UNIVERSITY OF ZIMBABWE

FINANCIAL INCLUSION AND THE SOCIAL STATUS OF WOMEN: A CASE STUDY OF BANKET, ZIMBABWE

By

Geraldine Tendai Kabaya
Supervisor: Dr R.K. Katsande

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Abstract

The need to scale up financial inclusion efforts is as imperative as the need to develop potentially useful approaches to planning, policy implementation and programming in order to engender socio-economic rights for women in Zimbabwe. This research was carried out in Banket, a town 96 kilometres West of Zimbabwe's capital, Harare, in Mashonaland West province which became a motivating reason for the writer to assess efforts for financial inclusion vis-à-vis the social status of women for two main reasons. Firstly, until recently in the early 2000s the area was a progressive farming town which had one of the most developed and diversified agricultural bases in the country. However, since the land reform process and resettlement initiatives significant land ownership restructuring resulted in the loss of employment for many individuals, including women. A significant number of the populace within the locality was left to find an alternative means of survival for themselves and their families as a result of the sharp decline in employment opportunities in the area due to its lack of an industrial base. This situation coupled with the fact that the locality of study is the writer's hometown where she observed over a period of time that although most people, with the exception of civil servants, are engaged in informal economic activities; it is women who form the bulk of informal entrepreneurs. These attributes present variations in access to and participation in financial systems as evidenced by low levels of livelihood for individuals and households. The author felt impelled to interrogate why financial inclusion was not translating into any real economic and social mobility for these women in relation to how they are able to deal with contingencies of life.

Declaration

I, Geraldine Tendai Kabaya, do hereby declare that this is an original work presented towards the award of a Masters in Women's Law Degree at the Southern and Eastern African Regional Centre for Women's Law, University of Zimbabwe. It was not previously presented for any degree or other award in any academic institution.

Signed…………………………… Date……………………………

Signed…………………………… Date…………………………..

Supervisor: Dr. Rosalie K. Katsande

Dedication

For my beloved parents, Mr and Mrs Kabaya, for whom my love goes beyond this life ... You have always believed in me even though sometimes I did not believe in myself as much. You bring out the best in me through your unfailing love and sacrifice. This one is for you Mum and Dad…with love.

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Special thanks goes to my Supervisor, Dr. Rosalie K. Katsande for challenging me to bring out the best in myself in the creation of this work. I owe a great deal to your unwavering support and patience. May God bless you abundantly.

List of abbreviations and acronyms

AFI	Alliance of Financial Inclusion
CABS	Central African Building Society
CBZ	Commercial Bank of Zimbabwe
CEDAW	Convention on the Elimination of all Forms of Discrimination Against Women
ICESCR	International Covenant on Economic, Social and Cultural Rights
Maputo Protocol	Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa
MFED	Ministry of Finance and Economic Development
MSMECD	Ministry of Small and Medium Enterprises and Co-operative Development
MWAGCD	Ministry of Women Affairs, Gender and Community Development
NFIS	National Financial Inclusion Strategy
POSB	People's Own Savings Bank
ROSCA	Rotational Savings and Credit Association
SACCO	Savings and credit co-operation
SME	Small and medium enterprise
ZB	ZimBank

List of international instruments

Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW)

International Covenant on Economic, Social and Cultural Rights (ICESCR)

Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa (Maputo Protocol)

SADC Declaration on Gender and Development

List of national statutes and policies

Constitution of Zimbabwe Amendment (No. 20) Act, 2013 (the Constitution)

Banking Act [Chapter 24:20]

Small and Medium Enterprises Act [Chapter 24:12]

Microfinance Act [Chapter 24:29]

Moneylending and Rates of Interest Act [Chapter 14:14]

National Financial Inclusion Strategy (2016-2020)

National Micro, Small and Medium Enterprises Policy Framework (2014-2018)

List of cases

Griggs v Duke Power Co. 401 US 424 (1971)

Harksen v Lane N.O. and Ors 1998 (1) SA 300 (CC)

Mike Campbell (Pvt) Ltd and Ors v Republic of Zimbabwe 2008 (2) ZLR 343 (S)

President of South Africa v Hugo 1997 (4) SA 1 (CC)

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CHAPTER ONE

1.0 INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 Introduction

Zimbabwe became a part of a network of financial inclusion policy makers, the Alliance for Financial Inclusion (AFI), in 2012. This was the result of a growing urge to advance development of financial inclusion which led to the need for the adoption of a policy to push forward national financial access frontiers. Membership of the AFI resulted in the development and implementation of a five year policy for financial inclusion '…aimed at ensuring the existence of an inclusive financial sector that broadens access to and use of financial services by all with the view of engendering social and economic development…' (National Financial Inclusion Strategy for Zimbabwe (2016-2020)) by the Ministry of Finance and Economic Development (MFED).

1.2 Background to the research

In Zimbabwe the informal sector has become a relatively significant contributor to job creation and poverty alleviation. As part of the increased growth of the informal sector and its crucial role within the national economic well-being, there is an interest to harness and optimise its potential through strategies that mobilise and enable further growth and development. Financial inclusion becomes an integral aspect for improving the living conditions of informally engaged individuals and consequently the livelihood of households.

International legal provisions play a crucial role in elaborating economic and social welfare rights as well as enunciating the State's obligations to realise them in a progressive manner. Zimbabwe, by virtue of being a State party to various instruments that provide for women's rights and economic and social welfare rights is bound to fulfil its obligations under international law. The State's obligation to provide quality, affordable and accessible financial services and products to women is captured in the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)[1] which speaks to the adoption of appropriate measures to eliminate discrimination against women in economic and social life to ensure equality with men with regard to the right to access bank loans, mortgages and other forms of

1 Article 13(b) of CEDAW.

financial credit. Because the letter and spirit of CEDAW is the elimination of discrimination against women, efforts aimed at financial inclusion have to be multi-sectoral to allow for those engaged in the informal sector the same access to and participation in the financial market with due regard to the operation of the informal sector regime.

Within the African context, Zimbabwe is obliged under the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa (the Maputo Protocol) to adopt and enforce legislative and other measures for the creation of conditions to promote and support the occupations and economic activities of women, with specific mention of those engaged in the informal sector. This means that in addition to development and implementation of an all-inclusive strategy for financial inclusion engendered monitoring and evaluation efforts have to be undertaken as a follow up procedure. Provision of quality affordable and accessible financial services and products sets the condition for the promotion and support of informally engaged women's activities with the aim of achieving substantial equality in terms of enjoyment of socio-economic rights. The net result would be a significant decrease in the gender gap as far as access to and participation in financial service and product provision is concerned.

Regionally, it is the mandate of the State under the SADC Declaration on Gender and Development to '… promote women's full access to, and control over productive resources such as … markets, credit … and a good quality of life in order to reduce poverty among women.'[2] The provision echoes the recognition that among other things financial inclusion is a stepping stone towards development and alleviation of poverty and that efforts for financial inclusion should specifically target women in anticipation of achieving substantial equality between men and women in the socio-economic realm.

In line with the requirement of domestication,[3] the Constitution of Zimbabwe Amendment (No. 20) Act, 2013 (the Constitution) adopts various sections for the promotion of women's socio-

[2] Paragraph H(iii) of the SADC Declaration on Gender and Development.
[3] Section 327(2) of the Constitution of Zimbabwe Amendment (No. 20) Act, 2013 (the Constitution) provides that international treaties concluded or executed by the President or under his authority only become binding upon approval by Parliament and form part of the law upon incorporation through an Act of Parliament.

economic rights. Sections 14[4] on empowerment and employment and creation and section 17[5] on gender balance, despite being a national objective and therefore not justiciable, are aspirational provisions towards the enhancement of informally engaged women's economic and social status against which progressive realisation may be measured. Women have a Constitutional right to equal opportunities in economic and social spheres meaning that financial inclusion is to be without discrimination on any basis whatsoever.[6] Further, as part of the rights of women,[7] these equal opportunities with men in economic activities is an inherent part of every woman's full and equal dignity hence they are inalienable. As an administrative measure, the Ministry responsible for overseeing financial issues developed a cross-cutting and multi-sectoral five year policy for financial inclusion. The policy has been in operation for almost two years now.

However, 2016 statistics from the FinScope Survey on the level of financial inclusion in Zimbabwe revealed that 79% of the adult population is financially excluded. Although these statistics are not conclusive they prompted me to undertake a case study among informally engaged women in my home area to assess whether they had access to and participated in financial service provision. Generally, my findings were that despite a relatively well-developed and defined financial service provision system in Zimbabwe, there still remains a segment within the population that is unable to utilise, effectively or otherwise, financial services and products for their socio-economic betterment. Women who are engaged in the informal sector are still held back from accessing mainstream financial systems. Consequently, they resort to an informal kind of financial service provision whose sustainability will be discussed in detail in Chapter 4.

4 Section 14(1) and (2) of the Constitution reads:
'(1) The State and all institutions and agencies of government at every level must endeavour to facilitate and take measures to empower, through appropriate, transparent, fair and just affirmative action, all marginalised persons, groups and communities in Zimbabwe.
(2) At all times the State and all institutions and agencies of government at every level must ensure that appropriate and adequate measures are undertaken to create employment for all Zimbabweans especially women and youth.'

5 Section 17(10) of the Constitution reads: 'The State must promote full gender balance in Zimbabwean society, and in particular … (c) the State and all institutions and agencies of government at every level must take practical measures to ensure that women have access to resources … on the basis of equality with men.'

6 Economic or social status being explicitly mentioned as prohibited grounds of discrimination under section 56 of the Constitution.

7 Section 80(1) of the Constitution.

Development economists linking financial matters to development put forward the view that a well-developed financial system offering widely available and accessible financial services to individuals and households promotes more inclusive growth and better livelihoods (Allen *et al.*, 2012; Park and Mercado Jr., 2015). Based on this premise, the right to financial inclusion is linked to article 11 of the International Covenant on Economic, Social and Cultural Rights (ICESCR) which provides for '…the right of everyone to adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions.'

During the data collection process preceding this work one of my respondents, an elderly woman presumably in her early fifties and in the business of selling fruit and vegetables, informed me that she had earned $1.05 in sales in the three days preceding the interview and that the income she earned from the business was the sole income on which she and her two grandchildren depended. At first glance this shows a low level of livelihood as a family of three has to depend on such a small amount. It is my contention that the inadequacy and exclusionary nature of financial service provision by the state which affects women's livelihood and ability to deal with life's contingencies amounts to a violation of their various internationally and constitutionally entrenched economic and social welfare rights. It is on this basis that I sought to conduct research in order to acquire a comprehensive understanding of women's lived realities and propose recommendations for financial inclusion that are informed by these realities.

