



Cost

Perceived and/or lack of money

This barrier refers to how customers at the bottom-of-the-pyramid do not have enough funds for basic formal financial services that work for their needs. This barrier could also be linked to the interpretation that cash and use of cash is cheaper than paying transaction fees and other costs associated with digital financial services.

Why is this barrier important?

Perceived and/or lack of money prevents people, especially women, from opening accounts and using DFS/financial products to meet the full extent of their needs (such as saving). Lack of money is consistently cited as a barrier to account ownership and product usage globally and across individual markets.

Connected Barriers



Accessibility

Distance from bank/FSP/CICO agent



Cost

Cost of using DFS (incl. transaction cost)
Cost of mobile/internet



Social norms

All barriers in this category



Information Availability & Capability

Financial literacy

Most Relevant Segments

1

Excluded,
marginalized

2

Excluded,
high potential

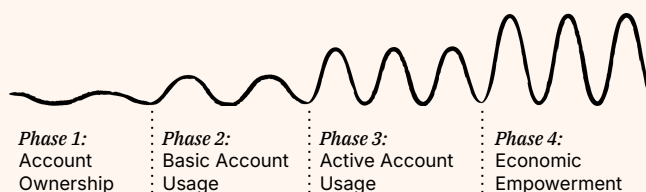
3

Included,
underserved

4

Included,
Not underserved

Customer Journey Relevance





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Key evidence relevant to this barrier

- According to the *Findex (2021)*, the **most commonly-cited reason** for not having an account at a financial institution was lack of money. For **62%** of respondents, this was one of multiple reasons; for 12% of respondents, it was the sole reason. Poorer people account for a disproportionate share of the unbanked. Globally, nearly half of unbanked adults come from the poorest 40% of households.
- Using data from the *Findex (2017)*, the Center for Global Development estimates that the amount of people who do not have a financial account *and* who report a lack of money as a reason—excluding high income people—is composed of the following (*2019*):
 - East Asia and Pacific – 66%
 - Europe and Central Asia – 51%
 - LAC – 59%
 - MENA – 73%
 - South Asia (including high income people) – 58%
 - Sub-Saharan Africa – 76%
- *Perceived and/or lack of money* also affects people with accounts and active DFS users. In 2014, DFS in Côte d'Ivoire seemed promising; the country had registered over 9 million mobile money accounts – and deposited over \$2.4 billion. Despite these developments, almost **half of all mobile money accounts in Côte d'Ivoire were inactive** meaning customers had not transacted in the past 90 days. 43.6% of respondents surveyed by IFC cited **irregular income** as the main reason given for inactivity. According to the IFC, “customers on irregular incomes do not consider themselves to have spare money to keep in their mobile money accounts, suggesting that they do not see mobile accounts as a convenient means of serving their everyday payment needs.” The second reason respondents gave for inactivity was that they had no need for a mobile money account (**27%**), and **15%** cited “high prices” as the reason for reverting to cash. According to the IFC, “this suggests that DFS does not—
—appear as a compelling alternative to cash or other forms of financial services.” (*2018*).
- According to the *National Financial Inclusion Survey (2019)* in the Philippines, “lack of enough money remains the topmost reason for not having an account as reported by almost half (**45%**) of the unbanked respondents... **Regardless of having an account, the primary reason cited for not saving is still lack of money** (e.g., earning just enough, money used for other activities) and unemployment.”
- The type of work that women are engaged in affects their ability to pay for and use DFS/financial services:
 - “Women have lower incomes than men, often because of the kind of work they do.” (*DFID, 2013*).
 - “Results from a study done by UN Women and the World Bank show that between the age of 20 and 34, women are more likely to be poor than men.” (*ILO, 2017*).
 - “With more than half the day spent in unpaid household labor, women in the DRC find few business opportunities outside small, unprofitable trading activities. Even when they operate more lucrative ventures, like wholesale trade, their profits are **four times lower** than men.” (*FinDev Gateway, 2022*).
 - “In Solomon Islands, 80% of unpaid domestic care work is performed by women, and 81% of women carry out unpaid agricultural work in rural areas compared to 58% of men. This means they lack the means to become formally financially included. **In Solomon Islands, 55.5% of women cite lack of money as a reason for not opening a bank account.**” (*UNCDF, 2020*).
- The *FinAccess Survey (2021)* in Kenya found that a majority of respondents cited lack of money to save, no regular income, and high cost of operating a bank account as main reasons why they have not used bank account in the last 12 months. **56.3%** cited no money to save, **23%** cited they can't afford to maintain an account, and **35.3%** cited no job/regular—



