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WOMEN AND FINANCIAL SERVICES IN DEVELOPING COUNTRIES

A REVIEW OF THE LITERATURE

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by

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EXECUTIVE SUMMARY

This paper summarizes literature presented in an annotated bibliography that was part of a joint project of the Office of Economic and Institutional Development (EID) and the Women in Development (WID) Office of A.I.D. It was conducted through the Financial Resources Management (FIRM) Cooperative Agreement. The bibliography was a joint work effort under the leadership of Gayle A. Morris from Penn State University at Erie, the Behrend College, and Richard L. Meyer from The Ohio State University.

The focus of the literature review was women. While not all women are borrowers, most women are involved in some form of savings. The importance of savings for individual and household survival as well as a source of loanable funds for future lending made it imperative to include savings as well as credit in a literature review of financial services for women.

Given the political, social, and economic environment in many developing countries, a parallel informal financial system offering credit and savings services has always existed. With their multiple roles and their general inferior political, economic, and social status, women have often used the informal financial system to meet credit and savings needs. Women generally have had less access to formal financial services, and have participated less frequently in formal credit and savings programs. An important empirical question is whether or not the less frequent use of formal finance by women is due to gender discrimination or other factors such as enterprise activity.

The emphasis of the majority of research efforts in the area of women and financial services has been on the provision of credit. Recent research in the area has examined the role of women as savers. A rethinking of the investment activities of women to include domestic household responsibilities has resulted in positive rather than negative evaluations of women's use of credit for consumption needs.

The twin issues of targeting and discrimination have been frequently mentioned in the research on women and financial services. Two interpretations of discrimination emerge from a review of the literature: (1) discrimination based on gender which has subsequently encouraged the use of targeting in the provision of financial services to women; and (2) discrimination based on economic criteria such as enterprise activity or transaction costs.

This report recommends additional research in the following four areas: (1) participation; (2) program design; (3) financial behavior patterns according to gender; and (4) financial systems linkages and innovations.

BACKGROUND

In the summer of 1992 The Ohio State University undertook a research project to review the literature on women and financial services in low-income countries. This research was a joint project of the Office of Economic and Institutional Development (EID) and the Women in Development (WID) Office of A.I.D. and was conducted through the Financial Resources Management (FIRM) Cooperative Agreement. The work was undertaken with the senior author from the Pennsylvania State University at Erie, the Behrend College School of Business. The review had two components: (1) compile an annotated bibliography on women and financial services in developing nations; and (2) prepare a paper that summarizes the literature presented in the annotated bibliography, and reviews the research efforts of The Ohio State University in the area of rural finance as they relate to the issue of gender and financial services.

This paper addresses the second component by summarizing the literature presented in the annotated bibliography and reviewing the research efforts of The Ohio State University in gender and financial services. As part of the summary, the paper presents major findings from the literature review, and identifies key issues for further research. After a discussion of financial systems, the major findings are presented within a framework that examines the roles of women as savers, borrowers, and investors. Bibliographic references are cited throughout the paper as key examples of studies that have addressed the issue under discussion. These references reflect only a sampling of the total references annotated in the bibliography.

LITERATURE REVIEW

PARAMETERS OF THE LITERATURE REVIEW. The literature review was confined to materials that discuss the role of women in financial services in developing nations. Financial services include savings, credit, and general banking activities. Due to the relatively recent focus on the role of gender in development, the literature review focused on materials produced in the 1980s and 1990s.

FINANCIAL DELIVERY SYSTEMS. Savings and credit services are provided by formal financial institutions which are frequently chartered by a government unit and must conform to specific regulations (e.g., banks). In many developing nations a parallel informal financial system provides financial services. Examples of these informal unregulated providers of financial services include moneylenders, relatives, and rotating savings and credit associations. A third and intermediate type of financial system has been characterized as semi-formal and contains some characteristics of both the formal and informal systems. Many cooperatives, credit unions, and NGO sponsored organizations fall into this category. The Grameen Bank is perhaps the best example of semi-formal finance. All three of these financial service delivery systems are included in this literature review.

