from traditional and contemporary cultural and other socio-economic characteristics, such as the culture of male entitlement or weak law enforcement. *Circumstantial* barriers are the factors arising from each woman's personal circumstances, including household dynamics, level of education, economic activities and access to opportunities and can be common but may not be applicable to all women. These barriers prevent or limit the ability of women to grow businesses, control their financial resources and access financial services. The goal of this research was to understand these barriers and identify where there are opportunities for financial services providers to break down these barriers and add the Pacific context to the body of knowledge available on the financial circumstances of women around the world.

1. Papua New Guinea

Papua New Guinea is a challenging place for women to start and grow businesses and to access financial services. Nevertheless, it has a fairly well-developed financial services sector in terms of the number of institutions operating, years in operation and sophistication of regulated financial institutions compared to others in the region. A key feature of the low-income market in PNG is enclave developments, which are large-scale natural resource development projects. These projects are an important part of the economy in PNG and employ significant numbers of low-income men and women as manual workers. Enclave developments almost exclusively make wage payments through the formal banking system. This system of payments has created a banking environment which is unusual for a developing country, in which it is quite common for low-income women to have exposure and experience with using financial institutions.

Enclave development in PNG is associated with mining, oil and gas extraction, logging, tuna fisheries and canning, and plantation industries for sugar and palm oil production. These modern industries are scattered across the country, mainly in rural areas, and employ mainly male labor (with the exception of tuna canneries, which have a mainly female workforce). Apart from these developments, the majority of the population is employed in the informal sector. Smallholder farmers produce food crops (mainly women) and export crops such as coconut, coffee and cocoa (mainly men). Petty trading in roadside and town markets is dominated by women, although men control the more lucrative businesses such as village shops; the long-distance truck trade in high-demand commodities such as betel nut, second hand clothing, and manufactured goods; and small passenger and goods transport enterprises.

Structural barriers facing women within the socio-economic context in PNG include a culture of male entitlements and privileges over women, the customary and modern practices of bride price which reinforce male entitlements and privileges over women, the weak law and order environment which puts women at particular risk of assault, harassment and theft, financial contributions for customary obligations to 'wantoks' which can exhaust personal and household resources. The 'wantok' system is a social system where members of the same ethnic group, family or district assist and depend on one another in social and financial matters.² Growing economic disparities between the rich and poor in PNG also cause increased social conflicts, individual stress as well as HIV and other infectious disease risks for women.

Circumstantial barriers facing women within the socio-economic context include income disparities in the households of oil palm settlers. Women are expected to contribute a greater percentage of their income to support the household than men because women are responsible for the welfare of their family, while it is socially acceptable for men to spend their money primarily on themselves. Men do not have the same expectation or obligation as women in this regard. There are limited economic opportunities for village women and high business risks and costs for urban women due to the inadequate law enforcement and higher cost of living and doing

² Asia Pacific School of Economics and Management. *An Anti-corruption Strategy for Provincial Government in Papua New Guinea*. 1999. p. 6. Accessed at: <<http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan003640.pdf>>

business. Other circumstantial barriers include the fact that women tend to have few business skills and a lack of business capital. The fear of sorcery, marital conflict, alcoholism, gambling, smoking and betel nut consumption and pressures for church donations also cause barriers for some women.

Within the financial services sector, women confront a number of structural barriers including the high costs, limited access and complexity of formal banking which has led to significant negative attitudes and frustration about bank fees and on the other side of the spectrum, high costs and risk of informal banking where rates of 40-50% are common. This creates an environment where there are very few good options for women seeking financial services to help with business or personal goals. Circumstantial barriers facing women within the financial services sector include low levels of financial literacy and low awareness of banking choices where women often demonstrated limited capacity, experience or access to information to independently make a savings plan or carefully consider and plan how they would use a loan and limited understanding of interest rates. Informal options do not offer better alternatives, with Rotating Savings and Credit Associations (ROSCA), locally called *Sande* groups, considered to be high risk.

Overall and despite all these barriers, our research suggests that women need more appropriately tailored financial services; that they are an untapped market for financial service providers; and have been undervalued as potential clients for micro-lending and micro-enterprise development. Financial service providers do not provide a diverse range of products: instead, a one-size-fits all approach is used. Apart from negative perceptions about bank fees, women have a generally positive attitude towards the security of formal banking. They are interested in affordable formal savings and loans yet have few good options in the current market. A concerted effort by financial service providers could help break down a number of the barriers listed above within the financial services sector. Though socio-economic barriers may continue to exist, appropriately designed financial services can give women and men tools to better cope with these financial challenges. Mobile phone banking appears to have particular innovative advantages in capturing this market due to its convenience, relative low cost and privacy. The latter issue of privacy is particularly important for women trying to preserve their savings and avoid violence. This will need special attention by financial service providers.

In PNG, NMB is making significant contributions to providing women and men with tailored financial services, including a mobile money offer called MiCash. The latter innovation, which is the first mobile money offer to the market in PNG, shows promise to extend affordable and convenient financial services to many people previously unreachable.

2. Samoa

Samoa is characterized by its small size, and ethnic and linguistic homogeneity. It has large diaspora communities in New Zealand, Australia and the US and is highly dependent on monetary remittances. The small formal economy is based on food and beverage processing for the domestic market and, to a very limited extent, export market. The formal economy also includes construction, import, wholesale and retail enterprises. The majority of the population, including a growing urban population, relies on a mixed formal-informal economy based on wages and small-scale farming of food crops, handicraft production, fishing and trading.

Samoa is a nascent market for financial services with a limited supply of financial services and a low-income population that has low financial literacy and low awareness of how to use financial services to improve their financial situation. Structural barriers facing women within the socio-economic context in Samoa include high cost customary obligations including a system known as 'fa'alavelave', which are traditional ceremonies where large amounts of money, food and fine mats are accumulated, pooled, exchanged and redistributed between kin-groups to mark funerals, weddings, and title-conferring rituals. Other financial obligations include church donations and tending to family needs. Church collections to support the pastor and his family and special purpose church collections such as contributions for building new churches and overseas missions are also a source of financial pressure for women. These obligations are often financial in nature and can divert substantial time and resources away from personal financial management and business growth. Families often take out loans for these obligations placing additional burdens on women for repayment; some banks are aware of, and allow, this practice.

Structural barriers also include a lack of business opportunities and markets, particularly for women. Samoa's economy is limited, though the tourism industry does provide some business opportunities. Unlike PNG, Samoa lacks

lucrative natural resources and does not have large enclave developments or any large-scale aggregators for main exports, which could employ many people. Seeking overseas work is common in Samoa. Thousands of Samoans have settled permanently overseas or engage in temporary seasonal employment overseas. Overseas employment generally offers more opportunities in male-dominated industries such as shipping and fishing but some seasonal work does offer opportunities for women. Men and women are recruited in village groups by local Samoan contractors to be seasonal workers, mainly for fruit picking, and are paid the legal minimum wages (or above for skilled workers) in New Zealand and Australia. An increasing number of Samoa-based men (and a few women) are also permanently employed as crew on merchant and cruise ships. These tend to be slightly higher paid. Samoa is different than PNG in that education levels are quite high and equal for women and men, yet this does not create many local earning opportunities, particularly for women.

Circumstantial barriers facing women within the socio-economic context in Samoa include limited incentives for economic independence related to the high levels of dependence on remittances and, for those who are earning, strong pressure to share earnings with family members. For many, the combination of remittance dependence, limited financial literacy and dependence on support from family members inhibits incentives to earn money and creates incentives to spend the earnings of others. Within this context, it is very difficult for a woman or a man to earn income and retain independent control over it to be able to reinvest it back into the business or save it for a personal reason. Women who do attempt to earn income (usually through micro-enterprises such as market stalls selling household goods, clothes or food) often do so out of a need to address unmet expenses of the family. This is increasingly common in Samoa due to rising costs of living and reductions in the availability of overseas work due to the global economic downturn. Other barriers include a cultural preference towards high levels of discretionary spending rather than investments or savings as well as conflict—including violent conflict—with the household between earning and non-earning members over resource allocation. In addition, women tend to have few business skills and lack business capital to start or invest in a business.

Within the financial services sector, women confront a number of structural barriers including a nascent and limited financial services sector where there are limited opportunities for women to access loans and savings accounts. The banking sector has not made significant efforts towards broad financial inclusion beyond salaried workers. The financial services sector has also not done enough to address the cultural disincentives against savings or build a greater savings culture and they appear to mirror this culture in their apparent lack of emphasis on savings, both as a product and in their marketing. Apart from the banks, there is only one private microfinance institutions in Samoa, South Pacific Business Development (SPBD). SPBD offers Grameen-style group microloans, savings accounts credit-life and life insurance products, and recently launched a financial literacy training/financial diaries program. SPBD group loans are the only type of loan available to low-income women who are not salaried in Samoa. The Development Bank of Samoa was cited as another option and is a government initiative that offers a group lending microfinance scheme in partnership with the Ministry of Women, Community and Social Development. It provides microloans to women at subsidized interest rates on a limited basis and was not used by many women. The result of this limited financial services sector is that low-income women have very few options to use financial services to improve their situation. Informal borrowing can be an alternative and is generally interest-free between family, friends and neighbors. Village-based women's committees (Komiti) also lend informally to members of the group at a rate of (20-30% per fortnight). Informally borrowing however is not very common in Samoa as shortfalls of income are more likely met through contributions from the extended family.

Circumstantial barriers facing women within the financial services sector in Samoa include women's low levels of financial literacy and awareness, including a misunderstanding of how to use loans. They reported difficulty in making a savings plan and did not consistently appear to plan how they would use and repay loans. They also had limited understanding of interest rates and the total amount that they would have to repay. Another barrier to using financial services is related to the socio-economic structural barrier of women being expected to share income amongst their family. Given the nature of spending and savings in Samoa and the conflict that can arise, women did report having to keep secret savings that their family members did not know about. The research showed a desire amongst some women to save privately, most commonly for goals which their family members did not necessarily share or for their or their family's security in case of emergencies.

Overall, and despite all these barriers, our research suggests that there are opportunities to expand financial access and better meet financial needs of women in Samoa. The culture for using and offering financial services is nascent,

but the research showed some needs for secure savings, capital investment for businesses and financial literacy in a market where these are currently provided on a very limited basis. WIBDI, a small women's NGO providing market linkages and opportunities for women to save, and SPBD are making contributions to providing women with financial services. WIBDI is providing women with income-generating opportunities and access to markets that they otherwise would not have. This is providing a valuable service for these women, yet appears to be creating a dependent relationship where these women require the assistance of WIBDI to sell their goods.

Drawing from the case studies presented in this report, Women's World Banking sees several opportunities for donors and practitioners to improve microfinance services for women in the Pacific region. Although PNG and Samoa are very different from each other and do not represent the full diversity of the region, the opportunities presented here may be applicable to a wider set of countries and institutions in the Pacific who share some of the same common themes and challenges.

C. Opportunities for practitioners

The following are several opportunities for practitioners in the microfinance industry in the Pacific and, where applicable, an example of successful implementation of such opportunity in a Women's World Banking network member institution.

- 1. Goal-based and low-cost private savings:** Goal-based savings encourages clients to save toward a self-identified goal. Having a goal encourages and motivates clients to save and promotes confidence and independence in women by teaching them to set realistic and achievable savings goals. As with women around the world, these goals include emergencies, daily household needs, health, housing, children's education and old age. The research found that while having goals is common, having a clear plan to achieve them was *uncommon*. Financial institutions in PNG and Samoa offer savings accounts yet do not show clients how they can use the accounts to save towards their goals. This is particularly common for savings accounts associated with salary payments in natural resource enclave developments in PNG, which employ large numbers of low-income people. Workers receive their pay through salary accounts yet most fully withdraw their earnings through an ATM (and are subject to high fees for doing so) and are not aware of the benefits or features of the accounts. Women in both PNG and Samoa demonstrate a clear need for savings accounts that they can use to meet their financial goals, but tend to have low awareness of financial institutions and the benefits of financial services. In order to address this, SEWA Bank, a Women's World Banking network member in India, has incorporated reinforcing messages around savings during every interaction with a client. Additional opportunities include implementing goal-based marketing and removing or lowering maintenance fees, particularly in PNG where there is a mistrust of banks due to high bank fees. Banco WWB, a network member in Colombia is currently developing a savings product that is simple and accessible to low-income clients and is sustainable for the institution.
- 2. Mobile phone banking:** Historically, high costs of doing business, geographically dispersed populations and poor infrastructure have made efforts to penetrate the Pacific market challenging. Yet, with high usage rates for mobile phones, there is emerging promise that mobile phone banking can make expansion much easier and less expensive. This research also found that there are specific benefits to women: women value mobile phone banking because it allows them to confidentially make financial transactions. In PNG especially, women value this service because it enables them to avoid traveling long distances to reach bank branches, which can be dangerous and expensive. It also helps them avoid long and time-consuming wait times at bank branches. For financial institutions, these efforts do require substantial time, effort and cost to operationalize yet the outcome can have dramatic effects on financial inclusion and improved client satisfaction. There are a number of ongoing initiatives to bring mobile phone banking to the Pacific. Digicel launched a mobile money program in 2011 that allows remittances to be sent from Australia and New Zealand to Tonga, Fiji and Samoa. In order to use Digicel Mobile Money, clients must have a credit card or a New Zealand or Australian bank account and users must have a Digicel mobile phone to receive payments.³ Once the transfer occurs the funds are stored on the recipient's phone and protected with a confidential access code.⁴ The recipient can choose to keep the money stored on their phone, pay bills, make transfers,

³ "How it works for senders," Digicel Mobile Money 2011, 12 December 2012 <<http://www.digicelmobilemoney.com/help/foryou.aspx>>

⁴ "How it works for receivers," Digicel Mobile Money 2011, 12 December 2012 <<http://www.digicelmobilemoney.com/help/forthem.aspx>>

fill up an individual's prepaid mobile phone account, also known as "top ups" or withdraw the funds.⁵ Beyond its money transfer service, Digicel offers overseas school fee payments.⁶ Vodafone Fiji launched its mobile money initiative, M-PAiSA, in 2011 as well.⁷ Vodafone partnered with SPBD in Fiji to enable microfinance clients to receive their loan disbursement on their mobile phone, as well as to make loan repayments, savings deposits, and savings withdrawals with M-PAiSA.⁸ The IFC and ADB are currently operating large-scale programs to expand mobile phone banking in PNG. As mentioned above, NMB has launched a pilot test of a mobile phone banking platform called MiCash in PNG. Specific opportunities to ensure that women benefit from these programs include complementing programs with technology literacy training, tracking gender disaggregated data, building upon functionality to include bill pay for school fees and utilities and linkages to salary payments and using SMS messaging to improve communication with clients. Women's World Banking is currently exploring ways to use mobile devices as a low-cost means to conduct financial transaction with several members of its network.

- 3. Product diversification through individual business loans and leasing:** With women visible in markets but often unserved or under-served by financial institutions, there is significant room to expand the provision of business loans in the Pacific to include individual loans and leasing options. In PNG, current options only allow clients to borrow a percentage of their deposits, such as NMB's Speed Loan. In Samoa, only group loans are currently available for smaller-scale entrepreneurs and women often face significant social pressure to share these loans with family members or use them for personal consumption. Opportunities for product diversification include introducing individual business loans and leasing products. In 2012, Women's World Banking debuted a rural individual lending product with several network members in Latin America. The loan requirements were adapted to make them more accessible to women and the appraisal protocol was adapted to uncover women's true financial contribution to the household income.
- 4. Financial education and marketing:** With a nascent but growing financial services sector in the Pacific and a population of women (and men) who are not very familiar with using savings accounts and loans, investments in financial education are critical. Financial education could cover topics such as creating goal-based savings plans, maximizing the potential of remittances and making a plan for how to generate income from and repay business loan. Women's World Banking's work in this area has shown that adults do not respond well to traditional classroom-based trainings, which also tend to be quite high-cost and labor-intensive. Rather, financial education seems to work best when embedded within a comprehensive and interactive marketing, promotions and sales approach. Women's World Banking recommends a segmented approach in the Pacific. For women who are in the initial phases of starting and growing their business, institutions should provide basic financial education, business skills awareness and exploring providing business development ideas where appropriate. For growth-oriented businesswomen with established businesses, institutions should provide more advanced financial education that focuses on showing entrepreneurs how they can use financial services to take their businesses to the next level. For both, institutions should focus on showing women how they can meet all of their financial needs, personal and business. When done effectively, this approach can help institutions grow awareness, promote products and build loyalty. Women's World Banking recognizes that not all financial services providers have the resources to invest in financial education programs. While there are initial investments required, such as curriculum development, they can bring significant returns to institutions as it creates and articulates demand for products. Opportunities in financial education and marketing programming include developing community-based financial education, creating social communications and holding branch-level educational events. For instance, Women's World Banking along with Dominican Republic network member Banco ADOPEM produced a *telenovela* that included financial responsibility messages within the show's plot which translated to an increase in the institution's savings balances after the first 16 weeks of broadcast.

⁵ CGAP, *CGAP Landscape Study on International Remittances through Mobile Money*, Washington, DC, February 2012 p.32
<http://www.gsma.com/mobilefordevelopment/wpcontent/uploads/2012/03/2012landscapestudyoninternationalremittancesthroughmobilemoney.pdf>

⁶ "Digicel Mobile Money Expands its Services to Drive Growth and Development in the Pacific." Spasifik, 2012, 14 December 2012.
<<http://www.spasifikmag.com/publicbusinesspage/7novdigicelmobile/>>

⁷ <http://www.vodafone.com.fj/pages.cfm/personal/services/mpaisa-vodafone-money-transfer/>

⁸ "3000 women are first recipients," Fiji Times Online, December 08, 2011, <http://www.fijitimes.com/story.aspx?id=187915>

- 5. Confidentiality and support against gender-based violence:** The research found a particular need for privacy in both countries, driven by constant demands to share money with family and community. In PNG, the need for privacy also emerged from threats of domestic violence where significant conflict occurred around the control over money. The research showed that there is a strong linkage between money, household conflict and violence. While reducing gender-based violence is not an explicit goal of financial institutions, this report asks the Microfinance sector and donor community to consider ways that it can help prevent violence against women or at least help women in this situation protect their money and assets, particularly in the Pacific region where violence against women is quite rampant⁹. Some ways to help can include offering safe, secure and confidential financial services that women can independently operate without others finding out. Specific opportunities include training staff to be conscious of client's household/domestic situations, sharing information on relevant services and ensuring independent access to accounts through mobile banking, for instance. Women's World Banking is currently working with several partners on a study that investigates the link between gender-based violence and women's financial behavior in Colombia to further understand this emerging area of interest.
- 6. Business development services:** Business development services could help women in the Pacific build stronger businesses. Services could include market linkages and training in new sectors and value-added products. Successful business development programs are generally coupled with the formation of women's groups or networks. Women are either linked along various value chains and/or organized around groups for business purposes where they receive mentoring on business development on a continuous basis. Successful examples that can be replicated by commercial banks, for-profit MFIs and NGO-MFIs include the PACT's Women Empowerment (WORTH) Program in Myanmar, the Inclusive Finance for Underserved Economy (INFUSE) Program in Timor Leste, the Competency-based Economies through Formation of Enterprise (CEFE) that has been implemented in Latin America, Asia and Africa and the Business Edge Program in PNG. Business development services come with high costs to financial institutions or NGOs. These costs are traditionally covered by donor funding and strategic business partnerships. WIBDI's approach uses funding from several donors including the New Zealand Aid Programme to train and provide livelihood opportunities to women organic farmers, artisans and coconut oil producers. WIBDI currently has a business partnership with the Body Shop to link its clients to wider markets.

D. Opportunities for donors

Donors in the microfinance industry can support the development of women-focused microfinance in the Pacific in many ways. A key strategy can be to channel funding toward the implementation of the opportunities described above. This can be supported through funding institutions directly or by providing funding through an international or local technical assistance provider. Often the start-up costs are high for new initiatives and this type of support would enable institutions to try new avenues to broaden financial inclusion and outreach to women. In addition, donors can take parallel steps toward achieving this goal by supporting exchange visits with other financial institutions, for instance. Women's World Banking's network offers many potential exchange sites and learning opportunities for practitioners in the Pacific. Latin American institutions can provide the Pacific with examples of solid operations and scalability in similarly high-cost environments. Beyond Latin America, there are useful country examples in East Africa of mobile phone banking technology and in South Asia of financial education and client-centric product design.

Leadership development is another area of great opportunity for donors. Effective leadership is crucial if financial services providers are to drive client-centric product innovation and keep pace and grow within the increasing complexity of microfinance markets. Training programs tailored to the Pacific context can help position executive and middle management teams for success. Women's World Banking's Center for Microfinance Leadership is unique in that it explores leadership development capability with an explicit focus on building principled, diverse leaders committed to the double bottom line of financial returns and social progress. The Center for Microfinance Leadership trains leaders to navigate change as well as identify and prepare the next generation of leaders, both women and men.

⁹ UN Women. *Ending Violence Against Women and Girls: Evidence, Data and Knowledge in the Pacific Island Countries 2nd edition*, Fiji, 2011. p.3 Accessed at:

<<http://www.unwomenpacific.org/resources/uploads/embeds/file/UN%20Women%20Ending%20VAW%20Literature%20Review%202nd%20Edition.pdf>>

Donors can also commission impact assessments of donor programs. Donors have been involved in the Pacific with a variety of programs for many years. Rigorous quantitative impact assessments of programs could show which programs have led to greater increases in financial inclusion and which have not. This would enable donor programs to better target future funding.

E. Conclusion

There are exciting but challenging opportunities for microfinance institutions, donors and clients to deepen financial inclusion in the Pacific region. High costs and small markets have been challenges for donors and practitioners in the Pacific for many years. However, by understanding and overcoming the barriers faced by women and taking best practices from around the globe, the industry can help the region to grow and empower more women. While each country in the Pacific has context-specific need and challenges, this report has attempted to provide in-depth analysis of the barriers and opportunities facing women and financial institutions in the Pacific region by offering two country case studies. This report does not attempt to offer blanket or homogenous solutions to financial inclusion in the Pacific. Instead, the goal is to provide useful information to donors and practitioners that can be used to bring more and better services to women. Women's World Banking recognizes that improving access to finance for women is just one piece of the puzzle and that other socioeconomic and cultural inequities also need to be addressed through broader education and reform efforts.

Introduction

Introduction

For more than 30 years, Women's World Banking¹⁰ has worked to understand women's financial needs and the ways in which financial services providers can both serve and empower women. To integrate women into the financial sector, it is critical to first understand their lives: the cultures in which they live and work, their roles as caregivers and their financial needs and goals. We must also acknowledge that cultural and socioeconomic constraints often affect their ability to access financial services or grow their businesses. This is why market research is so vital for Women's World Banking. Listening to women discuss their financial lives lies at the heart of our research; through this, we can understand the major barriers that impede their inclusion in the financial sector. Understanding women's challenges is thus imperative to closing the financial inclusion gap Women's World Banking's success during the past 30 years has been based on our ability to understand their lives and develop appropriate, responsive solutions.

In 2012, Women's World Banking turned to understanding women's financial barriers and opportunities in the Pacific Islands for the first time with support from the New Zealand Aid Programme. As the Pacific region continues to evolve into a modern monetary economy with increasing financial pressures, the opportunities and needs are greater than ever to develop and scale financial solutions to give women more opportunities to grow businesses and meet their household needs. Amongst microfinance practitioners, there have been emerging efforts to bring world class financial services to meet the needs of an under-served population. Exciting initiatives in mobile phone banking, business development services, micro-lending and savings are underway in many Pacific Island countries. Yet much is still to be learned about the specific barriers and opportunities that women and men micro-entrepreneurs face when trying to start and grow businesses, build their homes, educate their children and meet their financial needs. There is even less known about women's financial contributions and the gender dynamics that create particular challenges for women in the region. The Pacific region is unique in many ways—in geography, scale and culture for example—making it particularly important to develop microfinance models specific to the Pacific context.

