Financial Inclusion of Women in Pakistan

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Introduction

The State Bank of Pakistan (SBP) is the central bank of Pakistan. It has full regulatory authority of the banking sector and the power to implement independent monetary policy and limit borrowing of the Pakistani Government from the SBP Traditional roles include regulating and supervising, ensuring the stability of the financial system, managing exchange rate and debt, and regulating liquidity. Due to an economic growth objective in the State Bank of Pakistan Act of 1956, the SBP plays a key role in developmental functions to support rapid economic growth in this developing country. These functions include developing new financial institutions, rehabilitating the banking system, developing the capital market, and, more recently, implementing financial inclusion policy. In February of 2013, the Deputy Governor of the SBP Special Initiatives, Kazi Abdul Muktadir, brought attention to the restriction and exclusion of the majority of the population from the formal financial sector and called for a more inclusive and stable financial sector. The Financial Inclusion Programme (FIP) outlined by the SBP is an attempt to ensure financially-inclusive practices and reforms for Pakistan's underserved populations. The following report is a policy analysis intended to improving the FIP's approach for the financial inclusion of women in Pakistan.

Executive Summary

Financial inclusion is the affordable access of quality financial services for all citizens. In recent years, financial inclusion has taken a leading role on the global stage. The gender gap in inclusion is of particular interest to the international community. The global gender gap in access to bank accounts has been closing over the past several years and

currently stands at 7% (World Bank Global Financial Inclusion Database [GFID], 2014). However, Pakistan falls far behind global standards with a gap of 11% (GFID, 2014). The majority of the 13.3 million women in the Pakistani workforce are employed in the most integral sectors of the economy – agriculture and service sectors and small and medium enterprises – and face exclu-

sion from the formal financial sector (Haq & Safavian, 2013). As such, the financial exclusion of women is a large barrier to the financial stability and economic growth of Pakistan.

The State Bank of Pakistan (SBP) has implemented a financial inclusion program dedicated to populations without financial access. However, many reforms do not directly address the unique barriers Pakistani women face in accessing and using financial services. Without approaches that incorporate gender-specific challenges, the financial exclusion of women will persist. Our policy options aim to increase the financial inclusion of women through culturally appropriate measures. In this analysis, we evaluate our policy options based on five criteria: equal access, quality, usage, financial feasibility, and immediate impact.

The Status Quo: Current Financial Inclusion Initiatives. This includes the Nationwide Financial Literacy Program, investing in Kashf Foundation and First Women's Bank, the National Rural Support Program and the Financial Innovation Fund. Based on the current low impact of financial inclusion initiatives we have determined that the status quo is unviable and does not meet our goal of increasing the financial inclusion of women.

Option 1: Women's Banking Department. The department should be primarily staffed by female employees and will consist of three divisions: the policy division, the market analysis and research division and the promotion and development division. This option has the most potential impact by increasing all measures of financial inclusion – access, quality, and usage – and these impacts are likely to be seen within a few years. However, it is the most expensive option.

Option 2: Coalition for Banking to Women. The State Bank should leverage its banking and non-banking networks to create this coalition. Working groups in each region of Pakistan will meet and discuss over the course of the year. The SBP will host an annual conference and publish a best practices journal every two years. This option is the least expensive option and will likely have a moderate impact on all financial inclusion measures. However, as this option focuses on collaboration before implementation, little impact will be seen immediately.

Option 3: The "Safe Places to Save" Model. The State Bank will provide grants to Microfinance Banks (MFBs) to expand services targeted at women. Instead of creating new branches, MFBs set up savings kiosks in residential neighborhoods. This option will have the most immediate impact and is moderately costly. While impact on quality will be high, there will be slightly less impact on access and usage as the option focuses primarily on savings products for women in rural and residential areas.

Based on our analysis, we recommend Option 1, the Women's Banking Department. This option is the most powerful in achieving the highest impact on increasing financial inclusion, and these impacts are likely to be seen within ten years.

In the past decade, Pakistan's financial sector has seen encouraging growth, yet significant sectors of the economy and the population continue to be excluded from formal financial services. Despite efforts to improve financial inclusion, the country falls far behind similar emerging economies (Akhtar, 2008). Of particular concern is the persistent gap in the access to bank accounts, loans, and other formal financial services for women (Figure 1). A majority of the 13.3 million women in the Pakistani labor force, largely employed in agriculture and service, lack access to the formal financial sector (GFID, 2012). However, small and medium enterprises (SMEs), agriculture, and service sectors account for most of the country's GDP and employment generation. Thus, the financial exclusion of women in Pakistan creates a large barrier to financial stability and the economic growth of the country**.** Pakistan's financial institutions have a significant opportunity to benefit from the financial inclusion of women, not only for increased private profits, but also for increased per capita income growth and reduced poverty in the nation (Nenova, 2009).