GENDER AND FINANCIAL SERVICES. As the title of this report indicates, the focus of the literature review was women. Materials that did not specifically contain information on women and financial services were not part of the literature review, and were not included in the bibliography.

Under the leadership of Dale Adams the Department of Agricultural Economics and Rural Sociology at The Ohio State University (OSU) assembled a group of agricultural economists in the 1970s and 1980s whose primary research focus became financial systems in developing nations. In collaboration with A.I.D., the World Bank, and other development institutions these researchers examined issues related to the provision of credit to small farmers (1970s), the role of savings in the development of sustainable financial systems (1980s), and the provision of financial services to microenterprises (1990s). Through these years the regional emphasis has shifted from Latin America and Asia to Africa. Paralleling this geographical shift has been a change in emphasis from the household to individuals within the household. Because of the recognized quality and international reputation of the work and researchers involved, their treatment of the role of gender has become particularly important in shaping the design of research in the area of financial services.

SAVINGS AND CREDIT. While not all women are borrowers, most women are involved in some form of savings. The importance of savings for individual and household survival as well as a source of loanable funds for future lending made it imperative to include savings as well as credit in a literature review of financial services for women.

LITERATURE SOURCES. The majority of the literature on women and financial services has been published in the United States. Relevant citations were also found in literature from universities and development agencies in Europe, Africa, Asia, and Latin America. Computer data bases were searched at A.I.D., the World Bank, FAO, and other international institutions for relevant materials. Recognized experts in the area of women and financial services were also contacted for materials. As is the case with much of women's research, there were many fugitive documents (i.e., research that has not been cataloged or published) to locate. Copies of all materials in the bibliography have been obtained and are housed in The Ohio State University special library collection on finance.

ROLE OF FINANCE IN DEVELOPMENT. Increasing capital formation is one of the principal objectives of economic development. The process of capital formation has three basic parts: (1) the collection of investible savings from a variety of sources and their consolidation into loanable funds; (2) the distribution of loanable funds through financial and credit mechanisms to potential investors; and (3) the act of investment itself in which various resources are used to increase the capital stock (McKinnon; Meier; Shaw). The literature review focused on all three components of capital formation. In discussing the first two components, investment activities were frequently mentioned in research results. Investment activities were therefore included in the literature review where they resulted from, or were specifically included in, savings and credit activities of women. Due to the fungibility of finance, it is not possible to separate the investment activities of households along economic activity lines. It does appear from the literature, however, that it is possible to separate the investment activities along gender lines. This is especially clear in African households where gender differences in production and time allocation, asset ownership, household income and savings, and investment activities are obvious and frequently reported.

FINANCIAL SYSTEMS AND DEVELOPMENT

FORMAL FINANCIAL SYSTEMS. The development of modern formal financial institutions occurs either in anticipation of their demand or as a response to the demand for their services (Patrick). The establishment of these institutions allows the transfer of capital through financial intermediation from traditional sectors of the economy to growth-oriented sectors. The development of a financial intermediation system includes the creation of an institutional financial structure and the supply of related financial services which facilitate the collection, consolidation, and distribution of investible capital. The most important economic function of a banking system is financial intermediation between savers and borrowers.

Capital markets in developing countries are not uniform markets, but are fragmented with great discrepancies in rates of return between physical and financial assets, and inefficient usage and price of production factors (Von Pischke; Adams; Donald). Central banks, international development programs, and other monetary authorities have frequently manipulated the price of capital by dictating explicit interest rates in organized financial markets according to type of lender, type of borrower, loan size, purpose of loan, etc. (Adams, Graham, and Von Pischke). Where interest rates have been kept artificially low (i.e., below the cost of acquiring, lending, and recovering loanable funds), loans have been relatively large in size and concentrated among affluent borrowers as lenders sought to lower their risk and other lending costs to compensate for the low interest rates. And subsidized interest rates often translate into low deposit rates for savers which discourages the formal collection of investible savings.