This report is based on qualitative research Women's World Banking conducted in May 2012 in partnership with Nationwide Microbank (NMB) in Papua New Guinea (PNG) and Women in Business Development, Inc. (WIBDI) in Samoa. The research aimed to explore women's ability to access and control financial resources and analyze the issues that must be addressed in order to provide effective financial services to women and deepen financial inclusion for women. This report focuses on building an understanding of the challenges and opportunities facing low-income women entrepreneurs in these countries. Women's World Banking's findings, which are relevant to women not only in the Pacific, suggest ways to deepen financial inclusion for women all over the world, for while financial institutions in every region operate in unique circumstances, we have found great opportunity for cross regional learning.

PNG and Samoa were selected as case studies and research sites to provide two different views of the issues facing women in two sub-regions of the Pacific, Melanesia and Polynesia, respectively. PNG is the largest country in the Pacific by both size and population with a relatively well-developed financial services sector, whereas Samoa is a mid-sized Pacific country with a rather nascent and limited financial services sector. The countries are separated by different ethnicities, language, gender norms and cultural traditions. The analysis of these two countries is not intended to be comprehensive of the issues facing women around the Pacific but is intended to show the diversity of the region and highlight some areas of commonality.

¹⁰ Women's World Banking is a global network comprised of 39 leading microfinance institutions from 28 countries, serving more than 19 million clients, 73 percent of whom are women. The outstanding loan portfolio of the networks amounts to US\$ 6.9 billion compared to a savings portfolio of US\$ 4.4 billion.

Research Design

Research Design

Women's World Banking's approach to market research, the foundation of all its projects, involves going beyond simply asking about preferences and money management to exploring underlying factors that are critical in delivering tailored financial services to women, including cultural patterns of gender, identity, status and household relationships.

A. Objectives

Through Women's World Banking's focus groups and in-depth interviews with low-income women in PNG and Samoa, Women's World Banking sought to:

- Understand how gender identities (what it means to be a woman or a man in the local cultural context) and intra-household dynamics, including power relations, roles and responsibilities and decision-making processes between men and women, influence:
 - the types of businesses women engage in
 - the constraints women have owning and growing their own business, including their capacity to invest both their time and money in their businesses and on family needs
 - the allocation of earnings and resources within the household and, if appropriate, within the extended family and kinship structure
 - how decisions about finances and financial services are made within the household
 - savings, investment (business, assets and education) and expenditure strategies by income levels
- Understand how gender-based violence, a serious issue for women in this region, affects the capacity of women to control their finances and build economic security
- Explore the gender responsiveness and women's satisfaction levels with current financial products, service delivery, staff interaction and branch experience offered by the partner institutions and its competitors in PNG and Samoa
- Identify solutions that would make financial services more effective at reaching and impacting women
- Identify types of support opportunities that could help women grow and control their income, including business development services, financial education and programmatic responses to gender-based violence

B. Methodology

The research used a combination of qualitative focus groups and in-depth interviews to gather insights on the research objectives. Focus groups were used to understand areas of consensus and disagreement on the research objectives. In-depth interviews were used to extract nuanced insights on sensitive issues, including gender roles and dynamics and household economic profiles of research participants.

Each focus group lasted approximately 1.5-2 hours, and they were facilitated by the Women's World Banking research team through an interpreter in safe and quiet areas selected by NMB and WIBDI. The interviews lasted approximately one hour and were also facilitated by Women's World Banking through an interpreter. Sessions were conducted in the language in which the participants felt most comfortable and simultaneously interpreted into English. A member of the Women's World Banking research team typed a verbatim transcript as the sessions were being interpreted. The analysis for this report is based on the insights extracted from these transcripts.

Women's World Banking's demand research methodology has been designed to translate the voice of the customer, through analysis of direct quotes from research participants, into customer-centric products and implementation strategies. As qualitative research, the data presented in this report does not seek to present statistically significant or quantifiable results, but does aim to portray a vivid picture of the relevant knowledge, attitudes, behaviors, and contexts of the research participants.

C. Activities

In PNG, the research consisted of 22 qualitative research sessions, including 9 focus groups and 13 interviews for a total of 65 participants (60 women and 5 men). The research was conducted in 3 main locations: Kimbe, Port Moresby and the village of Boera. In Samoa, the research consisted of 12 qualitative research sessions, including 4 focus groups and 8 interviews for a total of 32 participants (all women). The research was conducted in villages and town areas in 2 main locations: Upolu and Savaii.

The research also included 14 interviews with key stakeholders in the Pacific region. These included:

Donors

1. Kerry Burridge, Development Manager, Private Sector, the New Zealand Aid Programme
2. Tillman Bruett, Regional Financial Inclusion Advisor and Project Manager, UNCDF Pacific Financial Inclusion Programme
3. Erik Aelbers, Private Sector Development Initiative, Pacific Liaison & Coordination Office, Asian Development Bank
4. Ruth Goodwin-Groen, Adviser, Financial Services for the Poor, AusAID

Financial Institutions

5. Tony Westaway, CEO, Nationwide Microbank
6. Melissa Noonan, Head of Strategy & Sustainability Pacific Banking & Kate Holloway, Head of Employee Advocacy, Westpac Banking Corporation
7. Norman Wilson, General Manager, ANZ Bank
8. Patricia Fred, Interim CEO, Strategy/Communication & HR Manager, VANWODS Microfinance
9. B.V. Raghuram, Associate Vice President of Financial Inclusion, BASIX Consulting and Training Services Ltd. (Contracted to Kokopo Cooperative Bank and PNG Microfinance Limited)
10. Gregory Casagrande, CEO, SPBD

Practitioners

11. Barry Coates, Executive Director, Oxfam New Zealand
12. Caterina Meloni, A2F Consulting (Contracted to IFC)
13. Anda Boros, Independent Gender Consultant (Contracted to IFC)
14. Ingrid De Lacy, Independent Gender Consultant

D. Sample criteria

In PNG focus groups comprised women from different settings. In Port Moresby, National Capital District, two of the groups were from coastal peri-urban villages Tubusera and Boera; the group members were Motu-speaking women living in villages that followed customary norms, and practiced traditional economy of fishing and trading as well as modern wage-earning. Boera village is close to the processing works under construction for the Exxon Mobil Liquid Natural Gas project and presently supplies mainly unskilled male construction labor to the project. Other focus groups comprised women living in suburbs of Port Moresby city; these women were from different parts of PNG, and had diverse ethnic and cultural backgrounds.

In the Kimbe-Hoskins-Bialla areas of West New Britain province, the focus groups included women living on small-holder oil palm plantations. Centralized oil palm plantation and processing works in this area are operated by two corporations, New Britain Palm Oil Ltd. and Hargy Oil Palms Ltd., while the small-holder operations, which supply palm fruit to the central operators, are managed and coordinated by the government-owned Oil Palm Industry Corporation (OPIC). Oil Palm smallholdings are leased from OPIC by settlers, who have settled to grow oil palm in the province. The small-holder production areas are divided into large blocks comprising large numbers of small-holdings. Each block has its own basic health, education and oil palm extension services. Each block also usually comprises settlers from the same or similar ethno-linguistic background. Interviews were also conducted with male and female business operators living in Kimbe town.

The sample criteria in PNG were as follows:

- Gender: Women, men
- Income level (as determined by the size of business activities and/or individual or shared ownership of a bank card known as 'Mama Card'): Higher income level, lower income level
- Ethnic and geographic diversity: Participants originated from 12 provinces and 23 PNG ethnic groups
- NMB customers using MiCash, NMB customers using only branches and non-NMB customers
- A variety of income-generating activities: Approximately 30 different kinds of income-generating activities, including small-scale business activities, such as oil palm loose fruit collection, small-scale marketing, sale of

garden produce, sewing, PMV (mini-bus) operations, rental properties, liquor stores and cooked food businesses

- Oil Palm Industry Corporation (OPIC) staff
- MiCash agent

The focus groups in Samoa were drawn from the rural clients of Women in Business Inc. (WIBDI), a non-profit rural development organization that works, through women, with rural households to encourage sustainable livelihoods. WIBDI's commercial arm exports organic produce grown by its clients, including coconut oil, dried bananas, markets local vegetables, and also brokers contracts between buyers and producers for the production of fine mats. WIBDI provides a voluntary savings services and holds accounts for its members, but does not provide loans. Many of the WIBDI members interviewed were also clients of SPBD. Groups, comprising members of village women's committees, were interviewed in ten different villages on Samoa's two main islands of Upolu and Savai'i.

The sample criteria in Samoa were as follows:

- Gender: women
- Current members of WIBDI, National Development Bank and/or SPBD
- A variety of home-based income-generating activities by individuals, families and women's groups: Approximately 20 different kinds of income-generating activities, including small-scale business activities; mainly roadside and town market produce and handicraft sales, including root crops, fruit, vegetables, fish, green and dry coconuts, Samoan scented coconut oil, processed cocoa, charcoal, printed textiles, sewn garments, sitting and sleeping mats, fine mats, strainers (hibiscus fiber), processed weaving fiber (pandanus leaves) and a range of cooked foods using local ingredients and store bought ingredients. In addition there were products marketed through WIBDI including organic coconut oil (supplied to Body Shop), organic produce (sold on order to urban middle class consumers) fine mats and organic compost. Other business included taxi operations and small shops.
- General manager of SPBD

E. Composition of sessions

The composition of research sessions in PNG was as follows:

	KIMBE				PORT MORESBY & BOERA			
	Women		Men (husbands of women participants)		Women		Men (husbands of women participants)	
	Higher income	Lower income	Higher income	Lower income	Higher income	Lower income	Higher income	Lower income
Client in mobile money pilot	3 focus groups 4 interviews	2 focus groups 2 interviews	2 interviews					
Client using branches only					1 focus group 2 interviews	2 focus groups		1 interview
Non-clients						1 focus group		
MiCash agent	1 interview							
OPIC staff	1 interview							

The composition of research sessions in Samoa was as follows:

Women	UPOLU	SAVA'I
WIBDI Only	1 focus group 1 interview	3 interviews
WIBDI & SPBD	1 focus group	2 focus groups 1 interview
SPBD Only	2 interviews	
Development Bank	1 interview	
SPBD General Manager	1 interview	

F. Topics covered in focus groups and interviews

The topics covered included:

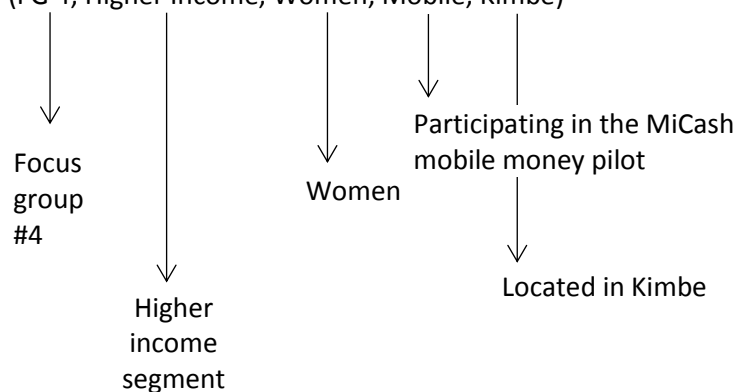
- Family composition, including age and activities of family members living in the household and abroad
- Income-generating activities and cash flows, including successes, challenges and barriers to business growth
- Household gender dynamics, including roles and responsibilities in the household, gender identities and the double burden on women
- Conflict within households, including domestic violence and the impact of this on financial behavior
- Decision-making authority and resource allocation, including use of cash inflows, household money management, savings, control over money, confidentiality of savings, borrowing
- Savings behavior, including savings goals, use of savings mechanisms (informal and formal)
- Borrowing behavior, including borrowing needs, use of different types of loans (informal and formal)
- Experience with and perceptions of banks
- Levels of financial literacy
- Experience with and perceptions of mobile phone banking
- Marketing, including how to reach women with information about financial services

G. How to read quotes

Each research session was assigned a code. The code identifies the segmentation of the participant(s), including the number of the session, gender and other criteria. For example:

"I save money purposefully for housing and for bride price, if ever my son gets married, then I could give money for that. Also school fees for my children."

(FG 4, Higher Income, Women, Mobile, Kimbe)



Papua New Guinea

Papua New Guinea

Papua New Guinea is a challenging place for women to start and grow businesses and to access financial services. The analysis presented here describes the barriers as well as the opportunities for women's financial empowerment in PNG. Within this context, Nationwide Microbank (NMB) is making significant contributions to providing women and men with tailored financial services, including a mobile money offer called MiCash. The latter innovation, which is the first mobile money offer to the market in PNG, shows promise to extend affordable and convenient financial services to many people previously unreachable. The analysis here provides specific feedback on the services offered by NMB, MiCash in particular.

This section of the report covers the research findings from Papua New Guinea. It is organized in the following sections:

- A. Background
- B. Partner institutions
- C. Findings
- D. Opportunities for financial services providers

A. Background

1. Geography

Papua New Guinea is located between the Coral Sea and the South Pacific Ocean. It is the biggest country in the Pacific region and is sited in the Melanesian sub-region. It is home to more than 5% of the world's biodiversity, despite comprising less than 1% of the world's land area, totaling approximately 463,000 square kilometers.¹¹ PNG has a total population of 7.014 million.¹² PNG's 22 provinces are divided into four regions, Highlands, Islands, Momase and Papua. Many PNG communities live in relative isolation due to the mountainous terrain, scattered small islands and expensive air travel which is the only form of transportation between the capital, Port Moresby and the provinces.¹³ Rural dwellers are most heavily concentrated in Morobe and the three Highland provinces, which account for nearly 40% of the population.

2. Family and kinship structure

Most kinship systems in PNG are lineal; a person is born into a kin group to which membership is traced from either a male ancestor (patrilineal) or a female ancestor (matrilineal). Descent groups own territories and the resources within it, and individual group members have use-rights. Identity and property are defined by kinship. The significant fact for gender identity in these kinship systems is that women are 'in between' because of the rules of exogamy. A woman 'marries out' (is given in marriage to a husband from a different kin group to her own) and resides with her husband's people. This limits her opportunity to exercise any limited inherited rights she may have in her own kin group (such as formal rights to land). Matrilineal systems do not usually empower women, as male members control the assets of the matrilineage. In matrilineal systems men normally inherit rights through their mother's brother instead of their father. (Chowning, 1973, MacIntyre, 2006, 2011).

Many PNG societies expect bride price to be paid for a wife by a man and his relatives. Bride price is a transaction between the husband and his male relatives and his wife's male relatives. It bears no resemblance to dowry customs in Asia in which the woman has a right to retain the payment in the case of divorce. Traditionally this was paid in food and customary valuables. The bride price is given in exchange for the woman's services and any children she may bear. Today cash and modern goods are included in bride price and bride price payments have become inflated. Many groups that did not previously have the custom have now adopted modern bride price customs (Jorgensen, 1993.) Bride price is usually raised through the collective contributions of kinsmen, which obligates young men to their elders, but men earning wages may save for and pay their own bride prices in modern Papua New Guinea.

A number of scholars have pointed out that the modern commodification of bride price has encouraged commodification of women and associated attitudes that men 'own' their wives, and have absolute powers over her.

¹¹ Ausaid Website on PNG.

¹² "Data, Papua New Guinea," World Bank 2011, 20 November 2012 <<http://data.worldbank.org/country/papua-new-guinea>>

¹³ UNDP website on PNG

It has been noted that men who acquire 'windfall' wealth from mining or logging royalties often use this money to acquire additional wives, sometimes abandoning their older wife for a younger one. It has also been noted that this creates tension between men as such wealth usually goes to older men, who instead of using it so that the young men can get wives, use it to get additional wives for themselves. (Macintyre and Foale, 2004, Zimmer-Tamakoshi, 1998.) Most Papua New Guineans are at least nominally Christian, but the churches in PNG have not been successful in eliminating bride price or polygyny in PNG, although most oppose these customs. In both matrilineal and patrilineal societies women are not considered to have rights to be awarded a direct share in royalty payments from logging, mining or fishing or to participate in negotiations on these matters.

Wardlow (2002) found that women engaged in prostitution (in a locality where mining has had major economic impacts and where there are few economic opportunities for women) scandalize their families and debase their value as brides. However, the women involved participate in this behavior because they are frustrated and angry. The women feel their male kin have not fulfilled customary obligations to them as women; often the women have been raped and their assailants neither apprehended nor punished. As a result the women have come to believe that the meaning and function of bride price has changed so that women have become like commodities to be bought and sold. They see their behavior as a form of revenge on their families and on a culture that seemingly no longer values them as persons.

3. Socio-economic background

According to World Bank data, PNG is a lower middle income country.¹⁴ Its economy consists of an enclave-based formal sector focused on the large-scale export of natural resources and an informal sector dominated by the activities of rural populations.¹⁵ The informal sector is diverse and largely based on small-scale agricultural production for sale, trade and consumption. It is estimated that between 40-50% of the population lives below the national poverty line on less than 1 USD per day and 25% of children have never attended school.¹⁶ Large household size contributes to increased financial pressure; over half of all households in PNG consist of six persons or more.¹⁷

PNG is one of the most heterogeneous countries in the world, with hundreds of ethnic groups and over 800 indigenous languages spoken as well as a lingua franca, *Tok Pisin*. Most of PNG's ethno-linguistically diverse tribal societies are 'egalitarian' in the sense that all *males* are regarded as equal. However, women are believed to be subordinate to men and as a result, systematic violations of women's rights and violence against women exist throughout the country and are usually considered socially acceptable. Violence against women is fueled by men's abuse of alcohol and drugs and often arises within disputes over resource allocation in the household.

Women are constrained by a legal framework that does not adequately protect their interests, particularly in relation to property rights, domestic violence and employment. Customary law, which frequently discriminates against women, is commonly applied.¹⁸ Women are not empowered to be vocal and are less likely to participate in public meetings or to put forward their views; they have less access to information and are more likely to be illiterate.

Tribal affiliation and clan affinity significantly impact sources of income and opportunities for economic activities particularly for women. The 'wantok' system is a social system where members of the same ethnic group, family or district assist and depend on one another in social and financial matters.¹⁹ While the 'wantok' system serves as a social safety net, it is also a source of increasing pressure and burden.²⁰ There is an expectation that individuals with

¹⁴ "Data, Papua New Guinea," World Bank 2011, 26 November 2012 <<http://data.worldbank.org/country/papua-new-guinea>>

¹⁵ Papua New Guinea Overview," World Bank, 2012, 20 November 2012 <<http://www.worldbank.org/en/country/png/overview>>

¹⁶ World Bank Website on PNG.

¹⁷ United Nations Development Programme (UNDP). *Human Development Report 2010: The Real Wealth of Nations: Pathways to Development*, New York, 2010. Accessed at: <http://hdr.undp.org/en/media/HDR_2010_EN_Complete_reprint.pdf>

¹⁸ International Finance Corporation. *PNG Gender and Investment Climate Reform Assessment*, Washington, DC, 2010. Accessed at: <http://www1.ifc.org/wps/wcm/connect/923e628048855bf48a94da6a6515bb18/IFC_GenderClimateReformAssessments-ExecSummary.pdf?MOD=AJPERES>

¹⁹ Asia Pacific School of Economics and Management. *An Anti-corruption Strategy for Provincial Government in Papua New Guinea*. 1999. p. 6. Accessed at: <<http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan003640.pdf>>

²⁰ United Nations Economic, Social and Cultural Organization (UNESCO, *Country Programming Document: Papua New Guinea 2008-2013*, Apia, 2009. p. 8 Accessed at: <<http://unesdoc.unesco.org/images/0018/001835/183587e.pdf>>

money must share it with 'wantoks' to pay for societal obligations.²¹ This greatly impacts income, resource allocation and control and impacts women who face pressure to contribute their income to support societal obligations, in many cases men request or demand that they hand over their income.²²

Gender-based violence is another issue that is important to consider in the Pacific context. According to a 2011 report by UN Women, the particularly low status of women and girls in Pacific Island countries makes them especially vulnerable to violence²³. Poverty and dependence on a male breadwinner to provide for basic needs exacerbates this risk. A study conducted in PNG found that 67 percent of interviewed women had experienced domestic violence. Economic dependence on a male breadwinner makes it difficult for a woman experiencing violence to report the abuse or leave her husband,²⁴ highlighting the impact to PNG women's health and safety that financial inclusion could bring.

3.1 Enclave developments

Enclave developments, which are large-scale natural resource development projects, are an important part of the economy in PNG and employ significant numbers of low-income men and women as manual workers. Enclave development in PNG is associated with mining, oil and gas extraction, logging, tuna fisheries and canning, and plantation industries for sugar and palm oil production. These modern industries are scattered across the country, mainly in rural areas, and employ mainly male labor (with the exception of tuna canneries, which have a mainly female workforce). The nature of the work and the compensation for this work has important implications for understanding women and men's economic participation and financial behaviors and challenges.

One example of an economically significant enclave development is the large-scale and lucrative oil palm industry in Hoskins-Kimbe, West New Britain where a portion of this research took place. OPIC (Oil Palm Industry Corporation) runs the large village out-grower and small-holder lease component of the oil palm industry and employs a substantial percentage of the residents of the Hoskins-Kimbe area. Oil palm is harvested in two ways. First, large fruit clusters are cut from the palm trees. These are quite heavy and contain dozens of small red oil palm fruits. These clusters are almost exclusively collected by men. In the process of cutting and handling the clusters, small fruits drop on the ground. The second way that oil palm is harvested is by collecting these 'loose fruits.' This collection is almost exclusively done by women. The oil palm industry created this second type of collection for two reasons: first, to increase the productivity of the farms and eliminate waste and second, to create income-generating opportunities for women, who were considered unable to harvest clusters due to their weight. Each fortnight, men and women give their oil palm collections to OPIC who weighs the fruit and pays the workers accordingly. Because the clusters weigh more than loose fruit, men typically earn much more than women.

3.2 Income generating activities in the informal sector

Apart from enclave developments, the majority of the population is employed in the informal sector. While both men and women participate in PNG's formal labor force, women dominate in the informal sector and some low-wage employment opportunities.²⁵ Women are largely responsible for food production in PNG and suffer from a 'double time burden' – combining domestic duties with income-generating activities. Informal sector activities for women include selling produce from their gardens and engaging in petty trading in local markets. The produce comes from smallholder farms, where mainly women produce and sell food crops and mainly men produce and sell export crops such as coconut, coffee and cocoa. Petty trading in roadside and town markets is dominated by women, although men control the more lucrative village shops, the long-distance truck trade in high-demand commodities such as betel nut, second hand clothing, and manufactured goods, and small passenger and goods transport enterprises.

Most vendors in rural and urban fruit and vegetable markets are women. Market trading is a common entry-level business activity for women and many move from market trading to other forms of trading. In Port Moresby, for

²¹ International Finance Corporation. *PNG Gender and Investment Climate Reform Assessment*, Washington, DC, 2010. p. 22 Accessed at: <http://www1.ifc.org/wps/wcm/connect/cbdeb18049fb10e5a29bebd1a5d13d27/IFC_Gender+and+Inv+Climate+Reform+Assessments+PNG.pdf?MOD=AJPERES>

²² Ibid p.22.

²³ UN Women. *Ending Violence Against Women and Girls*, 3.

²⁴ Ibid.

²⁵ Asian Development Bank (ADB). *Foundation for the Future: A Private Sector Assessment for Papua New Guinea*, Sydney, 2008. Accessed at: <<http://www2.adb.org/Documents/Assessments/Private-Sector/PNG/2008/PSA-PNG-2008.pdf>>

example, women dominate in selling produce from their gardens, fish, betel nut and clothes. A survey of women sellers along the major highways of Madang Province found that women formed 95 to 100% of sellers in most of the markets and earned a weighted average income of more than three times the national minimum wage. The national minimum wage in PNG is 2.29 PGK (1.09 USD) per hour.²⁶ Most sellers sold what they grew in their own gardens. Items that attracted the highest returns were betel nut and peanut, followed by melons and mangoes. To make ends meet, most sellers had at least one additional source of income, such as the sale of meat, eggs, prawns, cooked foods chicken and pig rearing and sales. Through this they are able to earn more than the average daily wage.²⁷ The primary research confirmed that women are economically active and have multiple income generating activities. Women interviewed sell betel nut; sweets; grocery items; home-grown garden produce; kerosene, beer and ice blocks. Some women also were involved in copra drying and oil palm.

