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## Access to Finance for Women in Pakistan

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### Key Messages

- Enhancing basic and financial literacy through educational programs and promoting digital financial services can significantly improve women's financial independence and inclusion in Pakistan.
- Addressing cultural norms and traditional collateral requirements through community engagement, alternative credit models, and flexible financial products can empower women to make financial decisions and access credit.
- Expanding mobile banking services, increasing female banking agents, and leveraging local women's groups for marketing can improve women's access to financial services, leading to greater economic participation and empowerment.

### Overview

Accessing finance is a significant hurdle for women in Pakistan, hindered by multiple interlinked challenges, including a pervasive lack of both basic and financial literacy. As of 2022, the male literacy rate stands at 70% while the female literacy rate lags behind at 48% [1], which significantly impacts their ability to understand and utilize financial services. Financial literacy is even lower, restricting women's capacity to make informed decisions about savings, investments, and loans. This educational gap is exacerbated by an overdependence on cash transactions which limits engagement with formal financial systems, leading to a cycle of financial exclusion.

[1] Express Tribune, 2023  
<https://tribune.com.pk/story/2431348/the-need-to-bridge-gender-gap-in-literacy>

According to the Pakistan Social and Living Standards Measurement (PSLM) survey 2019-20, only 25% of women participate in the labor force, reflecting limited economic engagement. Compounding these issues is the lack of decision-making power among women concerning financial matters. Cultural norms and patriarchal structures often delegate financial decisions to male family members, reducing women's autonomy and control over financial resources, particularly in rural areas where traditional gender roles are more rigid. Access to technology, such as smartphones and the internet, remains limited, especially in remote regions. The GSMA Mobile Gender Gap Report 2024 indicates that women in Pakistan are 38% less likely than men [2] to own a mobile phone, limiting their access to digital financial services.

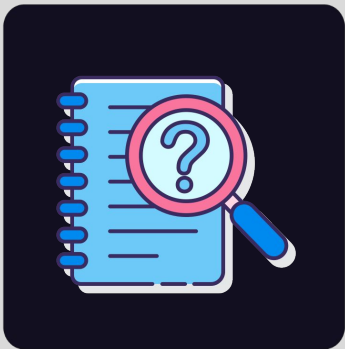
Moreover, traditional collateral requirements further complicate the financial landscape for women. Banks often demand land or property as collateral for loans, assets typically owned by men in the country. According to the Demographic and Health Survey 2017-18, 97% of women across Pakistan could not inherit land or house [3]. This requirement excludes many women from accessing credit, stifling their entrepreneurial potential and economic independence. Mobility issues compound these challenges; societal norms and safety concerns often restrict women's movement, making it difficult for them to visit banks or attend financial literacy programs. Consequently, these barriers collectively hinder women's ability to access finance, perpetuating economic disparities and limiting their opportunities for growth and empowerment in Pakistan.

[2] GSMA – The Mobile Gender Gap Report 2024  
[https://www.gsma.com/r/wp-content/uploads/2024/05/The-Mobile-Gender-Gap-Report-2024.pdf?utm\\_source=website&utm\\_medium=button&utm\\_campaign=gender-gap-2024](https://www.gsma.com/r/wp-content/uploads/2024/05/The-Mobile-Gender-Gap-Report-2024.pdf?utm_source=website&utm_medium=button&utm_campaign=gender-gap-2024)  
[3] <https://iips.com.pk/barriers-to-property-ownership-for-women-in-developing-countries/>