INFORMAL FINANCIAL SYSTEMS. Given the political, social, and economic environment in many developing countries, informal financial systems offering credit and savings services have always existed. Consisting of moneylenders, pawnbrokers, relatives, and neighbors the informal financial system has traditionally charged interest rates reflective of the higher risk and lending costs incurred when extending credit in relatively small amounts to a large number of low-income borrowers. Informal savings clubs at the village or household level have been an important source of local lending capital and have provided a safe location for savings deposits.

The informal financial system, because it does not have to abide by formal banking regulations or donor agency requirements, has supplied financial products tailored to its clients' characteristics, needs, and priorities. In terms of informal credit this has meant high interest rates offset by a relaxation of collateral requirements, increased accessibility, and the provision of small loans that could be used for consumption as well as production purposes. In regard to informal savings this has meant little or no interest paid on savings accounts which has been offset by the provision of "safe places" to house small savings accounts, and the increased ability to add to or withdraw from savings accounts at convenient times in relatively small amounts. In many savings clubs not only is there no interest paid on savings accounts, but often a fee is assessed each depositor which is paid to the collector or savings guard for their services, resulting in a negative interest rate for savers.

GENDER AND FINANCIAL SYSTEMS. Given women's multiple roles as reproducer, producer, and community manager, and their general inferior political, economic, and social status, they have often used the informal financial system to meet credit and savings needs. Low-income men, similarly disenfranchised, have also found the informal financial system more responsive to their financial requirements. But women, because of their gender, have an additional constraint placed on them as they labor to provide a livelihood for themselves and their families.

Gender roles affect access to and participation in financial systems. Low-income female microentrepreneurs encounter the same financial constraints as all poor people and small businesses, plus the additional constraint of gender. Thus the provision of credit and savings schemes designed to improve women's practical needs (e.g., increase income, provide food for the family) need to also take into account women's strategic interests (e.g., status, visibility, and decision-making roles).

Women generally have less access to formal financial services, and participate less frequently in formal credit and savings programs. While gender provides a partial explanation for this exclusion, the explanation must be modified by other socio-economic characteristics such as enterprise activity, economic viability of the investment, socio-economic status of the household, ethnicity, and age (Baydas, Meyer, and Aguilera-Alfred; Buvinic and Berger; Hilhorst and Oppenoorth).

In financial systems research these issues have often been categorized within a supply-demand framework. Financial services can be provided or denied based on institutional supply side criteria (e.g., gender of applicant, enterprise activity, lending transaction costs) or on a borrower's/saver's demand side criteria (e.g., literacy, borrower and depositor transaction costs). An important empirical question in the research on women and financial services is whether or not the less frequent use of formal finance by women is due to gender discrimination (supply side constraint) and/or other factors such as literacy (demand side constraint).

EVOLUTION OF EMPHASIS FROM CREDIT TO SAVINGS AND FINANCIAL INTERMEDIATION

CREDIT. Foreign assistance to low-income countries after World War II frequently took the form of small farmer credit projects. These projects were often patterned after financial institutions or programs in the United States or Europe, and targeted small male farmers as the beneficiaries of donor-supplied lending funds. According to Adams and Von Pischke these small farmer credit projects were typically based on the following assumptions: (1) the small farmer target group was too poor to save; (2) informal financial systems charged exorbitant borrowing fees and played a small role in the provision of financial services to small farmers; (3) the unwillingness of commercial bankers to provide credit to small farmers was not based on any commercial or economic criteria; (4) clients of small farmer subsidized credit programs would eventually graduate to conventional lending programs of commercial banks; and (5) loan extension was more important than loan collection (Adams and Von Pischke). A sixth assumption not mentioned by Adams and Von Pischke was that many small farmers in Asia, Latin America, and Africa were male.