Although most women's businesses are too small to require a trade license, women in Port Moresby who sell in one of the five government-sponsored PNG markets are required to pay a daily fee of 2 PGK (.95 US cents) to the Council for their market spot.²⁸ Women frequently sell their produce from the ground, rather than from market stalls and conditions in most PNG markets are dirty, overcrowded and often unsafe. While women's businesses may be less profitable than their male counterparts' their businesses are generating substantial amounts of cash and their labor, mostly unpaid, is making a significant contribution to PNG's economy and the stability in their households, although often not acknowledged.

4. Financial services sector

Compared to other developing countries and other countries in the Pacific, PNG has a fairly well-developed financial services sector in terms of the number of institutions operating, years in operation and sophistication of regulated financial institutions. There are two main types of financial institutions: banks and microfinance institutions. In the former category, international banks including Westpac and ANZ Bank and the regional bank, Bank South Pacific (BSP), comprise the market. In the latter category, the two operating microfinance institutions are PNG Microfinance Ltd. and NMB. There are also a number of smaller cooperative institutions and NGO MFIs, which have a limited scope.

Despite the diversity and modernity of the financial sector, less than 10-15% of the population have access to financial services. Moneylenders exist, particularly in the cities, but in rural areas families, 'wantoks' and community finance schemes play a major role in meeting financial needs. The primary field research found that the banks are not particularly client-centric in terms of meeting the needs of low income people and offer services that mainly serve middle and upper classes and corporate partners.

Enclave developments, such as the oil palm industry, almost exclusively make wage payments through the formal banking system. For OPIC, payments are made only to the senior-most woman and man on each smallholder farm, who are first required to open a bank account. As a means of identification, the senior-most woman is given a "Mama Card" and the senior-most man is given a "Papa Card," which they can present along with their bank card to collect their payments every fortnight. Because there are often many workers on a single farm (who were mostly family members but could also be hired workers), income is either collected by the Mama Card and Papa Card holders and distributed to the workers or the Mama or Papa Cards are rotated around different family members who take turns in withdrawing the earnings. When the income on the payment account is shared in this way, most individuals opened another account that was personal and hopefully private where they could transfer their share of the payment. In many banks, the transaction fee for withdrawing from an account is up to 25PGK (11.89 USD), a fee that they incurred in order to ensure that their money was protected in an account.

The system of crediting earnings from palm fruit to Mama and Papa cards was established to increase small-holding productivity and provide women small-holders with incentives to harvest loose fruit, and thereby benefit from

²⁶ "Poverty Drives Child Labor," Inter Press Service News Agency (IPS) 17 July 2012, 3 December 2012
<<http://www.ipsnews.net/2012/07/poverty-drives-child-labour/>>

²⁷ International Finance Corporation. *PNG Gender and Investment Climate Reform Assessment*, Washington, DC, 2010. p. 3 Accessed at:
<http://www1.ifc.org/wps/wcm/connect/cbdeb18049fb10e5a29bebd1a5d13d27/IFC_Gender+and+Inv+Climate+Reform+Assessments+PNG.pdf?MOD=AJPERES>

separate payments. Today most of the leased smallholdings support two or even three generations of settlers, as the population on each holding has grown over time from the original small pioneer families. Large settler families can no longer support themselves from a few hectares of oil palms alone, unless they are able to acquire scarce and expensive additional leases on oil palm growing land. Large families rely on several sources of income including trading (mainly women) and wages (mainly men) from working on the central plantation or in other wage employment. To provide equity and incentives within these families, income is shared by rotating the card among the women, and sometimes but less often, among the men. Although the whole extended family contributes to the routine harvesting, each adult woman is given a turn to take the income credited to the Mama Card. The senior man in the family is more likely to retain personal control of the Papa Card, but he may choose to rotate the income from it among his son or brothers to encourage them to contribute their labor.

This system of payments has created a banking environment which is unusual for a developing country, in which it is quite common for low-income women to have exposure and experience with using financial institutions. BSP dominates as the main payer of wages for the oil palm sector in Kimbe, a position which it has achieved through negotiating arrangements with the oil palm production sector. The primary field research found that the most common way that people use their BSP account is to get their payment and then go to the ATM and fully withdraw it each time. They usually do not make deposits or leave a balance. Processing these accounts is lucrative for BSP because they receive a commission from OPIC and they also collect withdrawal and account maintenance fees from customers.

Literature reviewed suggests that there is a demand for services in savings and packages that meet specific needs of participants. IMF documentation showed that 75% of participants said that banks, credit unions, formal, or informal savings schemes are inaccessible to them. Forty-five percent of participants said they do not save money because they feel that there are no opportunities to save. Seventy percent say they can afford to save only an average of 15-20 PGK (7.13 – 9.51 USD) per week. The IMF also found that 70% of people borrow money; the most common sources are relatives and *wantoks* (41%) followed by moneylenders (24%). Formal institutions (banks, financial SLS) accounted for less than 5% of loans. The average amount borrowed is very small, around 405 PGK (192.60 USD) and 41% of loans were for amounts less than 200 PGK (95.12 USD).²⁹

It is clear that existing service providers are not meeting client needs. Both savings and the secure movement of money are in great demand among low-income households. Achieving greater financial inclusion in PNG requires broadening access and deepening services by increasing the number of service points, improving communication and information flows and services, improving middle management, reducing the need for cash management and reducing the costs of serving these markets. Deepening access calls for improving, diversifying and creating client appropriate products, and providing more opportunities for clients to build assets.³⁰ For example, many existing savings products charge monthly fees, though low, these fees are a burden for low-income savers. Even where the fee is as low as 2 PGK per month, this can be equivalent to 3 to 4% of a low-income savers total balance.³¹

4.1 Reporting and credit bureau

Currently two microfinance institutions in PNG report to the MIX Market. These are Nationwide Microbank and PNG Microfinance Ltd. As of 2008, PNG has a national credit bureau. Established in 2008, the Credit & Data Bureau provides credit histories on approximately 150,000 Papua New Guineans and 16,000 local businesses to major financial institutions.³² The development and expansion of a national credit bureau in PNG may increase financial inclusion and could help to reduce the cost of credit. It also gives borrowers an incentive to repay existing debt and helps financial institutions avoid giving loans to people with negative credit histories, a move that can help them maintain good financial performance. Credit bureaus can also help people establish their identity in the absence of birth certificates or other official documentation.

B. Partner Institution: Nationwide Microbank

²⁹ International Finance Corporation. *Building a Mobile Money Distribution Network in Papua New Guinea*. Suva. (Joint publication of Pacific Financial Inclusion Programme (PFIP) and the International Finance Corporation (IFC)). Accessed at: http://www.uncdf.org/sites/default/files/Download/BMM_PNG.pdf

³⁰ Ibid, 8-9

³¹ Ibid, 9

³² <http://www.businessadvantagepng.com/credit-bureau-a-sign-of-papua-new-guineas-growing-consumer-market/>

Women's World Banking partnered with NMB to execute the research in PNG. NMB is the largest microfinance institution in the South Pacific.³³ NMB was established in 2002 when the Asian Development Bank (ADB) began the PNG-ADB Microfinance and Employment Project to meet the financial needs of micro and small enterprises, farmers and poor households who did not have access to financial services. The microfinance component of the project began in 2004 under the name of Wau Microbank. In 2008, Wau Microbank became Nationwide Microbank Limited and was issued a banking license; the name change was reflective of the geographic reach of the institution.³⁴

NMB's provision of financial services is guided by a mission "to enable access to banking services for the unbanked; offering superior customer service by delivering innovative banking solutions and providing sustainable long term shareholder value, through an inspired team." NMB has a competitive advantage in the market because of PNG's largely unbanked population and the inaccessibility of larger banks. NMB has 12 branches located across the four regions of PNG. PNG Microfinance Limited (PML), its main microfinance competitor, has a lower penetration and mostly does not operate in the same areas as NMB. Currently, NMB has 100,000 savers (35% women) and 10,000 borrowers (30% women). NMB's 2011 Gross Loan Portfolio was 10 million USD and its deposits portfolio was 22.8 million USD.³⁵ NMB's three strategic focus areas include: (1) increasing their loan portfolio, (2) launching mobile phone banking and (3) the developing a micro-insurance offer. NMB has a demonstrated a firm commitment to women; in 2011 it established a six-person action committee for women with the goal of increasing the percentage of women customers from 30 to 40%.

NMB loan products

NMB offers seven loan products detailed below. Each loan requires a deposit of at least 30% of the loan amount in an NMB account and this amount should be saved for at least 3 months. NMB encourages clients to save more to enable them to borrow larger amounts in the future. NMB is committed to and recognizes the importance of microloans.

- **Micro-enterprise loan:** Microloans for existing small businesses begin at 200 PGK (95 USD) up to 15,000 PGK (7,141 USD). Interest is 3% per month. The average loan size is 5,000 PGK (2,380 USD). NMB also works directly with local district administrations and entered into Credit Guarantee Schemes to provide access to finance in various districts with a specific focus on women.
- **SME Business loan:** Business loans for the expansion of existing businesses begin at 15,000 PGK (7,141 USD).
- **Salary loans:** Loans targeted at non-government salaried employees start at 200 PGK (95 USD) up to 5,000 PGK (2,380 USD) with a 3% interest rate per month and 12 month term.
- **Payroll loans:** Loans targeted for government salaried employees, who have been employed for at least 12 months, start at 200 PGK (95 USD) up to 5,000 PGK (2,380 USD). The loan term is from 5 to a maximum of 26 fortnights.
- **School fee loans:** Loans for school fees are offered to government and non-government salaried employees with a NMB Savings Account. Fortnightly repayments are deducted directly from client's salary.
- **Speed loans:** Speed loans begin at 200 PGK (95 USD). Clients can borrow up to 100% of available funds in their savings account or fixed deposit.
- **Vehicle loan:** Loans for business sector and salaried employees are offered for the purchase of new and used vehicles.³⁶

NMB savings accounts

NMB offers passbook savings accounts to individuals, groups and companies including self-help groups, wage/salary earners, individuals, groups, associations, registered businesses and registered companies. Savings accounts require 80 PGK (38.04 USD) to open an account plus a 30 PGK (14.27 USD) opening fee. NMB pays a 1.5% interest rate per year and the minimum balance is 50 PGK (23.78 USD). If the account balance is over 1,000 PGK (475.54 USD), there is a 3 PGK (1.43 USD) monthly maintenance fee.

³³ "About Us," Nationwide Microbank, 2012, 20 November 2012 <http://www.microbank.com.pg/about_us/about_us.html>

³⁴ "History of Nationwide Microbank Limited," Nationwide Microbank 2012, 27 November 2012

<http://www.microbank.com.pg/about_us/history.html>

³⁵ "MFI Report: Nationwide Microbank," Mix Market, 2011, 20 November 2012 <<http://www.mixmarket.org/mfi/nationwide-microbank>>

³⁶ "Products," Nationwide Microbank 2012, 20 November 2012 <<http://www.microbank.com.pg/products/products.html>>

NMB and MiCash

MiCash is the first mobile phone banking initiative in PNG. It was launched by NMB through a partnership with Digicel in mid-2012. MiCash allows clients to make financial transactions through their mobile phones including the purchase of goods and services, processing payments, purchase of air-time money transfers, balance checks and deposit or withdraw cash. As the transaction occurs it immediately gets put into the bank books. Initial roll-out occurred in Kimbe where 1,200 clients were enrolled (32% women and 68% men) as of May 2012. NMB has a strategic focus to ensure that MiCash reaches a more balanced ratio of men and women and has created an outreach strategy specifically designed to reach more women.

To participate in mobile money, clients must have a Digicel phone. The most basic phones are priced at 25 PGK (11.90 USD) and this includes a SIM card. NMB estimates that around 70% of the population of PNG has a cell phone while 85% do not have a bank account, demonstrating the great need and high potential for mobile money. Clients can deposit or withdraw cash at any NMB branch or agent that accepts MiCash.³⁷ Product features include: no minimum balance and 20 PGK (9.52 USD) to open. There are no monthly fees. Customers must pay a transaction fee of 1 PGK (.48 USD) for every 50 PGK transferred (23.80 USD) up to 499 PGK (238 USD). For transfers of 500 PGK, customers must pay 10 PGK (4.76 USD). Above 500 PGK, customers must pay 15 PGK (7.14 USD). 1.5% interest is paid over 1000+ balance. There are no fees to deposit or to make a loan payment. The minimum account balance is 1 PGK (.48 USD). There is a 10 PGK (4.77 USD) minimum for adding pre-paid credits to an individual's mobile phone account, also known as "top-ups," to a MiCash account. If a customer wishes to check his or her balance, this costs 5 toea (.024 USD) per transaction.³⁸

NMB views mobile money as a time-saving alternative to traditional banking where in PNG, the nationwide average wait time for a transaction is around one hour. In using mobile money, clients do not have to carry cash, which is a benefit, considering the weak state of security in the country. MiCash is attracting salaried workers in plantations, employers and petty traders in the market.

NMB faces some challenges in recruiting competent and reliable local agents, for Mibank, that are accessible to people on the blocks. This is a constraint to the growth of their operations. This is evidence of weak private sector development meaning there is little opportunity between small scale market traders and large companies operating retail and wholesale.

C. Findings

1. Barriers to women's financial empowerment

The research uncovered both structural and circumstantial barriers to women's financial control and independence in PNG. Structural barriers are those faced by all or most women and arise from traditional and contemporary cultural and other socio-economic characteristics, such as the culture of male entitlement or weak law enforcement. Circumstantial barriers are the factors arising from each woman's personal circumstances, including household dynamics, level of education, economic activities and access to opportunities and can be common but may not be applicable to all women.

The barriers are organized below under two sections: (A) barriers that emerge in the local socio-economic context, referring to the cultural practices, household gender dynamics and social norms in PNG and (B) barriers that exist in the financial services sector, referring to the supply of financial services in PNG.

1.1 Socio-economic context

1.1.1. Structural barriers

The following are structural barriers facing women within the socio-economic context in PNG.

³⁷ "MiCash," Nationwide Microbank, 2012, 20 November 2012 <<http://www.microbank.com.pg/products/micash.html>>

³⁸ "MiCash Transaction Fees," Nationwide Microbank, 2012, 27 November 2012 <http://www.microbank.com.pg/products/micash_fees.html>

Culture of male entitlements and privileges over women

The general acceptance among men and women of male entitlements and privileges gives men the perception of a higher status than women, especially their wives; of personal discretion over the use of their own income; and to appropriate income or savings of their wives.

- *“I think he is the money manager. I just run the household, worry about the expenses.”* (FG 9, Lower Income, Women, Non-Customers, Moresby)
- *“When I go to the market, when I come back, my husband will already know that I went to the market, he knows how much I sold, what I earned. He asks what amount I earned. He already calculated it, he will say I need this, I need that. He depends on me now. Any money that I earn, I use it to buy goods.”* (FG 3, Lower Income, Women, Mobile, Kimbe)
- *“Our custom is that the men are the head of the family, the top end.”* (FG 7, Lower Income, Women, Branches, Boera)
- *“My husband makes all the decisions about the money.”* (I 7, Lower Income, Woman, Mobile, Kimbe)
- *“The women have to ask for money, but (men) ask women about their earnings and some take the money. The men are the bosses. They decide on what is spent or not spent. Men are the head of the family and women follow this.”* (FG 1, Lower Income, Women, Branches, Moresby)

Bride price

The customary and modern practices of bride price reinforce male entitlements and privileges over women. Furthermore, bride price (along with other customary practices) is a huge financial burden that some participants believe inhibits business development and women’s empowerment. Despite this, most of the women we spoke to understand that it is a necessary customary practice and social bond that cannot be forfeited.

- *“It is has to do with how much you can afford. If you pay a very high bride prices you get a lot of status.”* (FG 1, Lower Income, Women, Branches, Moresby)
- *“If we sell our daughters for a bride price, then they will not have freedom. If they like someone, they can go and get married to them. I do not want her to be a slave. Then they think that they can bully her because she has been paid for. She is not a substance! They think that they own her if they pay a bride price.”* (I 4, Higher Income, Man, Mobile, Kimbe)
- *“When you think about bride price, then everyone is contributing here and there. You may not have anything at home, but you have to give.”* (FG 7, Lower Income, Women, Branches, Boera)
- *“It is killing us, killing the economy. It is a social bond though. It is a cementing wall between different families. It works. The relationship then is good. It is hard for people, they cannot always afford to give it away, but they do it for pride and prestige.”* (I 4, Higher Income, Man, Mobile, Kimbe)
- *“Customary stuff inhibits business development.”* (I 9, Higher Income, Woman, Mobile, Kimbe)
- Q. What are the most difficult challenges? *“Family obligations, such as bride price, relatives being sick in the hospital, funeral expenses, school fees and extended family obligations. All six of my children are unemployed, but they still come to me and expect to help them and look after their children.”* (I 13, Higher Income, Women, Branches, Moresby)

Weak law and order environment

The weak law and order environment in PNG puts women at particular risk of assault, harassment and theft in public places and on public transport.

- *“The laws against domestic violence are there, but the awareness is lacking. They do not know what they can do. They do not know who they see, or what they can do. I do a lot of counseling. She will be told that if the court charges me, I will kill you. You cannot win. I will give you an example of our daughter. She will come and escape and live with us for 1 year. Then they will get back in touch on the phone and he will ask her back and then she will go back for 6 months. She will come back and she will get all bloody and crying. It is not all men here who do this, they are being demonized though that all men do this.”* (I 4, Higher Income, Man, Mobile, Kimbe)
- *We have laws to govern here but the policemen are not all around, everywhere. People just do whatever they want. People make homebrew or grow marijuana.”* (I 8, Higher Income, Man, Mobile, Kimbe)
- Q. Can you tell on your husband if he beats you up? *“Previously if you went to complain, you were taking a big risk and you could get beaten up worse or even killed. Now it is better, the laws are much stronger. You can get a restraining order against them.”* (FG 6, Higher Income, Women, Mobile, Kimbe)

Financial contributions for customary obligations to 'wantoks'

Financial contributions for customary obligations affect women as well as men, including bride price payments, funerals, compensation payments and responding to demands from 'wantoks' in cash and in-kind. These contributions can exhaust personal and household resources.

- *"I did give money to another wantok, but he was trusted money and he returned it. Normally it is just within my community."* (FG 5, Lower Income, Women, Mobile, Kimbe)
- *"What I do when my son gets married, with my family we save up for it in the block. Whatever the bride's request, if we do not have enough, then I will ask my wantoks if they are available in the block."* (FG 4, Higher Income, Women, Mobile, Kimbe)
- *"Most of the times, I experience that every time you go through social problems, like different wantoks asking you for money here and there, 100 here and 100 there."* (I 8, Higher Income, Man, Mobile, Kimbe)

Growing economic disparities

Enclave development in PNG has created opportunities as well as enormous and growing economic disparities, compounded by governance issues. This has increased social conflicts and individual stress.

- *"It is not like our mothers, gardening and a little marketing (selling in the market) doesn't cover it. Sometimes we have to go without. We just eat some food from the garden (tapioca, etc.). Or you can take money from relatives."* (FG 7, Lower Income, Women, Branches, Boera)
- *"Times are different because of the LNG project. There is a lot of confusion going on. There is money there, but we do not know how to do it."* (FG 7, Lower Income, Women, Branches, Boera)
- *"I was brought up here and I knew what was lacking here. Most people are narrow-minded. They just think that they can only depend on oil palm. Now they are facing problems. Children are growing up and having a hard time, they are fighting over the land. People do not emphasize education here."* (I 2, Higher Income, Woman, Mobile, Kimbe)

1.1.2. Structural barriers

The following are circumstantial barriers facing women within the socio-economic context in PNG.

Income disparities in the households of oil palm settlers

Men and women have separate and unequal income streams from palm fruit. This arrangement was introduced to provide women with income and to increase the productivity of the oil palm block. Despite the fact that women's share of oil palm earnings is smaller than men's, women are expected to contribute a greater percentage of their income to support the household than men because women are responsible for the welfare of their family while it is socially acceptable for men to spend their money on themselves. Men do not have the same expectation or obligation as women in this regard. Men may choose to contribute some of their earnings for the family and/or use their earnings for other purposes.

- *"Men get more money because they weigh the bunches. If they feel sorry, the men can give us money from that. We cannot do that work because the bunches are very heavy."* (FG 3, Lower Income, Women, Mobile, Kimbe)
- *"When I harvest the palm, I send money to my daughter who is in Lae. I keep the money from the Mama card and the rest I send to my children. The only source of income now is the oil palm."* (FG 2, Higher Income, Women, Mobile, Kimbe)
- *"It is very hard for us to hide our money, but we would do it if we could. We could do it if we had something like a PIN number that a husband cannot get it. The husband always knows somehow when women have money. With oil palm, everyone knows how much the price of the oil palm, everyone knows how much you have collected and earned. You cannot hide that income."* (FG 3, Lower Income, Women, Mobile, Kimbe)
- *"Another form of income is the oil palm, we share the income monthly."* (FG 2, Higher Income, Women, Mobile, Kimbe)
- *"I want to make something clear here. Some men they keep money for themselves. You will see however that the women here are working hard. She is working hard, bringing in the money for the family. She looks after her husband. That is what PNG is like. They are looking after their husband like a child. They are doing marketing, gardening. The women sit in the market to do something for their families. Some men go around*

and drink a lot and they womanize and they go around a beat up their wives.” (FG 2, Higher Income, Women, Mobile, Kimbe)

Limited economic opportunities for village women

There are limited economic opportunities for village women due to a smaller customer base and the distance from non-village customers. There are few opportunities for business ventures in most villages. Conversely, selling in the village allows women to bypass market fees and transportation costs and the high business risks and costs for urban women due to the inadequate law enforcement and higher cost of living and doing business.

- *“To sell food you have to have a good environment. You cannot sell it in a place that is dirty and dusty.” (I 5, Higher Income, Woman, Mobile, Kimbe)*
- *“I think that roads and transport and finance are difficult. Around Kimbe, there is access to road so they can bring their produce. There are a lot of places where they have good fruits, but they have no roads or they just have to walk to travel to get places. They have to carry a heavy load to walk.” (I 4, Higher Income, Man, Mobile, Kimbe)*
- *“I sell in my locality because I do not have to pay fees. If I go to the market, then you have to pay a lot of fees.” (FG 6, Higher Income, Women, Mobile, Kimbe)*
- *“We both live here and there are no transport costs so that is why we chose our locations. It is convenient because it is right in front of our houses. It is safe. We also do not have to pay any business rent.” (FG 9, Lower Income, Women, Non-Customers, Moresby)*
- Q. How much does it cost per day to sell in the market? *“It cost 50 or 60 PGK is what I earn in a day. I have to pay 3 PGK fee every day. It is inside the market. I sell at a table inside the market. That costs me 3 PGK per day. I carry my things in a bilum. I have a big one that I carry a lot of things in. I go to the market about 3 times a week because I also have housework to do.” (I 5, Higher Income, Woman, Mobile, Kimbe)*
- *“I am in the market in my residential area. I sell next to a high school and I do not pay anything for that place. It is too expensive in the market (market gate fee which is 5 PGK per day and transport which is 6 PGK each way). There is another primary school where I sell and it is 1 PGK per day.” (FG 6, Higher Income, Women, Mobile, Kimbe)*

Few business skills

Women tend to have a limited understanding of the basic costs of doing business (wages, supplies, rents or market fees) as well as a low level of business skills. They often lack the ability to calculate profit and opportunity costs due to a poor understanding of costs and the differences between net and gross income. Most have a hand to mouth attitude toward business, money and a lack of forward planning. There is also a tendency for women to do what everyone else is doing with low value and undifferentiated enterprises that are usually not growth-oriented initiatives. Furthermore, capital accumulation for investment was difficult to retain due to pressures on financial resources from ‘wantoks’.