# Research Methodology



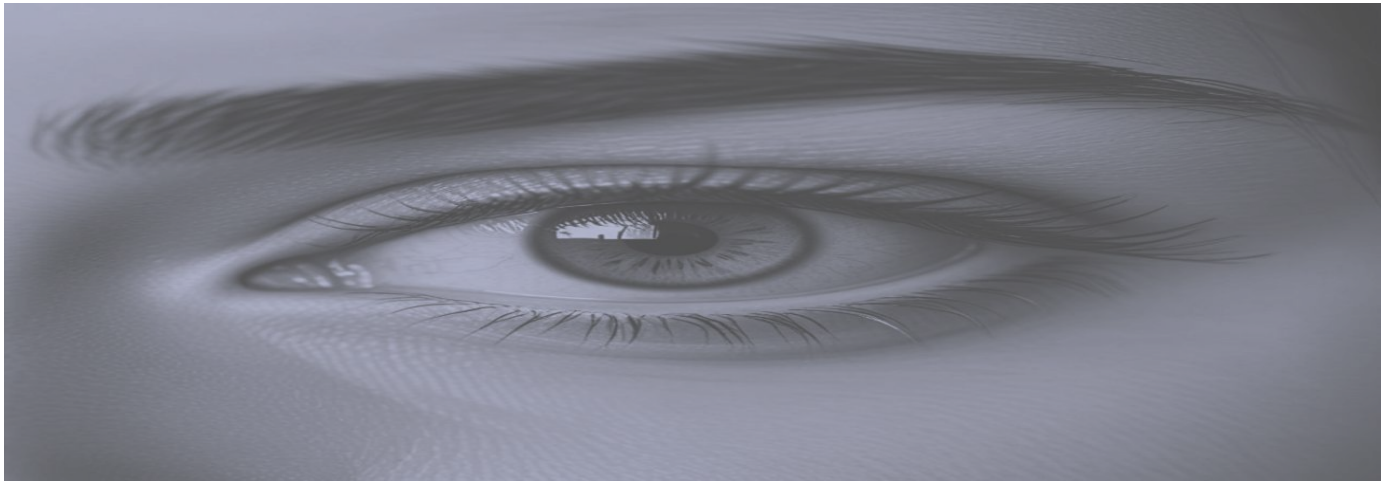
Primary Research



Secondary Research



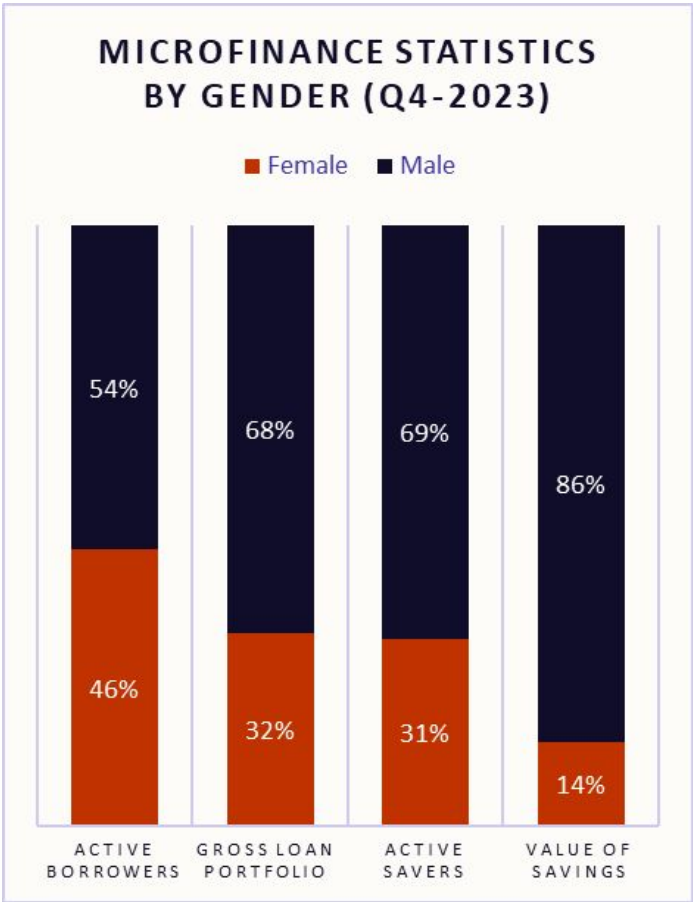
Analysis



# Microfinance - Gender Lens

The microfinance industry in Pakistan plays a crucial role in making access to finance easier for women, who have historically been underserved by traditional financial institutions. By providing tailored financial products such as microloans and savings accounts, microfinance institutions (MFIs) and Microfinance Banks (MFBs) enable women to start and expand small businesses, thereby improving their income and financial independence. Additionally, players in the industry offer financial literacy training, empowering women to manage their finances more effectively and make informed economic decisions.

According to the latest Microwatch publication (Q4, 2023) by Pakistan Microfinance Network, 46% of active borrowers were females and PKR 251,220 million making 32% of the Gross Loan portfolio of the microfinance industry was held by females [4]. Moreover, 31% of Active Savers were females, saving up to a total amount of PKR 83,526 million collectively [5].