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—income. These three figures are higher than the 2019 numbers (35.1%, 19.3%, and 21.6% respectively), but could also be influenced by COVID-19. Additionally, **54.6%** cited “lack of enough money” as impacting savings and **65.4%** cited “can’t afford” as a reason for not having insurance ([FSD Kenya, 2021](#)).

- IPA surveys of DFS users in Nigeria, Kenya, and Uganda highlight how lack of money is affecting usage of financial services:
 - **60%** of respondents in Nigeria indicated that they have less income because of the pandemic. To pay for food, savings, and other expenses, 26% of respondents indicated that they depleted their savings, and 14% indicated that they borrowed regardless of their ability to pay ([IPA, 2021](#)).
 - In Kenya, 64% of respondents have less income than prior to the pandemic. **51%** borrowed regardless of the ability to repay, and nearly **40%** skipped a required loan payment ([IPA, 2021](#)).
 - In Uganda, due to financial stress/lowered incomes, **56%** of respondents plan to pay back mobile loans “later” and 15% plan to only partly pay ([IPA, 2021](#)).



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The following Exemplar represents one evidence-based interventions that has shown success in addressing this particular barrier. There may be other Exemplars for this barrier in the larger [Barriers & Exemplars Analysis compendium deck](#).

Exemplar

Farm to Market Alliance (FtMA)

"FtMA is a public-private consortium of organizations seeking to transform food value chains in emerging markets by building long-term linkages between suppliers (farmers), buyers and other key market players. FtMA is a multi-stakeholder partnership that supports smallholder farmers through a network of Farmer Service Centers (FSCs). It currently operates in Rwanda, Tanzania, Zambia and Kenya. FtMA takes a demand-led and holistic approach, tackling farmer challenges with partners through a recently launched, innovative FSC model. Since its launch in 2017, FtMA Kenya has been delivering a full set of services through a network of FSCs that are led by influential local business leaders and groups, and serve as key service hubs linking private and public sector partners with smallholder farmers. Prior to

late Q4 2019, farmers were on-boarded onto FtMA service streams through FtMA field officers or Agribusiness Coordinators (ACs) that worked through local farming groups. These groups were predominantly self help groups that served as a platform for offering farming services and products... FSCs earn income by delivering to smallholder farmers quality agricultural products and service at the village level, thus reducing extra cost and inconvenience faced due to last mile delivery challenges. FtMA aggregates local smallholder farms through established agribusiness entrepreneurs, while driving revenue for these entrepreneurs. FtMA supports 394 FSCs across 12 counties well above the FtMA 2020 target of 360. The FSCs are projected to serve 72,500 farmers by the end of 2020." (Mercy Corps, 2021).

Key Activities

"FtMA offers a range of services to support farmers centering on: capacity-building and training, access to affordable finance, access to inputs and mechanization, and access to markets and post harvest support. FtMA Kenya has also launched digital services to support its FSCs and farmers, which include Interactive Voice Response (IVR) calls, SMS and Kuza Leadership Academy—to provide digital trainings—digital loans, YARA Connect and Hello Tractor to enhance access to inputs and mechanization respectively, as well as Twiga Foods and Farm2Go to enhance market facilitation." (Mercy Corps, 2021).

Outcomes/results

Cited from Mercy Corps, 2021:

"Women farmers have seen improved yields and productivity given the FtMA training on good agronomic methods and practices such as the best time to plant, and when and how to use inputs. Increased access to certified and quality seeds and inputs from agrovets run by FSC leads closer to—

—home and input partners such as Yara, has facilitated increases in yields. Women farmers have been able to diversify their farming practices and now practice mixed farming, crops and livestock."