- *“They need to give loans to women so they can start business. They need training – how to make a good business plan, how to attract customers, how to budget, etc. We have the mentality that women are supposed to be in the house. Businesses belong to men – this is the mentality. But you can see that women can do this. They need more training.” (I 9, Higher Income, Woman, Mobile, Kimbe)*
- Q. Where can people go for business advice? *“That is a good question, but you have to pay fees. There is a program, but here in PNG you have to do it over and over again.” (I 13, Higher Income, Women, Branches, Moresby)*

Lack of business capital

Some women have viable ideas for making money but could not or did not know how to raise the capital required for the initial investment for stock or tools. Ideas for business investment include buying a drum of petrol for resale in small quantities, stock for trade stores, freezers for ice blocks and sewing machines. Others expressed unrealistic business ideas such as purchasing a passenger motor vehicle (PMV) which are expensive to purchase and maintain. PMVs cost around 80,000 PGK (38,457 USD).

- *“Starting a business. I am thinking of making a small bakery, home based bakery, like making buns. I think that there is a demand in the community, in the town where I live. I want to buy a few ovens where I could bake and sell to the people that are living along my street.” (FG 2, Higher Income, Women, Mobile, Kimbe)*

- *“Our problem is that there are lots of ways to earn more money, like a canteen or poultry, but the problem is that you need capital to start it. We women never get enough money in hands to actually do something, we do not control the money, the husbands and men control the money. This is a big problem for us.”* (FG 3, Lower Income, Women, Mobile, Kimbe)
- *“I will get between 18-23,000 PGK from my retirement (to buy a PMV), but it is not enough for a bus. I need something like 80,000 PGK total. I would employ a driver to drive. Women don’t drive, but they do own buses. Women are expected to be at home.”* (I 9, Higher Income, Woman, Mobile, Kimbe)

Fear of sorcery

Some have fear that jealousy of successful business will lead to sorcery-caused misfortune.

- *“My daughter’s husband was a rich man and he had a lot of assets, we were also prosperous because we had a store. They were jealous of us. I think that people used sanguma (like black magic) on us. They were both murdered by sorcery because of the jealousy. This has discouraged me and my husband from running a business again because we do not want jealousy to affect us that way. My last daughter is studying accounting in Lae. We had a business for a long time, but because of those things that happened, we do not want to run our business anymore.”* (I 5, Higher Income, Woman, Mobile, Kimbe)
- *“Sorcery is used to ruin your business.”* (I 9, Higher Income, Woman, Mobile, Kimbe)
- *“They cast a bad spell to make the business fail. They could put the sorcery on the bus with a scratch and that ruins the business, so the business fails.”* (I 9, Higher Income, Woman, Mobile, Kimbe)

Marital conflict and domestic violence driving a need for secret savings

Many men expect women to play the major role in feeding the family and paying for school fees (School fees include uniforms, lunches, stationary as well as payments to the school) with their earnings. Many men use violence against their wives in relation to issues associated with the expenditure of money, with a woman’s rights to retain her own money, as well as save money. At the extreme end, there are men who do not allow their wives to leave the house without his permission. Many women feel it necessary to hide money and keep it secret from husband and other family members. Many women have a strategy to spread their money in different places (their bag, hidden in house, a hole in the yard and/or several bank accounts) to ensure that at least some of their money can be kept secret and within their control.

- *“Violence against women is a problem. It is increasing in the villages. Why does it happen? It happens because of money. When men demand money from women – he beats her up.”* (FG 1, Lower Income, Women, Branches, Moresby)
- *“I do hide money in my house, I do not tell my husband. If he knew that, he would pester me and ask me for it.”* (FG 2, Higher Income, Women, Mobile, Kimbe)
- *“Women who have drinking husbands do that. They come and beat up their wives for money. When you do something you have to do it in secret. PNG women are strong women. We are good at keeping secrets. Women go and do their marketing. That is theirs. She brings that income and she repays her loan. Her husband does not necessarily know how much she is making at the market. What she gets, it is hers, but when her husband asks, she will give it. She will not tell the whole amount.”* (FG 2, Higher Income, Women, Mobile, Kimbe)
- *“For one of my savings, it is not known to the husband. It is a secret.”* (FG 5, Lower Income, Women, Mobile, Kimbe)
- *“I have my mama card and my husband has a papa card. He does understand that at times, when we do not have money for the house, then I will use that money to buy food for the house. I hide my money in the pillow and he will not know about it. That is the money that I get from my marketing. They know about the mama card. That goes into the account. The money that I hide is from my other activities.”* (FG 4, Higher Income, Women, Mobile, Kimbe)

Alcoholism

The mainly male behavior of alcohol binge-drinking uses up incomes and may deprive the family of needed financial support. It also often depletes women of their savings and is associated with violence against women.

- Q. Why do men hide money? *“To pay for their things, like alcohol or if he finds a new ‘best friend’, forgetting about the family.”* (FG 5, Lower Income, Women, Mobile, Kimbe)

- *“Yes, my husband is a drunkard. I just get one or two drinks once in a while. My husband can just use money anyhow. But I am very strict about money.”* (I 2, Higher Income, Woman, Mobile, Kimbe)
- *“Money is a part of it. Husbands have an attitude problem. He is unable to manage the funds. Women start to quarrel also. She criticizes the husband for misusing the money. He feels guilty and then he hits her. It is very common. It is not getting better now. Men have to change their attitude. They have to align their mind properly. You are a human being. You are put on this earth to do something. You are a threat to innocent lives. Alcohol is really a problem, especially the home brew. Whoever is involved in producing this, they are horrible people. Some smart women make it and they are earning a lot of money, like 10 PGK per bottle. We have laws to govern here but the policemen are not all around, everywhere. People just do whatever they want. People make homebrew or grow marijuana.”* (I 8, Higher Income, Man, Mobile, Kimbe)
- *“The men have more money than us, but they use that money to get drunk. So this is a big concern for us. They just consume the money for their own use.”* (FG 3, Lower Income, Women, Mobile, Kimbe)

Gambling, smoking and betel nut consumption

Men and women use up income on gambling, smoking and betel nut consumption that could be instead saved or invested. An OPIC staff member revealed that betel nut costs about 10 toea to 20 toea (.047 USD to .095 USD) for one nut and some people chew around 10 to 20 nuts per day.

- *“Sometimes men spend money on drinking. Beer and smokes. Some men waste their money on beer.”* (FG 4, Higher Income, Women, Mobile, Kimbe)
- *“Waste of money. Even men – they drink, smoke, cigarettes – so women have to do something because not enough in the house – so they gamble.”* (FG 1, Lower Income, Women, Branches, Moresby)
- *“Risky! Eee! There are people that are hungry because they are gambling all the time. In my area, there are so many people who do it and they run around begging people to give them food and then the next day, they do it again. Women, men and kids, they all do it. Some try to make to a living out of it. When they win, they use the money and then when they lose, they beat up their wives or children.”* (FG 6, Higher Income, Women, Mobile, Kimbe)
- *“Both women and men gamble, equally.”* (FG 3, Lower Income, Women, Mobile, Kimbe)

Pressures for church donations

There are social as well as spiritual rewards to be earned from weekly church donations and annual collections and collections for special church events. However, the amounts given to the church may use up more money than men and women can afford because people feel pressure to give. It is often done openly and in front of other church members.

- *“They do mention your name if you have given money. If it is the birthday of the church, then business people donate it, only on special occasions. It is not every Sunday.”* (FG 7, Lower Income, Women, Branches, Boera)
- *“There is an annual event, where all the members donate. The church sets a target and you have to contribute. It is called “bobo.” It is once a year. There are also Sunday offerings.* (FG 7, Lower Income, Women, Branches, Boera)
- *“You also have to give to your fellowship. We have some activities. We visit sick people, we do service.”* (FG 7, Lower Income, Women, Branches, Boera)
- *“We should think about our house first and then if we have money, we give 5 or 2 PGK each Sunday. When we raise money for the bobo, it is 150 PGK per person (per member of the family, including children over 12 years old) and 55 PGK for fellowship and 20 PGK for the women in business association. For our village, we raised 172,000 as a target. That goes to the head office and then they spend it.”* (FG 7, Lower Income, Women, Branches, Boera)
- *“In comparison to daily contributions, the church also asks food or something for special occasions. You would give sugar to the church even if you do not have it at home.”* (FG 7, Lower Income, Women, Branches, Boera)

1.2 Financial services sector

1.2.1. Structural barriers

The following are structural barriers facing women within the financial services sector in PNG.

High cost, limited access and complexity of formal banking

There is a very high cost of formal banking at ANZ, Westpac, BSP and PNG Microfinance Ltd. The costs include account maintenance fees, withdrawal fees, interest rates and the opportunity cost to clients such as travel time, wait time and transport fares. There are also complex and often prohibitive account opening and loan requirements. Together, these are particularly onerous for low-income people, especially women who tend to earn less than men and lead to significant negative attitudes and frustration about bank fees ('banks eat up my money'). Few women interviewed had ever qualified for a formal financial sector loan. Most women with bank accounts have those accounts to receive wages or payments. Very few women who did not receive wages or payment had a bank account.

- *"I have heard that for a loan of 5,000, you have to pay back 7,000. That is too high so we do not borrow money. Why would you borrow if you have to pay back that much interest?"* (FG 6, Higher Income, Women, Mobile, Kimbe)
- *"I have heard from my friends that getting a loan is very difficult. I also believe that it is better to use banks to save and not borrow."* (FG 6, Higher Income, Women, Mobile, Kimbe)
- *"I completely agree. That is really the issue. You work so hard to repay the loan and then you have to give them so much money back, 2,000!"* (FG 6, Higher Income, Women, Mobile, Kimbe)
- *"I have a savings account. I put 300 PGK and I didn't check it after that. I put that money there because I was trying to do a loan. There was a project to trade my PMV into a bus for the LNG Company. I had the kind of PMV that is like a truck. When LNG came, then I wanted to see what I could do to get a contract. I liked PMV because the rates are lower compared to ANZ for a loan. They asked too many questions, I had to go through so many requirements (so I didn't do it). You needed to bring other licenses and you had to already prove that you have a contract. It was hard for me to give that contract. First you need a bus for them to give you the contract (catch 22!). So I just left the money in there and didn't do anything with it."* (FG 7, Lower Income, Women, Branches, Boera)
- *"Westpac is very bad. I just think that it's better to save and get it straight away. I would stay up late worrying about. Women have a problem with paperwork. It takes a lot of time to get it together. Women that are running a small business, how can we list all of our assets on these forms?"* (I 2, Higher Income, Woman, Mobile, Kimbe)

High cost and risk of informal banking

The cost of informal moneylenders, locally called 'market money,' is very high (40-50% per fortnight). Informally lending money also poses a high risk to moneylenders due to often violent clashes over repayments. Informal loans are usually taken in amounts of 50 to 400 PGK (23.78 to 190.22 USD) on a fortnightly basis to meet shortfalls and emergencies. Informal lending also comes with a cost as interest is charged on loans between family, friends and neighbors as well as professional acquaintances. Along with the barriers in formal banking, this creates an environment where there are very few good options for women seeking financial services to help with business or personal goals.

- *"I also go to women who are like selling money. Every 10 PGK is 3 PGK or some say that you have to give 5 PGK. It is called "market money" here. Mostly women sell money, not so many men. Maybe women feel more relaxed in selling money than men? There will be couples, but women sell money not men."* (FG 2, Higher Income, Women, Mobile, Kimbe)
- *"You have to pay back 30 PGK on 100 for interest. I do market money. That is one of my interests. That is my business."* (FG 5, Lower Income, Women, Mobile, Kimbe)
- Q. What happens if you cannot repay? *"Summons, from the court. Sometimes they may beat you up or threaten you or someone else."* (FG 2, Higher Income, Women, Mobile, Kimbe)
- *"Yes, all of the time! We use it for "shortfalls." Like if there is a death or if we don't have anything and a relative comes around and asks for it, I can borrow market money."* (FG 9, Lower Income, Women, Non-Customers, Moresby)
- Q. How much do people borrow usually? *"50 PGK is normal or less."* (FG 9, Lower Income, Women, Non-Customers, Moresby)
- *"I have borrowed from my daddy, to cook the food for the laborers that we were working for us. I had to pay 50 PGK for each 100 PGK. We borrow money when it is not our turn to harvest the oil palm to support at that time. Then when we harvest, then we repay the money."* (FG 3, Lower Income, Women, Mobile, Kimbe)

1.2.2. Circumstantial barriers

The following are circumstantial barriers facing women within the financial services sector in PNG.

Low financial literacy and awareness of banking choices

Women have low awareness of banking choices and do not actively evaluate and compare choices. Furthermore, due to their low financial literacy, even where they seek out comparison, they have limited ability to make informed choices. They also have limited capacity, experience or access to information to independently make a savings plan or carefully consider and plan how they would use a loan. They had limited understanding of interest rates and the total amount that they would have to repay.

- Q. Does anyone have an idea of the requirements? *“No idea. We struggle to know what the bank loans are, what the interest is. We have to find a way to get more information from them about the loans.”* (FG 3, Lower Income, Women, Mobile, Kimbe)
- Q. So banks are very expensive? *“Yes, but we do not know how much it is. We have no idea.”* (FG 3, Lower Income, Women, Mobile, Kimbe)
- *“I was just talking with Gima. I don’t think the information is going to the communities. They should have people come to the streets to talk about their products. I have heard of them, but I don’t know what they do. I know it is a bank, but I don’t know what they do.”* (FG 9, Lower Income, Women, Non-Customers, Moresby)
- Q. What was the interest rate? *“If you borrow 100, then how much do you have to borrow back? Hmm.....I do not know.”* (FG 5, Lower Income, Women, Mobile, Kimbe)
- *“Some of us earn on a rotating basis, so we find it hard to borrow at the bank. They need to help us and guide us. We need information. Right now, we do not the confidence to go there.”* (FG 3, Lower Income, Women, Mobile, Kimbe)

Risks in informal rotating savings and credit associations (‘sande groups’)

ROSCAs, locally called *Sande* groups, are primarily used for consumption not business purposes. These are considered high risk because they may break down due to defection of a group member. Most women have experience using *Sande* groups; however there is little enthusiasm around them because of the risk involved.

- *“This is very popular amongst women. We take turns and we get money from it. But it has sort of broken down because a lot of women do not put their share. It depends on everyone doing it. Due to the unfaithfulness of some women, the ‘sandes’ do not work.”* (FG 3, Lower Income, Women, Mobile, Kimbe)
- *“There is a bad side of it, some people are not honest. If it comes to my turn, they do not give me the fixed amount.”* (FG 2, Higher Income, Women, Mobile, Kimbe)
- *“Some women do not pay up when the time comes up. As for me, I do it with my colleagues, the other officers at OPIC. We do a program, to determine an order. If my turn comes, then I use it to deposit the money into my savings. We do not want to involve more than 4 people, if there are many of us then it will take a long time. Every 8 weeks, I get 400 PGK. We do not charge any interest on it. Banks would charge some interest.”* (FG 4, Higher Income, Women, Mobile, Kimbe)
- *“I also do it. It was ok. When my turn came, I used it to things we need in the house. It’s not really for business. It is for all sorts of needs, even business. We get 3000-4000 each time.”* (FG 8, Higher Income, Women, Branches, Moresby)

2. Nationwide Microbank

The research collected the following areas of feedback on NMB:

Perception & Awareness of NMB

Women and men generally see NMB as a financial institution for ‘grassroots’ people like them. They believe that NMB has relatively easy requirements and lower fees than competitors such as BSP. Overall, NMB has a positive general perception, but low awareness on the specific product offerings. Very few know the terms of different NMB loan products (or other banks for comparison) and very few seem to know how to get information to compare terms and benefits of NMB with other banks. Furthermore, very few seem to have thought of seeking this information, suggesting low levels of financial literacy.

- Q. If you took a loan from NMB, how much would they charge? *“I am not sure. I heard from my daughter who works at NMB, she told me that the loan repayment is good. She explained a little to me. You have to have more than 30% in your savings to qualify for that loan.”* (I 8, Higher Income, Man, Mobile, Kimbe)

- *“The ratio is the problem for us. The ratio looks good at NMB. Even grassroots people can take a loan. It is hard for them to compete with the rich people that go to the other banks.”* (I 8, Higher Income, Man, Mobile, Kimbe)
- *“Commercial banks, basically the service that they provide is to entertain middle class and higher class. The rest of the people are unable to bank and unable to get involved in small scale businesses. The interest rates are so high that ordinary people cannot afford it. I think that NMB is pretty good. It’s all of those fees. Charges! They are too high.”* (I 8, Higher Income, Man, Mobile, Kimbe)
- Q. Is it easier at NMB to get a loan? *“Yes, I think so, you just have to explain why you need a loan and then you can get it. BSP is very hard. Some people came here and told me about it. I would use it to start a little business. They were trying to open accounts, so they told us this and we were interested. They shared their experience with us so we were interested.”* (FG 5, Lower Income, Women, Mobile, Kimbe)
- *“The thing that women like the most is loans. Ladies are really interested in loans from NMB. They have money. They know that if they do not have money, they cannot borrow, but they know that if they put money in the bank, they can borrow. The requirements are not that much. If you go to BSP, it is impossible. You just need a form of ID and then you need your mama card or block ID, a signature and a statement from the police. You also need a signature from 3 people, a police officer or magistrate, a church official. 3-4 is enough. You need a cover letter from these things.”* (I 3, Woman, OPIC Staff)

Borrowing from NMB

There are mixed perceptions in the market on NMB loans. Those familiar with the Speed Loan found it unattractive because they perceived it was borrowing their own money at a high interest rate.

- *“I got my current loan from NMB for a car loan –PMV. My terms are 3 year, 3,700 PGK a month. I am not doing so great with this, because now there is a lot more competition and so I am having a hard time repaying.”* (I 13, Higher Income, Women, Branches, Moresby)
- *“We decided to bank with NMB because we heard it was easier to get a loan from them – BSP is hard. You have to have a bit of savings and show your record of savings and then you can get a loan.”* (I 13, Higher Income, Women, Branches, Moresby)
- *“I borrowed from NMB two times to pay for school fees and poultry, but it was difficult to pay it back.”* (FG 5, Lower Income, Women, Mobile, Kimbe)
- *“With NMB, one of the good services is that the money is there in the bank. If you borrow, then you have some savings there too.”* (FG 5, Lower Income, Women, Mobile, Kimbe)

Saving with NMB MiCash

In the areas where MiCash had been introduced, many participants including NMB customers and non-NMB customers had heard about MiCash through word of mouth. They did not generally have much information about MiCash, but understood it as a way that they could use their phone for banking transactions. There was a strong misconception that by saving with MiCash, they would qualify for a loan from NMB. This was almost seen as an automatic benefit with some participants citing 3 months as the required time for savings before a loan could be received. This appeared to be a major, though errant, driver and incentive for opening MiCash accounts.

- *“We just heard about it from others. It spreads mouth to mouth. Then we asked the location and we came to the agent and they told us about the agent and the benefits of it.”* (FG 3, Lower Income, Women, Mobile, Kimbe)
- *“MiCash, I am interested in the new system because then I think that I could qualify for a loan if I save 300. I would use the loan to build my chicken business.”* (FG 4, Higher Income, Women, Mobile, Kimbe)
- Q. Why did you decide to open it? *“I thought that it would be helpful for me to get a loan.”* (FG 5, Lower Income, Women, Mobile, Kimbe)
- *“MiCash looks very good to me because you have to build up your savings and therefore you can resist the temptation to spend all the time. And then the transaction fees are less. The withdrawal fee is a big disincentive. It makes you think twice before you take money out so it reduces the temptation to spend. All the other banks have monthly fees, so this is good.”* (FG 6, Higher Income, Women, Mobile, Kimbe)

Many who had opened MiCash accounts did not know how to make the transactions themselves on their phones, even for basic transactions such as making a withdrawal, payment or deposit. In research sessions as well as through observations at a MiCash agent, several customers handed over their phones to the MiCash agent to conduct the

transaction. This poses certain client protection and fraud risks, particularly in light of the general security situation in PNG and the doubts from some customers over the trustworthiness of agents and suggests that there are gaps in the explanations that customers receive when signing up for an account. Few understood other mobile phone functions such as transferring money.

- *“I am not clear, not sure how to do the transactions.”* (FG 6, Higher Income, Women, Mobile, Kimbe)
- *“We can do it for ourselves, but we do not have any training. We do not know how to do it.”* (FG 3, Lower Income, Women, Mobile, Kimbe)
- *“I have an issue because it is good for us who are educated, but what about my aunt who is half-blind and she has to hide her money in her home because she cannot use this? Some women are also not educated and they would not know how to do it.”* (FG 6, Higher Income, Women, Mobile, Kimbe)
- Q. Have you ever used MiCash to send money to another person? *“Huh???”* (I 7, Lower Income, Woman, Mobile, Kimbe)
- *“Most of the mothers here are illiterate. MiCash, we have never used it yet. We do not know how to use it. We all have phones.”* (FG 2, Higher Income, Women, Mobile, Kimbe)

Using MiCash to process payments in enclave developments

A new effort by NMB is to begin to process payments in enclave developments, such as the oil palm industry, through MiCash. This appears to have promise and participants viewed this in a positive light, as it could provide them with lower cost financial transactions and an easier way to manage their money. However it does raise certain issues that would have to be addressed to facilitate access and control over payments for oil palm workers. For oil palm smallholders at Hoskins-Kimbe, in many cases the Mama/Papa Card is held by the senior woman or man who shares the Mama/Papa card and the associated bank card with several other family members as described above. This means that they all know the PIN and take turns to withdraw money and transfer it into their personal accounts. Therefore, if OPIC were to credit Mama/Papa Card payments directly to MiCash accounts, the primary card holder would have to transfer the share of payments to the other workers sharing the income, so those women and men would also need to have accounts and the primary holder would need to know how to do the transfers.

- *“I was told by the MiCash people that we have to reach 1,000 applicants to get our pay into MiCash. (NMB is not in a position in the moment, but when they have 1,000 clients, then OPIC will let them get our money there, but that hasn’t happened yet). As soon as that is possible, I would do that.”* (I 8, Higher Income, Man, Mobile, Kimbe)
- *“I have my mama card and my husband has a papa card. He does understand that at times, when we do not have money for the house, then I will use that money to buy food for the house. I hide my money in the pillow and he will not know about it. That is the money that I get from my marketing. They know about the mama card. That goes into the account. The money that I hide is from my other activities.”* (FG 4, Higher Income, Women, Mobile, Kimbe)
- *“She could choose and that money would be deposited into that account. Then they get a card to access that money. Anyone in the family could get that card and swipe the card. Everyone in the family knows the PIN because they share the mama card account, that is why they need more than one account and move it to a personal account. That is why they do not want to leave money there. The main account is where everyone gets paid. It is not safe to keep it there because anyone in the house could pick up the money because they all know the PIN.”* (I 3, Woman, OPIC Staff)

D. Opportunities for financial services providers

Overall and despite all these barriers, our research suggests that women need more appropriately tailored financial services; that they are an untapped market for financial service providers; and have been undervalued as potential clients for micro-lending and micro-enterprise development. Apart from negative perceptions about bank fees, women have a generally positive attitude towards the security of formal banking. They are interested in affordable formal savings and loans yet have few good options in the current market. A concerted effort by financial service providers could help break down a number of the barriers listed above within the financial services sector. Though socio-economic barriers may continue to exist, appropriately designed financial services can give women and men tools to better cope with these financial challenges. Mobile phone banking appears to have particular innovative advantages in capturing this market due to its convenience, relative low cost and privacy. The latter issue of privacy

is particularly important for women trying to preserve their savings and avoid violence. This will need special attention by financial service providers. This section describes the key opportunities in this market.

Familiarity with and existing use of formal savings through payments

Wage earners in the formal economy or who receive earnings, such as royalties, rents or payments, from enclave developments, are required to have a bank account with a debit card to receive their payments due to the risk of cash payments. These sectors employ significant numbers of low-income people in the more populated areas of PNG. This has created a banking environment where it is common for low-income women to be banked, to regularly make bank transactions and to have and regularly use debit cards. This has given them exposure to the positive aspects of formal banking, as described above, but has also forced them to bear high transaction costs against their will. The latter has caused significant negative attitudes about banks by both those who use them and those who have heard about the fees from others. Many associate BSP with higher fees such as 15 PGK to 25 PGK (7.14 to 11.90 USD) for withdrawals and 3 PGK (1.43 USD) monthly maintenance fee. Participants believe that NMB has lower fees and many use it as an alternative to BSP. There is an opportunity therefore to build on the positive perceptions of banks but introduce more affordable options.