1.3 Statement of the problem

Ideally, as far as access to and participation in financial services and products is concerned, international law gives the universal economic and social welfare right to financial inclusion in various articles of instruments[8] referred to above with State obligations to proactively and progressively realise this right. Pursuant to international law, the Constitution of Zimbabwe[9] contains a number of provisions that speak to the right to financial inclusion particularly for women,[10] without discrimination on any basis whatsoever for purposes of achieving and attaining the national objectives of empowerment and employment creation as well as gender balances. To this end, a purportedly all-inclusive strategy for national financial inclusion which

8 CEDAW, the Maputo Protocol and the SADC Declaration on Gender and Development.
9 Constitution of Zimbabwe Amendment (No. 20) Act, 2013.
10 Section 80(1) of the Constitution.

seeks to improve access to and participation in financial services for both men and women regardless of economic engagement was developed and is being implemented. This seems to be in line with the State's mandate under international law to create conditions to support the economic activities of women by efforts to improve their access to and participation in financial products and services through credit and savings facilities and investment opportunities for purposes of alleviating poverty among them. However, based on first impressions of the social status of women informal entrepreneurs within the locality of study and according to their economic engagements and livelihood, it appears that efforts aimed at their financial inclusion are not translating into their sustainable socio-economic wellbeing. Government efforts for financial inclusion still remain focused on formally or state regulated financial service provision with the net effect that despite such efforts my respondents remain dependent on informal financial service provisions whose inadequacy and unsustainability makes it difficult for them to deal with contingencies of life. Although such informal services offer at least the minimum credit, savings and sometimes investment opportunities, women informal entrepreneurs still have to depend on their spouses, and in their absence, some have even had to resort to prostitution in order to supplement their enterprises financially and make them economically viable so that they can survive the risks of life.

1.4 Aim and objective of study

The aim and objective of the study was to assess the extent to which women in the informal sector have access to quality, affordable and accessible financial services and how this has translated into their ability to cope with life's contingencies drawing on their social status and livelihood.

1.5 Research assumptions

Prior to conducting research I had basic unproved and untested ideas about the nature of financial service provision and how it influenced the social status of women engaged in the informal sector in my chosen area of research. This initial theorising was part of the formulation of my research assumptions of the problem and also the questions I was to ask throughout my research for an evidence based study. The research assumptions were as follows:

1. Women engaged in the informal sector are deprived of adequate financial capacity to effectively deal with the risks of life.

2. Despite efforts to provide them with quality, affordable & accessible financial services, informally engaged women are still vulnerable to life's contingencies.
3. Quality, affordable & accessible financial service strategies do not adequately appreciate the nature of the stakeholders in the informal market nor the rules and norms that underpin their proper functioning.

4. There is need for both legal and non-legal interventions that seek to improve the social security status of women in the informal market.

1.6 Research questions

1. Are women engaged in the informal sector deprived of adequate financial capacity to effectively deal with the risks of life?

2. Are informally engaged women still vulnerable to life's contingencies despite efforts to provide them with quality, affordable & accessible financial services?

3. Is it the case that quality, affordable & accessible financial service strategies do not adequately appreciate the nature of the stakeholders in the informal market nor the rules and norms that underpin their proper functioning?

4. Is there need for both legal and non-legal interventions that seek to improve the social security status of women in the informal market?

1.7 Demarcation of the study

In order to describe, understand and explain financial inclusion and the social status of women in the context of informal engagement, I used Banket as the basic unit of analysis for obtaining a broad based understanding of the relatively small community and its members. The study parameter was the low and high density business areas. However, because of the need to obtain a broader perspective and deeper insights into what affects the lives of women (Bentzon *et al*., 1998) I occasionally had to make trips to Chinhoyi[11] for purposes of collecting data from key

[11] Chinhoyi is a town about 21km from Banket where bank branches are situated, most of which carry on banking services in Banket through agents.

informants regarding financial service products and services available to women in the informal sector.

Attention was drawn to the various activities in which women were engaged in the informal sector and two broad categories stood out, that is, clothing and food retailing and sewing.

1.8 Chapter synopsis

The first chapter is introductory in nature, giving the background to the study and outlining the problem statement that prompted research in the target area. I also outline the aim and objective of the study that informed my research design. I set out the initial research assumptions about the problem and the research questions informed by these assumptions. I also describe the field of research. The theoretical and conceptual framework used in the study is elaborated in chapter two. The various methods and methodologies informing the study are unpacked and their relevance in the study given in detail. Chapter three focuses on an overview of women's engagement within the informal sector, contextualisation of financial service provision within this arena as well as identifying the gaps in financial inclusion of women engaged in the informal sector. Chapter four assesses the implications for expanding access to financial services and products for gender equality and concludes that it is possible to reconcile the promotion of financial inclusion for informally engaged women with the aim of national development to alleviate individuals and households from poverty. The final chapter draws conclusions about the two preceding chapters based on the assumptions and questions put forward at the beginning of the study. In addition to these conclusions, I put forward legal and non-legal recommendations which aim at addressing the problem for which research was undertaken.

CHAPTER TWO

2.0 THEORECTICAL AND METHODOLOGICAL FRAMEWORK

2.1 Introduction

This chapter discusses the different underlying conceptual, theoretical and methodological frameworks that informed the research. Concepts of the informal sector, financial inclusion and discrimination are defined extensively at the beginning of the chapter in order to narrow down the scope of the research for precision and clarity. An interrogation is then made of the different theoretical and methodological frameworks and how empirical evidence in the area of study was gathered using them.

2.2 Definition of key terms

'Discrimination against women' means any:

> '…distinction, exclusion or restriction made on the basis of sex which has the effect or purpose of impairing or nullifying the recognition, enjoyment or exercise by women…of human rights and fundamental freedoms in the…economic, social…or any other field.'[12]

It is similarly defined in the Maputo Protocol[13] as any differential treatment on the basis of sex and whose objectives or effects compromise or destroy recognition, enjoyment or exercise of human rights and fundamental freedoms in all spheres of life by women. Contextually, this essentially implies that any hindrance to the provision of quality affordable and accessible financial services, whether or not it is intended, and whether or not it is attributed wholly or partly to the State, amounts to a violation of women's human rights.

'Credit' in this context means obtaining funds from a third party with the obligation of repayment of the principal amount, with or without interest and/or charges, whether or not the time frame for such repayment is specified (MacMillan English Dictionary for Advanced Learners, 2002).

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[12] Article 1 of CEDAW.

[13] Article 1 of the Maputo Protocol.

'Financial inclusion' is the effective use of a wide range of quality, affordable and accessible financial services, provided in a fair and transparent manner through formal or regulated entities, by all Zimbabweans (NFIS, 2016-2020). For a more encompassing definition, I have contextualised financial inclusion to mean the extent to which women entrepreneurs in the informal sector engage with both formal or informal financial products and services. Thus, although financial inclusion includes various components, credit, savings and investment have been singled out as the central focus of this research. From the National Financial Inclusion Strategy (NFIS) definition, key concepts emerge and these will be further broken down for purposes of clarity. *'Effective use'* is measured through regularity, frequency and sustainability in relation to both formal and informal financial service and product provision. *'Wide range of financial services'* specifically refers to credit, savings and investment products which when used have the potential to improve the welfare of consumers. *'Quality'* refers to suitability and adaptability of financial services and products to the specific needs of the target population. *'Accessibility'* means that financial delivery systems have to be within reach of the intended beneficiaries. It is wide enough to include geographical proximity, regulatory requirements and knowledge of the available systems.

'Investment' is the action or profit of investing money for profit (MacMillan English Dictionary for Advanced Learners, 2002). It is expanded to include the act of putting effort and time into something to make a profit or get an advantage (Cambridge Dictionary). For purposes of understanding the financial activities of women in the informal sector, it is the latter definition that is preferred as it hints at the human capital investment that is common among women which will be discussed in detail in succeeding chapters.

'Savings' is money that one deposits with a bank or official scheme and to which interest accrues over time (MacMillan English Dictionary for Advanced Learners, 2002). This centralised definition is expanded in the study to incorporate money set aside for later use whether or not interest accrues to it and includes even that which is temporarily lent to neighbours, friends or relatives for repayment at a future date. I expanded my definition of savings in order to incorporate arrangements within the informal financial system on which most of my respondents depend.

'The informal sector' has a fluid definition although its small scale, self-financed and self-employment economic activities with financial markets generally fragmented along formal and informal lines differentiate it from the formal sector (Pratap and Quintin, 2006).

2.3 Theoretical framework

2.3.1 Liberal Marxist feminism

As a guiding theoretical framework, recourse was had to the concept of historical materialism, a tenet of Marxist feminism, as a theory and method of study. Liberal Marxist feminism proved relevant in focusing on investigating and explaining the ways in which women are oppressed through systems of capitalism. Proponents of liberal Marxist feminism are of the view that women's liberation can only be achieved through a radical restructuring of the current capitalist economy in which much of women's labour is uncompensated. Historical materialism helped me in conceptualising the ways in which economic system structure society as a whole and influence everyday life and experiences of women in the informal sector.

The role of economic factors in determining the prescribed range of services, systems and institutions aimed at advancing capitalist interests dictates the inferior nature of financial opportunities available to a category of women engaged in what has been termed an informal economy with the net effect of depriving them of financial capacity in order to maintain socio-economic hierarchies. Bromley (1978) notes that the dualist classification of formal and informal has deficiencies and its maintenance may be attributed to the concept's relevance to apparently feasible and politically safe policy recommendations. Marx (1859) acknowledges the potential for organisation and collective action by this group of financially deprived women with the goal of empowering them for better economic and social prospects.

2.3.2 Woman as the 'Other'

Simon de Beauvoir (1972) argues that one is not born a woman but rather becomes a woman and that 'social discrimination produces in women moral and intellectual effects so profound that they appear to be caused by nature'. One way of interpreting and understanding de Beauvior's claim is through an understanding of gender socialisation as it emerged from interaction with respondents and interrogation into their livelihood and social status. Femininity is causally constructed through nurturing because, among my respondents there was a general consensus that women are primarily responsible for the family's upkeep with or without the financial support of men which justifies their investment of business capital towards the upbringing of children. This phenomenon explains the existence of gendered individuals and/or shaping the way they are women. Further, I was informed by other respondents that their exclusion from access to credit, provided formally or informally, was because they had been denied permission to use matrimonial property[14] as collateral where they own such or, in instances where they are not owners, their propertied friends had been denied permission to act as guarantors by their spouses. It is the notion of the men being the head of the house and women being the subservient ones that sometimes works against informally engaged women's access to and participation in financial products and services. From the discussions it was evident that women's gendered behaviour conveniently fits in with and reinforces women's subordination to men so that they continue to exist in subordinate social roles; they learn to be passive, ignorant, and docile for men. This is what Millet (1971), in support of de Beauvior (above), suggests being the notions that keep women suppressed in terms of dictates of temperament, character, expression and interests.