The subsequent problems of low repayment rates, misallocation of funds by lending institutions, and the allocation of credit from designated small farmers to large farmers resulted in a reassessment of small farmer credit programs and their underlying assumptions in the 1970s and 1980s (Donald; Adams, Graham, and Von Pischke). The recognition that many women were small farmers, and the realization that women grew the majority of food crops in Africa expanded WID research in the 1980s to include rural women's access to and participation in credit and savings programs.

SAVINGS. In addition to providing loanable funds, savings is also important as a form of economic security. And the act of saving provides a financial history that the borrower and lender can frequently use in the loan application process.

Recent research has revealed that informal financial systems provide financial services (both credit and savings opportunities) to many clients defined as not creditworthy by commercial banks (Adams and Fitchett). Informal financial systems tailor their financial services products to meet the requirements of their low-income borrowers and savers (e.g., small loans, frequent repayments, personal knowledge of a client replacing formal collateral requirements, and safe places to deposit savings). Research on informal financial systems has also provided evidence that low-income clients save on a regular basis, and that these savings are large enough to be a potential source of lending capital (Meyer). Savings is the linchpin that can extricate a financial institution from the role of funnelling external donor funds to local beneficiaries and incurring the often large expense of reporting on the results.

Interest in small businesses and microenterprises by A.I.D. and other institutional development agencies in the 1980s encouraged the re-examination of the roles of informal and formal finance. The concept of semi-formal finance was introduced as a hybrid financial institution combining characteristics of both formal and informal systems (i.e., the informalizing of the formal that occurs in People's Banks) (Seibel and Marx; Hilhorst and Oppenoorth).

FINANCIAL INTERMEDIATION. As civil unrest coupled with inflation and declining domestic investment resulted in the demise of commercial banking in African countries, informal financial systems became the modus operandi for the provision of financial services in urban and rural sectors (Cuevas 1991; Duval; Graham). The provision of credit and savings schemes, however, is only part of the required financial structure for development to occur. The development of financial intermediaries (which transfer capital from traditional sectors of the economy to growth-oriented sectors) is an integral part of any viable national financial system. A re-focusing on the institutional requirements of financial systems in the 1980s and 1990s raises the issue of how to integrate informal and formal financial systems and thus develop effective financial intermediaries. If the most important economic function of a banking system is financial intermediation between savers and borrowers (Gonzalez-Vega; Patten and Rosengard), then how do commercial banks mobilize the savings occurring in low-income women's and men's informal savings programs and provide the additional credit demanded by microentrepreneurs attempting to become small businesspersons?

WOMEN AS SAVERS, BORROWERS, INVESTORS

Given the increased focus on the role of women in the development process, there have been numerous discussions, conferences, and documented field experiences addressing the financial concerns of women. The emphasis of the majority of these research efforts has been on the provision of credit to women, but recent research in this area examines the role of women as savers. A rethinking of the investment activities of women to include domestic household responsibilities (e.g., food, clothing, and shelter as part of human capital requirements) has resulted in positive rather than negative evaluations of a woman's use of credit for consumption needs.

WOMEN AS SAVERS. The majority of research on women and savings focuses on women's participation in savings clubs or rotating savings and credit associations (Chimedza; Luery; Hartig; Spaak). Women's savings often occurs in relation to the extension of credit, either for herself or another member. Studies conducted in Zaire (Cuevas et al, 1990) and Cameroon (Delancey) emphasize women's greater propensity to save as well as what appears to be an increased ability to save in comparison to men. In a review of several savings mobilization programs, Otero questions whether the structure of the savings program or the gender of the depositor is the determining factor in the willingness and ability of low-income clients to save. The general consensus emerging from the literature is that poor women will save when provided with the opportunity.