- Q. How do people decide which bank to go into? *“There is a form that you fill up with OPIC. We give the details of our block and you give the information about the land where you stay. And then you give it to the officers and they give it to the small holder’s office and then they pay the cheque into your account. Papa Card, Mama Card.”* (I 8, Higher Income, Man, Mobile, Kimbe)
- *“To be honest, I do not have a bank account. Whenever I have money, I put it in the house. I have a belief that any bank charges huge fees!”* (FG 7, Lower Income, Women, Branches, Boera)
- *“They have not convinced me yet because I am very worried about the fees. I am not moved by what they were saying. I believe that banks always charge huge fees. I put the 10k in there, so how much are you left with?? It is very scary.”* (FG 7, Lower Income, Women, Branches, Boera)
- *“A lot of women complain about the 3 PGK maintenance fee and then she found out about NMB. With BSP, sometimes they charge 20 PGK – lots of bank fees. So she hears people complaining and this is why people leave money in their houses. Keep in their suitcases. Husbands know. But he doesn’t know where. Women are hiding money. 1k a day. Saving little by little. To buy what she needs during the week.”* (FG 1, Lower Income, Women, Branches, Moresby)
- *“BSP they have a lot of fees, they charge a lot. They charge 2.50 for every transaction you do. It depends on how much cash you withdraw. If it is a big amount or a small amount, they deduct accordingly. Many a time, people are not happy about what they do. But if you want to take loans, they charge a lot of interest rates. Many of us do not take loans from them for that reason.”* (FG 2, Higher Income, Women, Mobile, Kimbe)

Untapped population of economically active low-income businesswomen

Women are generally economically active, usually characterized by having multiple income streams from various forms of small-scale business activities. Regardless of their levels of education and experience, women tend to be quite interested in saving, credit and doing business and wanted more information on banking, savings and loans and how to do business successfully. However most are underserved by the formal financial sector. Although many have some exposure and experience with formal banking through payment collection, most are not fully aware of the range of services banks could provide them or the benefits of using different types of financial services, such as demand deposit accounts and business loans. Given the need for keeping cash secure, there is a strong interest in building financial literacy and learning more about the benefits of banking and how savings and borrowing could help them meet their needs. Women feel that they could manage money well and are often the household money managers in their family. Many women and men feel that women could manage money better than men. There is therefore a significant opportunity to reach an untapped market of women entrepreneurs with financial services and financial literacy.

- *“The bottle (liquor) business makes fast money! We have an employee that drives the vehicle. And me and my husband work together on the bottle business.”* (I 6, Higher Income, Woman, Mobile, Kimbe)
- *“I am a housewife. I have two little trade stores. One I look after for my income and for my children’s day to day. The other one is going to be developed.”* (FG 8, Higher Income, Women, Branches, Moresby)
- *“In the olden days, women were busy making gardens, but now times are changing and most of these ladies, they are doing money-making activities. It is a good thing.”* (I 11, Lower Income, Man, Branches, Moresby)

- *“I earn my general income from the oil palm. I also buy some things from a store like food and sell it for extra income.”* (FG 3, Lower Income, Women, Mobile, Kimbe)
- *“Every Saturday, I also bake bread and then I sell 1 loaf for 5 PGK. I also look after chickens and we sell 1 chicken for 50 PGK. If I have 52 chickens in my poultry, I will get more than 2000 PGK. It takes me 8 weeks to earn that money.”* (FG 5, Lower Income, Women, Mobile, Kimbe)

Positive attitudes and openness to formal savings

Most women value the opportunity for formal savings for a number of reasons. They cite that being able to save money in a formal financial institution is beneficial because formal savings helped to avoid the temptation to spend (by themselves or family members) and putting money in a financial institution kept money safe and private. They also value savings in relation to being able to plan for and achieve financial goals. Saving in a financial institution is seen to help people build up a lump sum “for a dream” or longer-term needs, such as annual school fees and associated expenses, housing or a business venture and also meet short-term needs, such as household needs and emergencies.

- *“Some I save it to the bank for rainy days, some I use it to pay school fees. There are many of us in the block.”* (FG 3, Lower Income, Women, Mobile, Kimbe)
- *“I save my money because when I am getting old, I need a house to settle on my own. A long time, like 10 years. I am suggesting then when I get to an old age then I will withdraw my money to get another house.”* (FG 4, Higher Income, Women, Mobile, Kimbe)
- *“The purpose why I save money is to pay for my children’s school fees and customary obligations and housing.”* (FG 4, Higher Income, Women, Mobile, Kimbe)
- *“I save money for school fees. If ever there is a problem that arises, then I need to also have money for that. Also if I wish to have a business, then I need some savings available to start a business.”* (FG 5, Lower Income, Women, Mobile, Kimbe)
- *“I reckon that it is good. I have a bit of money in my bank account, but then it could be paid into MiCash. Most of the times, I experience that every time you go through social problems, like different wantoks asking you for money here and there, 100 here and 100 there. I think that it is better and much safer to have all of your money to go straight to the bank, straight to MiCash. So that no one knows about it and I cannot touch it. Then I will not eat up everything and others will not take it.”* (I 8, Higher Income, Man, Mobile, Kimbe)
- *“I used to have an account here. All my savings were eaten up in the fees and so I got tired of it and closed the account. My mama card goes into PNG Banking – KANDU Bank. When my money goes into this account, I take ½ of this out and put it in my NMB account.”* (I10, Lower Income, Woman, Mobile, Kimbe PNG Micro)

Positive attitudes and openness to formal loans

Most women are very interested in taking a formal loan to invest in their business activities or start new business ventures. Some business ideas include a trade store, a bakery, a canteen or poultry, the purchase of a bus and the sale of beer. They want to know more about the types of loans that formal institutions offered and what the requirements were.

- Q. If you could get a loan, what would you use it for? *“I would do a trade store. I would do chickens. I would sell beer. Beer is fast selling. We would do small businesses. Kerosene.”* (FG 3, Lower Income, Women, Mobile, Kimbe)
- *“To raise the capital that I need, I do not want to sell my house. I would rather use it as security for a loan. I think that it will cost around 20,000 to build the house for the birds and then 7000 to buy the lease. You raise the birds for 3 weeks and the company comes and collects them and gives you more to raise. The company supplies you with 5000 birds and the feed and the water and when you sell them you can earn 5-6000k as profit in a 3 week cycle, after they deduct the costs. That is what I heard from the people that are doing it. I have kinsmen that are from the same clan as me and that is what they told me. I have been to Lae and I have seen it and I am interested.”* (I 5, Higher Income, Woman, Mobile, Kimbe)³⁹
- *“I think that we are well situated to get a loan because we own a house and it has a tenant who is paying rent. My husband is negotiating for the loan with the National Development Bank. I went there because they*

³⁹ This woman is referring to the poultry industry near Lae Township in Morobe Province, which uses an outgrower system of production. She is sharing what she was told by her relatives who are outgrowers.

have special loans to help Papua New Guineans to start businesses.” (I 5, Higher Income, Woman, Mobile, Kimbe)

Positive attitudes and openness to mobile phone banking

Women want to know more about mobile phone banking and value the opportunity to access a lower-cost way of saving that is closer to their homes. They also value their time and avoiding lengthy lines at the bank. Some expressed concern over the potential risk of using phones for banking, such as theft. Others were unfamiliar with how to use their phone for banking. Some women are unfamiliar with the basic functions of their phones while others use it for communication and games. Mobile phone penetration is quite high and there is much better and expanding access to mobile phone networks in comparison to access to financial institutions. The prevalence of bank branches is low due to the high cost of building and staffing branches in remote areas and the fact that a large portion of the mainland is not served by roads. There are also many inhabited islands that are even more cut off. Where roads do exist, they are often quite dangerous and travel time is lengthy and expensive. This is a theme across many places in the Pacific Islands and a reason that mobile phone banking and/or ways of bank staff servicing clients remotely (i.e. through vans, or handheld computers) is of a high interest to both financial institutions and women and men seeking easier access to financial services.

- *“Going to the bank can be a hassle because there are a lot of queues and it is not always convenient.” (FG 6, Higher Income, Women, Mobile, Kimbe)*
- *“Only my grandchild does all the settings on the phone and calls for me. I do not know how to call and push the buttons.” (FG 2, Higher Income, Women, Mobile, Kimbe)*
- *“The problem for me for phone banking is that we might have our phones stolen and then what would we do?? My concern is that this might be a problem. Oyyy!!! If you are busy with anything, they could steal it from you. It happens when we are not conscious.” (FG 6, Higher Income, Women, Mobile, Kimbe)*
- *“I think that phone banking is fine. I do not worry about them stealing my phone or my passbook. Only I know my PIN and account number, so this is not a problem for me.” (FG 6, Higher Income, Women, Mobile, Kimbe)*
- *“Also it is the first time they have come here, so we have no idea how to bank with our phones.” (FG 2, Higher Income, Women, Mobile, Kimbe)*

Samoa

Samoa

Samoa is a nascent market for financial services with a limited supply of financial services and a low-income population that has extremely low financial literacy and awareness of how to use financial services to improve their financial situation. Unlike PNG, Samoa is characterized by its small size, and ethnic and linguistic homogeneity. It has large diaspora communities in New Zealand, Australia and the US, and is highly dependent on monetary remittances. The analysis presented here describes the barriers as well as the opportunities for women's financial empowerment in Samoa. Within this context, WIBDI, a small women's NGO providing market linkages and opportunities for women to save, and SPBD, the only private microfinance institution in Samoa, are making contributions to providing women with financial services. The analysis here provides specific feedback on the services offered by WIBDI.

This section of the report covers the research findings from Samoa. It is organized in the following sections:

- A. Background
- B. Partner institutions
- C. Findings
- D. Opportunities for financial services providers

A. Background

1. Geography

Samoa is located between Hawaii and New Zealand. It includes two large islands of Upolu and Savai'i and seven small islets located in the Polynesian sub-region of the South Pacific. The main island, Upolu is home to 75% of Samoa's population and its capital city of Apia. According to the 2011 census, Samoa has a population of 186,000. The country is divided into the four main regions of Urban Area, North West Upolu, Rest of Upolu and Savaii.⁴⁰ Samoa is extremely vulnerable to natural disasters. In the 1990s, Samoa was affected by a number of cyclones and in 2009; livelihoods were devastated by a tsunami.⁴¹

2. Family and kinship structure

The Samoan kinship system is non-linear. A person, male or female, may trace descent from either parent, all four grandparents, great grandparents, etc. A descent group ('aiga) owns a section of a village territory, in which individual group members have use-rights. Identity and property are defined by kinship. Rights of 'aiga membership are activated by residence and service. A person has a right to use land and share other kin group assets if he or she lives in the village to which that kin group belongs. He or she must provide service to its matai (chief). A person may not marry a member of an 'alga to which he or she is related. Young people do not have the resources to establish their own homes, unless they are part of the small, urban middle class elite. At marriage couples may choose to live with the wife's family or the husband's family. Ideally, a woman lives with her husband's family and serves them, however it is very common for husbands to live with the family of their wife and to serve her family. Couples choice of where to live depends on the relative advantages of the husband's or wife's family such as their prosperity, access to land, or proximity to town. Service, in modern contexts, is based on contributions of money and labor for family requirements. (MacPherson 1999). A feature of Samoan kinship is the expectation that men should respect, protect and serve their sisters in times of need, but modern forces towards economic individualism have weakened this custom (Schoeffel, 1995).

Marriage involves an exchange of property between the husbands' and wives' 'alga. Traditionally the bride gift comprised the most highly valued traditional goods, made by women, such as fine mats and bark cloth. Some women in Samoa now make fine mats for sale, which has to some extent preserved the traditional skill of making them. The groom gift comprised food and objects made by men, such as wooden bowls and tools. Nowadays the property exchange involves money and modern goods as well as traditional items, and the distinction between bride and groom goods is no longer emphasized. Many Samoan marriages are initially informal with no ceremony or property exchange, with legal formalities completed when children are born (Schoeffel, 1981). Most people live in

⁴⁰ "Samoa" CIA Factbook. 2012, 20 November 2012 <<https://www.cia.gov/library/publications/the-world-factbook/geos/ws.html>>

⁴¹ "Samoa Profile," Oxfam New Zealand, 2012, 20 November 2012 <<http://www.oxfam.org.nz/what-we-do/where-we-work/samoa/samoa-profile>>

houses and on land that belong to an 'aiga not an individual. In the case of divorce women can only claim non-portable assets if they are among the small minority of people living on freehold land.

3. Socio-economic background

The United Nations considers Samoa to be one of the world's 50 least developed countries, with 48% of all Samoan families living below the poverty line of 2 USD per day. Households use a mixture of economic strategies typically receiving income from farming, fishing, trading, wages and remittances. The urban and rural poor have multiple streams of income as a survival strategy. Samoa is mono-ethnic, mono-cultural, migration prone and remittance dependent. Many residents only earn sporadic income; as a result, remittances play an important role in the economy. It is estimated that remittances account for 23% of GDP, making it one of the most remittance dependent countries in the world.⁴² Remittances are rarely reinvested as productive assets or into the expansion of microenterprises; instead they are used for consumption purposes.⁴³

Agriculture plays an important role in Samoa, employing two-thirds of the labor force and accounting for 90% of exports. Samoa's main exports include coconut cream, coconut oil and copra oil (dried coconut flesh). According to the Asian Development Bank, 30% of the country (80,000 hectares) is potentially available of agriculture, however only 10,000 hectares is being used for low intensity mixed cropping, and the majority is planted to coconut plantations.⁴⁴ 360 Samoan villages are governed as semi-autonomous entities under the council of chiefs and 18,000 Samoan households live in these villages. Rural households are involved in both small-scale and labor intensive mixed farming on customary-owned land. Coconuts, cocoa, taro and other root crops, along with fruits and vegetables are the main crops. These are combined with small-scale livestock production.⁴⁵

Samoa faces many challenges in growing its economy. The country's limited business development is related to its distance to international markets, small local markets and an unskilled labor force unable to compete with neighboring Asian countries in intensive production. Samoa's vulnerability to natural disasters particularly cyclones also negatively affects its growth potential. As a result, most businesses are very small and lack growth potential.

Cultural practices in Samoa are also a constraint to business development. Women are generally active in many aspects of village life both within their extended families and through village-wide structures such as women's committees. The accumulation of individual wealth through business initiatives however is often negatively interpreted. Samoans typically share wealth with family, the community, and the church, which can prevent the accumulation of capital needed to start a business. It is also common for 10 to 20% of income to be contributed to the church. Further, the 'fa'alavelave'⁴⁶ system, described in the Executive Summary, consumes a significant portion of remittances and many also continuously seek consumer credit to meet these commitments. Overwhelmingly, women feel that they are unfairly disadvantaged and unrecognized in terms of 'fa'alavelave' because they spend much of their time and resources to planning events and provide funds, gifts and woven mats.

As mentioned in the previous section, gender-based violence is a problem in the Pacific, especially in Samoa. Nearly half of Samoan women have experienced abuse from their partner. In addition, women who have experience violence were more likely to disclose "financially controlling behavior by their partner, such as their partner taking their earnings or refusing them money."⁴⁷ As in PNG, the potential benefit of financial inclusion for Samoan women with respect to the health and safety is apparent.

3. 1 Women's income-generating activities

The small formal economy is based on food and beverage processing for the domestic market and, to a very limited extent, export market. The formal economy also includes construction, import, wholesale and retail enterprises. It has been estimated that nearly 82% of the population, including a growing urban population, participates in the

⁴²Fikreth Shuaib. Australian Agency for International Development (AusAID). *Samoa Country Report*. <http://www.ausaid.gov.au/Publications/Documents/samoa_study.pdf>

⁴³ Fikreth Shuaib. Australian Agency for International Development (AusAID). *Samoa Country Report*. <http://www.ausaid.gov.au/Publications/Documents/samoa_study.pdf>

⁴⁴ Asian Development Bank: Concept Paper: Samoa: Private Sector Development Project. (Proposed Loan, Number: 46436). October 2012

⁴⁵ Ibid.

⁴⁶ Women in Business in Samoa, key findings from the August 2008 scoping mission. Study team: Kristie Druzca AusAID (team leader) Anna Hutchens consultant,

⁴⁷ UN Women, Ending Violence Against Women, 20.

informal economy, with some opportunities for formal employment.⁴⁸ Their income is mostly based on a mix of wages and small-scale farming of food crops, handicraft production, fishing and trading.

Women work in manufacturing, wholesale and retail trade, and education sectors, while men tend to work in agriculture. Women are particularly associated with fish marketing, handicrafts, retail and tourism sectors and their businesses tend to be small-scale and home-based. Women own between 40-46% of businesses in Samoa and most are micro-businesses in the informal sector.⁴⁹ The relatively low levels of participation amongst women can be attributed to gender role expectations in Samoan households, where men deal mostly with work outside the house and women are mainly involved in work inside the house, including domestic chores, caring for children, the sick, and the elderly, cleaning, and cooking.⁵⁰ This was consistent with the primary field research findings that revealed that women engage in multiple income-generating activities including crop production, sale of livestock, sale of coconut oil, sewing of clothing, weaving of mats and compost making.

Women face particular challenges in formalizing and growing their businesses, including lack of access to information due to family obligations and time restrictions, lack of business development skills including low financial literacy, inability to conduct market analysis or develop business plans. As described above women also face significant societal pressures for contributions to church, family and the village community. Women are still challenged by traditional gender roles and cultural obligations. Rural areas are also quite isolated exacerbating women's potential for access to viable markets and sustainable linkages to supply chains. In Samoa, many businesses are family-based and are not structured on commercial lines. Inheriting a family business is a common way of entering business for both men and women.

4. Financial services sector

Samoa's financial sector is small, consisting of one central bank, and four commercial banks, two of which are subsidiaries of foreign banks, with a market share of about 80% of total banking system assets.⁵¹ Underdevelopment of the financial markets has been identified as a binding constraint to private sector development. The non-bank financial institutions include foreign-owned insurance companies and locally-owned credit unions and the state sponsored pension fund institution, known as Samoa National Provident Fund. Due to inadequate private sector initiatives, mainly hampered by lack of collateral, the pension funds are invested in government's treasury bills and public sector projects. There is no secondary market, in which these securities can be traded.⁵²

The four commercial banks and the National Provident Fund (which operates a loan scheme for its members) offer loans secured by land as collateral at the interest rate of around 13–15% per year. If a borrower does not have land to offer as collateral, interest rates charged are much higher and guarantees from family members are required. In practice, these policies exclude most women and cater mainly to upper and middle class salaried people. While unsecured loans of about 3,000 WST (1,250 USD) are also extended from each of the banks, applicants must be account holders. This process involves both paperwork and fees which prevent many from applying.⁵³ The Development Bank of Samoa offers a microfinance scheme in partnership with the Ministry of Women, Community and Social Development. This scheme offers loans to women's groups and has provided credit to women engaged in agriculture, food processing, sewing, handicrafts, livestock, retail, and fishing.⁵⁴

SPBD, South Pacific Business Development is a network of microfinance organizations working in Fiji, Samoa, Tonga and the Solomon Islands. SPBD's mission is to improve the quality of life of poor families in Samoa by "providing

⁴⁸ UN Women Scoping Study: Women in Marketplaces in Samoa and the Cook Islands, January/March 2012, Dr. Carmel Williams, Dr. Yvonne Underhill Sem

⁴⁹ International Finance Corporation. *Samoa Gender and Investment Climate Reform Assessment*, Washington, DC, 2010. Accessed at: <http://www1.ifc.org/wps/wcm/connect/923e628048855bf48a94da6a6515bb18/IFC_GenderICReformAssessments-ExecSummary.pdf?MOD=AJPERES>

⁵⁰ International Finance Corporation. *PNG Gender and Investment Climate Reform Assessment*, Washington, DC, 2010. Accessed at: <http://www1.ifc.org/wps/wcm/connect/cbdeb18049fb10e5a29bebd1a5d13d27/IFC_Gender+and+Inv+Climate+Reform+Assessments+PNG.pdf?MOD=AJPERES>

⁵¹ International Finance Corporation. *Samoa Gender and Investment Climate Reform Assessment*, Washington, DC, 2010. Accessed at: <http://www1.ifc.org/wps/wcm/connect/923e628048855bf48a94da6a6515bb18/IFC_GenderICReformAssessments-ExecSummary.pdf?MOD=AJPERES>

⁵² Ibid

⁵³ Ibid

⁵⁴ News and Interests, Lending Applications. Development Bank of Samoa, 2012 26 November 2012 <<http://www.dbsamoa.ws/>>

training, unsecured credit and ongoing guidance and motivation to help them start, grow and sustain small businesses.”⁵⁵ It works to empower women through the provision of credit and also offers savings accounts. SPBD in Samoa was founded in 2000 and currently has the dominant market share for small, unsecured micro-enterprise development loans⁵⁶. SPBD provides other products and services to its clients: savings, childhood education loans, housing improvements loans and insurance.

The Small Business Enterprise Center (SBEC) offers loan guarantees of up to 50,000 WST (20,000 USD) on commercial interest rates to women with larger-scale businesses. SBEC also provides business training, advisory, and support services.⁵⁷

Many borrowed funds are used for purposes aside from businesses, including obligations to the church and the family. Samoans tend to carry a large amount of debt and small loans often never get paid back and are recycled into new loans, exacerbating debt. In some cases, men migrate overseas to work leaving their wives to pay their debts. There is concern that borrowing is often undertaken without a clear understanding of its implications, resulting in difficulties in repayment.⁵⁸ This is consistent with primary research findings which revealed that women have low financial literacy and do not understand interest rates or the full amount they are required to repay. The primary research further revealed that because loans are used toward social events and discretionary spending, as opposed to investment in productive activities, women face difficulty in repaying their loans. At the Women in Business Forum, facilitated by IFC in Apia, Samoa in February 2009, financial literacy was identified as an area of priority for women in both urban and rural areas, with a specific emphasis on education around loan schemes, interest rates and fees.

Women’s access to finance is further limited by property ownership issues. Obtaining credit in general is extremely difficult in Samoa, where land rights are held by communities. As a result is rarely used as collateral for private businesses. Customary land cannot be used as security for loans and few Samoans have title to land. With only 4% of Samoa’s land being non-customary, getting collateral for a loan is problematic for both men and women. Although there is a system for the protection of property rights, women lack awareness of the processes involved.⁵⁹

4. 1 Reporting to MIX Market and credit bureaus

SPBD reports data to the MIX Market. Samoa currently does not have a credit bureau. The IFC has however been partnering with Data Bureau Limited, a leading provider of credit historical information on individual and businesses in the South Pacific with current operations in Fiji, Tonga and Vanuatu, to develop a credit bureau in Samoa in 2013.⁶⁰

B. Partner Institution: Women in Business Development, Inc.

Women’s World Banking partnered with WIBDI to execute the research in Samoa. A number of the participants were also customers of SPBD.

WIBDI was established in 1991 with the vision that “vulnerable families in Samoa are able to contribute fully to their own development, the development of their community and country through income generation, job creation and participation in the village economy.” Its mission statement is “to provide and empower these families with knowledge and skills, opportunities, access to finance and markets.”⁶¹ WIBDI recognizes that poverty in the Pacific is the poverty of opportunities. Therefore, it works to provide small-scale entrepreneurs with access to global markets and address issues of isolation and vulnerability to natural disasters and external shocks. Its current clients are engaged in a variety of businesses including: beekeeping, coconut oil production, soap making and handicrafts, coconut oil, cream, fine mats and dried bananas. It focuses largely on agricultural products.

