Gendered Social Norms Diagnostic and their Impact on Women Financial Inclusion in Rwanda

Report Brief

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1. Introduction

Access to Finance Rwanda (AFR) is a Rwandan not-for-profit company established in 2010 to promote financial inclusion and financial sector development. AFR is currently funded by Sweden, Jersey Overseas Aid, and the MasterCard Foundation.

Access to Finance Rwanda is part of the broader Financial Sector Deepening (FSD) network in Africa that seeks to create a transformative impact on ending poverty by supporting efforts to improve financial inclusion and financial sector development through helping policy makers, regulators, financial service providers and markets drive a more inclusive and sustainable economic growth.

AFR supports the removal of systemic barriers that hinder access to and use of financial services by low-income people, particularly the rural poor, women, youth and MSMEs, and supports the development and provision of financial services including savings, credit, insurance, investment, payments, and remittances.

AFR is guided by the Market System Development (MSD) approach recognising that efforts to increase financial inclusion and financial sector development must be market-led, profitable and sustainable.

This Report Brief draws from the Gendered Social Norms Diagnostic conducted in 2022 by Access to Finance Rwanda (AFR) in collaboration with public, private and Civil Society Organisations stakeholders with the support of MarketShare Associates. The study was conducted to explore to explore which and how particular social norms influence women entrepreneurs' financial inclusion (or exclusion) in Rwanda.

Specifically, the study intended to generate insights and influence AFR programming around financial services and policy. The diagnostic study generated new insights on how gendered social norms impact women entrepreneurs' access to and usage of financial services. These findings can be leveraged to influence the financial market system to better serve women entrepreneurs' financial needs, and promote financial inclusion that will lead to better development outcomes.

2. Objectives

This study aimed at providing evidence-based information that can be leveraged to influence the financial market system to better meet women entrepreneurs' financial service needs, lead to better development outcomes, and influence stakeholders and decision-makers to promote their financial inclusion. The study defined the financial outcome and the change objective that would lead to the desired outcome as follows:

Financial Outcome: Women entrepreneurs in rural and urban areas in Rwanda increase their access, usage and benefit of financial products and services. From this, three change objectives were defined along access, use and control of income.

Change objectives

1. Women entrepreneurs access financial products and services to grow their business.
2. Women entrepreneurs use financial products and services to grow their business.
3. Women entrepreneurs have the decision-making power to manage income from their business.

3. Target Group

The study focused on the demand-side- understanding women entrepreneurs' own behaviour and drivers influencing their behaviour while accessing and using financial products and services.
Women Entrepreneurs: aged 16 – 30 years (young women) and 31 to 55 years (adult women), single and married.

Location: Districts of Rubavu(representing urban), Nyagatare and Burera (both representing rural) with cross border trade activities in the 3 districtsStakeholders: the study was a collaborative effort from inception to the conclusion of the study.

Government institutions: The Ministry of Gender and Family Promotion (MIGEPROF), Gender Monitoring Office (GMO), the National Bank of Rwanda (NBR), the Ministry of Local Government (MINALOC) through the respective District Mayors offices given their institutional mandate aligned with the study focus.

Financial Service Providers (FSPs): Have various financial solutions for the target group. Derived study respondents from their customer database in the respective districts. VisionFund, Urwego Bank and Réseau Interdiocésain de Microfinance (RIM) as well as various Village Savings and Loans Associations (VSLAs) under Care International.

Civil Society Organisations (CSOs): represented the collective voices and organizing of women entrepreneurs in Rwanda.

4. Methodology, Design and Approach

The study adopted MSA's Behavioural Analysis and Norm Diagnostic (BAND) and CGAP and MSA's Gendered Social Norms in Financial Inclusion Diagnostic Guidance which conduct diagnostics in phases as follows:

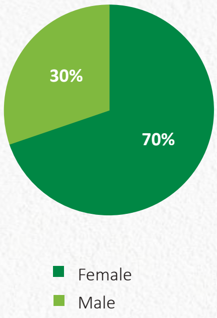
Design and Plan – defined the financial inclusion outcome, change objectives, target location and group.