Financial Inclusion in Pakistan

Financial inclusion has taken a leading role on the global development stage as part of the solution to reducing poverty. The Center for Financial Inclusion defines financial inclusion as: "A state in which all people who can use them have access to a full suite of quality financial services, provided at affordable prices, in a convenient manner, and with dignity for the clients" (Center for Financial Inclusion, 2015). On an individual basis, financial inclusion can lead to increased ability to start and expand new businesses, weather financial upsets, mitigate risks, and invest in education and health (Cull, 2014). On a larger scale, financial inclusion can strengthen financial institutions, spur economic growth, and act as a source of income inequality reduction (Cull, 2014). For example, in Sri Lanka, 82% of adults and 83% of women own a bank account as compared to Pakistan's 14.2% of adults and 3% of women (GFID, 2014). Not only have financial institutions in Sri Lanka strengthened as a result of their financial inclusion practices focused on women (Khanna, 2013), but the country has also achieved noteworthy GDP growth at an average of 6.5% for the past five years (GFID, 2014). Figure 2 shows the relationship between percent of the population with a formal bank account and GDP per capita. Over the past 15 years, the State Bank of Pakistan (SBP) has successfully implemented important reforms including granting licenses to new private banks, creating initiatives to promote the growth of the microfinance sector, modernizing the governance and regulatory frameworks of the banking sector, and investing in a commercial bank for women, First Women's Bank (Appendix A). These major reforms have been made possible through the increasing autonomy granted to the SBP by the Pakistani government in 1994.[1] In 2008, the SBP, in collaboration with the UK Department of International Development, created a Financial Inclusion Programme (FIP) to address the lack of access to banking for the majority of Pakistan's population. These reforms have created a "reasonably well-developed, diverse and sophisticated financial market given Pakistan's income level" (Nenova, 2009). However, many reforms do not directly address the unique barriers Pakistani women face in accessing and using financial services. For example, the SBP has placed strong emphasis on mobile money and branchless banking, yet there has been no significant increase in access for women. Without approaches that incorporate gender-specific challenges, the financial exclusion of women will persist (Napler, 2013).

Barriers to Inclusion for Women

Ninety-six percent of Pakistan is Muslim, and as a result of both cultural and religious norms, as well as institutional challenges, various barriers have arisen that exclude women from the formal financial sector (World Factbook, 2013). We detail those challenges below.

Mobility: The most significant challenge is low mobility. While Pakistani culture permits men to travel in buses, women are expected to use more secure but more costly motorized rickshaws, thus making it difficult to travel to banks (Women's World Banking, 2013).

Employment: In Pakistan, employment is often tied to ownership of a bank account to receive wages. As both gender and education are directly correlated with employment, women with less education are more likely to be employed in informal positions that do not earn formal income.

Banking Regulations: In order to open a bank account, Pakistani regulations require at least two formal identification documents, a credit reference, and a guarantor. These requirements greatly restricts women's access to formal accounts. Not only are the identification documents difficult for women to procure, but credit references and guarantors are extremely difficult to acquire as the regulations for women require two male guarantors who are not family members (Demirguc-Kunt, 2013).

Property Rights and Collateral: Women rarely have rights to land or access to any other form of collateral, which is a requirement for a loan in many commercial banks. Women are also often subject to their husband's credit history (Demirguc-Kunt, 2013).

Self-Exclusion: Approximately nineteen percent of Pakistan's population financially exclude themselves due to poverty, religious beliefs, or lack of understanding and awareness (Ahmed, 2015).

Financial Literacy: Women are often less aware of the services available, and due to higher illiteracy rates among women, they are vulnerable to banking agents and to male family members in charge of formal finances (Demirguc-Kunt, 2013).

Discrimination: Women are less likely to seek outside financing due to their perception of gender discrimination by financial institutions. Even though discrimination is not apparent in the legal framework of banks, evidence suggests that in determining loan approval, banks discriminate based on gender (Demirguc-Kunt, 2013).

Access to Mobile Phones: Women lack access to mobile phones, a key technology in current financial inclusion strategies. Eighty percent of Pakistani men own phones, compared to thirty-six percent of Pakistani women (Financial Inclusion Insights, 2014).

Policy Objectives

Our policy options aim to increase the financial inclusion of women in Pakistan through culturally appropriate measures. We have evaluated our policy options based on their impact on the following criteria (Appendix B):

Equal Access: The equitability in access to formal financial services for women across demographics sub-groups.

