



WOMEN MATTER!

FINDINGS FROM SRI LANKA'S
NATIONAL FINANCIAL INCLUSION SURVEY 2018/19



IN PARTNERSHIP WITH



Creating Markets, Creating Opportunities

ABOUT THIS SURVEY DATA BRIEF

This document covers an analysis of findings from Sri Lanka's National Financial Inclusion Survey (NFI Survey) from a gender perspective. The NFI Survey was launched in 2018 as part of the effort to develop the country's first strategy for financial inclusion. The strategy is a multi-stakeholder effort led by the Central Bank of Sri Lanka (CBSL), with technical assistance from the International Finance Corporation (IFC), a member of the World Bank Group (WBG), under the IFC-DFAT's Women in Work Program, Sri Lanka.

ABOUT IFC

IFC—a sister organization of the World Bank and member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work with more than 2,000 businesses worldwide, using our capital, expertise, and influence to create markets and opportunities where they are needed most. In fiscal year 2019, we delivered more than \$19 billion in long-term financing for developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity. For more information, visit www.ifc.org

ABOUT IFC-DFAT'S WOMEN IN WORK PROGRAM, SRI LANKA

Women in Work (WiW) is a four-year, \$11.5 million initiative launched in partnership with the Australian government in April 2017. It is IFC's largest standalone country-based gender program designed to close gender gaps in the private sector while improving business performance. The program, which benefits from multisector program design, aims to increase women's workforce participation in Sri Lanka's private sector, create more and better jobs for women, and has the potential to increase profits and drive overall economic growth. Contributing to women's financial inclusion is an important aspect of this endeavor. WiW also contributes to the vision of the government of Sri Lanka seeking higher incomes and better standards of living for all its citizens by 2025.

ACKNOWLEDGMENTS

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This report is part of a larger effort by the WBG to provide open access to its knowledge and analytics and contribute to development policy discussions around the world.

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FINANCIAL INCLUSION

BRIDGING THE GENDER GAP

Women in Sri Lanka have achieved high levels of human development and education. Yet surprising gaps in their progress remain. For instance, the majority of Sri Lankan women still rely on the informal financial sector for their financial needs. Similarly, while women comprise more than 51 percent of the population¹, their participation in the paid workforce is much lower than that of men². In 2018, the figure stands at 33.6 per cent for women compared to 73 per cent for men³.

The country is undergoing a significant demographic transition due to its low fertility rate where, within the next 25 years, the population above 60 will double while the working-age population will similarly fall⁴. Given these shifts, increased female participation in the economy is critical to catalyze economic growth in Sri Lanka.

In this context, financial inclusion for women becomes important.

Formal financial inclusion

- helps women invest in the future
- manage financial shocks and thereby smoothen consumption
- increasing women's chances of escaping the poverty trap

When women earn their own income, their families and communities directly benefit⁴. Equally important, women are able to control their own resources, increasing gender equality and potentially making women better equipped to face issues such as gender violence⁵.

Improving women's financial inclusion requires policy interventions, for which appropriate sex disaggregated data is essential. Therefore, in the recent **National Financial Inclusion Survey (NFI Survey)** in Sri Lanka, specific attention was paid to understanding women's and men's opportunities and barriers so as to design a strategy implementation plan that takes gender differences into account.

“ *Financial inclusion is a priority for the World Bank Group for achieving universal financial access by 2020. This National Financial Inclusion Strategy will not only improve access to, and usage of, financial services, but will also contribute to overall inclusive growth in Sri Lanka ”*

- **Amena Arif**, IFC Country Manager for Sri Lanka and Maldives

WHY SEX-DISAGGREGATED DATA?

Sex-disaggregated data is defined as data collected separately for males and females (AFI, 2018)⁶. Such data helps policymakers better understand the differences in the needs of men and women and the gaps between them, thus enabling more relevant and targeted policies and programs⁷. From a supply-side perspective, such data can also help financial service providers develop the business case for serving women and design more appropriate products and services for them.