⁵⁵ “Our Vision,” Women in Business Development, Inc. 2012, 19 November 2012 <<http://www.womeninbusiness.ws/266954/html/page.html>>

⁵⁶ “SPBD Network,” SPBD Microfinance. 2013, 29 April 2013 <<http://www.spbdmicrofinance.com/spbd-network>>

⁵⁷ International Finance Corporation. *Samoa Gender and Investment Climate Reform Assessment*, Washington, DC, 2010. p. 35 Accessed at: <http://www1.ifc.org/wps/wcm/connect/923e628048855bf48a94da6a6515bb18/IFC_GenderICReformAssessments-ExecSummary.pdf?MOD=AJPERES>

⁵⁸ Ibid

⁵⁹ Ibid

⁶⁰ <http://www.databureau.com.fj/>

⁶¹ “Our Vision,” Women in Business Development, Inc. 2012, 19 November 2012 <<http://www.womeninbusiness.ws/266954/html/page.html>>

Through its training modules, WIBDI teaches women to develop business plans, to use information and communication technologies for their businesses such as computers and phones, time management, pricing, quality control, and budgeting. WIBDI explores how to add value to products, such as fair trade certification and finding local and global markets for these products to increase client's income. For example, WIBDI buys coconut oil from its producers and sells it to the Body Shop in the UK, 22.7 tons of organic coconut oil was exported to The Body Shop in 2010.⁶²

WIBDI does not provide loans to clients. Instead, it facilitates women's access to savings by linking them to accounts at ANZ Bank. The organization is well-supported by government who pays for the certification costs of WIBDI clients. WIBDI has attracted the interest of the Prime Minister because of its focus on organic production - there is a niche market for organic products overseas that can bring higher prices than non-organic products. This creates a potential market for small producers like those in Samoa to supply these organic products. WIBDI is now working in Tonga to aggregate and share markets and to build local demand for its products to increase revenue.

C. Findings.

1. Barriers to women's financial empowerment

The research uncovered both structural and circumstantial barriers to women's financial control and independence in Samoa. Structural barriers are common to all or most village-based women, as well as many urban women, arising from traditional and contemporary cultural and other socio-economic characteristics. Circumstantial barriers are common but not applicable to all women in Samoa. These barriers prevent or limit the ability of women to grow businesses, control their financial resources and access financial services.

The barriers are organized below under two sections: (A) barriers that emerge in the local socio-economic context, referring to the cultural practices, household gender dynamics and social norms in Samoa and (B) barriers that exist in the financial services sector, referring to the supply of financial services in Samoa.

1.1 Socio-economic context

1.1.1 Structural barriers

The following are structural barriers facing both women and men within the socio-economic context in Samoa.

High cost customary obligations to share money ('fa'alavelave')

The importance of kinship and community networks is central to Samoan life. Extended families are expected to live together and support each other in every way. Communities are close-knit and also come with similar obligations to support each other. These obligations are often financial in nature. The 'fa'alavelave' system involves traditional ceremonies where large amounts of money, food and fine mats are accumulated, pooled, exchanged and redistributed between kin-groups to mark special occasions. Within the family, any inflow of money, including daily earnings, income or wages, remittances and even microloans, is expected to be distributed and shared as part of an obligation to assist family members to meet their household needs, such as housing, food, school fees, electricity and water bills, airfares and repayment of loans. The expected amount of giving is linked to the amount of inflows: the more that you have, the more that you are expected to share. Within the community as well as the family, there are expensive customary obligations where anyone with money is expected to contribute. These include obligations that occur frequently and unexpectedly, such as funerals and health emergencies, and obligations that occur more predictably such as weddings, birthdays, annual church contributions, church tithes, and gifts to the church ministers and his family, village contributions, women's committee contributions and church fundraising. There may also be special purpose church collections such as contributions for building new churches and overseas missions, which are also a source of financial pressure for women. The tradition of giving is linked to enormous pressure to keep up personal, family and village appearances and is reflected in substantial expenditure on status symbols, ceremonies and church donations. 'Fa'alavelave' impacts both women and men in Samoa, yet for some low-income women, the burden may be felt more deeply because these obligations can divert substantial time and resources away from

⁶² "Fair Trade Virgin Coconut Oil," Women in Business Development, Inc. 2012, 27 November 2012 <<http://www.womeninbusiness.ws/fair-trade.html>>

personal financial management and business growth. Families often take out loans for these obligations placing additional burdens on women for repayment; some banks are aware of, and allow, this practice.

- *“It is hard to save because when things happen in the village, you cannot hold onto that money. Even if you are saving for a purpose, you have to give it towards that. Because that is happening now, but savings can happen later.”* (FG 3, Women, Savaii)
- *“I look into the future, there is always fa’alavelave around. I save in case there is any emergency. If there is a fa’alavelave happening now, then I can go down to the bank and get that money.”* (FG 4, Women, Savaii)
- *“It is really hard because there is so many fa’alavelave going on, especially for women. I have to make my contributions to the women’s committees from my account. My husband’s account is for emergencies and school fees. One of my children is schooling at the university in Apia and it is a very high fee that we have to pay.”* (I4, Woman, Savaii)
- *“When a fa’alavelave comes around, we are always encountered by a lot of funerals, etc. I can then always contribute what I have from my savings. I don’t have to look around and try to beat what others are doing. For me, it doesn’t matter. If I come half way through, then it doesn’t matter to me, at least I am bringing something. I don’t care what others think about how much I am bringing. I help out the church and I try to help out my family in any way possible.”* (I 1, Woman, Savaii 1, Woman, Savaii)
- *“I hate this village – too many fa’alavelaves.”* (I 8, Woman, Upolu)

Limited business opportunities and markets, particularly for women

Samoa has limited business opportunities and markets. As a tiny island country, the economy is limited, though the tourism industry does provide some business opportunities such as food or travel service. Unlike PNG, Samoa lacks lucrative natural resources and does not have large enclave developments or any large-scale aggregators for main exports, which could employ many people. While there are microenterprises present in the markets selling produce or cooked items they often cannot compete on price due to poor economies of scale. Similarly, individual or small-scale producers of certain exports such as coconut oil, also have trouble pricing competitive because of the scale problem and often complain of a lack of market linkages to sell these products overseas. It is therefore common in Samoa to seek work overseas in New Zealand and Australia in particular. Thousands of Samoans have settled permanently overseas or engage in temporary seasonal employment overseas. Overseas employment generally offers more opportunities in male-dominated industries such as shipping and fishing but some seasonal work does offer opportunities for women. Men and women are recruited in village groups by local Samoan contractors to be seasonal workers, mainly for fruit picking, and are paid the legal minimum wages (or above for skilled workers) in New Zealand and Australia. An increasing number of Samoa-based men (and a few women) are also permanently employed as crew on merchant and cruise ships. These tend to be slightly higher paid.

Earnings from men overseas tend therefore to be a major inflow into the family and it is rare for a household in Samoa not to be in some way dependent on remittances.⁶³ Remittances come from two main sources: from (i) migrants, who send money for ‘fa’alavelave’, church and family assistance, and (ii) seasonal workers, who ideally at least save their money to bring home and spend it on something when they come back such as building house or starting a business. Samoa is different than PNG in that education levels are quite high and equal for both women and men, yet this does not create many local earning opportunities, particularly for women. Common income-generating activities for women include: food crop production (cocoa, beans, tomatoes, cucumbers, taro, yams and pumpkins); weaving and/or sale of fine mats and coconut oil; running kiosks/canteens, road-side food stands / BBQ, home-based food prep businesses, sewing, screen printing (i.e. sarongs) clothing (including 2nd hand), handicrafts and sewing. Other, less common, income-generating activities include tourist industry work; owning taxis; compost making; and sale of pigs and chickens. Some participants stated that their husbands were engaged in food crop production and salaried employment.

- *“No markets, no customers. My talent is that I look for different people, families, hotels, etc. who need fine mats, papayas, etc. I look for families in American Samoa who have that and I let my committee know and we find someone to provide it.”* (I6, Woman, Upolu)
- *“For me, it is not being able to find a market for our products. We all weave the same thing. Sometimes it is hard for us to find someone to buy them from us.”* (FG 3, Women, Savaii)
- *“The hardest part is weaving a mat and then having to look for someone to buy a fine mat off of you.”* (FG 3, Women, Savaii)

⁶³ Both men and women migrants working overseas send remittances and there are people who have settled permanently abroad.

- *“Both my husband and I do not employed. But in terms of getting money, my husband gets money from the plantation. He grows cocoa and oranges. I work on fine mats so that is an extra income for us. We all work on the plantation. I especially do clearing and planting.”* (I4, Woman, Savaii)
- *“I love selling coconut oil! Not many people make it because it involves hard labor such as gathering the resources that are needed and then extracting the oil and getting the scent just right. We use ylang ylang to scent it. That is another income earner for me.”* (FG 1, Women, Upolu)
- *“I am involved with the fine mats project. I weave fine mats on different days and that is income for my family and me.”* (FG 2, Women, Upolu)

1.1.1 Circumstantial barriers

The following are circumstantial barriers facing women within the socio-economic context in Samoa.

Limited incentives for economic independence related to high dependence on remittances

For many, the combination of remittance dependence, limited financial literacy and dependence on support from family members inhibits incentives to earn money through starting and growing a business and creates incentives to spend the earnings of others (‘fast money’). The time requirements to participate in village, family and church activities also inhibit the capacity for business. Within this context, it is very difficult for a woman or a man to earn income and retain independent control over it or be able to reinvest it back into the business or save it for a personal reason. Doing so could come at the risk of a significant loss of social capital within the family and community. This creates a culture where entrepreneurial activity is quite limited and households tend to operate along spikes and troughs of cash inflows from family or community members. Women in particular have limited incentives to earn, as there are higher cultural expectations to earn money for men than women.

- *“When I get money from overseas, if it is a huge amount, then we put a small portion into savings, but there is always line items budgeted for that. The small part that we put in the bank that is so the bank can see that there is still money coming in.”* (FG 4, Women, Savaii)
- *“My husband’s siblings are living overseas. We do not always get income from all of them, but we do receive some from BIL (brother-in-law) or SILs (sister-in-law) of mine. I also have 2 children, one in Australia and one in NZ. They take turns on when to send money back home when there is need.”* (I2, Woman, Savaii)
- *“We turn to our families overseas and we ask them for money (laughs!). All of us have family abroad. They say no, but we keep calling until they agree!”* (FG 2, Women, Upolu)

Strong pressure for businesswomen to share earnings with family

Women who do attempt to earn income (usually through micro-enterprises such as market stalls selling household goods, clothes or food) often do so out of a need to address unmet expenses of the family. This is increasingly common in Samoa due to rising costs of living and reductions in the availability of overseas work due to the global economic downturn. Indeed, the majority of women interviewed in this study reported having some type of income-generating activity.

As in other parts of the world, women’s earnings come with strong expectations that all will be spent on household needs, leaving little room for women to save or spend for their personal needs or reinvest in their existing or potential business.

- *“I do need cash sometimes to pay for my children’s school fees or if there is a health emergency and I need to take them to the hospital. Also I may need fast cash for sugar and other food.”* (FG 4, Women, Savaii)
- *“There is nothing to hide because I have so many children. If I have 20 WST...I love them, then I have to make sure that they are well-fed...so I will use it for that.”* (FG 4, Women, Savaii)
- *“My siblings are all older than me, but I am responsible for all of them. They do not participate in anything. They do not earn anything. I am the youngest, but I seem like the oldest. My husband is living here with my family.”* (I3, Woman, Savaii)
- *“We also always have to spend for food, so it is very hard for us to keep hold of our money.”* (FG 3, Women, Savaii)
- *“As a Samoan, when you get money, there is already something in mind to pay. For example, if I get my money today, I already have line items that I need to pay, such as food, church contributions, or other things like school fees. Electricity, etc. even before I get my money. If there is anything left, then maybe 10 or 20, I put that into my savings account. I know that if I save money today, then I can go back to it next week.”* (I1, Woman, Savaii)

This expectation is reinforced by the difference in earnings patterns amongst women and men in Samoa which is due to the types of income-generating activities available to them. Men tend to be more present in salaried jobs in Samoa, which pay fortnightly, or work overseas on long-term contracts.⁶⁴ Women however tend to be more present in micro-enterprises, which produce small daily earnings. Women reported that having daily earnings creates pressure and expectations for them to share these earnings on a regular basis to support their family's daily needs. This makes it particularly difficult for women to access or accumulate a lump sum. They reported that while there is significant pressure on men's lump sum earnings, it is easier for them to retain a portion for themselves.

- *"My husband traveled to NZ through the fruit picking scheme (overseas seasonal worker scheme). He was selected for that 4 times. The money that he earned from that, we put that money aside for the vehicles (taxis). He also went to Australia twice to work with his brother."* (I4, Woman, Savaii)
- *"Like I have mentioned, the money left over from spending from my husband's pay, I do keep that aside as secret savings. I just leave it in my bag. My children will go through it and they will try to find it. They do not know the secret place for it. I have to keep some private for emergencies. If someone gets sick and has to go to the hospital, then my whole family will look at me and say how we will go to the hospital, where will we get the money? I will say don't worry, just pack up your things and I will take care of it."* (I1, Woman, Savaii)
- *"My husband works at the forestry division here."* (I3, Woman, Savaii)

Preference towards high levels of discretionary spending rather than investments or savings

It is common for 'fast money' to be used for discretionary spending by both men and women and is considered socially acceptable to do so. Both women and men tend to spend relatively large and equal amounts on entertainment – drinking and marijuana for men and bingo for women – rather than putting money towards investments or savings. When significant amounts of money become available, often from a family member returning from overseas with a large sum of money or when a paycheck is received, the tendency is for these sums of money to be fully spent on status symbols, such as cars, houses and electronics. There is little behavior directed towards saving or accumulating lump sums. The belief is that whenever a large sum of money is needed, it can be raised through contributions from the family and community in a reciprocal fashion.

- *"I love bingo! Yes, I am very happy when I play bingo. If the bus comes to take people down there to play bingo and I miss it then I am very mad!! I do hide some money for my bingo activities! Most of the women that play bingo, they spend around 40. I play smaller money because I don't play that many papers. It costs 10 per paper. I spend around 20 WST because I think that about how much I need to spend on my family. I try not to spend so much money on it, but it is very fun and makes me happy to play!"* (I3, Woman, Savaii)
- *"It is common. He does drink and smoke. But hardly anyone drinks around here. My brothers do not drink, the ones that are living here. There is no problem with us, but if one beer is not enough for him, he will still want to buy two extra beers. There may be no extra money but he will keep spending money on it."* (I3, Woman, Savaii)
- *"There are a lot of differences. My husband loves to spend money on other things as well. He puts aside money on his beer. It becomes very difficult for us."* (I3, Woman, Savaii)
- *"Yes it is very common. There are times that my husband can be very selfish. He wants our money for his own personal use, to buy beer and things like that."* (FG 4, Women, Savaii)
- *"Since we go to the development bank, 6 families have a taxi each now. I will tell my secret. There are 4 in my family, my relatives and me and my daughter and we all took 5,000 each and we got 20,000 total for the car. We really needed it. And it is has been very useful for the whole family. (Is that allowed?) You are allowed to have your family in one group up, but I did not tell them that we were all working on one project."* (I6, Woman, Upolu)

Conflict, including violent conflict, with the household

⁶⁴ Our secondary research revealed that men predominate in formal sector unskilled work. While men and women have approximately equal shares of formal sector skilled and professional work, men predominate in senior management in the public sector. According to the 2006 labor market survey, women represent about 40% of private sector employees. There are certain sectors where women dominate, such as the Samoa's car wire assembling plant, and the manufacturing sector overall. According to the International Finance Corporation's 2010 "Samoa Gender and Investment Climate Reform Assessment," women comprise 60% of the workforce in these sectors. Women are also employed in industries such as tourism, education, financial services, and wholesale/retail trade, men dominate in all other industries. The primary field research reported rural men in paid labor, particularly in the Savaii groups, because the research took place in an area where a lot of men are employed in forestry.

The style of sharing money and spending on discretionary expenses described above can and does create conflict and resentment in households between earning and non-earning members. In some cases, it can lead to violence with the family. Given the strong pressure to keep up appearances, there are generally efforts made to conceal this conflict.

- *“There are two aspects of Samoan living, I see women that are not married and women that are married. I receive a lot of money and I look at other couples, they are always fighting over money. I am happy that I have ownership of my own money, but I feel sorry for my sisters that have conflicts with their husbands over that.(Client is divorced)”* (FG 4, Women, Savaii)
- *“We always argue when things like that, like how to manage our money, arise. We will always try to find ways to scrap together some money.”* (I3, Woman, Savaii)
- Q. Do you ever have any conflicts with your husband about money? *“Of course, it is a big problem in regards to budgeting our income. He also has his own loan and he gets paid fortnightly. That money does not cover all that he needs to repay.”* (I3, Woman, Savaii)

Limited business skills and lack of entrepreneurial culture

Women tend to have a low understanding of costs of doing business (wages, supplies, rents or market fees) and a poor understanding of how to calculate net and gross profit, opportunity cost, profit and loss or develop a viable business plan. Businesses, where present, tend to operate with a hand-to-mouth approach, where money is earned and immediately drawn upon for expenses as soon as it is earned. The research revealed few businesses operated with any type of forward planning and there were few viable entrepreneurial and growth-oriented initiatives. Most businesses are small-scale with a tendency towards low value-added enterprises, with a tendency for women to do what others in the market are doing without any differentiation. There was little awareness that producing a differentiated value-added product or service would lead to business success and few ideas on how to scale a business or gain necessary skills or opportunities.

- *“The problem is that it is hard to save. We want to save, but how can you save if you are not bringing in any money. You could go to sleep and then wake up and there is a problem like a funeral and then you have to borrow from someone else.”* (FG 1, Women, Upolu)
- *“We also always have to spend for food, so it is very hard for us to keep hold of our money.”* (FG 3, Women, Savaii)
- *“There was a group from the Body Shop. Our center manager told us to select one person from the training. I learned so many things, how to treat people, customer service, how to get people to buy from you. You can also see how you can see if there is profit or no profit. Some do not understand that. They just spend it on fa’alavelave. They just then run around and ask their husbands to pay for the repayment.”* (I8, Woman, Upolu)
- *“They are similar to what everyone else is doing: beans, tomatoes, cucumbers and pumpkins.”* (I4, Woman, Savaii)

Lack of business capital

Some women have viable ideas for making money but routinely said that they could not raise the capital investment required. Capital accumulation for investment from earnings is hard to hold on to, as mentioned above, and there is low awareness of other ways to acquire sufficient capital.

- *“I want to make a shop over there to remove that building. I want a sign there and sell dresses, hang them up, and on the other side, I could sell donuts and bakery and smoothies.”* (I8, Woman, Upolu)
- *“For me as a mother, there are a whole lot of needs that we need to use the money for. We need to rebuild our shower. Also, my children and I have decided to build a canteen so we can cater for the village community meetings. We could supply them with food.”* (I1, Woman, Savaii)
- *“The money would be used for that business, the pancake business. A portion will be spent on the license and the rest on a small fale (house) to sell our pancakes in. It would be here on our own land. We would sell at the village and the school.”* (I2, Woman, Savaii)
- Q. Would you take a loan again? *“It really depends. My taxi business is doing very well now, so there is money coming in. But if the business isn’t doing well, then I would look into the option of borrowing again. I might be looking into the plantation and vegetable garden, since it did so well, so I might try to do that again.”* (I4, Woman, Savaii)

1.2 Financial services sector

1.2.1 Structural barriers

The following are structural barriers facing women within the financial services sector in Samoa.

Nascent and limited financial services sector

The financial services sector in Samoa is quite limited. There is a formal banking sector, as described in Section 1, yet these banks mainly serve wage earners, who are disproportionately male and are middle or upper class. Wage earners use these banks primarily to receive their payments and to save in the National Provident Fund (a retirement savings account). They are permitted to borrow against their NPF contributions and savings, but as more men have these accounts than women, there are essentially no opportunities for non-salaried women to access formal loans at banks. It is also uncommon for non-salaried people, men or women, to open savings accounts. There is little awareness on the benefits of doing so and the banking sector does not appear to have made significant efforts towards greater financial inclusion or financial literacy for this population. The few participants that mentioned borrowing from NPF used it to make church donations.

Apart from the banks, there is only one private microfinance institutions in Samoa, SPBD. SPBD offers Grameen-style group microloans and savings accounts to women. A more detailed description of SPBD is in Section 2 above. The Development Bank of Samoa was cited as another option and is a government initiative that offers a group lending microfinance scheme in partnership with the Ministry of Women, Community and Social Development. It provides microloans to women at subsidized interest rates on a limited basis, but was not used by many women. The result of this limited financial services sector is that low-income women who are not salaried have very few options to use financial services to improve their situation. Participants also correctly identified Samoa Commercial Bank as providing adult savings accounts. A participant identified ANZ Bank and National Bank as options for youth savings as well.

- *“I currently do have an account with a commercial bank. Every time I get pension money, I save that into that account, but I also have a savings account with WIBDI. We all have those accounts for savings. I get that pension from the government. You get it when you reach a certain age. I get 130 a month from the government. I normally withdraw 100 for family use and save 30 in that account. It is with the National Bank. You have no choice. You have to stick with them for pensions. (BSP is trying to buy this bank)” (FG 2, Women, Upolu)*
- *“All of our husbands’ have accounts.” (half) (FG 3, Women, Savaii)*
- *“I do not have a job. Then I do not see the need to hold a bank account.” (FG 4, Women, Savaii)*
- *“He borrowed money to use for two separate church contributions, two major ones. We are Christians. We belong to the congregational church. He took out his loan from his superannuation from the NPF. He has taken out two loans. At the moment, my husband hasn’t finished the first loan: that was a long term loan and he is also working on the short term loan. He still has deductions for both coming out of his pay. I see it on the pay slip. With the pay that he receives, he gets 30 WST deducted on each pay check. The leftover money is 137 WST to cover all the expenses for the family on top of that.” (I3, Woman, Savaii)*
- *“If my husband wants to borrow money, then he would go to the NPF to get some money.” (FG 3, Women, Savaii)*

Little emphasis on savings

Samoa financial institutions have an insufficient emphasis on savings, apart from contributions to the NPF by wage earners. SPBD appears to be primarily focused on credit, though it does offer savings accounts. WIBIDI does offer some savings opportunities for women by facilitating access to savings accounts at ANZ Bank. Beyond this women are saving at home and in secret. These secret savings are used for emergency expenses not necessarily for business expansion. As noted above when large lump sums are received, it is used to build a big tomb or a new house, repay debt, fulfill family, church and ‘fa’alavelave’ obligations. Only small amounts are saved. A strong savings culture does not exist in Samoa, the result of multiple financial pressures many of which are related to cultural and societal activities. Financial institutions appear to have done little to address the cultural disincentives against savings or build a greater savings culture.

- Q. What makes savings hard? *“The fa’alavelave is the main thing. We have too many traditional obligations to save on. If I receive 1000 now, there is always something to contribute towards. Then also church contribution. Each church has a different system.” (FG 2, Women, Upolu)*

- *“It is hard to save because when things happen in the village, you cannot hold onto that money. Even if you are saving for a purpose, you have to give it towards that. Because that is happening now, but savings can happen later.” (FG 3, Women, Savaii)*
- *“When a fa’alavelave comes around, we are always encountered by a lot of funerals, etc. I can then always contribute what I have from my savings. I don’t have to look around and try to beat what others are doing. For me, it doesn’t matter. If I come half way through, then it doesn’t matter to me, at least I am bringing something. I don’t care what others think about how much I am bringing. I help out the church and I try to help out my family in any way possible.” (I1, Woman, Savaii)*
- *“When I get money from overseas, if it is a huge amount, then we put a small portion into savings, but there is always line items budgeted for that. The small part that we put in the bank that is so the bank can see that there is still money coming in.” (FG 4, Women, Savaii)*
- *“I do put aside some money (divorced woman). There are times when my family urgently needs sugar. They do not have the money and they come to me. I always have some hidden money spare for emergencies in my belt. No one knows that I have it.” (FG 4, Women, Savaii)*

Limited and fairly high cost informal banking

Informal borrowing between family, friends and neighbors is generally interest-free, whereas village-based women’s committees (Komiti) lend informally to members of the group at a rate of (20-30% per fortnight). From either source, these loans are usually used for meeting shortfalls in cash inflows for household or other consumption needs.

