



# GENDER-SMART BUSINESS SOLUTIONS

## WOMEN ENTREPRENEURS OPEN A PATH FOR DIGITAL FINANCIAL SERVICES IN THE DEMOCRATIC REPUBLIC OF CONGO



**IFC**

International  
Finance Corporation  
WORLD BANK GROUP

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# CASE STUDY: WOMEN ENTREPRENEURS OPEN A PATH FOR DIGITAL FINANCIAL SERVICES IN THE DEMOCRATIC REPUBLIC OF CONGO

## Project Overview

In the Democratic Republic of Congo, finding ways to expand banking services presents a particular challenge because financial institutions are scarce. However, some organizations are using innovative models—for instance, a network of digital agents—to bring banking services to more people.

IFC and the microfinance institution FINCA DRC developed the network of online agents, called Digital Financial Service agents, to provide banking services to FINCA's low-income customers. During the network's roll-out, IFC and FINCA found that working with women agents helped FINCA to connect with more people without access to formal banking services. In addition, factors such as the location of women's businesses or how women handle finances had an impact on the growth of the company. These factors are discussed later in the report.<sup>1</sup>

### DIGITAL FINANCIAL SERVICE AGENTS

DFS agents are small-business owners who offer FINCA banking services alongside an already established business. Through an agent, a FINCA client can send money to other FINCA accounts, withdraw cash, make deposits, and repay loans.

<sup>1</sup> IFC (2016). *Women Make the Best DFS Agents: How Financial sector alternative delivery channels create business opportunities for women in emerging markets*. Available at: <http://www.ifc.org/wps/wcm/connect/16fafca1-dbbc-4e0f-be83-4daf75aabad/Field+Notes+5+--+Women+DFS+Agents.pdf?MOD=AJPERES>

## Challenges

At just 17 percent, banking penetration rates in DRC are half the average for Sub-Saharan Africa.<sup>2</sup> Women experience even lower rates of financial inclusion, in part because men are considered legal heads of household, with married women requiring their husbands' permission to open a bank account.<sup>3</sup> Given the weak infrastructure and post-conflict environment that characterize DRC, building a network of physical branches outside the capital city of Kinshasa would be too expensive. The agent-network model offered IFC and FINCA an opportunity to efficiently expand services beyond traditional branches and to reach the low-income clients, small-scale entrepreneurs, and rural populations that have traditionally been excluded from banking.

## Gender-Smart Solutions

IFC and FINCA joined forces under the Partnership for Financial Inclusion, a \$37.4 million joint initiative of IFC and The MasterCard Foundation, to expand microfinance and advance digital banking services in Sub-Saharan Africa. Working with microfinance institutions, banks, and mobile network operators across the continent, the

<sup>2</sup> World Bank Group (2015). *The Little Data Book on Financial Inclusion: 2015*. Available at: [http://www.worldbank.org/content/dam/Worldbank/Research/GlobalFindex/PDF/LDB\\_Financial\\_Inclusion\\_2015.pdf](http://www.worldbank.org/content/dam/Worldbank/Research/GlobalFindex/PDF/LDB_Financial_Inclusion_2015.pdf)

<sup>3</sup> World Bank Group (2016). *Women, Business, and the Law: Congo, Democratic Republic*. Available at: <http://wbl.worldbank.org/data/exploreeconomies/congo-dem-rep/2015>

partnership supports the expansion of financial inclusion through digital and agent banking.

Digital financial service agents are small-business owners who offer FINCA banking services alongside an already established business. Through an agent, a FINCA client can send money to other FINCA accounts, withdraw cash, make deposits, and repay loans. The agents receive a monthly subsistence stipend of around \$100 for the first three months and are compensated in relation to the number and value of transactions they facilitate.

FINCA has been successful in recruiting female business owners as agents. In a country where only 8 percent of registered firms are owned by women, the institution has recruited women into 27 percent of agent positions in Kinshasa. Bringing formal banking services to those without banking services particularly benefits women, who have more likely been excluded than men.

For a detailed review of the project, see *Women Make the Best DFS Agents: How Financial Sector Alternative Delivery Channels Create Business Opportunities for Women in Emerging Markets*, on IFC.org.



**The MasterCard Foundation**

The Partnership for Financial Inclusion is a \$37.4 million joint initiative of IFC and The MasterCard Foundation.

## Business Case

The agent network was launched in 2011 and now hosts more than 60 percent of FINCA's transactions. Agent bankers and women entrepreneurs have been largely responsible for this rapid growth.

FINCA and IFC observed that women agents were more successful than male agents on average, recording 12 percent more FINCA transactions a month and a 16 percent higher net profit on their overall businesses.

Further, the organizations learned that women agents' success is determined by three factors: their location, sector, and tendency to reinvest in their businesses.