The NFI Survey results have helped identify gender differences in Sri Lanka across core components of financial inclusion, in areas such as

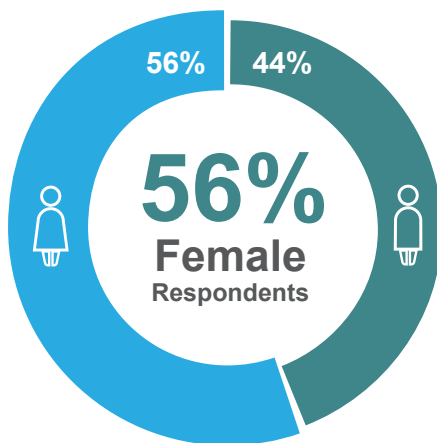
- access and usage
- digital finance
- financial consumer protection
- financial literacy

BACKGROUND:

Overall, Sri Lanka has made major strides in improving access to finance. Account ownership and bank penetration are both high⁸. But account ownership is only the first step to financial inclusion. For long-term, broader financial inclusion, what matters is the uptake and usage of a range of appropriate financial products and services by individuals and MSMEs (micro, small, and medium enterprises), provided in a manner that is accessible and safe to the consumer and sustainable to the provider⁹. In Sri Lanka, whilst account ownership is high, *usage* of financial services from the formal sector¹⁰ is low, and women's participation is particularly poor.

The NFI Survey was conducted via face-to-face interviews, with a nationally representative sample of 4,800 households, with 56 percent female respondents covering both urban and rural areas.

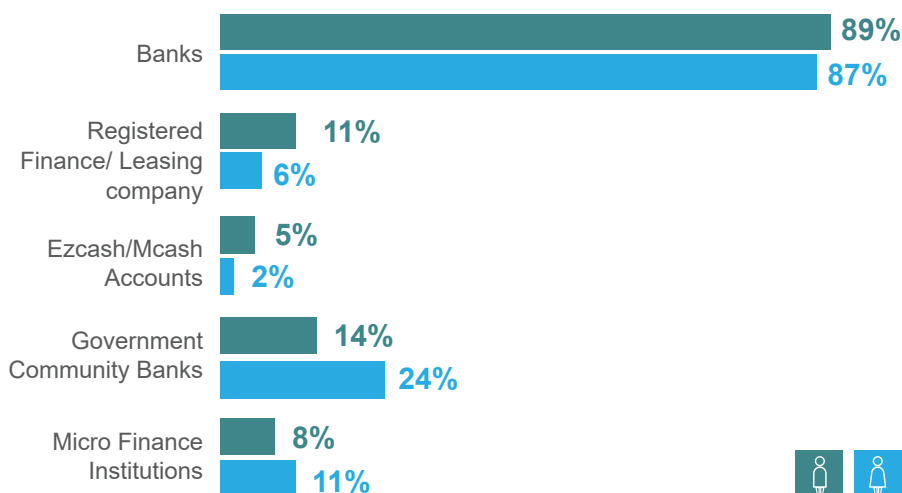
4800 
HOUSEHOLDS



A respondent over 18 years of age was selected randomly from each household. Given the usefulness of sex-disaggregated data for understanding women's level of financial inclusion, the survey was designed to allow for such types of analyses. Going a step further, from a survey execution point of view, all enumerators received training on being sensitive to female respondents' security needs and cultural norms. Additionally, female enumerators were encouraged to join the survey process¹¹.

ACCESS AND SAVINGS: HOW DO SRI LANKAN WOMEN FARE?

Sri Lankan men and women have similar levels of account ownership. According to the NFI Survey, account ownership at a bank stands at 88 percent, with men at 89 percent and women at 87 percent. Yet among women, the reliance on micro finance institutions and community banks seems high.