Informal borrowing is not very common in Samoa as shortfalls of income are more likely met through contributions from the extended family.

- *“You can ask someone. They show pity to you and they give you money. You do not have to pay interest. That is like small money like 20 or something. If it is bigger money, like 100 or more, then you might think of giving them something. We know that we are all in the same situation. Maybe you need a bit of money to get the power back on in your house.” (FG 1, Women, Upolu)*
- *“I have friends whom I trust and we always share. I cannot borrow more than 50. For me, 50, it takes me 2 days to get that money back. I would have to work very hard for 2 days to repay that. I cannot against my word if I promised her.” (I1, Woman, Savaii)*
- *“Yes, the women in the committee can lend the money to members. It has to be agreed upon amongst all the members. There is an interest. For 100 WST, you have to repay 20 extra. It is usually 50 WST because it is not just me; it is every one that is borrowing. For 50 WST, you have to repay 20 cents per WST.” (FG 4, Women, Savaii)*
- *“In our own center, when it comes to contribution, we have a women’s committee. If one doesn’t repay, then we all help each other out. But we all saw that this was a problem because a lot of people were not paying, we were all depending on one person. Then we decided that we could just make each person responsible for paying her own loan.” (I2, Woman, Savaii)*
- *“We do have a similar thing like that here in the women’s committee. But rather than all giving money, we all give separate money into our accounts for our contributions and there is separate money to put in another one and we can borrow money from that. You can borrow from that separate account apart from your contribution. Each person has to put in 2 WST into that account and there is an interest on top of that if you borrow. You can borrow from it. The amount depends on how much you put in. If everyone puts in 10 each, and you contribute 20 WST, and you need money, then you can borrow 20 back from it. You can only borrow the equivalent of what you have put in. You pay it back with interest. If I borrow 20, then I have to repay 4 in interest. The percentage is 20 cents per 1 WST.” (I4, Woman, Savaii)*

1.2.2 Circumstantial barriers

The following are circumstantial barriers facing women within the financial services sector in Samoa.

Low financial literacy and awareness, including a misunderstanding of how to use loans

Women have low financial literacy in Samoa. They reported difficulty in making a savings plan and did not consistently appear to plan how they would use and repay loans. Despite trainings from microfinance institutions, some had limited understanding of interest rates and the total amount that they would have to repay. Some seemed surprised that the amount of repayment was higher than the amount they requested. Loans are commonly perceived as ‘easy money’ without enough emphasis on responsible repayment or the need to earn money from the loan in order to repay it.

- *“The reasons why we went there was to help us with our business. But the main problem is having that money and having to repay back every week. On top of that, there is a high interest rate for that. For instance, I borrowed 2,000 and when I go to receive it, they just gave me 1,800. I was told that there is 5% interest. I think that this was just a bond. They also told me that there is life insurance, but I am not sure. In total, I have to repay 2,540.”* (FG 3, Women, Savaii)
- Q. What is the interest rate on that loan? *“I borrowed 1,000 WST, but I didn’t get the full amount. I had to pay 1,270 altogether.”* Q. Was that a surprise to you? *“Yes it came as a surprise to me. I originally thought that for a 1,000 WST loan, I would just have to repay 1,000. But afterwards, I went to the SPBD training after and they told me...”* (I2, Woman, Savaii)
- *“I have borrowed some money before, but I didn’t like it. I wanted to try it out to see if it was nice. But once you get your money, it feels like a whole lot of money, but then repaying it very hard. You also don’t get the full amount that you requested for. When I first heard about it, I was happy. A lot of people were telling me how easy it is to get money. As an unemployed person, I wanted to try it out, but it is not good.”* (I3, Woman, Savaii)

Women face challenges to save due to pressure to share

Given the nature of spending and savings in Samoa and the conflict that can arise, women did report having to keep secret savings that their family members did not know about. With significant pressure to share any earnings, this is done on an extremely secretive basis, with most “secret savings” kept at home. The research showed a desire amongst some women to save privately, most commonly for goals which their family members did not necessarily share or for their family’s security in case of emergencies.

- *“The loan was originally for me to rebuild the family house. When I received it, my whole family depends on me. I borrowed this money, but other people were in line and they wanted a portion of it. I had to share it with them, but the difficulty was that I was responsible for it. I ended up not being able to use it for the house as it wanted to.”* (I3, Woman, Savaii)
- *“Like I have mentioned the money left over from spending from my husband’s pay, I do keep that aside as secret savings. I just leave it in my bag. My children will go through it and they will try to find it. They do not know the secret place for it. I have to keep some private for emergencies. If someone gets sick and has to go to the hospital, then my whole family will look at me and say how we will go to the hospital, where will we get the money? I will say don’t worry, just pack up your things and I will take care of it.”* (I1, Woman, Savaii)
- *“I do put aside some money (divorced woman). There are times when my family urgently needs sugar. They do not have the money and they come to me. I always have some hidden money spare for emergencies in my belt. No one knows that I have it.”* (FG 4, Women, Savaii)
- *“I agree with that. There are times that my family is in need, so I need to keep aside money for that. The money that I get from my crops, no one knows that I put aside a small portion. My husband and my kids don’t know anything. He asks me, but I look away when he asks.”* (FG 4, Women, Savaii)

2. WIBDI

The research collected the following area of feedback on WIBDI:

High dependency on WIBDI for business opportunities

WIBDI is providing women with income-generating opportunities and access to markets that they may not have had without them. This is providing a valuable service for these women, yet appears to be creating a dependent relationship where these women require the assistance of WIBDI to sell their goods. Outside of WIBDI, they do not appear to have a market where they can sell their coconut oil, woven items and organic produce. WIBDI has taken over the management of their sales, making connections, rather than creating their own capacity to formally manage their businesses.

- *“I am earning from weaving sitting mats. I do weave fine mats, but I have not sold any of the ones that I have already made. I don’t have a market for those. I do those with WIBDI.”* (I2, Woman, Savaii)
- *“We do have a contract with WIBDI. We regularly receive visits from their field officers, but I have not sold any mats to them yet. They keep encouraging us to weave, but we cannot take it to the office until it is done and I just started one right now. But they are keen to find us a sponsor for our fine mats. The kind of fine mats that WIBDI are promoting is also the kind that my village is promoting.”* (I1, Woman, Savaii)
- *“It depends on the demand from the office. If there is a huge demand then we all do it. If there are not that many orders, then one may miss.”* (FG 1, Women, Upolu)

- *“Currently I work in Women in Business through the fine mat program. I have a sponsor right now and I am getting an income for that. That helps me to provide food, pay school fees and help my family. That is the one work that I do to earn an income.”* (FG 4, Women, Savaii)
- *“I have not heard of any other organizations like WIBDI. Only they have been helping me. They visit me and I always turn to them because they have helped me. It has been of great help to me alone because before I joined the program, my husband was the main income earner and now we are able to do more with the extra income that I am getting from the fine mat program. They have been coming here and checking up on the mats. Last year, one of my children was able to finish schooling for a year with the money that I earned from WIBDI.”* (I3, Woman, Savaii)

D. Opportunities for financial services providers

Key opportunities in this market include:

Untapped population of economically active low-income businesswomen

It is increasingly common for women to be economically active, often through multiple income streams. While there are greater social expectations for men to earn, it is socially acceptable for women to work and to run businesses, particularly in the informal sector. Many micro-enterprises in Samoa are run by women and women are highly visible in marketplaces, agriculture and roadside selling activities. With some increasing financial pressure, it is reasonable to assume that women’s work will continue and gain in importance in making ends meet in households. This creates an opportunity for the financial services sector to show women the various ways that using financial services, such as savings and loans, can help them achieve their business and household goals.

- *“In most cases, I have some leaves (laufala, dried and trimmed pandanus leaves, used for weaving mats) out there so I put them in a bundle of 100. 100 leaves make 50 WST. I work on that as well. I have other options. I could also make charcoal or I make a Samoan broom. I sell most of my goods to my friends. I get some assistance from them or they get it from me. Those leaves are needed here because people over here need it to make fine mats. On my plantation, I have more leaves than others in the village. Another source of income is sewing lava-lava (sarongs), politasi (two-piece traditional dress) for women and school uniforms. I am doing so many things because I want my children to have enough money.”* (I1, Woman, Savaii)
- *“The main source of income comes from selling the fine mats that I weave and the coconut oil that I make. This helps me put food on the table and support my family.”* (FG 2, Women, Upolu)
- *“I sell my crops in front of my house. I also dry cocoa and sell vegetables as well. I have a small shop in front of my house. I also sell small snacks there.”* (FG 3, Women, Savaii)
- *“I grow vegetables and mixed crops. I also have a small business. I sell Samoan coconut oil. I sell at the local market. I retired as a teacher 2 years ago and now I am a stay at home mom and am trying to take care of the business as well as the home.”* (FG 1, Women, Upolu)
- *“I weave mats for the house and do embroidery on them. I can also sew dresses, any type of dresses. I also cut the stencils and make patterns on the fabrics. I also do a bakery as well. I can make donuts, cakes, pies, biscuits, scones, etc. and deliver it to the primary school for the kid’s snacks.”* (I8, Woman, Upolu)

Neutral to positive association with financial institutions with opportunities to develop more responsive products

Financial institutions generally enjoy a neutral to positive image, though banks are typically associated with wage earners and the middle and upper classes rather than low-income entrepreneurs. While low-income people may not believe that they need a bank or that a bank can help them with their financial needs, they do not have a negative association towards them and generally view them as professional and secure. Unlike PNG, there are no issues around a lack of trust of banks or exploitation from banks in terms of exorbitant fees. SPBD occupies an important niche in the financial services market but only supplies one type of loan, which can be used for multiple purposes.⁶⁵ SPBD Samoa is piloting a migrant worker loan product and will launch pilots for its SME loan product and enhanced insurance product⁶⁶ in the latter half of 2013. Other financial institutions in Samoa have an opportunity to think

⁶⁵ Use of the loan includes (1) to launch or grow a microenterprise, (2) to invest in childhood education, and/or (3) select housing improvements.

⁶⁶ SPBD’s market research shows a demand for life insurance coverage for spouses of SPBD clients.

broadly about financial inclusion and to redesign and market their products to better suit the needs of the unserved. There is a need for loans to help people start and grow businesses and an opportunity to provide people with private and secure places to save. Both will require significant investments in financial literacy, product design and marketing to build an entrepreneurial culture for loans alongside a savings culture where people can save towards specific financial goals, depending on their individual needs.

- *“Yes, there are a whole lot of people that have bank accounts because they work as school teachers or the forestry so their pay goes into an account. I reckon there are not that many people here in these villages that do not have an account.”* (FG 4, Women, Savaii)
- *“I use my bank every week. It is easy because any time I need money to buy something, I can easily get the card and go and get the money. They are friendly, good.”* (18, Woman, Upolu)
- *“We chose Development Bank because of the interest rate and because we sometimes ask the Ministry of Women to seek departments that can give us free advice. They are a big help at the moment. For example, when we want to work on gardens, they inform us to encourage each member of our family to make little gardens, to start a little yard to start with so you can provide food from it. They also show us how to work with easy fertilizer instead of spending money on buying it. Like organic fertilizer. Then they visit our gardens. If they see that we are too lazy to work on it, they advise us to stop that and do something else. They come around once every few months. I am also a village representative for the ladies and mothers.”* (16, Woman, Upolu)
- *“There is no interest on the Development Bank loans. If someone does not repay, then we will figure out how to clear it and then we will never allow them to borrow again. Some people, they get in trouble. I started with a little shop in the back. I moved forward to the road because I thought that it was better to be by the road. I applied to development bank because I could see that some of them have a talent in making tapa clothes, making flower arrangements and sewing. I encouraged them to join the development bank. Another woman here is doing coconut oil so she can use it to keep that business going.”* (16, Woman, Upolu)
- *“From my experience, it is good and bad. It is good in the short run, when you get the money, but in the long term you have to go through a lot of hardship to earn some income to repay it.”* (FG 4, Women, Savaii)

Positive attitudes and openness to mobile phone banking

Most women have and independently use mobile phones. The penetration of mobile phones is significantly higher than the penetration of financial services. Respondents expressed positive attitudes and openness towards using their mobile phones for financial transactions. There is currently a program in place by the main telecom provider to allow for domestic money transfers and bill pay through mobile phones. This is a new telecom-led program and has not yet garnered widespread use or awareness. This could be attractive if also expanded to cover international money transfers, as many Samoan families collect remittances. This could be an entry point for many people to begin to use the service, which could also be used to facilitate savings deposits and withdrawals and loan repayments. ANZ Bank has already begun efforts to introduce mobile banking in Fiji and Vanuatu and other banks have made similar efforts in other Pacific countries.

- *“The good thing about this service is that someone else doesn’t know about the PIN number so no one else can find out. I can just take out my money without anyone knowing. It would be nice to have it. I want to try it out. I had it before, but I don’t have it now because I don’t have the money now. No money is coming in. If I get the money from someone else, I can just show them my phone and get the fast cash.”* (FG 4, Women, Savaii)
- *“It is a good tool for us because there is a national bank account. But when you run out of credit or you have no Cash Power at all, you could transfer money to pay your electricity bill. You could use your phone to do that. I do that.”* (FG 4, Women, Savaii)
- *“The cell phone is very important. I bought it for only 9 WST when Digicel had a special. I can transfer money into someone else’s phone quickly, like if I have to give someone 20 WST. I have never used it.”* (FG 4, Women, Savaii)
- *“Yes, I do have a cell phone. We all have phones. I never use it, but I only use when I call my family overseas. Then they call me and give me the number so I can clear my money.”* (FG 4, Women, Savaii)

Safe business environment with no geographic barriers to reaching population

Unlike PNG, Samoa offers a safe environment for business owners and financial institutions. Crime is not a significant problem and cash-handling for savings and loan repayments does not create the same type of challenges that exist in other riskier markets. Furthermore, in terms of penetrating the population, Samoa is a relatively small Pacific

country in terms of size and population and is well-served by a network of roads and public transportation. Distance to bank branches is not an issue that many respondents cited, as banks are currently serving all geographic parts of the two Samoan islands.

- *“I make a trip down to their branch. I sign the withdrawal slip and I take out money. I use that for children’s health emergencies. It is just down the road. In case the kids need help for anything.”* (FG 4, Women, Savaii)
- Q. How far away is the National Bank branch from here? *“3 villages away. I use my own car. I go to the bank only when I need to save money, like twice a week. Just to save. It depends from the taxi business, or sometimes from the sales of my crops. I manage the money from all of the businesses.”* (I4, Woman, Savaii)
- *“No, only if my husband doesn’t have his card and then you have to pay 1t if you have to go inside bank. I go and make the transaction. The bus costs 1.20 each way. It is free if you use the card.”* (I8, Woman, Upolu)

High levels of general literacy despite low levels of financial literacy

Although financial literacy is quite low, Samoa has high and equal education levels for both women and men. Literacy in Samoan and English is high, making it easier for financial institutions to communicate with women and men in either language.

- *“I have a book and I write down the school fees and the money that goes towards it and the money to buy things for sewing the dresses and the church and fa’alavelave. I budget the money. We put our money together. I am the money manager in the house! I hate this village – too many fa’alavelaves. I know the PIN of my husband’s account. He has a bank card.”* (I8, Woman, Upolu)
- *“I am not sure how much the interest is. (Looking at book now) The money that you see here, it is a huge amount because I had a daughter that just got married.”* (I1, Woman, Savaii)

Opportunities for the Microfinance Sector

Opportunities for the Microfinance Sector

The objective for this research was to identify solutions that would make financial services more effective at reaching and impacting women and identify types of support opportunities that could help women grow and control their income, including business development services, financial education and programmatic responses to gender-based violence. Drawing from the case studies presented in this report, Women's World Banking sees several opportunities for donors and practitioners to improve microfinance services for women in the Pacific region.

Section A addresses the similarities and differences between PNG and Samoa. Although PNG and Samoa are very different from each other and do not represent the full diversity of the region, the opportunities presented here may be applicable to a wider set of countries and institutions in the Pacific who share some of the same common themes and challenges. Sections B and C will identify and describe opportunities for practitioners and opportunities for donors and, where applicable, include examples of current or successful implementation of similar projects across the Women's World Banking network.

A. Comparative Analysis

The first half of this report provided a survey and analysis of the challenges facing women in starting and growing a business and accessing finance in two very different Pacific countries. The analysis revealed both similarities and differences between the issues present in each country. As with the entire report, the findings here are limited to the places where the research team worked and the observations that were collected in the qualitative research. Women's World Banking does not intend to generalize across the two complex countries.

Socio-economic context

PNG is one of the most ethnically and linguistically diverse countries in the world, with about 800 different ethno-linguistic groups. For centuries, these groups lived in isolation in different parts of the country, disconnected by roads, culture and language. Yet, as urban centers in PNG develop, particularly around enclave developments and other economic opportunities, these groups have increasingly had more contact with each other. This has in some cases blended differences but in other cases resulted in extreme and often violent conflict. Samoa by contrast is ethnically, linguistically and culturally homogenous.

Both PNG and Samoa have cash economies that only developed in last 50 years. Prior to this, both relied on kin-based and community-based systems for sharing and trading wealth and goods. The modern economy in PNG, prominently featuring lucrative natural resource enclave developments, has brought significant income disparities to PNG. A small sub-section of PNG and overseas residents has enjoyed significant increases in wealth due to these developments, while the majority remains in poverty with very few opportunities. Income disparities are less significant in Samoa, where influxes of international remittances and a community-based system of sharing money have smoothed differences in individual wealth. Receiving income from international remittances is very common in Samoa, whereas this is much less common in PNG. A domestic remittance economy does exist in PNG but it is unquantified and poorly documented. Residents of PNG generally have low exposure to developed countries and economies, except in the middle or upper classes, whereas most adult Samoans have traveled to New Zealand, Australia or the United States to work or visit relatives and therefore have more exposure to ways of living in developed countries.

Both PNG and Samoa are kin-based societies where family relations are central to social and economic life. Within families, gender dynamics often dictate roles, responsibilities and resource allocation. Both cultures assume mostly traditional roles for men and women, with men largely responsible for income generation and women responsible for household and caregiving duties.

Gender dynamics in household income and money management

In both countries, cash crops are primarily produced by men. In PNG, cash crops are mainly export crops and the income is controlled almost exclusively by men. Women by contrast earn a (significantly lower) income through garden produce, which is used for the family as well as sold in the markets, and petty trading. These activities are separate from men's activities and give women some ability to independently control their earnings but limited

women's access to the earnings of her husband. Women in PNG are primarily responsible for the household's food security, drawing harvests from garden produce.

In Samoa, by contrast, cash crops and garden produce are primarily grown by men for both the domestic as well as export market. Rather than being run as individual activities as in PNG, these farm activities are typically run as family enterprises where men are responsible for growing produce and women often do "lighter" farm work and are typically responsible for selling the harvest in the market or in roadside stands. This gives both men and women a responsibility to ensure the food security of the family. While this family-style approach does put money into the hands of women, it comes with more pressure for women to share the earnings from all sales with men and other family members. Women may also have additional income-generating activities and/or may grow some of their own crops for consumption and sale. In both PNG and Samoa, women are visible sellers of produce and other goods in the local markets.

On a spectrum of conflict and cooperation regarding household money management, PNG is on the extreme side of conflict and Samoa is more toward a cooperative model. In PNG, men and women have different income streams, which they independently try to retain control over, and are quite secretive with each other about how much they are earning and how they are spending or saving their money. In terms of spending, men have much more discretion about how they spend their money than women do. It is common for men not to share much of their income with women and their households and feel that they have authority to appropriate money earned by their wives. In response, it is common for women to have secret savings and expenditures in order to protect some of their earnings. Due to differences in available income-generating activities, women typically have significantly less income than men but have a greater tendency (or a greater feeling of obligation) to use their income for the household than men do. Traditionally, men were expected to provide for the family but this has been breaking down, leaving women to bridge shortfalls or in some cases, fully cover the household expenses even if a man is earning and present. This behavior causes significant bitterness amongst women toward men. Tensions surrounding financial contributions to the household, and specifically who controls women's earnings, often result in domestic violence against women. Such violence is both common and often culturally condoned. This type of family violence exists within a wider context of significant violent crime, weak law and order and political instability, where many women (and men) complain of constant physical threats.

In Samoa, by contrast, income is pooled and commonly shared and managed across an extended family. It is common for the head of the household, usually the eldest man, to make most financial decisions, yet women control and manage daily household budgeting and money management. Both men and women are expected to contribute to household needs as well as other family or community obligations. This model assumes a high level of trust and cooperation within families. Although the research showed that families and communities do cooperate for the most part, there are underlying sources of tension in money management, commonly surrounding the difficulty in prioritizing individual needs over family or community needs, and resentment caused between family members who are earners and those who are not. This results in the need for some amounts of money to be kept secret and hidden from others. Violence against women, with regards to financial matters, is not uncommon in Samoa, but is generally culturally condemned with a strong law and order environment that protects women. Samoa has a generally safe environment with a political situation that is stable though somewhat authoritarian at local levels. In both PNG and Samoa, tension can also arise around discretionary spending, which is common amongst men and women and can deplete resources needed for families or other goals.

Financial behavior

The two countries have different tendencies in their financial behavior. In terms of savings, secret savings is essential for women in PNG. Many go so far as to divide their money into several small portions and hide them in various places, including purses, different parts of the home, in their backyards and different bank accounts. Women are highly aware of the need to keep their money secure and try various approaches to retain control over their money. They hide their money away for both family and personal needs. Samoan women by contrast were more confident that household sharing for family needs would occur and many do not keep savings of any kind due to a perception that money can be raised from the extended family if needed. Therefore, there is less of a savings culture and less awareness of the benefits of saving for most in Samoa compared to PNG. Some Samoan women however did feel that secret savings were necessary in light of tension over how common earnings are spent.

In terms of borrowing, there is a stronger culture around informal and formal borrowing in PNG than Samoa. Borrowing in PNG is generally for business activities or school fees, whereas it is generally for consumption and non-business activities in Samoa. In PNG, shortfalls of income are dealt with through informal credit. By contrast, shortfalls of income in Samoa are more likely to be met with reciprocal contributions from the extended family, including remittances, though informal lending does exist. A notable difference in the borrowing cultures of the two countries is that informal loans between family, friends and neighbors are charged at market rates (of up to 40-50% per fortnight) in PNG, whereas these types of loans amongst personal acquaintances are usually interest-free in Samoa.

Financial services sector

The financial services sector in PNG is more developed than the nascent sector in Samoa. Yet, despite being more developed, banks in PNG are less trusted than banks in Samoa. In PNG, women have a high level of distrust towards banks, primarily due to high fees leading to perceptions that bank fees eat away savings. Although banks have been serving PNG for decades, many parts of the country are not served by any financial institutions due to poor access and road infrastructure to many areas outside the main urban centers. Two mid-sized microfinance institutions specifically serve the low-income market in PNG. By contrast, women in Samoa have a neutral to positive perception of banks. While they viewed banks as trusted and secure, they believe that banks are not for them and primarily associated them with wage earners. The range of financial institutions in Samoa is limited, with a few banks and only one microfinance institution. Yet, due to the small size of the two islands of Samoa and the relatively good infrastructure, most of the country is served by at least one financial institution.

Major microfinance institutions in both countries report data to the MIX Market. However, there is a difference in credit bureaus: PNG has a credit bureau while Samoa currently does not. Data Bureau Limited in conjunction with the IFC plans to launch a credit bureau in Samoa in 2013.

In both countries, women entrepreneurs feel that their needs are not being fully met by financial institutions, both for loans and for savings. In Samoa in particular, financial institutions need to make investments in building and communicating the value proposition of bank savings to women, as there is currently very little understanding of the benefits associated with this. In PNG, the strong existing demand for private savings needs to be met with affordable savings accounts that are accessible and easy to use.

