

Researchers

Nathan Fiala
University of Connecticut

Rachel Steinacher
Director, Business Development

Annekathrin Schoofs
RWI - Leibniz Institute for Economic Research

Sulin Chowdhury
University of Connecticut

Staff

Caroline Morrow
Research Coordinator

Kyu Khin Gar
Research Manager

Jasmine Miller
Research Assistant

Rachel Jones
Research Manager

Timeline

2018-2022

Study Status

Results

Study Type

Randomized Evaluation

Sample Size

3,307 female entrepreneurs

Research Implemented by IPA

Yes

Enhancing the Potential of E-savings to Boost Women's
Economic Empowerment in Tanzania*

Nathan Fiala¹, Annekathrin Schoofs², Sulin Chowdhury³ and Rachel
Steinacher⁴
October, 2022

the

Keywords:

Development Economics
Labor Studies
Public Economics
Productivity, Innovation, and Entrepreneurship
Gender
Empowerment
Finance

JEL Classification:

J16 Economics of Gender; Non-labor Discrimination
L26 Entrepreneurship
O12 Microeconomic Analyses of Economic Development
O16 Economic Development: Financial Markets

*The authors gratefully acknowledge the team at IDRC who funded this research program. We thank Caroline Monroe, Jasmine Miller, Kye Kilo Gai, and Rachel Jones for excellent research assistance, the study participants for generously giving their time, as well as the field officers of Innovations for Poverty Action. Schoofs also gratefully acknowledges the financial support by the Transatlantic Program of the Federal Republic of Germany and the European Recovery Program of the Federal Ministry of Economics and Technology (BMWi) as well as the RWI Transatlantic Research Exchange Program. All findings, interpretations, and conclusions in this paper are those of the authors and do not necessarily represent the views of IDRC.

¹Nathan Fiala, University of Connecticut, USA, and RWI - Leibniz Institute for Economic Research, Germany, (e-mail: nathan.fiala@uconn.edu).

²Annekathrin Schoofs, RWI, Germany, (e-mail: anke.schoofs@wiwi.rwth-aachen.de).

³Sulin Chowdhury (Corresponding Author), University of Connecticut, (e-mail: sulin.chowdhury@uconn.edu).

⁴Rachel Steinacher, Innovations for Poverty Action, East Africa, (e-mail: rsteinacher@ipovity-action.org.)

Can Personal E-Bank and Savings Accounts Increase Economic Independence of Women? Evidence from Tanzania

Abstract

Evidence suggests private bank accounts not only strengthen women's financial inclusion but also have the potential to provide greater economic independence. This in turn can lead to greater welfare outcomes for themselves and their households. In Tanzania, researchers provided e-bank and savings accounts to women entrepreneurs and evaluated whether they led to women having greater decision-making abilities over financial resources and better labor market opportunities. Overall, e-savings accounts had no significant impact on monthly income, savings, or productivity for women entrepreneurs. The researchers are further exploring why this is the case.

Policy Issue

Despite recent progress in global financial inclusion, one in three women are still excluded from formal financial services.^[1] In developing countries, women are twenty percent less likely than men to have a formal bank or mobile money account, and compose 55 percent of people who do not have access to one.^[2] Exclusion from financial services can hinder women's formal employment opportunities as well, as women's global workforce participation rate is around fifty percent compared to eighty percent for men.^[3] Household dynamics may contribute to these financial and workforce barriers: in many countries, men often are primary decision-makers in managing household resources and are often the primary or sole income earners. Evidence suggests that in households where women have some control over finances and are involved in the workforce, there is a higher likelihood of spending on family welfare and productivity such as food, healthcare, education, and childcare.^[4]

Extensive research exists on the impacts of expanded women's financial inclusion within society as well as within households. Likewise, many researchers have analyzed the effects of women's participation in the labor force. However, there is currently a gap in how women's control over financial resources affects their labor decisions. There is also a gap in the literature in how women respond to having greater control over financial resources and how spouses cooperate in making decisions. This study seeks to fill these gaps by addressing the relationship between expanded financial independence and control over resources and labor market decisions in the context of Tanzania.

Evaluation Context

In Tanzania, the share of women financial consumers grew from 16 percent in 2009 to 65 percent in 2017,^[5] and eighty percent of women are participating in the labor force, one of the highest rates in Africa.^[6] However, gender gaps still exist, limiting women's economic empowerment. Men are nine percent more likely to possess a formal bank account and eleven percent more likely to possess a mobile money account.^[7] Extending to the household level, evidence suggests that husbands generally are the primary decision-makers when they have either outright or shared control over the household's productive and financial resources.^[8]

Details of the Intervention

In Tanzania, researchers partnered with NMB bank to assess whether providing women with a private or shared e-bank and savings account improved their control in managing household financial resources and making labor market decisions with their husbands.