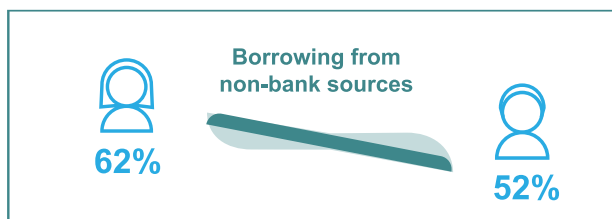


However, disparity can be seen in the greater use by women of informal channels for saving, such as community banks (24 percent of women compared to 14 percent of men) as well as other unregulated sectors such as microfinance institutions (11 percent of women compared to 8 percent of men). In addition, a significantly greater number of women do not use any financial institution (formal or informal) for saving, but simply store funds in some secure place (8 percent of women compared to 6 percent of men). Differences are also seen between rural and urban women. Relying on the informal sector is more common among rural women – 26 percent of rural women use community banks compared to 16 percent of urban women.

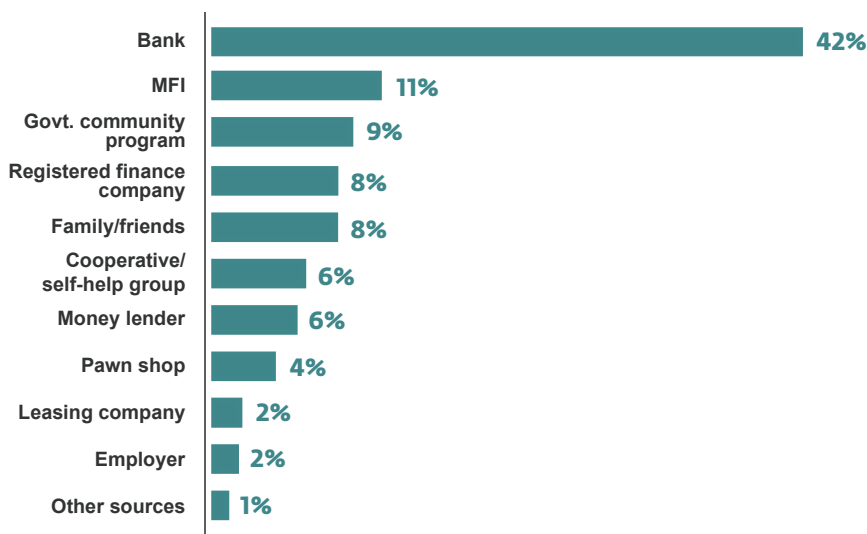
WHERE DO WOMEN BORROW FROM?

Only 49 percent of the NFI Survey respondents overall reported any borrowing. Of this segment:

- **52 percent** borrowed from a formal, regulated institution.
i.e. banks, finance companies, and leasing companies
- **48 percent** borrowed from semi-formal and informal sources.
i.e. MFIs, government community programs, family and friends, cooperatives, and moneylenders



However, as with savings, the percentage of women relying on the informal sector for borrowing was high at 62 percent. Reliance on informal channels is not ideal, given their inherent lack of consumer protection safeguards and the fact that such borrowing does not build a formal credit history.



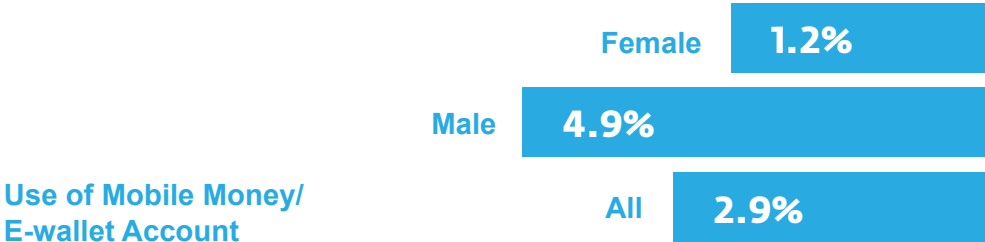
WOMEN'S INVESTMENT IN RISK MITIGATION:

The NFI Survey showed that only one in five respondents had any type of insurance, indicating the significant potential to promote greater use of insurance as a means of risk mitigation. Most of those without insurance claimed they did not need it, indicating low awareness of the use and benefits of insurance.