The gendered personalities supposedly manifest in common gender stereotypical behaviour, for example, choosing to prioritise family members by investing in human capital rather than productive investment; and consideration of preservation of relational ties where savings are turned into a bad debt by a friend or relative to whom money has been temporarily lent, are signs of the emotional and emotionally dependent nature of women on others around them regardless of its effect on their creditworthy status. Women supposedly find it difficult to distinguish their own economic interests and well-being from the interests and well-being of their children, family members and neighbours with which they have close ties because they cannot sufficiently individualise themselves from those close to them. By contrast, Chodorow (1995) suggest that men are stereotypically emotionally detached, preferring and prioritising economic engagements where dispassionate and distanced thinking are virtues. These traits are said to result from men's well defined ego boundaries that enable them to prioritise their own needs and interests. Feminine and masculine personalities play an important role in women's 'othering' and subsequent exclusion and marginalisation in access to and participation in financial services and products because they are overly attentive to the needs of others, whereas males are emotionally deficient.

[14] The term is used loosely to refer to any movable property of substantial value which a couple owns.

2.4 Research methodologies

The research population is informally engaged women in Banket. Informal engagement is defined by sole trading or small and medium entrepreneurship in monetary transactions that are not declared to the state but which are relatively legal for all intents and purposes.[15] The findings are from informal entrepreneurs living in the same locality.

2.4.1 Women's law approach

I used the women's law approach in carrying out empirical research assessing the role of financial service provision in women's economic productivity and sustainability. The women's law approach is a centred legal discipline which takes women's actual lived experiences and life situations as a starting point for the analysis of the position of women in law and society (Bentzon *et al.*, 1998). In order to understand and assess the extent to which financial inclusion has improved the status of women regard was given to their social status with enquiries into their individual and household livelihood as well as the nature of the informal sector within which they operate. The women's law approach was used to assess efforts for financial inclusion in relation to women's lived realities both as players within the informal sector as well as producers, reproducers and providers within the household unit.

According to Bentzon (above), the strength of this women-centred approach is that it records and analyses female life situations and values and reveals issues and dynamics that are seldom evident in the male dominated legal culture. It unearthed the reality of women's interaction with financial products and services which will be discussed at length and in great detail in chapters 3 and 4 but suffice to say at this point that within the informal sector there is a gap in financial inclusion which affects the ability of women to deal with life's contingencies.

2.4.2 Sex-gender analysis

According to Bentzon (above) the sex-gender analysis framework generally seeks to understand women's position in law and society as being based on notions of sex and gender differences. In this context, the term woman is analysed in terms of the distinct biological and anatomical features that distinguish her from a man; and in addition perceived in terms gender which is a social construct (Bentzon, above) which dictates roles and relations of women

[15] Llanes and Barbour (2007) quoting William (2007) in 'Self-employed and micro-entrepreneurs: Informal trading and the journey towards formalisation'.

emanating from femininity as opposed to masculinity. Interviews were conducted with women within the category of small and medium entrepreneurs or sole traders in order to understand whether sex and gender roles affect their access to and participation in financial service provision. Women were assessed as borrowers, savers and investors and enquiries were made into the operation of their enterprises and consequently how these operations translated into reality in terms of productivity and sustainability. The perspective of men was only obtained through secondary sources because during the data collection process they only participated in two group interviews as passive respondents hence no assessment of them could be made then.

This approach informed my first assumption that women are deprived of adequate financial capacity to deal with risks of life based on their sex and consequently their gender. I observed that generally there are a greater proportion of women engaged in the informal sector than men. Generally, the response that I got over this observation was that it was because the informal sector requires less manual effort than other engagements for which women of their level of education would qualify. Examples of engagements for which they would qualify were digging trenches, employment as casual workers at the Grain Marketing Board Banket depot or farm workers. Accordingly there was concurrence among most of my respondents that men were better suited for heavier manual engagements. On an ordinary day, the women have their cloths spread out on the side of the road and conduct business whilst seated, standing briefly when it is necessary for attending to a customer.

Gender attitudes and behaviours proved to reside and were produced and reproduced at various levels, that is individual, social institutions and the wider society. Through interviews with female respondents and consultation of secondary sources on men I gathered that women and men have differing needs and expectations for outcomes in entrepreneurial engagement. Most women said it is the need to provide for their families, including extended families sometimes, on a daily basis that drives them to engage in economic activities. This alone has the result that women do not separate their economic enterprise from their household, meaning that there is very little possibility to save and in terms of investment they engage in what is termed unproductive investment in commercial terms and consequently their creditworthiness becomes very low. There is, therefore, a significant relationship between women, informal entrepreneurship and low levels of financial inclusion.

In contrast, men engage in informal businesses for profit making no matter how minimal the profit may be. Women concern themselves with others' upkeep rather than the strict benefit they may derive from engaging in entrepreneurship. This is influenced by the stereotype of women being caretakers rather than recipients of care themselves. Even in the presence of a financially supportive male, in the form of a spouse or relative, women confirmed that they still felt like the burden of providing for the family rested solely on them and that it is from the proceeds of their small businesses that they had to make ends meet. One typical example among my respondents was a middle aged single mother of two who informed me that although she was receiving monthly child support from the father of her children, she had to take care of their daily living expenditure and this was only possible by constantly taking money from the business.

The interaction between sex and gender in influencing the space of economic engagement and access to and participation in financial services and products is evidence of linkages between sex, gender, informal entrepreneurship and low levels of financial inclusion (Chen, 2001). This socially imposed division of sexes, as Rubin (1975) described it, means that although biological differences are fixed, it is the gender differences that are the oppressive results of social interventions that dictate how and where women should save and invest as well as access credit. Women, therefore, proved to be oppressed as women and by having to be women.

However, the data on sex and gender is not conclusive because some other significant factors and variables intersect with sex and gender to produce outcomes that affect women's greater participation in the informal sector and consequently limited credit, savings and investment opportunities. From my experience in the field these factors and variables include age, educational background and marital status.

2.4.3 Human rights approach

Various international and regional human rights instruments that speak to the right of women to provision of financial services as well as equality and non-discrimination were referred to and linked with national legislation and policy for the appreciation of women's rights as human rights and that in order to achieve equality between men and women in the economic sector and consequently in social status, regard has to be given to the gendered nature of the informal sector.

The human rights approach primarily rests on many principles but for purposes of this study it is the universality and inherent nature of human rights that took centre stage. Women, regardless of economic engagement are entitled to the enjoyment of economic and social welfare rights by the mere fact that they are human beings. Because human rights informed my first and second assumptions at the research design stage, employing this approach enabled me to critically assess steps taken by the State to entrench the economic and social welfare right to provision of financial services and products, adoption of legislative or administrative provision based explicitly on the recognition of the right, or provision of effective means of redress to women alleging violation of the right (Alston and Goodman, 2013).

In terms of availing financial services and products to informally engaged women the State has made the Ministry of Small and Medium Enterprises and Co-operative Development (MSMECD) responsible for overseeing that micro and small and medium enterprises are up and running. In relation to financial inclusion and enhancement of the social status of women it is part of the part of the Ministry's mandate to create an enabling legal and regulatory environment for small and medium enterprises as well as increase their access to finance and markets.[16] Various legal instruments[17] govern the scope of operation of the Ministry as far as financial inclusion of informally engaged women is concerned.

For purposes of financial inclusion initiatives meant for the benefit of informal enterprises, I was informed by a key informant in the MSMECD that registration of the enterprise was not a prerequisite to access to or participation in financial products and services. The Ministry has made efforts for financial inclusion through liaising with banks so that informal entrepreneurs have access to group credit facilities with minimal requirements for collateral. Efforts by the Ministry have proved inadequate in that while it is acknowledged that women form the greater proportion of the informal sector, the Ministry remains gender insensitive in its financial inclusion initiatives. Gender insensitivity essentially means that although credit facilities are made available to informally engaged individuals, such facilities are premised on the assumption that the informal sector is a homogenous sector to which credit facilities may be homogenously availed, leading to inaccessibility of the funds to the target population. Women engaged in the informal sector have specific financial needs which should take into

[16] National Micro, Small and Medium Enterprises Policy Framework (2014-2018).
[17] The Small and Medium Enterprises Act [Chapter 24:12] and the NFIS (2016-2020).

consideration the fact that credit borrowed in the name of the business is not strictly used in the business because sometimes it is invested in human capital through clothing and feeding children.

The Ministry also organises subsidized trips for as little as $50 per person to China, South Africa, Botswana and Zambia so that informally engaged women have access to areas to purchase stock. This is a deliberate effort to make sure that women's informal enterprises are supported.

2.4.4 Actors and structures

Quoting Bentzon (above), this method helps to explore the effects of interplay between and within the different *fora*. As part of my initial assumption attention had to be given to the women in their relationship with both formal and informal sector financial service providers. Interaction, through scheduled appointments, was done with key stakeholders in financial service provision including government institutions and various banking institutions with which some women were registered in order to find out the initiatives they had put in place to advance provision of quality, affordable and accessible financial services for informally engaged women. Interaction was also had with various informal financial service providers, most times through secondary sources where I was informed by my respondents of the details of financial service provision. At the research design stage it was my assumption that women are deprived of financial service and product provision in their informal enterprises. This assumption held up as far as access to and participation within the formal system is concerned. I found that although various initiatives have been put in place by the MSMECD to advance financial inclusion through less stringent requirements in access to credit, banking institutions, as players in the financial market, still insist on the need for formal requirements.