WOMEN AS BORROWERS. The majority of the early research on women and financial services either discussed the provision of credit or the lack of access to credit. (The more recent literature focuses on women as savers and investors as well as borrowers.) Women had generally high repayment rates in most projects and repaid their loans on time (Basgall; Berger 1990b; Cuevas 1990; Dumouchel and Thede; Evans and

Kydd; Power; USAID). Exceptions to this positive repayment rate were discussed in reference to credit unions in Lesotho and cooperatives in Zambia and Zimbabwe (Mindock; Smith-Sreen).

The emphasis on credit programs for low-income women has been due to four factors: (1) credit was one of the most frequently mentioned inputs that women indicated they needed; (2) it was thought that credit could be used as a transfer mechanism for reallocating resources to low-income women; (3) rotating savings and credit associations or other group financial associations built on existing informal association networks of women; and (4) women's participation could be easily highlighted in a relatively short period of time in a credit program. Subsequent research on credit programs for women has been more critical of the role of credit, and has recognized the limitations of the credit input in the development process (Buvinic; Tendler).

Women borrow from donor agencies which frequently target them as recipients, or from the informal financial system (Baydas; Spaak). The success of non-targeted credit programs among women in the Dominican Republic (Reichmann) and Bangladesh (Hossain; Weidemann) implies the on-going debate on targeting loans for women is still unresolved. Critics of the gender-related discrimination approach argue that financial services that focus on the needs of potential clients (e.g., creditworthy low income female and male clients) are self-promoting among those clients, and targeting is not required.

WOMEN AS INVESTORS. When women use borrowed funds to feed or clothe family members, it has often been evaluated as a nonproductive use of credit. Only when the borrowed funds were used to expand income-generating activities was a positive accolade bestowed. Given the fungibility of capital, it is difficult in practice to separate consumption and production activities at the household level. In the past five years researchers have begun to emphasize the human capital rationale for buying clothes and food for family members, and thus what was once defined as unproductive, is now considered to be a productive use of credit. This review of the literature on women in financial services provided ample evidence that increasing women's income also increased the income of the household (Bennett; Blumberg; Due and Mudenda; Elavia and Cloud; Tripp).

WOMEN AND FINANCIAL SYSTEMS. Poor women in developing countries have used informal, more than formal, financial systems to meet their credit and savings needs. While women working in the wage sector have greater access to financial services from formal institutions (Phoativongsacharn; Seetisarn; Sengupta; World Bank), many of them prefer the informal financial system because of its flexibility (Baydas). Semi-formal financial systems may resolve the dilemma of whether to encourage formal financial institutions to "graduate" and provide financial services to a market niche occupied by low-income creditworthy clients (female and male), or encourage creditworthy low-income clients (female and male) to "graduate" from an informal to a formal financial system. Women's credit and savings groups and cooperatives also have the potential of being used as financial intermediaries (International Fund for Agricultural Development 1991a and 1991b; Weidemann).

DISCRIMINATION. Parallelling the targeting issue mentioned previously is the issue of discrimination in the provision of financial services to women. As discussed earlier in the paper financial services can be provided or denied based on supply side criteria or demand side criteria. Thus charges of discrimination in financial services research because different frequencies of participation among men and women were reported is not necessarily a supply side problem, but may be a demand side constraint due to borrower illiteracy, unprofitable business enterprise or fear of debt. Researchers should be careful to distinguish between the two constraints in discussing casuality and assigning responsibility for nonparticipation.

Two interpretations of discrimination in financial services emerge from a review of the literature: (1) discrimination based on gender; and (2) discrimination based on access to financial services. The first interpretation emphasizes the inability of women to establish savings accounts or obtain credit because of their gender (Adera; Berger; Due and Gladwin 1991; Lycette; Mehra). Targeting credit to specific women's groups is often proposed as a solution to gender-based discrimination. This "positive" targeting is done to offset the "negative" targeting experienced by women who lack the necessary political and economic power and /or established creditworthiness to secure adequate resources. This "negative" targeting has become particularly acute in those countries undergoing structural adjustment programs (Due 1991). The World Bank is purported to have decided to use women's propensity to spend borrowed funds on household necessities as one reason why women should be eligible or even specifically targeted to receive credit.