Sri Lankan men were slightly more likely to have insurance than women (23 percent vs 20 percent). Of the limited number of women who had insurance, however, it was encouraging to see that life insurance was the most popular option (88 percent), as this indicates women's voluntary investment in such long-term instruments which allow for savings and security.

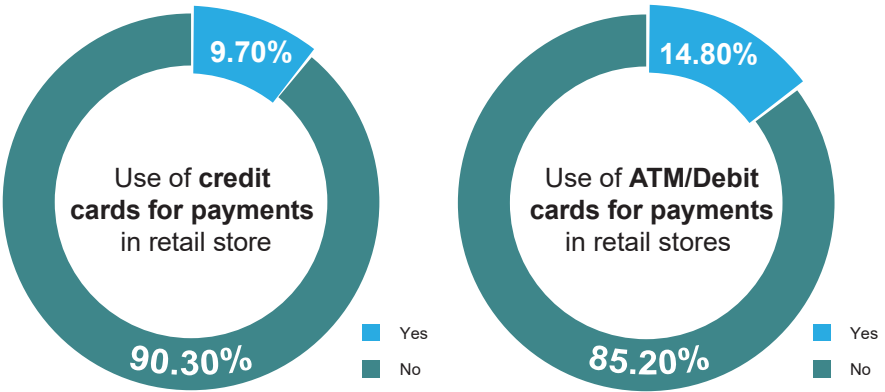
WOMEN'S USE OF DIGITAL FINANCE:

The digital gender gap is evident even in Sri Lanka. 82 percent of the respondents owned a mobile phone, of which majority were men (86 percent), while only 79 percent of women did so. Feature phones were the popular choice (61 percent) when compared to smartphones. Mobile money usage was low overall, with just 1.2 percent of women using mobile money (compared to 4.9 percent of men). Low uptake of smartphones contributes to limited uptake of mobile wallets with greater functionality.



Digital financial services provide a significant opportunity for women to access finance in a safe, efficient, and secure manner. However, [the survey findings indicate that while 62 percent of women said they were aware financial transactions could be carried out through a mobile phone, only 32 percent claimed being comfortable doing so](#) – pointing to the potential contribution that improved digital literacy and digital financial awareness could make to increase mobile money usage.

Though ownership of credit and debit cards is gaining popularity among Sri Lankans, cash remains the preferred mode for transactions.

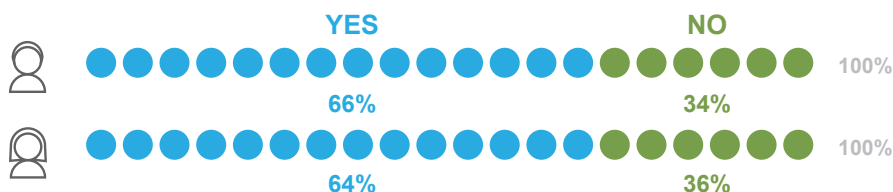


According to the NFI Survey, familiarity with debit cards was limited to 38 percent of respondents. From a gender perspective, 35 percent of women used debit cards, compared to 41 percent of men. Similarly, women were less familiar than men with using either debit and credit cards at retail stores.

FINANCIAL CONSUMER PROTECTION

Fostering financial literacy and strengthening consumer protection are important to deepen public trust and increase usage of formal financial services. The NFI Survey results reinforced the need to strengthen both these areas. For instance, as seen below, most respondents were aware of risks associated with informal finance. However, this awareness was not seen in their behaviour, particularly among women where most relied on informal sources.

Have you heard of the risks with informal finance institutes?