Behavior Exploration – Quantitative survey from a sample of 615 (70% female, 30% male) from 1370 FSPs customer base to explore key behaviour of Women Entrepreneurs (WE) and the prevailing social norms from their immediate environment.

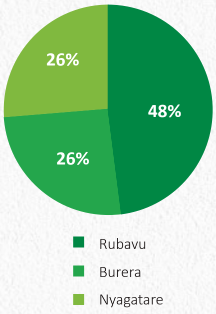
Deep Dive – investigated targeted behaviour drivers in more depth and provided insights on how the social norms are enforced (empirical and normative), by whom(influencers), sanctions and the potential for change through qualitative method – Focus Group Discussions (FGDs) and Key Informants Interviews (KIIs). A total of 40 FGDs (287 respondents) and 36 KIIs (21 women entrepreneurs and 15 stakeholders) were conducted.

Demographic Data Representing the Quantitative Survey Respondents

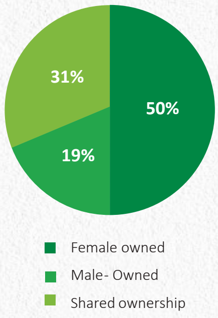
Gender



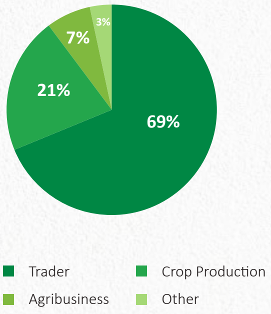
Breakdown by district



Business Ownership



Type of business



5. Key Findings: Understanding the Social Norms

Four norms were prioritized to be explored further through KII and FGD

Change objectives

Access	Use	Control of Income
Women entrepreneurs access financial products and services to grow their business.	Women entrepreneurs use financial products and services to grow their business.	Women entrepreneurs have the decision-making power to manage income from their business.

- **SN1:** Women Enterpreneurs access financial products and services to grow their own business
- **SN2:** Women Enterpreneurs should rely on family for financial support instead of financial service providers
- **SN3:** Women Enterpreneurs should not have financial privacy from their spouse or male household member
- **SN4:** Men should manage the finances

SN1: Women entrepreneurs should prioritize family over businessv

FGD participants believed that women entrepreneurs are bound by duty to look after the family. 71% in rural areas Rwandan society sees caretaking and household chores as the woman's domain. Umugore ni mutima w'urugo,"- women are the heart of the family. Running a business is acceptable or permissible for women entrepreneurs only once they have tended to their family' needs. Young married women face more pressure to prioritize family over business. Having children compounds the pressure on young women.

The prevalence of this norm is high in the community. Many cited personal examples of women entrepreneurs who have had to reduce their business hours or give up their business altogether to prioritise their family. family members and friends.

"The community/society expects a woman to be dedicated to her family and spend most of her time on household's chores"
- Respondent in FGD of married women entrepreneurs in Nyagatare.

Influencers: Network of influencers are more in the rural areas: married women- Husbands; parents in-laws, husband friends; Single women – family members and friends.

Sanctions: Ranging from verbal to physical abuse (misunderstanding leads to violence – divorce); tradeoff business for family responsibility

Exceptions: permission or consent from their influencers; if business is successful; main income earner for family, and/or if they have minimal to no caretaking responsibilities.

SN2: Women entrepreneurs should rely on family for financial support instead of FSPs

FGD participants unanimously disagreed with the norm (preferred FSPs to family due to insufficient funds with relatives; informal and unregulated).

Prevalence: the norm is common due to collateral requirements, which leave women entrepreneurs no option but turn to relatives or informal saving groups for credit. Others perceive women not capable of managing the business as men would – concerned about risk of failure and loss of family asset used as assets. Norms also govern the use of that collateral.

This norm has implications on whether a woman entrepreneur decides to start a business and the degree to which to scale.

Negative influencers - Husbands/ Parents and parents-in-laws; Positive influencers- friends, fellow women entrepreneurs, and civil society actors.