Quality: The ability of financial services to meet the needs of female clients, including those with low levels of financial literacy.

Usage: The frequency with which women actually use formal financial services and the range of services that they use.

Financial Feasibility: The capacity of the SBP to implement new policies considering financial constraints.

Immediate Impact: The speed at which Pakistan sees improvements in the financial inclusion of women.

Policy Options

Status Quo: Current Financial Inclusion Initiatives

The State Bank of Pakistan's Financial Inclusion Programme, implemented by the SBP with the support of the UK Department for International Development, "aims to transform the financial market with a clear objective to provide equitable and efficient market-based financial services to the otherwise excluded poor and marginalized populations including women and young people" (State Bank of Pakistan, 2008). Major components of this initiative that directly impact women include:

- *Authorizing the National Rural Support Program (NRSP)*, a nonprofit that previously offered self-regulated microfinance services to rural areas, to operate as a regulated microfinance bank.
- *Investing in Kashf Foundation,* a microfinance program that specifically targets women, and *First Women Bank Ltd.*, a financial institution and commercial bank that caters to women.[2]
- *Supporting the Financial Innovation Fund* to support technology-based affordable financial services and to encourage innovative mechanisms to reach out to marginalized groups. Funds have gone to support branchless banking businesses in Islamic Banks and to digitize government-to-people payments.[3]
- *Implementing the Nationwide Financial Literacy Program (NFLP)* focused on disseminating basic education about financial concepts, such as budgeting, saving, investing, managing debt, accessing financial products and services, and using branchless banking.

Option 1: Women's Banking Department

The SBP will establish a department specifically dedicated to Women's Banking, staffed by ten full time employees, primarily women (Appendix C). The department will consist of three divisions:

1. *Policy Division*: Monitor and partake in both national and local policy discussions with relation to banking for women.
2. *Market Analysis and Research Division*: Research female specific products, services and technology, and analyze current market trends and innovative solutions.
3. *Promotion and Development Division*: Develop new products focused on banking for women and promote their use within the public and private sectors.

A Gender Equality Toolkit should be developed for wide-scale distribution to public banks, commercial banks, microfinance institutions (MFIs), and non-bank financial institutions. This toolkit will highlight the benefits of providing gender specific services and contain equity training materials. Emphasis on staff diversity would be included as well as instructions on building "know your customer" capacity - how to reach women most effectively by knowing their service and product preferences.

All three divisions will collaborate to develop gender specific metrics to assess individual bank performance and dedication to financial inclusion. Threshold metrics will be assigned, and banks that exceed the threshold will receive a Gender Equality certification from the SBP.

Option 2: Coalition for Banking to Women

The SBP will leverage its extensive banking and non-banking networks to create a Coalition for Banking to Women (Appendix D). This policy aims to collaborate with fifty member organizations within the first two years, and membership is expected to increase over time. Organizations within the coalition should include international organizations, as well as regional, national, and local stakeholders, such as commercial banks and nonprofits. Membership should be representative of the diverse female population of the country -- across geographic areas, socioeconomic status, and generations. The goal of the coalition is to broaden participation in information-sharing among parties working toward greater financial inclusion of women. There will be eight public-private working groups, one for each of the current administrative units of Pakistan. Over the course of the year, groups will meet and discuss new advances in technology and generate innovative solutions to tackle the major struggles that women in their regions face pertaining to financial inclusion. The SBP will host an Annual Coalition for Banking to Women Conference where regional groups can present findings, speakers can discuss new innovations, and groups from varying regions can come together to discuss and share. Every biennium, the SBP will sponsor the creation of a "Best Practices Journal" to be distributed to coalition members, other government and commercial banks, and international institutions that could learn from the findings and apply them in other contexts. Key members of the SBP will have meetings following the publication of this journal and will evaluate the findings and work to integrate the ideas into the SBP.

Option 3: "Safe Places to Save" Model

The SBP will provide an $11.4 million grant ($3.8 million each) to three of Pakistan's Microfinance banks (MFBs) to incentivize and enable provision of a broader range of products and services that cater to women. NRSP Microfinance Bank Ltd., Tameer Microfinance Bank Ltd., and Waseela Microfinance Bank Ltd. have been selected since these MFBs have demonstrated a commitment to serving women. This option expands the Bill and Melinda Gates' Foundation's Safe Places to Save Initiative in collaboration with Women's World Banking, which supported Kashf Foundation's rollout of savings services to low-income women in Pakistan in 2010.[4] In line with the holistic approach of the Safe Places to Save initiative, this option includes:

- *Developing new products:* The SBP grant will support the expansion of MFB services to include basic savings services targeted at women.
- *Managing customer service:* The MFB will be required to develop a framework for shifting the organization from credit to managing a full range of products and services. This includes updating job descriptions and shifting the focus of day-to-day work from handling transactions to focusing on customers.
- *Visual savings planning tool*: The Nationwide Financial Literacy Program will incorporate a module that introduces clients to MFB services and provides a visual tool that can easily be used by clients with low levels of literacy. This tool helps customers select the account terms (savings goal, monthly deposit amount, length of account) that are appropriate for them individually.
- *Leverage channels:* Instead of expanding branches, MFBs will set up savings kiosks at the locations of approved banking agents in more accessible residential neighborhoods where women can move freely, such as in local MFIs and postal offices, and eventually in grocery stores and telecom centers (Appendix E).

Analysis

The current political atmosphere in Pakistan is well-situated for the implementation of the following policy options, especially considering the increase in autonomy granted to the SBP over the past decade. The international community has been particularly attentive towards advancing financial inclusion, and both the SBP and the Pakistani Government have publically expressed dedication for financial inclusion initiatives. Thus, we are confident that any of the options provided would be well-suited to Pakistan's current political and cultural context. A ten-year benchmark has been used to evaluate and create estimates for the criteria within these options.

Status Quo: Current Financial Inclusion Initiatives

Equal Access: If the trends underlying the current FIP continue, access for women will remain low. Compared to the global average of 19 commercial banking branches per 100,000 adults, in Pakistan there are 9.3 commercial banking branches per 100,000 adults (GFID, 2014). With this average increasing at a rate of a mere four percent per year, it would take Pakistan over 18 years to reach the global standard (GFID, 2014). Additionally, in recent years the number of ATMs per 100,000 adults has remained steady at 4.7 in Pakistan compared to the 31.3 global standard (GFID, 2014). These numbers are even lower in rural areas where people travel over an hour to reach a bank or an ATM, a particular barrier for women who face mobility constraints.

Quality: With the exception of some products and services developed by Kashf Foundation and First Women's Bank, most financial services in Pakistan do not target the specific needs of women. For example, most women do not meet many commercial banks' and MFBs' stringent collateral requirements for receiving loans. Additionally, many financial services do not address literacy needs, as only thirty percent of women are able to adequately understand an informed consent form compared to sixty-three percent of men (Finclusion, 2013). However, with the rollout of new measures addressing financial literacy implemented by the SBP in 2012 that targets 500,000 beneficiaries (primarily women), financial literacy is likely to become a smaller barrier.

Usage: Despite reforms in the past few years, the percentage of women who own a bank account has remained stagnant at three percent since 2011 (GFID, 2014). In addition, there has been little increase in the 0.3% of women who have borrowed from a formal financial institution and the 1.5% who have saved at a formal financial institution (GFID, 2014).

Financial Feasibility: The initiatives currently in progress have already secured funding and would not require any other financial obligations on the part of the SBP.

Immediate Impact: Current measures have not shown immediate impact. As demonstrated in the access, quality, and usage categories, there has been little significant change in the financial inclusion of women despite the efforts of current FIP initiatives.

Option 1: Women's Banking Department

Equal Access: We expect this option to create 1,200 new branches over the next five years and over 2,000 branches over the next ten years that will bring access to various demographics of women from a range of geographic areas.[5]

Quality: This option focuses specifically on women and the services will match the banking needs of women. Female staff will more easily understand female clients and the department will make significant progress in developing female-specific products that meet real needs of women in light of current economic circumstances. The "Gender Equality Toolkit" will improve banks' ability to interact with female customers. We expect a twenty percent increase in women's financial literacy from 30% to 50% over the course of ten years.

Usage: The Gender Equality Certification will increase women's trust levels in banks, and as a result, usage will increase moderately across a range of financial services. Based on the success of First Women's Bank and the ability of the SBP to institute the Islamic Banking Department, we estimate an increase in usage of

8-10% over the next ten years.

Financial Feasibility: This option is very high in cost to the SBP. The implementation of the department and the annual budget for the first year will reach approximately $4 million (USD). We estimate that the annual budget following the completion of the first year to be around $2 million, totaling $22 million over ten years. However, the SBP may be able to seek outside financial assistance from international institutions interested in the financial inclusion of women, such as the World Bank and Women's World Banking.

Immediate Impact: We expect moderately quick results and steady growth rates through this option, estimating women's banking to be 8-10% of the market share in ten years.

Option 2: Coalition for Banking to Women

Estimates for this option are difficult to predict as the State Bank will not directly implement the interventions recommended by the coalition. However, we are able to make approximate estimates based on the level of influence of coalition stakeholders and on the success that other coalitions have had regarding financial inclusion worldwide.