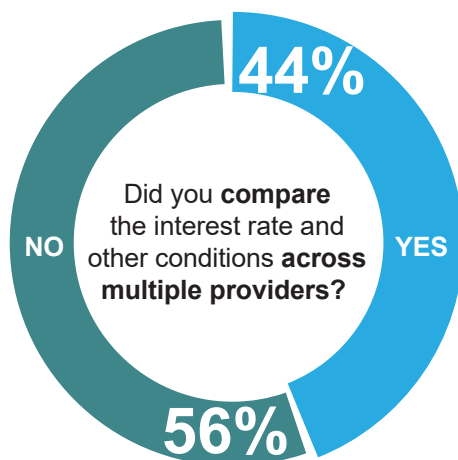
Similarly, when asked whether respondents compared interest rates across providers, a majority did not appreciate the need to do so. This trend was seen among both men and women at similar socio-economic levels, highlighting the need to further probe levels of financial literacy and increase efforts to improve financial capability.

Around **56%** didn't compare the interest rates with other providers.

Similar lack of financial literacy is evident among both men and women.

Why did you not compare interest rates across providers?

Around **67%** responded that they **didn't think it necessary**.



CONCLUSION

Despite a high level of account ownership among both men and women in Sri Lanka, use of formal financial products remains low, with particular gaps faced by women. By enabling sex-disaggregated data analysis, the NFI Survey has helped to understand the needs and behaviors that drive gender dimensions of access, usage, and understanding of financial services. Despite gender parity at education, in terms of financial awareness and usage, Sri Lankan women continue to lag behind their male counterparts in enjoying the full benefits of formal financial inclusion.

ENDNOTES

¹ Department of Census and Statistics Sri Lanka:

<http://www.statistics.gov.lk/PopHouSat/VitalStatistics/MidYearPopulation/Mid-year%20population%20by%20district.pdf>

² Solotaroff, Jennifer L., George Joseph, and Anne T. Kuriakose. 2017. "Getting to Work: Unlocking Women's Potential in Sri Lanka's Labor Force." Overview booklet. World Bank, Washington, DC. License: Creative Commons Attribution CC BY 3.0 IGO

³ http://www.statistics.gov.lk/samplesurvey/LFS_Annual%20Bulletin_2018.pdf

⁴ World Bank. 2016. International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, Multilateral Investment Guarantee Agency Country Partnership Framework for the Democratic Socialist Republic of Sri Lanka for the Period FY17–FY20. Report 104606-LK. Washington, DC: World Bank.

⁴ Refer Nike Foundation. (2009) & OECD (2010).

⁵ The Global Gender Gap Report 2017

⁶ Data is disaggregated by "sex", and not by "gender" because when data is collected, it is the biological differences or "sex" of a person that is captured (AFI, 2018).

⁷ Sex-Disaggregated Data Toolkit: How to Leverage Sex-Disaggregated Financial Inclusion Data to Accelerate Women's Financial Inclusion, AFI (2017)

⁸ According to the World Bank Group's (WBG) Global Findex for 2017, nearly 74 percent of adults in Sri Lanka have accounts at a financial institution, which is higher than the regional average in South Asia of 70 percent (36 percent, excluding India). Also, Sri Lanka also enjoys high levels of bank branch penetration, with bank branch density of 16.5 per 100,000 adults as of December 2018 (CBSL).

⁹ <https://www.worldbank.org/en/topic/financialinclusion/overview>

¹⁰ For purposes of the NFI Survey in Sri Lanka, formal entities are entities licensed by a financial sector regulator, such as banks, finance and leasing companies, and microfinance companies. Semi-formal entities are those registered with another government authority, such as financial cooperatives, micro finance NGOs, Samurdhi banks, and pawnshops. Informal entities are entities that are not registered with any entity, such as moneylenders and unregistered credit providers.

¹¹ <https://blogs.worldbank.org/psd/ensuring-womens-voices-are-heard-financial-inclusion>.



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