At the beginning of the research, in an interview with one of my key informants in the MSMECD I was informed that the requirement of registration of informal businesses and the need for collateral had been eased as a prerequisite for access to formal credit and savings facilities through the Ministry's efforts for financial inclusion in partnership with various banking institutions. However, players in the financial sector disagreed and confirmed that they almost always insist on registration as a matter of banking policy and procedure as well as protection of their business interests. It was said that businesses that are registered make it easy to trace the owner in case of default where funds have been advanced. This disjuncture between players in the financial market and the State make financial services and products inaccessible and unavailable to women engaged informally. Further, requirements such as proof of residence in whatever form was confirmed by my respondents as impeding access to credit. Some of the respondents live in Kuwadzana Phase 2, a newly established medium density residential area in Harare, Zimbabwe's capital, which is unserviced in terms of water and electricity, mainly as caretakers of residential stands belonging to other people; therefore, they have no access to utility bills which they can use as proof of residence. Alternatively, for those who do not have access to utility bills or those who are tenants, banks accept letters from Ward Counsellors confirming the resident status of the person for whom it is written. The women I engaged with said that they had no knowledge of these alternative proofs of residence and said that even if they did they would be reluctant to obtain them because one of the counsellors is male and would be likely to seek sexual favours from them in return for providing them with such proof. Their preference, therefore, becomes resorting to informal service provision in order to save their marriages.

With the exception of registered credit-only microfinance institutions, I found that informal systems emerged as the major financial service provider and that engagement with these by women in the informal sector was not only a matter of preference but were also sufficiently responsive to and best met their credit and savings needs.

2.4.5 Legal pluralism

Legal pluralism is an analytical framework which provides different understandings of the position of women in the context of plural systems (Bentzon *et al.*, 1998). With the dichotomous nature of the economic regime in Zimbabwe, if provision of quality, affordable and accessible financial services and products is to make any meaningful contribution to the social status of women regard has to be had to the contrasting, if not opposing, variables influencing the operation of each regime. Within the informal sector where my main focus was on women, the legal pluralistic approach formed the basis of my third assumption as I sought to interrogate the rules, norms and values underlying its operation which in turn affect women's access and participation in credit, savings and investment facilities.

2.5 Data collection methods

Various data collection methods were employed in gathering empirical evidence for the assessment of whether financial inclusion has improved the social status of women engaged in the informal sector either individually or at household level. Interviews, observation and desk research collectively helped in the data collection process.

2.5.1 Interviews

Appointments were set up with various key informants and interviews conducted with them as with women engaged in various activities in the informal sector. In order to gain access to interview key informants, appointment letters were issued and appointment dates set at the informants' convenience. With other respondents situate in the area of study I acquired research permission from the Zimbabwe Republic Police (Banket Station) to carry out research within the confines of my topic. Key informants were interviewed at their workplaces in their offices and informally engaged women were interviewed at their usual places of business.

Key informants included personnel working in relevant government authorities, that is, the Ministry of Finance and Economic Development (MFED), the MSMECD as well as the Ministry of Women Affairs, Gender and Community Development (MWAGCD). All these were purposively sampled based on their roles in the financial market or as stakeholders in small and medium enterprise or gender development. The MFED is the key economic branch of the state and is responsible for development and implementation of the policy on national financial inclusion. Interviewing personnel from this Ministry was of utmost importance in gaining insight into the monitoring and evaluation of the policy during the two years it has been in place. Personnel from the MSMECD, with its oversight of all micro, small and medium businesses, registered or unregistered, would assist me in tracking initiatives for financial inclusion through efforts by the relevant Ministry overseeing small and medium enterprise (SME) activities. Personnel in the MWAGCD, being responsible for women's empowerment and gender mainstreaming, became key informants in their efforts to address discrimination of women in the socio-economic realm as well as promotion of full participation in and access to financial services and products.

Key informants also included players in the financial market and these were mainly banking institutions and registered microfinance companies. At the banks and microfinance companies interviews were conducted based on the professional position that one held and not necessarily determined by considerations of sex, therefore, both men and women emerged as informants. These relevant authorities informed me of the efforts put in place by their institutions for provision of quality, affordable and accessible financial services and products for those engaged in the informal sector, and specifically women, if any.

My objective in carrying out the research was to assess financial inclusion strategies against the social status of women in the informal sector in order to make a value judgement as to whether financial inclusion was translating into any real upward social mobility for these women. To this end, lived realities and life situations were incorporated through interviews conducted with respondents engaged in the informal sector, all of which were women who were purposively sampled based on the various activities in which they were engaged. Individual interviews with women engaged in the informal sector were conducted at the usual place of business of the respondents whilst they carried on with their business activities. As a result, more often than not, interviews were interrupted by actual and potential customers.

Apart from individual in-depth interviews, group interviews were also conducted with informally engaged respondents and these took place spontaneously or strategically. I would approach women in the same trade and in close proximity for insights into their experiences with financial services and products and pose open-ended questions to find out their social status. Alternatively, what would start as an individual interview could graduate into a group interview upon those in close proximity taking an interest in the subject matter and willing to make meaningful contributions. All group interviews were conducted with women of either the same or different trades and contributions made through open-ended or leading questions. On two occasions three men were privy to group interviews; they were passive respondents and, therefore, did not provide any input towards the research problem.

Table 1 shows the list of key informants and respondents by institution or engagement, professional position held and sex.

Table 1: Showing details of key informants and respondents

	RESPONDENT	POSITION	MALE	FEMALE
1	Ministry of Small and Medium Enterprises and Co-operative Development	Director (Business Division)	1	
2	Ministry of Finance and Economic Development	Deputy Director	1	
3	Ministry of Women Affairs, Gender and Community Development	Gender officer		1
4	ZimBank	Personal banking assistant	1	
5	Central African Building Society	Personal banking assistant		1
6	Steward Bank	Personal banking assistant	1	
7	People's Own Savings Bank	SMEs and Agribusiness analyst		1
8	Commercial Bank of Zimbabwe	Secretary		1
9	WIZROD Microfinance	Agent	1	1
10	KIC Microfinance	Agent	1	1
11	Tottengram Microfinance	Agent	1	1
12	Cross border traders			5
13	Fruits and vegetable sellers			12
14	Second hand clothing traders			4
15	Cheap quality clothing, jewellery and cosmetics traders			5
16	Mat and dress making			1
17	Fast food vendors			9
	TOTAL			**50**

2.5.2 Observation

For an appreciation of the level of financial service provision in the locality of study I observed the number of registered financial institutions in the area. These were mainly agent banking services and microfinance companies all of which were conveniently located in the high and low density business areas where all the women I sampled undertook their economic activities. I also passively observed the state and capacity of stalls as immediate evidence of women's access to and participation in financial services and products as it translated into business capacity and subsequently their social status.

2.5.3 Desk research

Literature on women and financial inclusion proved to be very useful in informing my research as well as providing avenues for me to interrogate issues were I found such literature wanting. Online material and hard copies were utilised as secondary sources of data.

2.6 Limitations of the study

The research was conducted as an attempt to understand the lived realities of women in the informal sector regarding financial inclusion and its overall implications for their social status. Because the research was undertaken as part of a learning process, a case study approach on Banket was employed. The area covered in the study is relatively small and based on a limited sample size too, which forms the major limitation. Hence, as regards locality of the study and population samples drawn from it, the study can be treated as an empirically illustrative attempt to comprehend women's life situations in a field with relatively wide literature on financial inclusion. More comprehensive and similar empirical studies are essential for confirming and/or comparing the findings.

There is no standard measure for quantifying the level of financial inclusion and social status. This makes it complex to do cross-country comparisons in order to single out the best method of promoting financial inclusion and social status improvement based on documented experiences form other countries.

2.7 Conclusion

This chapter has interrogated the underlying ideas of the research by giving an overview of the research design. The research methods and methodologies employed during the gathering of empirical data were explained as was the theoretical framework in so far as explanations were given of how these were employed for purposes of gathering empirical data. The succeeding chapter gives an in-depth analysis of the nature of the informal sector and how women access both formal and informal financial services and products.

CHAPTER THREE

3.0 PUTTING THE INFORMAL SECTOR AND FINANCIAL SERVICE PROVISION INTO PERSPECTIVE

3.1 Introduction

In this chapter I explore the relationship between sex, gender and informal engagement as explained in the preceding chapter and link it with a discussion on whether financial systems that operate in the informal sector help to alleviate poverty among women informal entrepreneurs. The chapter commences with an outline of some basic information about the nature of the informal sector and the extent of women's engagement in informal entrepreneurship. I then move on to give a descriptive analysis of the operation of the formal and informal financial systems isolating women's participation within both regimes. The chapter closes with an interrogation of whether the differences in access to and participation in service and product delivery and participation, or lack thereof, within the regimes primarily reflects choices or constraints. The discussion is premised on the framework discussed in the preceding chapter which helped in analysing women's interaction with both formal and informal financial services and products as well as determine the variables that are at play in bringing about such interaction.

3.2 Defining the 'informality' of the informal sector

According to Breman (1976), the term 'informal sector' connotes a dualistic character that is ascribed to an urban economy. The term implies a dichotomy of contrasting variables. It is taken to mean an unregistered and unprotected sector. Economic activities which meet this criterion are bundled together under the term informal sector and, a catchword covering a considerable range of economic activities which are frequently marshalled under the all-inclusive term of self-employment. These are economic activities of a sort that is difficult to enumerate and entrepreneurial activities which are rarely covered by legal regulation through statute. In legal terms, the Black's Law Dictionary[18] defines 'informal' as deficient of legal form and informality as want of legal form. This holds true when a central legalistic approach to informality is used, referring mainly to non-state law governing activities within this sector. The lack of a proper definition of the informal sector is very often, although not satisfactorily,

[18] 8th Edition (2004).

compensated by a somewhat arbitrary listing of those activities which meet the eye of anyone who strolls through an area, that is, vendors, stall keepers, hawkers referring mainly to the income, skill and income generating process. In other words, it is the extensive collection of small entrepreneurs and tradespersons, the loose and unskilled workers and other categories with low and irregular incomes on the margin of the economy.

The ‘informality’ of the informal sector seems to be structural, institutional and operational. There is a need, however, to broaden the concept and definition of ‘informal sector’ to amalgamate the whole of the informality as it is manifested in the locality of study, that is, as Chen (2007) puts it, an incorporation of employment arrangements of the working poor. Focus has to be extended to include not only enterprises that are not only not regulated by state law but also employment characteristics that are not legally protected. This expanded definition is what scholars have termed an ‘informal economy’ which focuses on the nature of employment in addition to the characteristics of enterprises. The informal economy, therefore, comprises of work without social protection within the informal enterprise, for example, self-employment in a small unregistered enterprise.