Equal Access: This option is likely to identify and increase awareness of barriers to access for women and generate ideas to increase access points or improve banking options that cater to women. We estimate 500 new branches created within the first ten years.

Quality: With a focus on creating products and services for women, this option is likely to meet the needs of customers. Also financial literacy is likely to increase by fifteen percent over ten years due to innovations in providing services to illiterate women.

Usage: Women are more likely to trust services for females and are also more likely to be informed on the benefits of banking, thus increasing usage across various financial services. We estimate a 4-5% increase in usage over the next ten years.

Financial Feasibility: The SBP will incur some costs over the year, including hosting the annual conference and publishing the biannual best practices journal. Total costs per year would equal $61,750 resulting in a ten-year total of $610,570. *Immediate Impact:* This option has low immediate impact as it focuses on collaborating first and implementing later. The estimated policy effects will begin in the first ten years, but we expect more significant outcomes over a longer period of time.

Option 3: "Safe Places to Save" Model

Equal Access: While this option does not increase the number of bank branches or ATMs, it does significantly increase the number of access points to financial services in rural areas. Within a year, 5,400[6] new access points, primarily in rural areas, where sixty-two percent of the population lives (GFID, 2014) and where women face the greatest mobility constraints, will be established. Within five years, this number will surpass 14,000. However, it is integral to note that this option focuses primarily on rural and residential areas and risks ignoring the access needs of women living in urban areas.

Quality: As financial services of MFBs will be female-friendly and focus on customer service, this option is likely to meet the needs of female customers. In addition, because this option includes a visual savings tool and expands upon the NFLP, the needs of women who are illiterate will be met. Thus, we estimate that the percentage of women who are financially literate to increase by 10% in one year, and by 50% over ten years.[7]

Usage: As this option leverages local organizations and businesses that already provide services and that are well-trusted within communities, usage of formal banking accounts through savings is likely to increase for women. Within one year ninety percent [8]of banking accounts opened in select MFBs will be opened by women. This option focuses on saving products, so we cannot predict the exact impact on the usage of other financial products such as loans; however, use of other financial products offered by the select MFBs is likely to increase moderately as female customers become familiar with using services.

Financial Feasibility: Grants total $11.4 million in cost to the SBP. This is a one-time cost as select MFBs are expected to sustain future costs through their growing customer base.

Immediate Impact: This option should have some impact within the first year of implementation. The impact is likely to increase over time and expand as other MFBs and financial institutions compete to provide similar services to female clients.

Key Tradeoffs and Recommendation

Based on the current low of impact of the SBP's financial inclusion initiatives, we have determined that the status quo is not viable, as it does not increase the financial inclusion of women. Without a policy change, women will continue to face inclusion barriers and the economic stability of Pakistan will suffer as a result. In our analysis of policy options, two key tradeoffs have emerged:

High Financial Inclusion vs. High Financial Feasibility

In terms of financial inclusion measures (access, usage, and quality), we estimate that Option 1, Women's Banking Department, will be the most effective. However, this option is the costliest and will place a financial burden on the SBP for years to come. While Option 2, Coalition for Banking to Women, is the most financially feasible, it is difficult to predict what actual impact the coalition will have on financial inclusion. Although this option involves various influential stakeholders aligned with the stated financial inclusion goals, the SBP will not be directly in charge of implementing new initiatives and thus loses some control over how much the coalition will impact financial inclusion measures.

High Financial Inclusion v. High Immediate Impact

Option 3, the "Safe Places to Save" Model, is likely to positively influence all financial inclusion measures immediately, but not to the same extent as Option 1. Option 3 only directly promotes one financial service, that of savings, and while there is some evidence that other services will be affected as MFBs compete to gain more female clients through promoting other services, we are uncertain to what extent this will impact overall usage. Additionally, this option, compared to Options 1 and 2, focuses primarily on clients in residential and rural areas, which is a threat to equal access for urbanites.

Based on this analysis, we recommend that the SBP implement Option 1, Women's Banking Department.

- This option best achieves our goal as it has the greatest impact on increasing financial inclusion of women
- Major impacts are likely to be seen within ten years

However, if the SBP is unable to sustain the high cost of this option, we recommend Option 3, the "Safe Places to Save" model. This option has a high initial cost, but little to no costs after one year. While this option may not be as powerful as Option 1 in increasing all financial inclusion measures, it is still a highly effective option.

Endnotes

1 In 1994, the SBP was granted full autonomy under financial sector reforms, and in 1997, autonomy was further strengthened through three Amendment Ordinances. These changes have allowed the SBP to have full and exclusive authority to regulate the banking sector.