The second interpretation argues that discrimination in financial services is done on the basis of economic criteria. Women are denied credit or savings opportunities because they are involved in enterprise activities such as street vending which are not traditionally funded (Arias; Baydas; Reichmann). Or women may not have access to financial services because the type of financial products they demand are not provided by the formal financial system (Berger 1990a; Buvinic). For example low-income women (and men) typically demand small loans, frequent repayment schedules, and no formal collateral. The exclusion of low-income men from formal credit programs demonstrates that discrimination is also based on economic criteria (Baydas, Meyer and Aguilera-Alfred; Buvinic and Berger).

It is important to determine which of the above two interpretations is relevant in a particular study group or area. If the former interpretation is correct, then intervention in the financial system is warranted to ensure that potential women clients are treated more equitably. The implication here is that lenders use noneconomic criteria in the selection of clients or projects to fund. If the latter interpretation is correct, then intervention in the financial system may not be warranted, or may not have the desired outcome. The latter interpretation also encourages looking outside the financial system for the explanation as to why women are not receiving credit or depositing savings. Credit is only one input in the development process. The roles of education, religion, custom, etc. must also be examined to more clearly understand the obstacles that prevent women from having access to financial services.

GENDER ISSUE AND FINANCIAL SERVICES RESEARCH

The issue of gender has not been systematically included in the research done by the agricultural economists working in the area of financial systems at The Ohio State University (OSU). The majority of OSU research in financial services has been conducted in response to Agency for International Development mission requests for information and policy recommendations. And gender has usually not been a specific issue for which missions have requested additional information.

When OSU research on women in financial services has occurred, it has occurred primarily when women were the obvious focus of the research effort (e.g., women's savings clubs, women's ROSCAS). OSU researchers have largely confined their analaysis of women and financial services to a critique of the issues of targeting and discrimination in the delivery and accessibility of financial services.

In OSU research projects where women were not the primary focus the gender variable has largely been ignored. By not incorporating gender in the initial research design, relevant data on women as savers, investors, and borrowers has not been analyzed or reported. By not including women in the broad discussion of financial services, their roles as savers, investors, and borrowers have often been overlooked.

Thus the research and discussion on women and financial services has been primarily done by female social scientists working in sociology and anthropology outside of OSU, as this bibliography has demonstrated. Given the disciplinary bias in this research, economic analysis has often been absent from the discussion of women and financial services.

By institutionalizing gender in their research efforts, OSU researchers would be strengthening their current work in rural finance. Given the shift in regional emphasis to Africa with the concurrent focus on individual control of resources along gender lines within households, OSU researchers have a prime opportunity to sensitize research designs to reflect the gender issue. This would allow the establishment of a gender baseline for comparison purposes within and between programs in such areas as frequency and intensity of savings, loan repayment rates, and client capital and sales growth. Gender disaggregated information could then be used to structure the delivery of financial services to financially responsible clients - female and male. Despite more than two decades of research and discussion on women's role in economic development, disaggregated data along gender lines is still lacking in the consideration of many key issues in financial services (see concluding issues section of this paper).

RESEARCH ISSUES IN GENDER AND FINANCIAL SERVICES

INTEGRATED GENDER RESEARCH. Integrated gender research (i.e., the inclusion of data on both women and men) in financial services is a crucial issue that needs to be immediately addressed. Previous research, and current research efforts, either address women and financial services separately, or are gender neutral. The gender neutral designation frequently means the omission of the gender variable in the research design, data collection, analysis, and discussion of implications. Comparisons between women and men regarding repayment rates, financial group membership decisions, and savings rates in the same program or domestic financial system are still largely unavailable. Thus the authors strongly recommend **integrated gender research** in future projects and programs wherever appropriate.

Integrated gender research would involve gender-disaggregation at the indicator, subtarget, target, or strategic objective levels. It would also involve integrating the discussion of gender within the general discussion of financial systems research. This would replace the current practice of two parallel tracks for financial services research; one track focusing on financial systems research which largely ignores the issue of gender, and the other track exclusively focusing on women and financial services.