Source: Pakistan Microfinance Network

[4] Microwatch-Issue-70  
<https://pmn.org.pk/wp-content/uploads/2024/05/Microwatch-Issue-70.pdf>  
[5] Microwatch-Issue-70  
<https://pmn.org.pk/wp-content/uploads/2024/05/Microwatch-Issue-70.pdf>

# Insights

A survey consisting of 50 females, belonging mostly to urban/peri-urban locations, was launched nationwide alongside the secondary research on the rural segment to uncover the challenges faced by females in accessing finance and gauging the market sentiment around expectations from financial institutes, government and policy makers when it comes to improving access to finance. The insights are as follows:

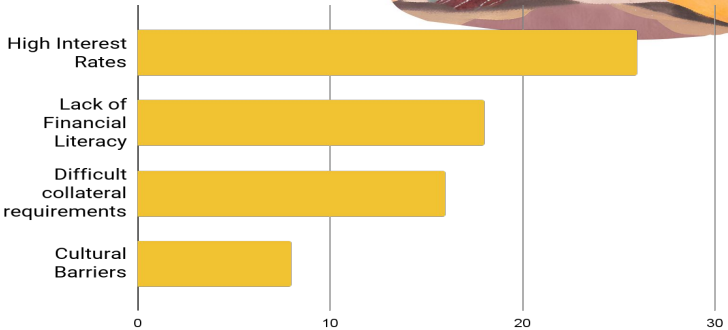
**91%** had never applied for a loan.



**8%** of females had **no control over finances** due to cultural barriers and lack of financial awareness



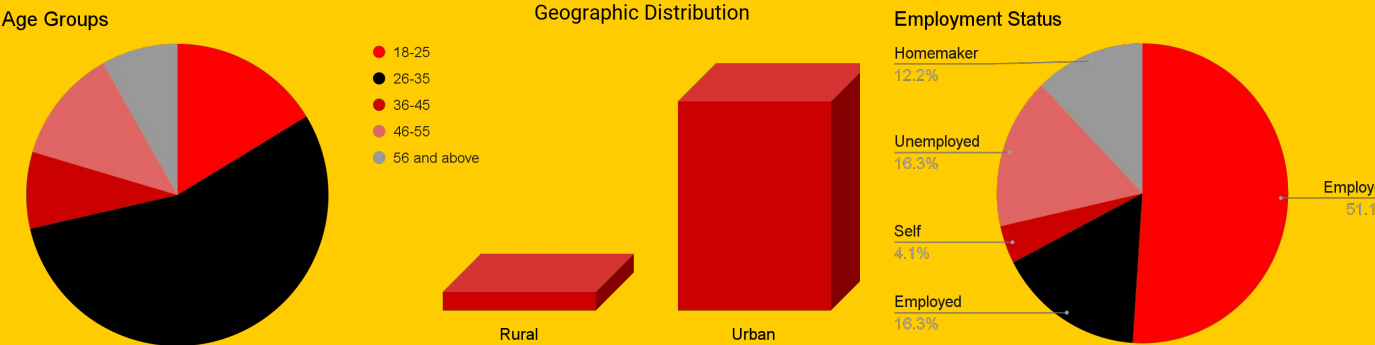
## Barriers to Financial Access



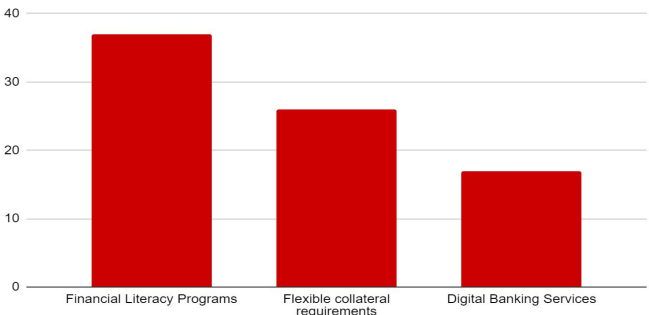
**34%** saved in form of **cash and gold**