3.2.1 Indicators for measuring the informal sector

All the informal entrepreneurs I interviewed are independent of any registered corporate enterprise and are self-employed but often use unpaid family labour as and when the need arises. The transitory nature of the business set-up is an indication that informal sector entrepreneurs are ‘survivalists’ (Tambo, 2017). Venturing into businesses such as new and pre-loved clothing retailing, mat and attire sewing, fruit and vegetables and fast food selling, are all meant to sustain individual and household livelihoods. As Tambo (above) notes, such enterprises in the majority of cases last for a few months and are shut down as the owner either ventures into another money-spinning scheme or runs out of working capital to sustain the enterprise.

As Breman (above) contends, the utility of the concept of ‘informal sector’ is analytically inadequate. The informal sector cannot be demarcated as a separate economic component from the formal. Attempts to demarcate the informal from the formal give rise to numerous inconsistencies and difficulties because of the overlaps between them. Moreover, by interpreting the relationship of the informal sector to the formal sector in a dualistic framework and by focusing on their mutually exclusive characteristics, there is a risk of loss of sight of the totality of the system. Therefore, as Breman (above) notes, rather than divide the economic system into two rather opposing segments, it is preferable to emphasize the fragmented nature of the entire economic system.

3.2 Structural and institutional characteristics of financial service delivery systems

Apart from formal banking institutions, which view financial inclusion as both a business opportunity and social responsibility, the role of self-help groups and microfinance institutions is important in improving financial inclusion (Mahendra Dev, 2006). Legally regulated financial service provision by registered financial institutions does not operate in a vacuum. A parallel financial service provision system exists, albeit with its own non-state regulated set of rules, norms and values applicable. From what I gathered from my respondents in the informal sector, it is this informal system that they are familiar with and which they can easily access and participate in.

3.2.1 Formal financial service provision

Access to low cost financial products and services is widely regarded as a critical ingredient for the growth of businesses within the informal sector (Masiyandima, Mlambo and Nyarota, 2017). It is the formal financial sector that is regarded as extending the most viable and sustainable credit, savings and investment facilities for financial inclusion.

Savings, credit and investment services are offered by registered financial institutions whose practices and policies are dictated by other public and private institutions and regulated through legislation. Typically in Zimbabwe banking institutions are regulated by various legal instruments which give directions as to the definition of a bank, banking services, parameters within which it operates and others issues incidental thereto, as are registered microfinance companies.[19] Banking institutions and registered microfinance companies have to conform to the stipulated standards set out in the law. Table 2 shows details of the formal financial service providers in Banket.

[19] The Microfinance Act [Chapter 24:29] provides for the registration, supervision and regulation of persons conducting microfinance business in Zimbabwe and amends the Moneylending and Rates of Interest Act [Chapter 14:14] and the Banking Act [Chapter 24:20].

Table 2: Showing the architecture of the formal financial service providers in Banket

Type of financial service provider	**Number**
Commercial banks[20]	15
Registered credit only microfinance institutions	3
Money Transfer Agencies	9
TOTAL	**27**

The law governing financial service and product provision explicitly dictates the price of capital or cost of acquisition of credit according to type of borrower and lender; and loan purpose and size. Acquisition of credit or capital is subject to the requisite conditions which revolve around the borrower's personal information and net worth as well as the business viability. On the information of my key informants who are players in the financial sector, in assessing a borrower's eligibility for credit, banks generally require financial information and credit history, business proposal or turnaround strategy as well as collateral.

Before an application for a loan may be considered, one has to at least operate a bank account with the relevant banking institution. This is true for ZimBank (ZB), Commercial Bank of Zimbabwe (CBZ), People's Own Savings Bank (POSB) and Central African Building Society (CABS) all of which will form the basis of my findings except for CABS whose requirement for proof of employment before an application for credit may be considered goes beyond the scope of my research. The requirements for opening an account vary from institution to institution although it all boils down to identification documents, an initial deposit, proof of residence and passport sized photos.

Generally, all banks offer microfinance products in the form of working capital, order financing and production and asset financing. Although there may be variations in product and service provision which will be elaborated where, need be, basically service and product delivery revolves along the same lines. With the exception of CBZ which has provision for group microfinance loans, the rest offer only individual facilities designed along the stipulations of

[20] These carry out business through a network of agents who are authorised and regulated under the Banking Act [Chapter 24:01].

the law. To access microfinance loans the generic requirements after proof of one being an account holder are production of a business proposal detailing the nature of the business, duration of its existence, list of suppliers and customers, purpose of the funds or the financing gap, details of security being offered, the business' cash flow projections for a stipulated time frame and any other pertinent information pertaining to the business or project. All these documents accompany the credit application form which is completed in English only. The business is then assessed on its value addition and usually activities such as manufacturing, production, and value added distribution, sewing, retailing and selling are considered.

3.3.2 Parallel informal financial service provision

From the data gathered during the research process, there seems to be an informal financial system that runs parallel to the formal system. Examples of informal service providers are relatives, neighbours, friends and moneylenders. Although this system may be deemed 'unregulated' in the narrow legal sense there are rules, norms and values that underpin its proper functioning which has led to its perpetual existence.

Where informal service providers extend credit this is done at very high interest rates that are reflective of the high risk involved in advancing money. Money is borrowed and lent in relatively small amounts reflective of the low income borrowers as are typically found among informally engaged women. An example is the operation of the Rotational Savings and Credit Association (ROSCA) which is operational among a closed group of women engaged in fast food vending along the Harare-Chinhoyi highway. The group of nine women contribute $3 each per week which they give to one individual at the end of each week for purposes of making purchases to boost the business' capacity. The recipient is obliged to pay back the money within a week with a 10% premium charged as interest. Failure to pay back within the stipulated time means that another 10% interest is added at a compound rate plus a penalty fee. This practice was confirmed by another respondent, a middle aged woman who has been in the clothing retailing business for over six years. She informed me that from the time she ventured into business she has always been a part of a savings and credit co-operation (SACCO). At the time of research she was engaged with four other female friends who are in the same line of business. She remarked:

> 'The savings club is such that we each contribute $10 every week which is given to an individual as working capital. Directly from this amount I am able to

> purchase new stock every month and this is how I have kept my business going for so long.'

Over the years she has acquired a residential stand in the medium density area and manages to send her three children to affluent schools. This is evidence that informal credit and savings clubs have become an important source of lending capital and have provided a safe location for savings deposits.

Savings are an important form of economic security in addition to their providing loanable funds. The act of saving in itself provides a financial history and sets a precedent for the borrower and lender loan screening process. It is evident that informal systems fill in the financial gap by providing both credit and savings opportunities to the informal sector which is defined as uncreditworthy by commercial banks. Informal products and services are tailored to meet the specifications of the low income borrowers and savers. Women in the informal sector therefore benefit from small loans, frequent and adjusted repayment options, lending based on personal knowledge rather than collateral or security requirements, and safe and flexible places to deposit savings. From the data collected it emerged that these savings are large enough to be a source of lending capital as evidenced by the operation of ROSCAs and SACCOs.

Reference was also made to the provision of credit by informal moneylenders or loan sharks (*chimbadzo*). It was mainly among the cross border traders that mention of those kinds of service providers was made. Informal money lenders provide relatively large amounts of money at very high rates. For example a respondent said:

> 'You are given \$250 and in two or three weeks you give back \$400.'

Another concurred on the source of the credit and stated:

> 'If you need the money urgently you have no choice but to go to *chimbadzo*.'

As to the amount of interest, it was said that they are not regulated by anyone and they may charge as much as 150%. Commenting on the amount of the interest one of the respondents said:

> ‘A person should be free to do what they like with their money. The borrower has the option to take it or leave it.’

I gathered that these women depend on these informal moneylenders because most of them provide them with hard cash which makes the costs of exchanging on the black market cheaper than when one is using virtual money.

Because the informal financial system is not bound by any rigid practices, policies or requirements it delivers financial services that are tailor made for its clientele’s characteristics, priorities and needs. Morris and Meyer (1993) have suggested that in terms of informal credit this has meant high interest rates offset by few collateral requirements, increased accessibility, and the provision of small loans that could be used for consumption as well as production purposes. They added that this has meant minimal or no interest paid on savings which has been offset by the provision of safe places to keep small savings, and flexibility of being able to add to or withdraw from savings at the owner’s convenience.

3.4 The gap between those who provide financial services and those who require them

The responsible authority at the MSMECD, commenting on the status of informal business activities in relation to opportunities for financial inclusion, said that the right of access to and participation in financial services was not dictated by formality or informality, that is, the registration or otherwise of the enterprise. Business owners were given a fair and equal opportunity to engage with financial systems, referring only to the formal ones, which he said were key in poverty alleviation for informal entrepreneurs. Acknowledging women’s dominance within the informal sector, he said, however, that his Ministry was not gender specific in tracking the progress of financial inclusion for women, remarking:

> ‘It is the role of the MWAGCD because its mandate is women oriented. My only job is to see that SMEs are up and running.’

As regards access to credit I was informed that the Ministry liaises with banking institutions for group loans by similarity of trade for those engaged in the informal sector thereby providing ease of access to capital for low income earners. A follow up was conducted with ZB, CBZ and POSB to find out whether women were in fact benefitting from the Ministry’s efforts through their institutions since they are the only ones which offer loans for informal entrepreneurs. Although not in liaison with the Ministry, the POSB offers group microfinance loans to individuals engaged informally although these are not gender specific for women also. In addition carefully designed financial products for women are offered such as HerSmart Save, HerEasy Save, HerMortagage Loan and HerMicro Loan, all offering terms that perfectly fit the needs of women. However, the registration of the business is a prerequisite for access to these products and services because, as the one of my informants in the SME and Agribusiness Department at POSB informed me:

> ‘As a financial institution the need to pay remittance to ZIMRA is of utmost importance. Informal entrepreneurs need to register their businesses even as private business corporations at the Companies Registry. This also provides the bank with traceable history of the individual and guarantees various securities for his or her business.’

The requisite of registration in accessing financial products and services was also reiterated by one of the informants at CBZ which offers group microfinance loans even to those that are informally engaged. Upon enquiry into the possibility of registration of informal enterprises among my respondents various concerns were raised, including, for example:

> ‘I will never register my business because that would involve paying tax to ZIMRA afterwards. Already I am unable to afford the $12 monthly fee for using Council space and am in arrears of over seven months. Tax would only strain my business and me.’

Another respondent remarked:

> ‘With the little that I earn from this business, requiring me to pay tax as a condition for access to funds is ridiculous. Essentially it is as good as taking out money from my household expenditure and giving to the government because this business cannot sustain itself, and why would I do that?’