2 FWBL was conceived by previous Prime Minister Mohtarma Benazir Bhutto (Shaheed) and was established through the affirmative action of the parliament to indicate the Government's commitment to provide access to half of its population to the formal financial services.

3 G2P payments are government cash transfers to poor households. Pakistan's largest G2P program is the Benazir Income Support Program, a program that primarily targets poor women.

4 The initiative also supported projects in India, Kenya, Uganda, Colombia, and the Dominican Republic.

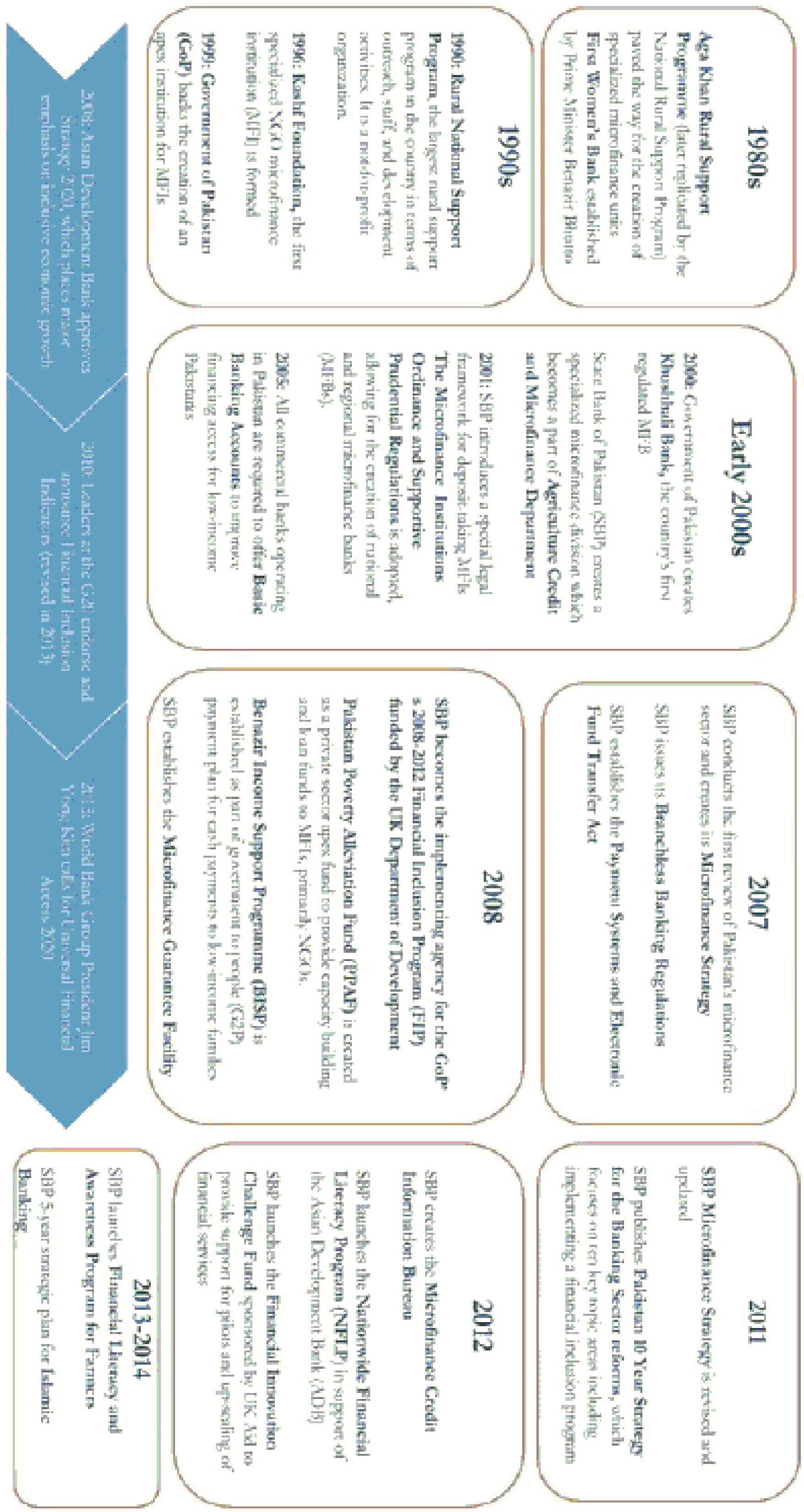
5 Estimates based on performance of Islamic Banking Department.