Researchers selected 3,307 female entrepreneurs across Tanzania who were married, ran a small or micro business, did not have a bank account, expressed interest in a bank account, and possessed an identification card. The entrepreneurs were divided randomly into the following groups:

- **Private bank account:** 303 female entrepreneurs received a private e-bank and savings account with USD \$5 to get started.
- **Shared bank account:** 664 female entrepreneurs received an e-bank and savings account with USD \$5 to get started, but their husband knew about the account.
- **Shared bank account + household/gender training:** 1237 female entrepreneurs received an e-bank and savings account that their husbands knew about. Couples were invited to attend a training session about strengthening awareness of gender norms, increasing shared decision-making, and promoting dialogue between spouses.
- **No intervention:** 1103 female entrepreneurs did not receive an e-bank and savings account.

The intervention took place between 2018 and 2022. Phase I of the baseline survey was conducted in 2019 and Phase II was conducted in 2021. The survey collected information on women's labor market participation, individual and household income, savings behavior, empowerment, and household dynamics. The midline survey was conducted in September 2020. Researchers conducted endline surveys in 2021 and 2022 to measure the impact of the intervention. In addition to surveys, researchers collected bank administrative data on monthly transactions and account balances from NMB bank to monitor account take-up and usage patterns.

Results and Policy Lessons

Note: These results are preliminary. More substantive results about the impact of e-savings accounts for women are forthcoming.

Overall, e-savings accounts had no significant impact on monthly income, savings, or productivity for women entrepreneurs.

Negative effects of private e-bank and savings account: Women who had a private e-bank and savings account experienced the most significant losses in earnings. They decreased their total income by about 33,000 Tanzanian shillings (TZS) (USD \$14) and decreased their profits generated in the last month by 36,000 TZS (USD \$15). This is more than fifteen percent of what the average woman entrepreneur brings in as monthly income. Women who used their accounts did so to save money rather than increasing capital for business development or personal use.

In addition, nearly all women with a private account had informed their husbands about the account. Most women reported that they would have been stressed if their husband did not know about their bank accounts. Because the account was no longer private, this group was dropped for the remainder of the intervention.

Impact of training on account usage and savings rates: While account possession had no impact on their income or savings, women who participated in training had the highest savings rates and account balances compared to women who only received accounts. For example, bank data in November 2020, the end of midline observations, show that trained women on average had TZS 76,365 (USD \$32) in their monthly balance compared to TZS

46,627 (USD \$20) for women with shared accounts and TZS 18,976 (USD \$8) for women with private accounts.

Low usage rates of accounts: 38 percent of women who were surveyed were not using the accounts, with many stating that their incomes were too small, which made saving difficult. Among women who used the accounts, 48 percent used them for their business, 37 percent used them to save, and 13 percent used them for personal reasons.

Sources

[1] Bin-Human, Yasmin. "5 Challenges for Women's Financial Inclusion." *CGAP* 13 February 2017. <https://www.cgap.org/blog/5-challenges-womens-financial-inclusion>

[2,4] Women's World Banking, *Women's Financial Inclusion: A Driver for Global Growth* (New York: Women's World Banking, 2016), 8, accessed 8 August 2022
<https://www.womensworldbanking.org/wp-content/uploads/2016/09/Womens-Financial-Inclusion-Driver-Global-Growth.pdf>

[3] World Bank. "Female labor force participation." *World Bank Group* 9 January 2022.
<https://genderdata.worldbank.org/data-stories/flfp-data-story/#:~:text=The%20global%20labor%20force%20participation,compared%20to%2080%25%20for%20men.>

[5] International Finance Corporation, *Leading Tanzanian Women in Financial Services* (Washington, DC: World Bank Group, 2021), 126, accessed 8 August 2022
<https://www.ifc.org/wps/wcm/connect/5c21824b-9322-4c09-8803-41c18578aa66/202106-tanzanian-women-in-financial-services.pdf?MOD=AJPERES&CVID=nE-rXoi>

[6] World Bank Data. "Labor force participation rate, female (% of female population ages 15+) (modeled ILO estimate) - Tanzania." *World Bank Group* June 2022.
<https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS>

[7] International Finance Corporation. "Finance2Equal Tanzania: Closing Gender Gaps in Tanzania's Financial Services Sector." *International Finance Corporation* May 2020.
https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/finance2equal+tanzania#:~:text=However%2C%20women%20still%20lag%20men,to%20a%20report%20by%20FinSights.

[8] Mwaseba, Devota JB, and Randi Kaarhus. "How do intra-household gender relations affect child nutrition? Findings from two rural districts in Tanzania." In *Forum for Development Studies*, vol. 42, no. 2, pp. 289-309. Routledge, 2015.

Nsenga, J. V., and D. L. Mwaseba. "Intra-household gender relations and women participation in non-industrial private forestry in the Southern Highlands of Tanzania." *International Forestry Review* 23, no. 1 (2021): 68-78.

D'Exelle, Ben, and Liz Ignowski. "Intra-household resource allocation in rural Tanzania: Why

women care about disclosure." *The Journal of Development Studies* (2022): 1-23.