Another was worried about the consequences of tax evasion saying:

> ‘What good is it to register the business, fail to pay taxes and have ZIMRA come for me?’

My understanding is that the regulatory measure of the formal sector meant to increase the legal status of informal enterprises for ease of access to credit and other financial products is blind to the fact that informality thrives on factors which make it difficult to transplant formal approaches to operate informally.

3.4.1 Constraints in access to financial services for informally engaged women

Despite efforts for provision of quality, affordable and accessible financial services and products, respondents among my sampled population still find it difficult to penetrate the financial system in order to benefit from it and thereby improve their socio-economic status. This is due to various constraints which will now be discussed.

The physical inaccessibility of banking institutions in terms of their geographical proximity is a constraining factor in financial inclusion. For those who are interested in formal credit provided by banks (mostly among the cross border traders because of their demand for relatively large amounts of money which they sometimes fail to access informally) the challenge of distance in accessing financial services was brought to my attention as being problematic. According to Patrick (1966), development of modern financial institutions occurs either in anticipation of their demand or as a response to the demand for their services. Given the background of the locality of study, it is only recently, due to cash shortages, that demand for financial institutions has begun to increase. Formal banking institutions have their main branches in Chinhoyi and only carry out agency banking in Banket.[21] On the information of some of my respondents which was corroborated by informants in the banking sector, these agents can only carry out stipulated activities which do not include consideration of applications for credit. For this service one has to travel to the branches in Chinhoyi which is 21 kilometres from Banket.

The requirement for collateral was also raised as a constraint in access to and participation in financial systems. Financial service providers require security for their funds in the form of both movable and/or immovable property. The size of the funds loaned determines the amount and type of security to be extended. It is important to highlight the fact that from their small scale activities most women do not generally require huge sums of money in credit. However, these women also have weak asset ownership. To quote one elderly women, who is in the business of selling fruit and vegetables, during a group interview:

[21] Of all eight banking institutions with branches in Chinhoyi only four operate through agents in Banket, that is, ZB, CBZ, POSB and CABS with CABS carrying out money transfer agency services only.

> *'KuWIZROD vanoda property. Isusuhatina property yacho saka hatikwerete.'*
>
> (Meaning: 'At WIZROD they require property as security. We do not have property so we cannot get credit.')

Even where requirements have been made less stringent to exempt the requirement for personal property for a guarantor who pledges their property instead, access to credit still remains a challenge. One of the responses I got from a group interview concerning the issue of the requirement of a guarantor in accessing credit was:

> *'Vema microfinance vanoda munhu anokubereka. Zvino unomuwana kupi patiri ipapa? Nyangwe ukamuwana anoda kutanga apihwa mvumo nemurume wake.'*
>
> (Meaning: 'Microfinance companies require a guarantor. Who can act as guarantor for the other amongst ourselves? Even if they agree they would still require permission from their husband.')

This is an indication that women in the informal sector interact with those from their own circles and amongst themselves it is difficult to find one who is affluent enough to hold significant assets and act as guarantor on behalf of another. Even those that do hold the property are still tied down by power relations within their household over asset ownership and may fail to act as guarantor.

The cost of credit outweighs the benefit that is derived. Cost-benefit analysis is critical among low income groups such as women who are informally engaged. Credit is expensive to access and this is aggravated by the low levels of income as a hindrance to financial inclusion. To quote one of my respondents:

> *'Handina bank account ini. Unofunga kuti ndoiwana kupi mari yekutambisa kuti igare zvayo mubank ini ndichiwana $2 pazuva?'*
>
> (Meaning: 'I do not have a bank account. Where do you think I will get the money to waste lying idle in the bank when I earn $2 per day?')

As discussed earlier, one of the pre-requisites to accessing credit is the operation of an account with the relevant bank. The cost of opening an account with its requirements of initial deposits, passport sized photos and a copy of an identification document outweighs the immediate benefit of holding such an account. Upon enquiring from one of my respondents, a middle-aged woman in the business of selling cheap quality cosmetics and jewellery, into whether she had approached any financial service provider for loaning of funds, her response was:

> *'Profit yauno fanirwa kuti uite kuti ikuchengete ndo yaunopa munhu seinterest pazuva saka hapana chaurikuita.'*
>
> (Meaning: 'The profit you are supposed to enjoy as proceed from your business is what you pay as a daily instalment which means you gain nothing from the business.')

The cost of accessing credit is generally prohibitive. Registered credit only microfinance companies in the area apply the same condition of charging 25% compound interest per month with the principle amount being paid back in daily instalments under three plans. The first is initial instalment within five days of borrowing followed by equal daily instalments within thirty days; the second is initial instalment within ten days of borrowing followed by equal daily instalments within twenty days; and lastly initial payment within ten days followed by equal daily instalments within fourteen days. From her point of view it appears that the same applies for informal services which she said that even before they were banned she had never belonged to any ROS CA or SACCO because:

> *'Handikwanisane nazvo ini. Mari inoita tuinterest interest unoshandira mahara.'*
>
> (Meaning: 'I cannot cope with this. The money earns very little interest such that you work for nothing.')

Within the informal sector, the prohibitive cost of capital coupled with its unavailability leads to stagnation in business operations and eventual collapse.

Lack of information on the opportunities for access to and participation in financial systems was also brought up as contributing to financial exclusion. I found it somewhat disturbing that all my respondents responded in the negative concerning SME and financial inclusion seminars hosted by the MSMECD. What was even more worrying was the fact that some of them did not even know that MSMECD exists specifically to oversee the running and operation of enterprises such as theirs which they could approach for information on financial products and services for the informal sector. As regards the registration of SMEs, it is only two respondents who said they were aware of the need to register their businesses for ease of accessing credit from formal institutions. However, both of them had abandoned the process because they did not know how and where to go about registering their businesses.

The existence of rigid formal business structures also acts as a constraint to financial inclusion. When women seek extension of credit it is not used strictly for commercial purposes. This was highlighted by a woman in the clothes retailing business, who said:

> *'Ndakatora mari kumicrofinance ndichiti ndiwedzere zvinhu pamusika asindakazoguma ndatenga fertilizer yekuisa kumunda neku bhadharawo fees yevana.'*
>
> (Meaning: 'I took out a loan from the microfinance company with the intention of boosting my business. Instead, I ended up buying fertilizer and paying fees for my children.')

In the same vein, another remarked:

> *'Handipatsanure mari yebusiness neyemumba. Zvinongogamana gamana. Kana ndikaita mari mumba business richida mari ndoendesa yemumba yacho kubusiness zvichingodaro.'*
>
> (Meaning: 'I do not separate business from household finances. If I have household money and feel that the business is in need of capital injection I channel it into the business and vice versa.')

This essentially means that within the informal sector the business is not a separate entity from its owner and her household. It is not an independent *persona*. It is therefore difficult to draw up cash flow projections for it because it is driven by necessity meaning that when the need arises, funds are transferred into and out of it without restriction or accountability.

Insufficient recognition of informal services and products as being part of the larger financial system is another constraint in financial inclusion. Although the operation of ROSCAs and SACCOs within the locality of the study is not illegal, it is not legal either because they are not given sufficient recognition, status and protection which make them legal. It is fundamental to note that because of the inadequate accountability and regulatory framework, and lack of sufficient monitoring, some of the respondents I engaged complained about losing money when the club activities crumbled. On average the amounts lost ranged between $20 and $60. As small as this figure might seem, it is a big blow for a business whose average earning capacity is between \$2 and \$5. As a measure to protect women against exploiting each other in this way, the police put a ban on all club activities threatening criminal charges to anyone who disobeyed. This has sufficiently deterred some women from engaging in any club activities of this kind, although others continue to engage in them at their own risk. Unlike previously, however, when disputes of unaccountability and misappropriation of funds in these clubs were referred to the police for mediation, there now exists no recourse for those who are dissident.

3.5 Conclusion

The chapter reveals the dualist model of economic activities and enterprises as is applied in Zimbabwe. This chapter has systematically raised and explored issues and irregularities that affect the provision of quality, affordable and accessible financial services to women operating in the informal sector.

CHAPTER FOUR

4.0 WOMEN, ECONOMIC OPPORTUNITIES AND FINANCIAL SERVICE PROVISION

4.1 Introduction

This part analyses the link between informal engagement, constrained access to and participation in credit, savings and investment opportunities, as discussed in the previous chapter, and its significant contribution to relatively low levels of livelihood and poverty for women in informal enterprises. There are significant access vulnerabilities for a significant percentage of the overall Zimbabwean population with FinScope (2014) reporting an estimate of 60% of the country's population to be going without income for daily life needs and at least 44% without money for food. Although the statistics are not conclusively relevant to this study because they were obtained prior to the development and implementation of the NFIS they are generally worrisome given the association between financial inclusion and poverty reduction.

4.2 Linking financial inclusion and access to income

Because of the minimal entry barriers, the informal sector is deemed a refuge occupation since it is spontaneous and not created by design. Although a statistical overview by FinScope (2012) showed that 2.8 million small businesses in Zimbabwe created 5.7 million jobs, from my research findings it emerged that there are gaps in earnings among women engaged in the informal sector. My respondents confirmed that income within this sector is uncertain, highly irregular and insecure. The women tend to be engaged in different types of activities associated with different levels of earnings and even within the same activities the income or earnings gap may be significant.

4.2.1 Interrogating the indicators of quality of livelihood

As a result of the larger proportion of the sampled population having limited access to and participation in quality, affordable and accessible financial service provision this implies lower savings and mobilisation investments resulting in weak income generation and wealth accumulation and consequently high incidences of poverty and income inequalities.

The significant income inequalities that exist among informally engaged women stir the debate of the objective of financial inclusion strategies as a mechanism for poverty alleviation.

Financial inclusion is fundamental with regard to income and earnings, poverty and income inequality and standards of living as it is linked with wealth creation. In reviewing literature on access to financial services, Masiyandima, Mlambo, and Nyarota (2017) suggest that it stimulates entrepreneurship, induces capital accumulation and enhances the wealth of those who are currently financially excluded. They contend that the nexus between financial inclusion and quality of livelihood at micro level is usually through improved savings, access to credit and high entrepreneurship. Financial development through increased access to and participation in credit provision and savings has the potential of increasing income of the low income group of informal women entrepreneurs and this growth in income may be attributed to inequality reduction caused by greater financial development.