6 Estimate based on "Safe Places to Save" success in 2013.

7 Estimates based on "Safe Places to Save" success in 2013.

8 Estimate based on "Safe Places to Save" success in 2013.

Appendix A: History of Financial Inclusion in Pakistan



Appendix B: Evaluation Matrix

	Equal Access	Quality	Usage	Financial Feasibility	Immediate Impact
Status-Quo	**Low:** The initiatives of the SBP have not yet increased access and we estimate little to no change.	**Low-Moderate:** Only 30% of women able to understand signed consent form. We expect minor improvement due to the NFLP.	**Low:** Percentage of women with a bank account stagnant at 3% the past several years and no expectation of change.	**High:** No further funding would be required.	**Low:** Current measures have not shown immediate impact and this trend is expected to continue.
Women's Banking Department:	**High:** 1,200 new branches geared towards women over five years, and 2,000 over ten years.	**High:** Financial literacy expected to increase from 20% to 50% and more quality products to be developed.	**High:** 8-10% increase in usage over the next ten years. Gender Equality Certifications will also increase trust in banks and result in increased usage.	**Low:** The highest cost option at $22 million over ten years. Outside funding could relieve some of this burden as well as ROI.	**Moderate-High:** Quick and steady growth rates, but may take a year or two to start showing impact.
Coalition for Banking to Women:	**Moderate:** Likely to generate ideas to increase access points. Estimated 500 new branches in ten years.	**Moderate:** Financial Literacy is likely to increase by 15% due to innovations in providing services to illiterate women.	**Moderate:** Usage is expected to increase by 4-5% over ten years.	**High:** The lowest cost option next to the status quo as it requires only $61,750 annually.	**Moderate-Low:** Focuses on strategizing and gathering national and international attention first, with hopes of implementation of new ideas in the future.
"Safe Places to Save" Model	**Moderate-High**: 5,400 new access points through banking agent kiosks will be established in one year and 14,000+ in five years. However, focus is on residential areas and not urban areas.	**High:** More female-friendly products/services that also cater to the financially illiterate (in conjunction with the efforts to the NFLP) will result in a 50% increase in financial literacy.	**Moderate-High:** Increased usage of savings accounts such that 90% of new savings accounts will be opened by women. Some impact on other financial services provided by MFBs.	**Moderate:** $11.4 million in grants for three MFBs. However, this is a one-time expenditure so no further costs would incur, with the exception of monitoring and evaluation.	**Very High:** Most impact seen within the first year.

Appendix C: Overview of Women's Banking Department[1]

Vision Statement: To create an equitable financial system in which women are formal and valued members of the financial sector.

Mission Statement: To facilitate and catalyze the inclusion of women in Pakistan's financial sector through: 1) creation of a enabling policy environment 2) development and promotion of gender specific products, services, and initiatives 3) research and analysis targeted at women in the financial market 4) collaboration with stakeholders.

Intoduction: The current financial market is not inclusive of the female population in Pakistan and seeks to expand access, usage and quality of financial services to women.

The State Bank of Pakistan has already publically recognized financial inclusion as a important objective with the creation of the Financial Inclusion Program in 2008 and the National Financial Literacy Program in 2012. In recognition of the necessity of gender specific initiatives to help women overcome female-specific barriers to inclusion, this department is a logical continuation of previous initiatives.

The Department is comprised of three divisions:

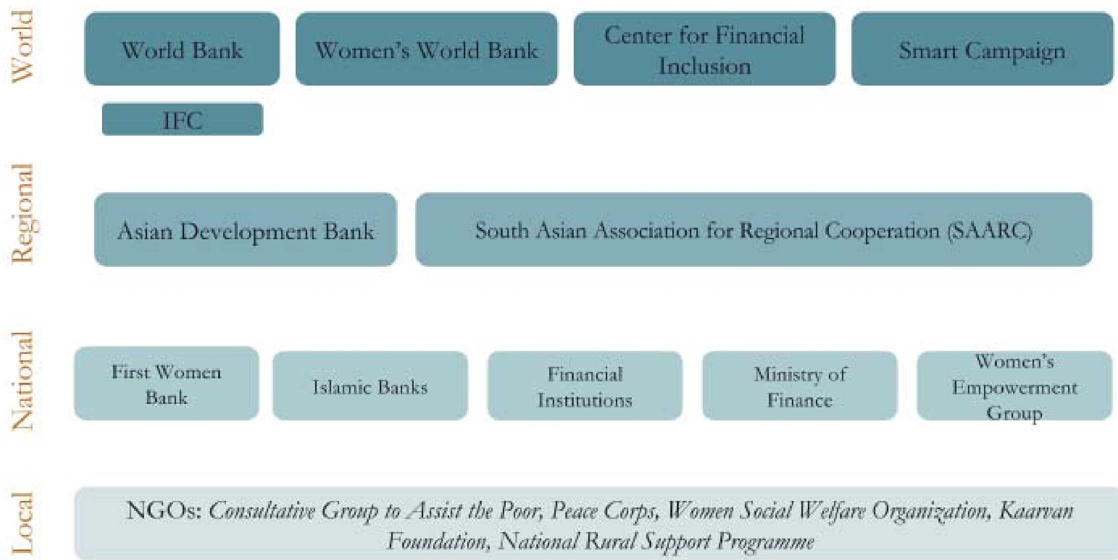
i. Policy Division
ii. Market Analysis and Research Division
iii. Promotion and Development Division