## Demographics



## Improvement Areas



## Preferred medium of receiving information on financial services:

**63%** SMS  
**20%** Social Media  
**10%** Local Women Groups



## Product Level

- ❖ Special need focused products and incentives such as education, marriage, child support, housing for female customers. One size does not fit all, hence tailored products are required.
- ❖ Women-led SMEs to be encouraged towards formal banking as a priority.
- ❖ Regulated versions of popular community-based financial models such as local committees can significantly improve financial inclusion as there is already familiarity of the system.
- ❖ Partnerships with digital service providers to offer business trainings on digital marketing and e-commerce platforms which are crucial for women entrepreneurs to grow their businesses

## Policy and Government Level

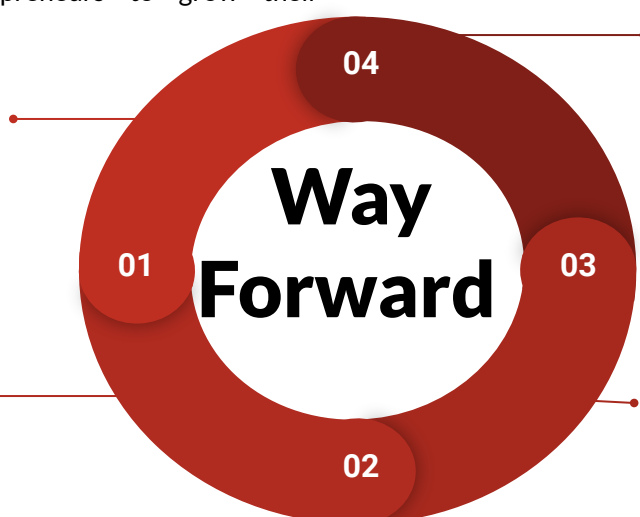
- ❖ Providing small loans to female students and women seeking financial stability.
- ❖ Financial literacy should be made part of the national curriculum at high school level.
- ❖ Mandate that all women have bank accounts.
- ❖ Implement easy installment programs for household needs, such as Monthly Ration Programs, that can further support women financially. Banks may act as agents for such programs.
- ❖ Establishing safe and secure community centres with internet access and digital financial literacy training to bridge the digital divide especially in rural areas.

## Awareness Efforts

- ❖ Investment Education and arranging in-person sessions, particularly for women in villages with no formal education.
- ❖ Raising societal awareness about the importance of women's financial inclusion, to counter cultural barriers that prevent them from taking part in workforce.
- ❖ Engaging women through female financial agents
- ❖ Partnering with local NGOs to offer basic literacy programs alongside financial literacy workshops to empower women with knowledge about budgeting, savings, loans and financial planning.
- ❖ Utilization of multimedia tools and local languages in these programs ensures greater accessibility.

## Regulation & Control

- ❖ Removal of male signatories for women to open bank accounts. This entails Risk Assessment Protocols that consider women's financial behaviours and community standing to mitigate perceived risk in KYC process for female accounts.
- ❖ Simplifying account opening procedures for housewives and ensuring easy terms and conditions can significantly enhance their financial autonomy.
- ❖ Alternate credit assessment models for women-led business loans instead of traditional collateral requirements that often exclude women.





# Conclusion

The expected outcomes of these efforts include the adoption of new female-centric financial products, increased access to finance for new-to-bank female customers, and retention of existing female customers with higher average balances in deposit accounts. Additionally, there will likely be a rise in the female customer base for both lending and deposit products, and an increase in customers for women-led businesses. These changes collectively will foster greater financial inclusion and economic empowerment for women in Pakistan, ultimately contributing to the country's overall economic growth and societal well-being.

Achieving these transformative changes directly advances Sustainable Development Goals 3, 5, and 8 by profoundly impacting women's lives and broader societal dynamics. Financial empowerment of women enhances their ability to afford and access healthcare services, thereby ensuring healthier lives and promoting well-being for all at all ages (SDG 3). By fostering financial independence and literacy, these initiatives catalyze gender equality (SDG 5), enabling women to assert their roles in economic and social decision-making, thus

bridging gender disparities. Moreover, by integrating women more fully into the economic fabric through entrepreneurship and employment opportunities, these measures promote sustained, inclusive, and sustainable economic growth (SDG 8), ensuring productive employment and decent work for all, which is essential for the overall economic resilience and prosperity.



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