4.2.2 Are current financial inclusion strategies within the informal sector sustainable?

Sustainability refers to reducing transaction costs, offering better products and services that meet client needs and finding new ways to reach the unbanked (NFIS, para. 4.25). Because financial inclusion in this study is approached not only in terms of being banked or unbanked but rather broadly to include aspects of financial service and product provision formally and informally, an evaluation has to be made of the products and services as well as opportunities availed for the informal sector to find out whether they achieve prospects for the progressive realisation of sustainability.

Informally engaged women rely almost solely on informal means of credit acquisition and savings. Because the informal sector is under-regulated by formal laws it invariably follows that financial service provision is un- or under-regulated leading to various abuses. Taking loan sharks as a typical example, these are individuals who have the funds and who decide to make a profit through exploitation by lending to those who cannot access or participate in reasonable financial service provision such as informally engaged women. These individuals are not regulated and neither do they conform to laws governing interest rates. Interest charged on credit is exorbitant usually exceeding 100% of the capital amount which is beyond parameters prescribed by the *in duplum* rule. Because informal businesses usually operate without financial statements, what may be welcome as quick and easy credit, and sometimes the only source of funds, may in actual fact be a miscalculation of the prospects of sustainable business dealings. Even within the SACCOs interest rates go beyond that which is prescribed by formal regulation for purposes of consumer protection. Upon the failure to service a loan, compound interest is calculated on the principal amount until it is repaid in full. It is understandable that this is what the informal system thrives on for its perpetual existence but financially it makes businesses for which the credit is borrowed very vulnerable. Business performance is affected and consequently, in the absence of a corporate veil, the quality of livelihood for individuals and households because individuals are always personally liable for debts incurred in the name of the business and funds continue to be drained from rather than invested in the business.

Credit and savings facilities offered by a network of friends, neighbours, relatives are based on social ties and mutual trust between individuals regarding the capacity to reimburse funds and provision of safe keeping of money. In cases of default of repayment and misappropriation of savings, however, it is these social ties that supersede business interests. Because of the relational nature of women this means that in most cases the need to preserve relations and social ties becomes of the utmost importance so they tend to lose out if trust is abused. It seems there exists an *ubuntu* (forgiveness) of sorts which seeks to regulate informal financial system operations by dictating that it is not inherently humane to prioritise business interests over relations and social ties because, unlike the former, the later perpetually exists. This maintenance of a hierarchical order between business and social relations stagnates and sometimes incapacitates informal business performance and consequently the quality of livelihood in the long run.

4.3 The gender issue and financial service provision

As the title of the research suggests, the underlying focus is women. In the context of the gender dimension, the question that needs to be asked is, ‘Is there evidence of financial inclusion measures for low income households represented by women?’ Women play multiple roles as producers, reproducers and care givers within the household unit. These roles coupled with their generally inferior and vulnerable economic and social status has resulted in their falling back more on informal financial service and product provision to meet their credit and savings needs. Because informally engaged women are more disenfranchised, they find informal financial systems more responsive and adapted to their financial requirements. Morris and Meyer (above) note that women, because of their gender have an additional constraint placed on them as they labour to provide a livelihood for themselves and their families.

4.3.1 Women as borrowers, savers and investors

From interaction with their agents, registered microfinance companies confirmed that women formed the bulk of their clientele and from interrogation of other informal systems, it emerged that women made large repayments and usually paid on time. This is an indicator that women's default rate is low regardless of their being of low income although the evidence may not be taken as being conclusive because the population sample under study was not isolated.

Morris and Meyer[22] noted that the majority of research focuses on women's participation in savings clubs and rotational credit associations. Women often save through the extension of credit, either for themselves or for another member. It is questionable, however, whether it is the structure of the savings program or the gender of the depositor which is the determinant of willingness and ability of these low income women entrepreneurs to save. It was my general assumption, however, that low income women will save when provided with the opportunity. Failure by women in the informal sector to save is due to the irregular and low income which forces them to discontinue spending because they have to spend or are compelled to spend the little they have on education for their dependants, consumption, and household utilities – all of which are non-income generating activities.

Due to women's multiple roles it is difficult to separate investment activities along economic lines but rather along gender lines. Within household dynamics there are gender differences in production and time allocation, asset ownership, household income and savings, and investment activities (Morris and Meyer, above). The investment activities are not strictly commercial but rather include domestic household responsibilities like provision of food, clothing and shelter as part of the human capital requirements. Women's uses of credit for consumption needs cannot be evaluated along direct commercial lines but they rather indirectly contribute to the operation of the enterprise. When women use commercially acquired funds to feed, clothe or shelter family members it may often be evaluated as a non-productive use of credit. It is only when such borrowed funds are used to expand income-generating activities is it deemed to be productive. Morris and Meyer (above) emphasize that the fungibility of capital makes it difficult in practice to separate consumption and production at household level.

[22] Quoting Chimedza (1984) 'Savings Clubs: The Mobilization of Rural Finances in Zimbabwe', ILO Effort for the Identification of Successful Projects for Improving the Employment Conditions of Rural Women, Rural Employment Policies Branch, Employment and Development Department, International Labour Office, Geneva.

Attention has to be drawn to what they term 'the human capital rationale' for buying food and clothes as well as providing shelter for the family.

Human capital is the collection of traits possessed by individuals, in this context, the ability to perform labour so as to produce economic value. It is the total capacity of people which represents a form of wealth which can be directed to accomplish a specific economic goal. Although the concept of human capital is mainly applied in human resources management contextually it may be argued that women take an aggregate economic view of family members, particularly their children, as human beings acting or acting in the future within the economy as they interact in economic transactions. Their investment in human capital development through the provision of basic necessities premises on the role children in their economic and social development, productivity growth and financial innovation which justify the seemingly 'unproductive' tendency. Therefore, investment in human capital is unconsciously judged as a means to the end of social and economic status upgrade.

4.3.2 The role of gender and gender roles in influencing access to and participation in financial service provision

Gender and the roles associated with it play a relatively significant part in access to and participation in financial systems. Low income female entrepreneurs as those forming the basis of my research encounter the same financial constraints as all poor people and small business owners, plus the additional constraint of gender. This raises the need for the provision of credit and savings schemes that are tailor made to increase income and make provision for the family taking into account women's social status visibility and decision making roles. Women's practical needs have to be balanced out with their strategic interests.

Women generally have less access to formal financial services and products which translates into less participation in formal credit and savings programs. Morris and Meyer (above) note that while gender provides a partial explanation for this exclusion, the explanation must be modified by other socio-economic characteristics such as economic status of the household, age, and ethnicity. Several interlocking factors come into play in explaining the position of women with regard to financial inclusion.

4.4 Discrimination on the basis of economic criteria

Closely linked to the issue of targeting in financial service provision is the issue of discrimination. As was emphasised in the first chapter, discrimination against women includes, but is not limited to, exclusion or restriction made on the basis of sex with the net effect of impairing, among other things, enjoyment of economic and social welfare rights and fundamental freedoms on the basis of equality with men. In *Mike Campbell (Pvt) Ltd and Ors v Republic of Zimbabwe*[23] it was held:

> 'Indirect discrimination occurs when a law, policy or programme does not appear to be discriminatory but has a discriminatory effect when implemented.'

Indirect discrimination or disparate impact deals with the impact or effect of laws, policies or practices, even if, on their face, they may be neutral (Gwisai, 2014). On the jurisprudence of *Griggs v Duke Power Co.*,[24] a practice which disproportionately affects a specific group and is not shown to be essential for doing the job is still discrimination on a prohibited ground. Discrimination on the basis of economic criteria in this scenario implies that women are denied credit or savings opportunities because they are involved in enterprise activities which are not traditionally funded by lenders or because the type of financial products and services they demand (for example, small loans, frequent repayment schedules, no formal collateral) are not offered or provided by the financial system. Discrimination in the provision of quality, affordable and accessible credit, savings and investment opportunities is not justified on the basis that it was unintended or unforeseen.

Within the context of access to and participation in financial systems it seems that practices and policies employed are neutral on their face because they are applied equally to everyone requiring financial services and products but in practice they disproportionately affect women in informal businesses. Unlike where formal equality was accepted as an end in itself, the drive for substantive equality should be concerned with addressing the effects of laws, policies and practices applicable in financial service provision to ensure that they do not discriminate against informal women entrepreneurs. The equal treatment of unequal categories of persons in utilising financial systems produces unequal results or unfair discrimination.[25] The NFIS

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[23] 2008 (2) ZLR 343 (S) at 363F.

[24] 401 US 424 (1971).

[25] Gwisai quoting *President of South Africa v Hugo* 1997 (4) SA 1 (CC) in which it was held: 'We need, therefore, to develop a concept of unfair discrimination which recognises that, although a society which affords each

together with other practices, norms and values underlying both the formal and informal financial systems must be approached purposively in order to ensure the realisation of substantive justice and elimination of entrenched unfairly discriminatory effects in financial service provision.

4.4.1 Proving unfair discrimination on the basis of economic criteria

Discrimination on the grounds prohibited in section 56 of the Constitution is unfair unless '…it is established that the discrimination is fair, reasonable and justifiable in a democratic society.'[26] Gwisai (above) proposes a two-pronged approach in establishing unfair discrimination, that is, establishing a *prima facie* case of unfair discrimination and determining the fairness of such discrimination.

Upon applying the *Harksen* test[27] which sets the requirement to link differentiation in effect with one of the prohibited grounds in section 56 of the Constitution, it may be observed that the regulatory and procedural technicalities involved in access to and participation in financial systems set stringent prohibitions for informally engaged women who almost invariably do not meet the set criteria. It is my contention that the exclusion of informally engaged men from financial service provision both formally or informally is evidence of deprivation of the same economic class of people from access to and participation in financial systems which points to discrimination based on economic criteria.

4.4.2 Supply-side discrimination versus demand-side discrimination

Financial system issues are categorised with a demand-supply framework. Services and products can be provided or denied on the basis of institutional supply-side frameworks or on a borrower's or saver's demand-side criteria. Demand-side barriers to financial inclusion relate to characteristics inherent to individuals that prevent them in their access to or participation in financial services. Supply-side barriers to financial inclusion relate to factors inherent to financial service providers that prevent individuals from using their services. Factors such as the gender of the applicant, enterprise activity, lending transaction costs on the supply-side may work on the one hand against illiteracy, borrower and depositor transaction costs on the

human being equal treatment on the basis of equal worth and freedom is our goal, we cannot achieve that goal insisting on identical treatment in all circumstances before that goal is achieved…'

26 Section 56(5) of the Constitution.

27 This test was developed in South African jurisprudence after the decision in *Harksen v Lane N.O. and Ors* 1998 (1) SA 300 (CC).

demand-side. An important empirical question that emerged during my interrogation of women and financial inclusion was whether or not the less frequent use of formal systems by women was a combination of gender and economic criteria discrimination which are constraints of the supply-side and/or other factors such as illiteracy which is a demand-side constraint.