Separating research on women from the general research on financial services "ghettoizes" women's research issues, and results in the loss of crucial comparison information. If gender is to be fully integrated into the development discussion, it must be referenced in the general discussion as well as the case study or "colored panels" section of reports. And where appropriate, data on women and men needs to be presented in the same table, and the gender variable included with other variables in the model definition.

Given the current lack of sensitivity to gender issues in development research in general, it can not be assumed that gender is included if it is not explicitly stated as part of the objectives. At times the database may even include gender-disaggregated information, but the analysis does not reflect this information!

ISSUES FOR FURTHER RESEARCH. The existing literature has documented the participation of women in savings and credit activities. Most of this participation has occurred within informal financial systems. A review of this literature has convinced the authors that additional research on gender and financial services would improve the delivery of financial services to low-income women, and increase their participation in such services. Additional research should focus on the following four areas:

I. PARTICIPATION

A. IS WOMEN'S LESS FREQUENT PARTICIPATION IN FORMAL FINANCIAL SYSTEMS A FUNCTION OF:

1. GENDER
2. ECONOMIC CRITERIA (e.g., enterprise activity)
3. FINANCIAL SYSTEM INEFFICIENCIES

B. IS WOMEN'S FREQUENT PARTICIPATION IN INFORMAL FINANCIAL SYSTEMS A FUNCTION OF:

1. GENDER
2. ECONOMIC CRITERIA (e.g., deposit and loan size)
3. FINANCIAL SYSTEM INEFFICIENCIES

II. PROGRAM DESIGN

CAN FINANCIAL SERVICES BE OFFERED TO LOW-INCOME WOMEN AS PART OF A VIABLE FINANCIAL SYSTEM? WHAT IS THE ROLE OF:

A. SUBSIDIZATION

B. SAVINGS

C. CREDIT

D. FINANCIAL INTERMEDIARIES

E. FRANCHISING PROGRAM DESIGN (e.g., The Grameen Bank)

III. FINANCIAL BEHAVIOR PATTERNS ACCORDING TO GENDER

RESEARCH IS AVAILABLE ON SPENDING PATTERN DIFFERENCES ACCORDING TO GENDER, BUT LESS IS KNOWN ABOUT GENDER BEHAVIOR DIFFERENCES OR SIMILARITIES ACROSS PROGRAMS IN RELATION TO:

A. SAVINGS MOBILIZATION

B. LOAN REPAYMENT

C. PROGRAM SELECTION CRITERIA

IV. FINANCIAL SYSTEMS LINKAGES AND INNOVATIONS

A. LINKAGES

THE ROLE OF FINANCIAL INTERMEDIATION IN LINKING FORMAL AND INFORMAL SYSTEMS MAY BE ONE SOLUTION TO THE PROBLEM OF "GRADUATION." SEMI-FORMAL INSTITUTIONS HAVE CHARACTERISTICS OF BOTH SYSTEMS AND INCLUDE THE FOLLOWING TYPES OF ORGANIZATIONS:

1. CREDIT UNIONS
2. COOPERATIVES
3. SAVINGS CLUBS
4. PEOPLE'S BANKS

B. INNOVATIONS

INNOVATIONS ARE SUGGESTIONS FOR REFINING FINANCIAL SYSTEMS TO REDUCE COSTS AND/OR IMPROVE EFFICIENCY AND/OR ADDRESS INEQUITIES. THEY WOULD INCLUDE BUT NOT BE LIMITED TO:

1. SAVINGS TRANSACTION COSTS
   a. ACCESS
   b. DEPOSIT MOBILIZATION
2. SELECTIVE SUBSIDIZATION
   a. CHARGING THE FULL COST OF PROVIDING FINANCIAL SERVICES
   b. SUBSIDIZING EQUIPMENT/TRAINING

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