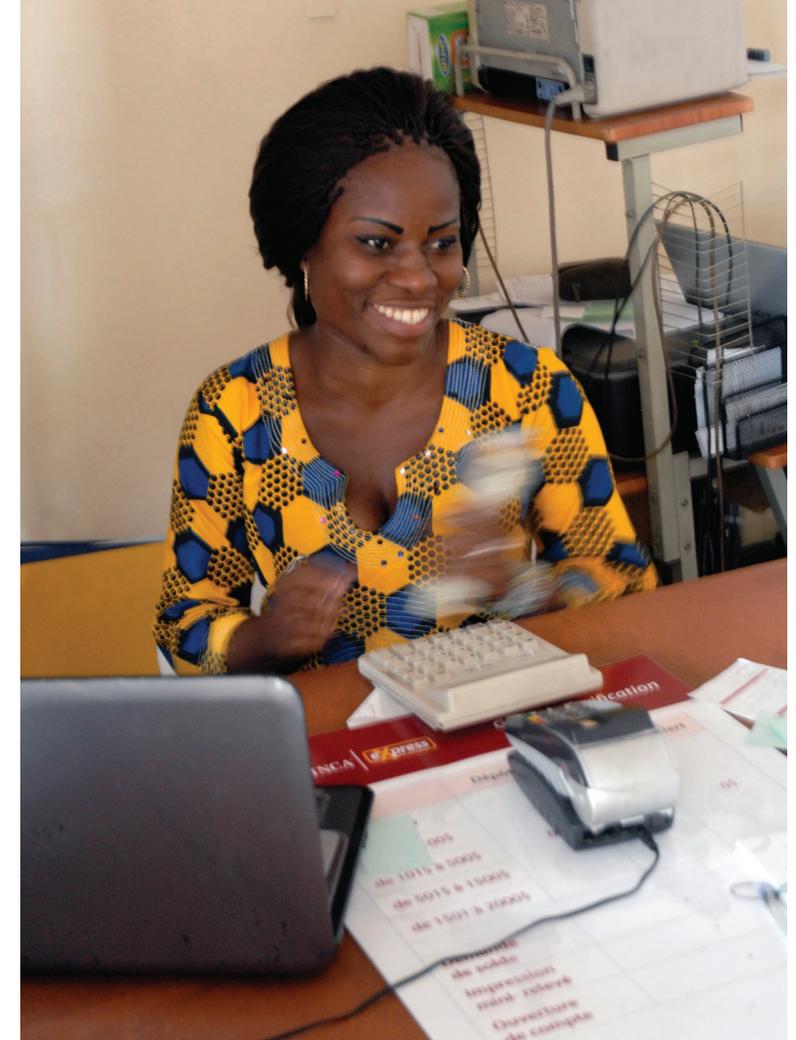
- **Location:** Women agents are more likely to be located in communities that lack basic banking services—where there is a greater demand for FINCA's services. IFC found that women are 12 percent more likely than men to be present in low-income areas and more than 50 percent more likely to operate from commercially underdeveloped municipalities. While in other circumstances this would limit women's prospects, for agents, their location means they are well situated to serve microfinance clients and less likely to face close competition from other financial access points.
- **Sector:** For both men and women, service-focused businesses produce more revenue for FINCA than

businesses in other sectors. This is likely because customers see financial services as a natural extension of the existing, familiar firm. Since the institution's women agents are 84 percent more likely than men to be in the service sector, their businesses are typically better positioned to become digital finance hubs.

- **Reinvestment:** In their businesses outside of FINCA, women held higher inventory levels than men but had lower bank balances, suggesting that they may invest profits to support further growth. This entrepreneurial tendency carries over to women's work as FINCA agents, supporting their comparatively high profit rates.

## About IFC

Recognizing that equality of economic opportunity between women and men drives productivity, profitability, and performance, IFC helps clients realize gender-smart solutions to their business challenges. We work with clients to better manage talent in their workforces and supply chains and to design products that tap the earning potential of the women's market. Our motivating force is the knowledge that when companies and people—no matter their gender—can reach their full potential, families, communities, and economies can achieve sustainable growth and prosperity.



### What FINCA clients say

It is so fast. I provide my account number, I press my finger, and I immediately get my money and I can go.

**Justin Ngola**  
FINCA Customer

I save my money at FINCA instead of using it and losing it.

**Lina Diambote**  
FINCA customer

### What The MasterCard Foundation says

This initiative is part of a much, much larger story. It's the story of political, economic, and social transformation happening around the Sub-Saharan continent.

**Reeta Roy**  
President and CEO, The MasterCard Foundation

### What IFC says

Our research with FINCA clearly shows the success of women agents and is evidence of how women can drive innovation in financial services. We have seen a similar trend in other markets, supporting this finding more broadly across the continent.

**Riadh Naouar**  
Head, Financial Institutions Group Advisory, Sub-Saharan Africa, IFC

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