Because of the low income and wealth status level of women in the informal sector, financial institutions find it very costly to avail credit and savings facilities to them. This is coupled with geographical barriers which have seen banks being concentrated in one area a long way from the business activities of my population of study. Coupled with this is the fact that the majority of women and most, if not all, business enterprises have an unknown financial and business history which potentially increases the rate of risking if funds are to be advanced to them. Such features amount to availing financial products and services at higher costs than the established and through formal or informal means. The result is that financially excluded women do not only suffer adverse shocks to their living standards through lack of access to affordable credit and savings facilities but may even face higher costs of access for those that attempt to access the services and products within the financial market.

Some have argued that it is demand-side constraints owing to the historical socio-economic position of women that outweigh the supply-side constraints. Generally informally engaged women are evaluated as illiterate, venturing in unprofitable business enterprises and fearful of debt (Morris and Meyer, above). From my analysis of the data I found that low income is a significant factor in deprivation of financial services and products. This is especially so for female headed households in which one is a single mother. Demand for the little income is so great that the individual becomes uncreditworthy in terms of their ability to repay a loan or has no surplus to put away in savings. This disparity between informally engaged women with and without spouses is a constraint which disproportionately influences single women’s level of financial inclusion as well as their income and social. As Simmons (2008) suggests, the key idea seems to be that upward social status mobility is contingent upon personal economic development. This assumption underlies the value of the person giving rise to the faith in financial inclusion of informally engaged women as a strategy to combat socio-economic discrimination. Simmons further contends that to the celebration of financial inclusion as sound investment and standard of best practice is added a more complex emphasis of financial inclusion as an economic and social welfare human right especially as it pertains to its extension to women. Discrimination against women in access to and participation in financial products and services must be denounced as both unjust and inequitable.

In a working paper produced for the World Bank (2013) it was observed that legal discrimination against women coupled with gender norms may help in explaining lower access to credit and savings. The manifestation of gender norms such a violence against women, early marriages, restricted inheritance rights have a significant impact on participation in and access to financial products and services and consequently on social status. All these adverse practices put women in a weak financial position which negatively affects their level of income and the ability to access credit and commit to savings.

4.5 Conclusion

It is difficult to interrogate the inferior position of informally engaged women with regard to access to and participation in financial systems using gender and economic engagement as mutually exclusive variables. On the basis of gender, women have to be treated equitably and not just equally in accessing and participating in financial service and product provision. However, as regards economic engagement, it must be understood that credit, savings and investment are only a meagre input in the development process. The roles of education, custom, patriarchy and other interlocking factors need to be interrogated in order to acquire a comprehensive understanding of the obstacles barring women from financial inclusion. As will be discussed in detail in the succeeding chapter, more needs to be done in order to develop and implement best practice policy measures to enable women who are engaged as informal entrepreneurs to move from relatively low levels of livelihood and poverty through increased accessibility and availability of quality and affordable financial services and products.

CHAPTER FIVE

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

Zimbabwe's financial system has made great strides to improve the financial inclusion status of women through pushing for the setting up of a Women's Bank. The Bank's structures are still being set up but essentially it is meant to be a deposit taking microfinance whose policy framework is built around the provision of financial products such as SME, agricultural and educational loans, individually or in groups, aimed at empowering women through partnership with government and various stakeholders and development agencies. Because socio-economic rights (such as the right to financial inclusion) are progressive in nature, building avenues towards the provision of financial services to marginalised groups such as women essentially counts for progressive realisation.

5.2 Conclusions

5.2.1 Using financial inclusion as a tool for socio-economic empowerment of informally engaged women

As to whether women engaged in the informal sector are deprived of adequate financial capacity to deal with contingencies of life, it is my view, based on the study, that their informal engagements are not financially and economically gainful or viable enough to alleviate poverty and improve their levels of livelihood. More needs to be done in terms of financial service provision for these women if financial inclusion is to make any meaningful contribution towards their socio-economic status. Empirical evidence gathered during the research process suggests that the provision of quality, affordable and accessible financial services and products has a profound influence on the economic and social status, decision making power, knowledge and self-respect of women engaged in small enterprises in the informal sector. Credit facility provision and its 'productive' utilisation in the broad sense may cause significant difference in empowering women and consequently in improving their ability to cope with life's risks.

Women's empowerment is generally defined as the process that allows one to gain the knowledge, skill sets and attitude needed to cope with the changing world and circumstances in which one lives (Wilkinson, 1998). In addition to the psychological and behavioural changes, cognitive development like knowledge and opinion-sharing on improved access to capital markets and financial innovation are all possibilities of women's empowerment. As was articulated by Arunaand Jyothirmayi (2011), microfinance has the capacity to graduate low income earners from poverty and helps them upscale themselves to a better living condition. Because of gender roles and the fact that women find themselves operating in an informal economy with limited access to and participation in financial systems the little income they earn is channelled towards the upkeep and improvement of their households. Economic independence therefore has the ability to strengthen and boost the social status of women putting them in a better position to deal with contingencies of life. However, it must be borne in mind that providing financial products and services alone will not automatically improve their social status or empower them. The circumstances in which women find themselves in financially have to be appreciated in their totality, taking into account all the other contributory interlocking oppressions to which they are subject. Hence, although socially constructed gender roles contribute to constrained financial inclusion, access to financial services and products should be considered as mutable and alterable by political and social reform that would ultimately bring an end to women's socio-economic oppression.

5.2.2 A one-size-fits-all approach or gender targeting strategies for financial inclusion within the informal sector?

If access to and participation in financial systems is not engendered then the net effect is equitable provision of financial services which produces a wide gender and economic gap between those engaged in the formal and those in the informal sector. Targeting credit and savings facilities for women engaged in the informal sector is a viable solution to gender discrimination and discrimination on the basis of economic enterprise in financial service and product provision. This positive targeting goes to the root of the inability of women to establish savings accounts or obtain credit by offsetting negative targeting experienced by women who lack the necessary economic, social and/or established creditworthiness to secure adequate resources. It is women's propensity to spend credit on household necessities that should render them eligible or specifically targeted for loans.

5.2.3 Creating linkages and innovations for financial inclusion

One of the shortcomings of the NFIS noted by Professor Chakravarti[28] is that it has a rather narrow approach to the issue of financial service and product provision. For remarkable results

[28] A lecturer at the University of Zimbabwe in the Department of Economics, Faculty of Business Studies.

the NFIS has to be linked with an informal sector strategy or policy. The strategy for financial inclusion can only be best implemented if it is in sync with an informal sector strategy (Musarurwa, 2017). The NFIS targets micro and small to medium enterprises and women among other categories. These are believed to form the bulk of economic activity in Zimbabwe. However, turning a blind eye to the practical operations of the informal sector regarding acquisition of funds, access to the capital market and the income generation process is futile for the achievement of meaningful financial inclusion for the informal sector. The national strategy on the whole aims at increasing access to and participation in, among other things, banking services, microfinance and capital markets and is anchored in financial innovation and literacy as well as microfinance and consumer protection. However, for purposes of entrenching financial inclusion within the informal sector, traditional financial systems have to leverage the practices, norms and values that are operational within this sector.

Innovations are essentially suggestions for refinement of financial systems to reduce costs, improve efficiency or address inequalities regarding access to and participation of informally engaged women in financial service provision.

5.3 Recommendations

Gender affirmative action in financial inclusion in line with the Constitution must be adopted.[29] Players within the financial sector must be compelled to develop, adopt and implement such measures through specific legislation in line with Zimbabwe's international law obligations which allows for temporary special measures aimed at accelerating *de facto* equality which measures shall be discontinued upon achievement of the desired result.

There is the need to develop initiatives for financial intermediation as a way of promoting financial inclusion and enhancing the social status of women in the informal sector. The provision of credit and savings schemes is part of the required financial structure for upgrading women's social status and empowerment. Development of financial intermediaries which Morris and Meyer deem as necessary for transferring capital from the traditional (formal) sector to the growth-oriented (informal sector) is an integral part of any viable national financial system.

[29] Section 56(6) as read with section 17 of the Constitution obliges the State to take positive measures to rectify discrimination and imbalances resulting from past practices and policies.

There is a need to carry out more research with gender disaggregated data in the arena of women and financial inclusion. I found that although there is much literature in the field of financial inclusion much of it does not incorporate the gender aspect. Gender disaggregated data allows for a base line for comparative purposes between and among women in areas such as frequency and intensity of savings, loan repayment rates and business growth rates for measuring influence on social status. The disaggregation of data along gender lines allows for the structuring of financial delivery services to financially responsible clients including informal women entrepreneurs. The role of women in improving their social status and economic development should be incorporated in the consideration of the key issues in service and product provision through the disaggregation of data along gender lines.

Awareness rising campaigns on financial services and products for women in the informal sector have to be undertaken as access to and participation in financial systems. Empirical research has shown that there are various financial services and products that are available and apart from being ineligible for access to them, most women do not even know that the services and products exist and in such instances availability of financial products and services does not always translate to accessibility. Further, efforts by the MSMECD to regularly conduct seminars for financial literacy and financial innovation of SME business persons are futile because the targeted persons are not aware of such opportunities.

Key to the agenda of financial inclusion is the need to push for financial literacy. The State together with other relevant stakeholders in the financial market have to organise seminars at times and places accessible to the target population to address the issue of financial literacy for purposes of improving business capacity and operations. Education on preparation of business proposals, assuming that the women are literate, and expansion of business capacity, how to manage resources, building and maintaining markets and expansion of trade all have to be a priority in the proposed training programs.

5.4 Conclusion

Ultimately though the most important reason behind the continued segregation of the informal sector together with the women who dominate it are the class and historically defined nature of operation of the financial system. This ultimately shapes access to and participation in financial systems for women informal entrepreneurs. Law, policy and practice reform are not ends in themselves as they form part of a super structure of society. More needs to be done if financial inclusion of women engaged in the informal sector is to be achieved. It is difficult to conclude, however, whether it is the formal system that needs to graduate into providing services to a class of persons who are low income earners and creditworthy; or whether it is the low income earners creditworthy women who need to graduate from the use of informal systems to formal ones.

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