"FtMA trainings have encouraged FSC leads and farmers to shift from subsistence to commercial farming, and facilitated the shift by enhancing access to markets, which has resulted in higher incomes. FtMA has helped women FSC leads diversify income streams. Additionally, FSC leads gain commission for every farmer they onboard, increasing their income streams. Women FSC leads have reported enhancement of their entrepreneurship and business skills through mentors and training on good business practices such as bookkeeping."

"There is increased decision-making power by women in the household as spouses trust the knowledge received from the trainings, and therefore allow women to make more contributions to farming decisions."



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Key enabling environment factors for intervention

"FtMA's use of FSC leads, who are local entrepreneurs, enhances women farmers' trust of FtMA and subsequent joining. FSC leads are local community members who are familiar to farmers—often trusted and even looked up to—which helps in gaining trust and buy-in from women farmers who typically have lower trust of new services compared to men farmers. The physical presence and familiarity of the FSC leads helps to get women farmers' buy-in. Success of FSC leads and group leaders' farms sparks interest among women farmers and generates awareness and trust of FtMA." (Mercy Corps, 2021).

Key design elements and principles that led to successful outcomes

Cited from Mercy Corps, 2021:

"The provision of relevant and targeted content drives usage through Interactive Voice Response (IVR) and SMS to the value chains that women engage in. Women farmers mentioned that they value the availability of this content as it enables them to plant more effectively and better protect the crops they are farming. Farmers also indicated the content was simple, easy to understand and practical, as the content clearly highlighted which products (e.g. pesticides) to use."

"FtMA's non-digital registration process through FSC leads encourages women farmers' registration. FtMA's registration process involves a non-digital form for farmers to fill with a few basic questions. The forms require the farmer's name, ID number, phone number, location, and farming activities. The non-digital nature of registration eases the process for women farmers as it eliminates the *Digital literacy* barrier."

"The availability of in-person support in the registration process (through FSC leads), facilitates women farmers' registration, as they have a trusted source of information for guidance and reassurance, as well as support for literacy challenges."

Potential for scale/replicability

FtMA already operates on a large scale and in four countries. In each country of operation, FtMA engages with a range of value chain actors, including private sector business, governments,—

—farmer groups, markets off-takers and aggregators, farm input companies, financial institutions, insurance providers and extension service practitioners.

Challenges encountered during the program

Cited from Mercy Corps, 2021:

- "Household responsibilities and required permission from husbands can limit women's attendance to trainings." "Limited awareness of digital loan providers by FSC leads drives lower applications for digital loans."
- "Gendered roles determine women's attendance of the trainings. Fewer women, compared to men, participated in the Crop Protection Trade fairs because it was viewed as more of a man's responsibility."
- "Limited sole ownership of collateral drives women farmers' risk aversion to both non digital and digital loans. Negative past experiences with group loans, as well as with insurance payouts, have made farmers, particularly women, reluctant to take more input loans and trust insurance."

Recommendations from the research

Cited from Mercy Corps, 2021:

- "Work with Implementation Partners to proactively recruit more women through channels such as farming groups and cooperatives."
- "Ensure FSC leads are aware of all loan provider options through trainings, IVR, or SMS to ensure they recommend the full range of provider options to farmers."
- "Follow up IVR calls with a summary on SMS for farmers to have a repository of content for reference."
- "Work with Implementation Partners and FSC leads to offer more trainings at the local level for farmers to address challenges of attending distant trainings for women farmers."
- "Encourage FSC leads to collect produce from women from their farm or homes as additional support to help address women's time and mobility constraints from accessing markets."



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Additional Exemplars

Mobile Money Cash Transfer Experiment in Niger

Mobile Phone and Livelihoods of Women Project

The impact of financial incentives on female land ownership in Tanzania

Interest Rate Sensitivity Among Village Banking Clients in Mexico

Comunidades Conectadas y Hogares Conectados

Internet Para Todos

Aligning Libraries And USAFs For Rural Public Access

Benazir Income Support Programme

The Persistent Power of Behavioral Change: Long-Run Impacts of Temporary Savings Subsidies for the Poor

DigiFarm

Mexico's Tiered KYC

Estancias Infantiles para Apoyar a Madres Trabajadoras Programme

Rwanda's Land Tenure Regularization Program