Mobile phone banking is available and growing in both markets. In PNG, this is being done through a bank-led model by Nationwide Microbank. NMB has developed a working platform with clear benefits to users and direct connections to a private and secure NMB savings account in addition to bill pay services. The organization will continue to need to make investments to build user awareness and trust. NMB is aware of making the service available to women and is tracking the use by gender. In Samoa, by contrast, mobile phone banking is being offered through a telecom-led model where users are able to conduct certain bill pay transactions and transfer phone credits between domestic users. There are currently no linkages to savings accounts at any financial institutions through this service. There is an appetite for mobile phone banking, due to the high rates of mobile penetration, but more investment in creating banking linkages and communicating the benefits to users is needed.

B. Opportunities for practitioners

Goal-based and low-cost private savings

Goal-based savings encourages clients to save toward a self-identified goal. Having a goal encourages and motivates clients to save and promotes confidence and independence in women by teaching them to set realistic and achievable savings goals. As with women around the world, these goals include emergencies, daily household needs, health, housing, children's education and old age. The research found that while having goals is common, it was uncommon to have a clear plan to achieve them. Financial institutions in PNG and Samoa offer savings accounts yet do not show clients how they can use the accounts to save towards their goals. SPBD recently started its financial literacy program in Samoa, which encourages clients to set goals and use income as well as savings to achieve them. This is particularly common for savings accounts associated with salary payments in natural resource enclave developments in PNG, which employ large numbers of low-income people. Workers receive their pay through salary

accounts yet most fully withdraw their earnings through an ATM (and are subject to high fees for doing so) and are not aware of the benefits or features of the accounts. Women in both PNG and Samoa demonstrate a clear need for savings accounts that they can use to meet their financial goals, but tend to have low awareness of financial institutions and the benefits of financial services and in PNG there is a mistrust of banks due to high bank fees. Specific opportunities include:

- **Implement goal-based marketing:** Women's World Banking's approach advocates that investments in marketing and reputation building are critical to promoting goal-based savings. Women's World Banking works with MFIs and banks to package and market savings accounts with messages to encourage women to set savings goals and contribute regularly, even in small amounts. Effective marketing can help to educate and inform the market on how formal savings can help clients.
- **Remove or lower maintenance fees:** In PNG, commercial banks and for-profit MFIs could better respond to the needs of low-income people by designing accounts with low or no maintenance fees. To compensate for the reduced revenue from fees, institutions can seek ways to lower operating costs through promoting mobile phone transactions.⁶⁷ Another way to reduce the cost of servicing accounts would be to cross-sell income-earning products such as credit or insurance.

From the Women's World Banking Network:

Women's World Banking worked with SEWA Bank (India) to teach its clients how to better use their accounts to save toward their goals. Through each interaction with SEWA bank, reinforcement of the client's aspirations helped increase both the regularity and the amounts clients saved with the bank.

Women's World Banking is also working with Banco WWB S.A. (Colombia) to develop simple and accessible savings products that can be understood by customers and who are not accustomed to saving at a bank. Simplest and most effective are no-fee account offerings. However, institutions must invest in cost-effective approaches to managing savings to make this approach sustainable.

Mobile phone banking

Historically, high costs of doing business, geographically dispersed populations and poor infrastructure have made efforts to penetrate the Pacific market challenging. Yet, with high usage rates for mobile phones, there is emerging promise that mobile phone banking can make expansion much easier and less expensive. The Lowy Institute for International Policy in Australia found in 2012 that penetration rates for mobile phone usage are around 60% in PNG and 80% in Samoa.⁶⁸ A 2012 Bankable Frontier Associates analysis of women and mobile financial services reported slightly lower penetration rates for PNG: 49% of women and 52% of men had a mobile phone but did offer gender disaggregated data.

This research also found that there are specific benefits to women: women value mobile phone banking because it allows them to confidentially make financial transactions and in PNG, women value this service because it enables them to avoid traveling long distances to reach bank branches, which can be dangerous and expensive. It also helps them avoid long and time-consuming wait times at bank branches. The Bankable Frontier Associates analysis found that women, as active consumers of financial services with responsibilities to manage their household finances, are particularly good potential users of mobile financial services and would have a particular interest in bill pay, services to send and receive remittances and ways to conveniently store and access money.⁶⁹ The study found that 54% of women were interested in using mobile phone banking.

For financial institutions, these efforts do require substantial time, effort and cost to operationalize yet the outcome can have dramatic effects on financial inclusion and improved client satisfaction. There are a number of ongoing initiatives to bring mobile phone banking to the Pacific. Digicel launched a mobile money program in 2011 that allows remittances to be sent from Australia and New Zealand to Tonga, Fiji and Samoa. In order to use Digicel Mobile Money, clients must have a credit card or a New Zealand or Australian bank account and users must have a

⁶⁷ It is important to note that developing a channel for mobile banking requires significant upfront investment.

⁶⁸ Cave, Danielle. "Digital Islands: How the Pacific's ICT revolution is transforming the region," Lowy Institute for International Policy, <http://www.lowyinstitute.org/publications/pacific-digital-future>

⁶⁹ Bankable Frontier Associates, "Unlocking the Potential: Women and Mobile Financial Services in Emerging Markets," 2012, http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2013/02/GSMA-mWomen-Visa_Unlocking-the-Potential_Feb-2013.pdf

Digicel mobile phone to receive payments.⁷⁰ Once the transfer occurs the funds are stored on the recipient's phone and protected with a confidential access code.⁷¹ The recipient can choose to keep the money stored on their phone, pay bills, make transfers, "top up" their phones or withdraw the funds.⁷² Beyond its money transfer service, Digicel offers overseas school fee payments.⁷³ Vodafone Fiji launched its mobile money initiative, M-PAiSA, in 2011 as well.⁷⁴ Vodafone partnered with SPBD in Fiji to enable microfinance clients to receive their loan disbursement on their mobile phone, as well as to make loan repayments, savings deposits, and savings withdrawals with M-PAiSA.⁷⁵ The IFC and ADB are currently operating large-scale programs to expand mobile phone banking in PNG. NMB has also launched a pilot test of a mobile phone banking platform called MiCash in PNG. Specific opportunities to ensure that women benefit from these programs include:

- **Complement programs with training:** The research found some challenges with building technology literacy with women, who may be less likely to be familiar with using mobile phones and who may have lower levels of general literacy. Despite verbal explanations from sales staff, the research found that some women (and men) could benefit from additional training or guidance on how to make transactions on their phones.
- **Track gender-disaggregated data:** Institutions should also use gender disaggregated data which banks such as NMB are using to monitor the outreach levels to women. NMB has targets in place for how many women they hope to reach through the MiCash program and is tracking gender disaggregated data.
- **Build upon functionality:** Both men and women were interested in other services including bill pay for school fees and utilities and linkages to salary payments (in natural resource enclave developments in PNG, for example, which employ large numbers of low-income people). In Samoa, ways to electronically send church tithes and receive international remittances could be very popular.
- **Use phones to improve communication with clients:** In addition to financial transactions, institutions can also use phones to keep in touch with clients, which would be especially useful in PNG due to the difficulty of physically meeting with clients in remote parts of the country. This can include, but is not limited to, SMS reminders for loan repayments and motivational and educational messages or videos to encourage regular savings.

Product diversification through individual business loans and leasing

With women visible in markets but often unserved or under-served by financial institutions, there is significant room to expand the provision of business loans in the Pacific to include individual loans and leasing options. In PNG, current options only allow clients to borrow a percentage of their deposits, such as NMB's Speed Loan. In Samoa, only group loans are currently available for smaller-scale entrepreneurs and women often face significant social pressure to share these loans with family members or use them for personal consumption. Opportunities for product diversification include:

- **Introduce individual business loans:** Women's World Banking's approach to loans centers on individual appraisal-based lending, where loans are made to one person on the basis of an objective assessment of household and business cash flows without collateral. Individual lending is based on assessing risk through credit analysis. Loan amounts and terms are set based on an assessment of the applicant's financial needs and repayment capacity, as well as analysis of other risk factors such as their investment plan and character assessment. The thorough credit analysis undertaken prior to each loan means that, in principle at least, risks to the lender are better identified than with group lending since more detailed and accurate information about the financial and business situation of the client is known. In Samoa, the introduction of individual lending and methodology would give larger-scale entrepreneurs an alternative to group lending

⁷⁰ "How it works for senders," Digicel Mobile Money 2011, 12 December 2012 <<http://www.digicelmobilemoney.com/help/foryou.aspx>>

⁷¹ "How it works for receivers," Digicel Mobile Money 2011, 12 December 2012 <<http://www.digicelmobilemoney.com/help/forthem.aspx>>

⁷² CGAP, *CGAP Landscape Study on International Remittances through Mobile Money*, Washington, DC, February 2012 p.32

<http://www.gsma.com/mobilefordevelopment/wpcontent/uploads/2012/03/2012landscapestudyoninternationalremittancessthroughmobilemoney.pdf>

⁷³ "Digicel Mobile Money Expands its Services to Drive Growth and Development in the Pacific." Spasifik, 2012, 14 December 2012.

<<http://www.spasifikmag.com/publicbusinesspage/7novdigicelmobile/>>

⁷⁴ <http://www.vodafone.com.fj/pages.cfm/personal/services/mpaisa-vodafone-money-transfer/>

⁷⁵ "3000 women are first recipients," Fiji Times Online, December 08, 2011, <http://www.fijitimes.com/story.aspx?id=187915>

From the Women’s World Banking Network:

The economic contribution of women in rural communities is often undervalued or invisible. Women’s World Banking has found that women often do not identify themselves as important contributors to the household income, even in situations where they contribute a significant portion of household income. In 2012, Women’s World Banking debuted a project to adapt individual lending products for rural women based on a true assessment of all household income. This involves training loan officers in whole family analysis and adjusting product features and loan requirements to ensure they work for women.

and may be appropriate for those with growing businesses. In PNG, appraisal-based lending could be a way for institutions to offer more secure and larger loans as an alternative to current loans on the market. It can also help to expand access to women who do not have collateral in their names. The development of individual lending programs requires significant training and institutional capacity and may not be appropriate for every institution. Before implementing an individual lending program, the institution should undergo an institutional assessment, which can be done by a technical assistance provider.

- **Introduce leasing products:** In Samoa, institutions could also consider developing leasing products, given the social pressure to share cash loans and to use loans for personal consumption. Leasing options would better enable borrowers to acquire and retain a business asset without pressure to

distribute cash from a loan and without the temptation to spend loans on personal expenses. There are two types of leasing arrangements, financial lease and operational lease. In a financial lease, the client makes payments, during the lease period, on the full price of the equipment plus interest. At the end of the lease period, the client has the option to purchase the equipment for a small amount, in some cases the amount is the equivalent of the depreciated asset value. In an operational lease, the client rents the equipment for a pre-determined period, at the end of the period the client can return the equipment, purchase the equipment or renew the agreement. Along with financial education and marketing, this may help to drive more loans towards investment and income generation. Leasing could be offered for capital equipment or vehicles for business use.

Financial education and marketing

With a nascent but growing financial services sector in the Pacific and a population of women (and men) who are not very familiar with using savings accounts and loans, investments in financial education are critical. Financial education could cover topics such as creating goals-based savings plans, maximizing the potential of remittances and making a plan for how to generate income from and repay a business loan. Women’s World Banking’s work in this area has shown that adults do not respond well to traditional classroom-based trainings, which also tend to be quite high-cost and labor-intensive. Rather, financial education seems to work best when embedded within a comprehensive and interactive marketing, promotions and sales approach.

Women’s World Banking recommends a segmented approach in the Pacific. For women who are in the initial phases of starting and growing their business, institutions should provide basic financial education, business skills awareness and exploring providing business development ideas where appropriate. For growth-oriented businesswomen with established businesses, institutions should provide more advanced financial education that focuses on showing entrepreneurs how they can use financial services to take their businesses to the next level. For both, institutions should focus on showing women how they can meet all of their financial needs, personal and business. When done effectively, this approach can help institutions grow awareness, promote products and build loyalty.

Women’s World Banking recognizes that not all financial services providers have the resources to invest in financial education programs. While there are initial investments required, such as curriculum development, they can bring significant returns to institutions as it creates and articulates demand for products. Opportunities in financial education and marketing programming include:

From the Women’s World Banking Network:

Women’s World Banking is working with SEWA Bank (India) to test ways to systematically embed financial education into existing interactions with the bank. It is bringing financial education to the neighborhoods in small group settings during which clients create savings goals and plans. Bank staff follow up on the savings plan the client creates and reinforces financial education during home visits using an iPod Touch that provides balances, interest information and maturity dates as well as financial education videos.

- **Develop community-based financial education:** NGO-MFIs can introduce financial education in communities by forging linkages with existing community based kin-groups. For example introducing financial literacy at events associated with ‘wantoks’ or ‘fa’alavelave’. Another approach would be to implement doorstep banking (doorstep loan collection) run by trusted women from the community. In the case of Samoa this can include representatives from village-based women’s committees (Komiti). Some successful examples of community level engagement from the Women’s World Banking network include doorstep banking run by community women (SEWA Bank, India) and fun and informative events for women’s groups (Kashf Foundation, Pakistan).

From the Women’s World Banking Network:

Women’s World Banking and Banco ADOPEM (Dominican Republic) helped produce a socially-minded *telenovela* (soap opera) that embedded financial responsibility messages in the plot lines. After the first 16 weeks of broadcast, Banco ADOPEM showed a 37% increase in active savings balances. Women’s World Banking has since partnered with a Kenyan media company to embed financial literacy messages focused on the value of a savings account into *Makutano Junction*, a Kenyan soap opera with 8 million viewers. Viewers can receive additional educational information via SMS text as well as instructions on how to open a savings account.

- **Create social communications:** Commercial banks and for-profit MFIs can consider forming partnerships that will allow them to embed financial education messages as part of popular television shows or purchasing advertising time during popular television or radio shows that target women. A successful example of this from the Women’s World Banking network is the ‘social’ soap opera that Women’s World Banking has designed and implemented with Banco ADOPEM in the Dominican Republic.

- **Hold branch level educational events:** Hosting branch level educational events allows institutions to build financial literacy and sell products at the same time. Clients are able to open accounts there and then, so they can act on their knowledge immediately. Embedding financial education into existing interactions with the bank and combining new product offers with a financial education component. Successful examples of this from the Women’s World Banking network

include bank teller training and financial counseling (Hatton National Bank, Sri Lanka) and lotteries to encourage deposits (Diamond Bank, Nigeria; Banco ADOPEM, Dominican Republic).

Confidentiality and support against gender-based violence

The research found a particular need for privacy in both countries, driven by constant demands to share money with family and community. In PNG, the need for privacy also emerged from threats of domestic violence where significant conflict occurred around the control over money. The research showed that there is a strong linkage between money, household conflict and violence. While reducing gender-based violence is not an explicit goal of financial institutions, this report asks the Microfinance sector and donor community to consider ways that it can help prevent violence against women or at least help women in this situation protect their money and assets. Some ways to help can include offering safe, secure and confidential financial services that women can independently operate without others finding out. Specific opportunities include:

From the Women’s World Banking Network:

In 2013, Women’s World Banking launched a new initiative that will track the incidence of intimate partner violence against the financial behavior of women using savings accounts over an 18-month randomized control trial. The aim is to test how having access to safe, secure savings affect women’s ability to deal with intimate partner violence. This initiative will be conducted in Colombia in collaboration with Princeton University, Banco WWB S.A. and the International Planned Parenthood Federation.

- **Train staff to be conscious of client’s household/domestic situations:** Institutions can train staff to be conscious of their client’s situations of household conflict and violence and develop strict privacy protocols. At Women’s World Banking network member SEWA Bank in India, loan officers are trained to be very sensitive to the needs of women with regard to domestic conflict and do not require a signature or any inputs from family members to take a loan. If a woman does not want her husband to know that she is taking a loan, loan officers will make sure that they do not visit the house for loan repayments at a time when the husband is present. This approach does have potential to backfire; women who hide accounts may be subject to more violence when others find out that she has

done this. Women’s World Banking advocates that it is a woman’s personal decision to decide if a ‘secret’

account is appropriate for her situation and that the role of financial institutions is to protect this privacy. Women's World Banking welcomes discussion from the donor and practitioner community on this issue.

- **Share information on relevant services:** Financial institutions can also share information on services available to women in each city, town and province in relation to violence, such as magistrates and village courts, hospital and legal counseling services and NGO services. The relationship between gender based violence and the provision of financial services is not yet fully understood. As findings emerge, implications for women-focused product development will be significant.
- **Ensure independent access to accounts:** Confidential access can be achieved by providing women with a secret PIN to access her account or providing women with photo identification cards that must be presented for account access. Biometric ATMs, while expensive, can also offer a way to ensure that only the account holder can access funds from a savings account.

Business development services

Business development services could help women in the Pacific build stronger businesses. Services could include market linkages and training in new sectors and value-added products. Successful business development programs are generally coupled with the formation of women's groups or networks. Women are either linked along various value chains and/or organized around groups for business purposes where they receive mentoring on business development on a continuous basis. Successful examples that can be replicated by commercial banks, for-profit MFIs and NGO-MFIs include:

- **PACT's WORTH Program, Myanmar**
PACT is an international NGO that primarily works in the area of livelihood development. Within this sector, they have had great success with their program called WORTH. This is a literacy-based, savings-led microfinance program that helps vulnerable groups, mainly women, establish and operate their own village banks and acquire skills in managing their business ventures. This is just one of many global programs that uses a group lending methodology for small businesses and links loans with critical small enterprise/business development support services. In this program, villagers are organized into 5-member savings and credit groups that provide financial services to varied micro-business sectors, from marginal farming to small trade activities. The loan processing and paperwork was based on a very simplified format that was designed for pre-literate managers and their clients. The women receive dividends from the interest on the loans they make within the group, in addition to income from their businesses. This is a grassroots initiative that empowers women by aiding them in becoming active, members of their families and communities.
- **Inclusive Finance for Underserved Economy (INFUSE) Program, Timor Leste**
The program is based on 4 pillars that are mutually reinforcing. These include (1) policy development and strategic coordination to enhance the enabling environment, (2) facilitating the growth and long-term sustainability of the retail financial service providers, so that they can reach an increasing number of the poor and low-income people and (3) the establishment of a financial business support infrastructure in Timor-Leste; and 4) linkages to sustainable markets that ensure business profitability.
- **Competency-based Economies through Formation of Enterprise (CEFE), Latin America, Asia and Africa**
The US Labor Departments, under the Bureau of International Affairs, has created a program called the Competency-based Economies through Formation of Enterprise (CEFE) to teach business skills through interactive games and context specific interventions. This program offers a series of modules that are designed to provide entrepreneurs in developing countries with business skills and trains them to start their own businesses. They have also created modules targeted toward semi- and illiterate, and rural populations. The program has been successfully tested on groups of rural women in Latin America, Asia and Africa. These modules can be acquired on their website and could be implemented through local NGOs, women's business associations, church groups and savings groups. They are fun and interactive and provide a methodology that is engaging and offer a successful way for women who are illiterate or have little education to learn effectively. CHF International, via the Crafts Center, also devised some interactive modules for artisan entrepreneurs that have been tested and used globally. These interactive modules and games can be used

for any entrepreneur and are focused at a grassroots level. They focus on marketing, management, product design, and costing and pricing.

- **Business Edge Program, PNG**

Led by the IFC, the Business Edge program is a business development training program in PNG, which trains business owners to sell Digicel mobile phone products across the country. It aims to provide business opportunities for low-income women and men.

From the Women's World Banking Network:

CARD Business Development Service Foundation Inc. (BDSFI), Philippines

CARD BDSFI is a sister institution of Women's World Banking network member CARD Bank. BDSFI was started in 2001 in response to CARD's micro-entrepreneur clients' expressed need for marketing assistance. They started by pilot-testing a small marketing assistance program designed to help members identify buyers of their products, open up new markets, and eliminate or reduce the cost of middlemen. Today, CARD BDSFI works to respond to the needs of CARD micro-entrepreneur clients in promoting, developing, expanding their business activities and improve quality of life by integrating its micro entrepreneur clients into the mainstream economy.

Business development services come with high costs to financial institutions or NGOs. These costs are traditionally covered by donor funding and strategic business partnerships. WIBDI's approach uses funding from several donors including the New Zealand Aid Programme to train and provide livelihood opportunities to women organic farmers, artisans and coconut oil producers. WIBDI currently has a business partnership with the Body Shop to link its clients to wider markets.

C. Opportunities for donors

Donors in the microfinance industry can support the development of women-focused microfinance in the Pacific in many ways. A key strategy is to channel funding toward the implementation of the opportunities described above. This can be supported through funding institutions directly or by providing funding through an international or local technical assistance provider. Often the start-up costs are high for new initiatives and this type of support would enable institutions to try new avenues to broaden financial inclusion and outreach to women. In addition, donors can take parallel steps toward deepening financial inclusion in the Pacific.

- **Support exchange visits with other financial institutions:** Women's World Banking's network offers many potential exchange sites and learning opportunities for practitioners in the Pacific. Latin American institutions can provide the Pacific with examples of solid operations and scalability in similarly high-cost environments. Beyond Latin America, there are useful country examples in East Africa of mobile phone banking technology and in South Asia of financial education and client-centric product design. Some of these examples include:
 - **Kenya Women's Finance Trust, Kenya:** Kenya is recognized as a world leader in mobile banking and serves as an excellent case study. Its mobile money transfer option, M-PESA, allows clients to pay for a variety of services and products and make money transfers without using cash. This reduces the time spent completing transactions at bank branches and is a secure alternative to carrying cash. M-PESA is offered as a feature of KWFT's mobile banking product.
 - **SEWA Bank, India:** SEWA Bank launched a successful goal-based savings product by embedding a focus on goal-setting into the sales pitch and marketing materials to encourage women to reach their goals.
 - **Hatton National Bank, Sri Lanka:** Hatton National Bank provides an example of a well-designed remittance-linked savings program. The aim of its program is to provide remittance-linked savings for rural Sri Lankans to contribute to wealth generation and greater gender parity and to reduce vulnerability of low-income rural households in Sri Lanka. The project also sought to enable rural women in Sri Lanka to create a safety net through asset accumulation by using remittance-linked savings products. The project focuses on the remittance corridor between Sri Lanka and the Gulf region, especially the United Arab Emirates.

- **Support leadership development:** Leadership development is critical for driving client-centric product innovation and growth in the reach and scale of microfinance institutions. Effective leadership is crucial for financial service providers to keep pace and grow within the increasing complexity of microfinance markets. Leadership training programs tailored to the Pacific context can help position executive and middle management teams for success. Women's World Banking's Center for Microfinance Leadership is unique in that it explores leadership development capability with an explicit focus on building principled, diverse leaders committed to the double bottom line of financial returns and social progress. Women's World Banking's executive education has two objectives: educating current leaders to articulate the mission of their organization and ensure that message is integrated from the board to the front line staff; and identifying and preparing the next generation of leaders, both women and men. Through funding from the New Zealand Aid Programme, women managers from institutions focused on financial inclusion and women's economic empowerment from Papua New Guinea, Vanuatu, Solomon Islands, Cook Islands, Palau, Fiji, Samoa and Tonga participated in the Women's World Banking's Women in Leadership Program. Participants received training on leadership and problem solving and were provided networking opportunities.
- **Commission impact assessments of donor programs:** Donors have been involved in the Pacific with a variety of programs for many years. Rigorous quantitative impact assessments of programs could show which programs have led to greater increases in financial inclusion and which have not. This would enable donor programs to better target future funding.

D. Conclusion

There are exciting but challenging opportunities for microfinance institutions, donors and clients to deepen financial inclusion in the Pacific region. High costs and small markets have been challenges for donors and practitioners in the Pacific for many years but understanding and overcoming the barriers faced by women and taking best practices from around the globe may help the region to grow and empower more women. While each country in the Pacific has context-specific needs and challenges, this report has attempted to provide in-depth analysis of the barriers and opportunities facing women and financial institutions in the Pacific region by offering two country case studies. This report does not attempt to offer blanket or homogenous solutions to financial inclusion in the Pacific. Instead, the goal is to provide useful information to donors and practitioners that can be used to bring more and better services to women. Women's World Banking recognizes that improving access to finance for women is just one piece of the puzzle and that other socioeconomic and cultural inequities also need to be addressed through broader education and reform efforts.



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