Sanctions: women who take a loan from FSPs without the permission of the husband are called “igishegabo,” a Kinyarwanda word to refer to a woman who ‘acts as a man’, and may be forced to return the loan to the FSP, hand over the funds to their male influencers, or give up the business altogether.

Exception: receiving husbands’ consent, sharing ownership of the business, and – in a few instances – using their own collateral

“If a woman goes to the MFI instead of the family, the community will perceive her as a headstrong woman willing to risk the family property for collateral to the bank. But if the business performs well, the community will say that she was right, and she is courageous. On the other hand, if she takes a loan and the business fails, she will be harassed for the rest of her life, called names, like ‘bad woman’, and they will say she ruined her husband. This is a source of conflict in families that may end up in divorce”

response during FGD with women entrepreneurs.

SN3: Women entrepreneurs should not have financial privacy from their spouse or male household member

There was a consensus among FGD participants that it is uncommon for women entrepreneurs to keep financial privacy in Rwanda. Women are bound by common property law and noted they can get support. The society also expects them to be financially transparent with their families. Except in Nyagatare (80% were in favour of women having financial privacy.

They also acknowledged that men are generally granted a higher degree of privacy. Going against this norm attracts sanctions – conflicts, abuse (domestic violence), divorce, deprived basic needs (single young women). Except if the husbands do not have income, are abusive or do not support the business financially.

> ***"It's not usual for a woman to keep financial privacy, unless the family is in conflict, or the husband is irresponsible, and the woman thinks that disclosing the financial information to him may put the finances at risk and harm the future of their children."***
>
> **Female respondent during FGD**

SN4: Men should manage the Finances

The understanding that women should hand over their finances to men remains prevalent more in the rural areas. FGD participants believe that relatively more families share financial management responsibilities but observed men still take sole control of the family's finances. Women can manage their finances independently but have to inform their husbands about their decisions.

About 43% of FGD participants observed there is an increasing openness in society for the shared responsibility of financial management. Women who manage finances independently are seen as disrespecting their husbands, misunderstanding, loss of trust, and conflicts.

Positive influencers: good friends, workmates, local leaders and authorities, and women's associations. Negative influencers: family-in-law, neighbours, husband, and religious leaders.

4. Conclusion

In conclusion, social norms play a great role in influencing market system actors' behaviour that drive women's financial inclusion or exclusion. Women entrepreneurs ability to grow their businesses are constrained by behaviours influenced by the identified gender norms.

These norms are upheld at multiple levels within society and is particularly impacted by both age and marital status. The norms are stickier with severe sanctions in the rural areas while in urban areas the norms are relaxed, and the sanctions are not severe. The negative influencers mentioned are the women entrepreneur's husband, parents-in-law, religious leaders, neighbours while positive influencers included the parents of the WE (except for the single young WE).

It is only acceptable for women entrepreneurs to borrow from FSPs to grow an established business, but not to start one yet how will they grow their business when they face all the norms and sanctions. Such conditions place a lot of pressure on women entrepreneurs to succeed when borrowing from FSPs lest they face a wide range of sanctions. Therefore, women entrepreneurs whose business are starting will turn to relatives, friends or VSLAs. They are also expected to spend their earning from business in household expenses.

Women entrepreneurs wishes to borrow from FSPs, but they face barriers in doing so, such as collateral requirements; they are perceived as incapable of running a successful business and reliance on the family over FSPs for financial support. The FSPs'outreach teams are not intentional in their outreach to women entrepreneurs and so most women often learn about the financial products through their network of friends and fellow women entrepreneurs.

Most women entrepreneurs are constrained by the lack of financial literacy to understand the use of available financial products as well as collective decision-making power over loan use for married women.

5. Recommendation

Gender norms are collective drivers (structural or internal) that influence the behaviours that constrain women's access, use and benefit from financial services and products. Therefore, in addressing these constraints it is important to collectively invest in addressing the root causes particularly to transform the negative norms resulting into conscious or unconscious bias that restrict women's financial inclusion.

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