Departmental Objectives:

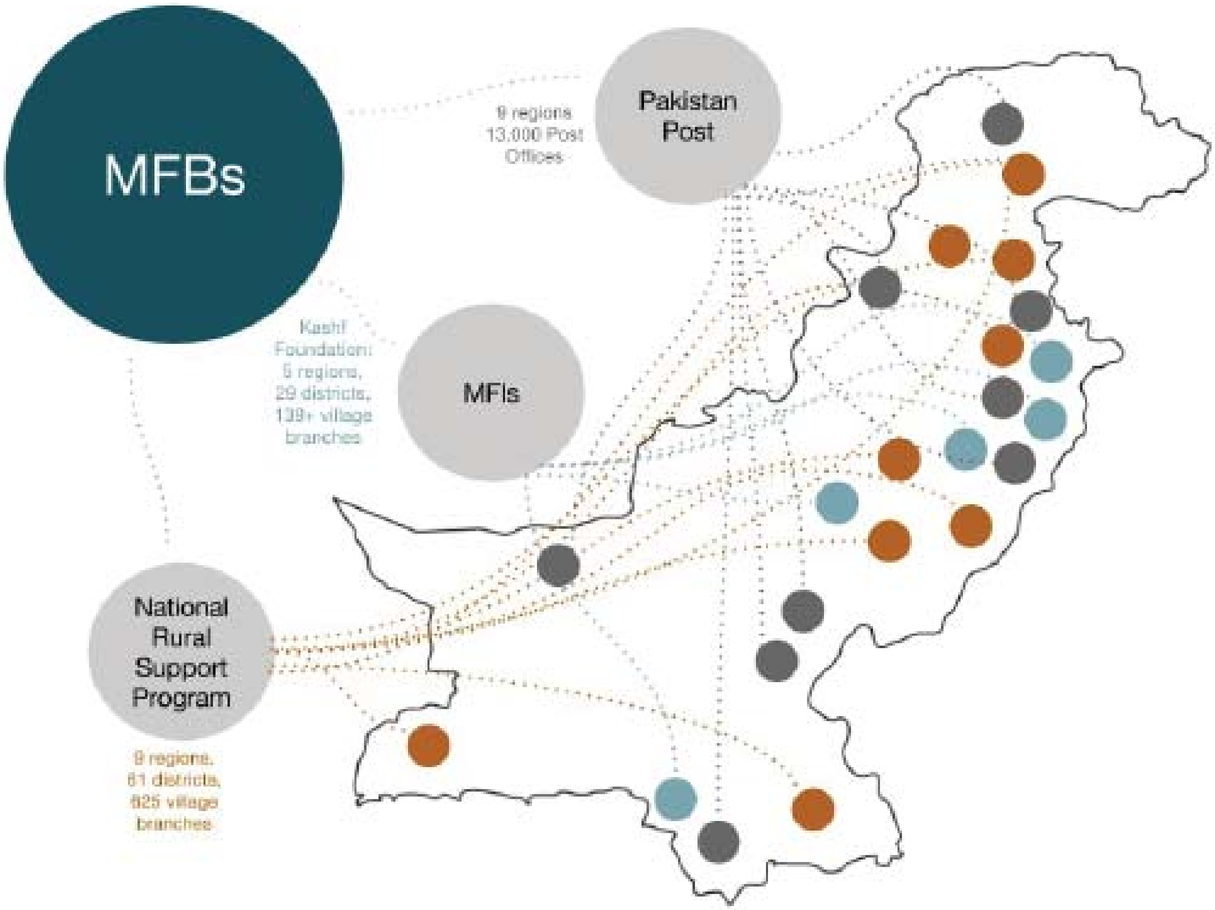
1. To prepare issue-based policy notes of Women's Banking
2. To create and maintain a repository of domestic and international developments regarding Women's Banking
3. To create Gender Equity Toolkits for distribution to members of the public and private banking sectors
4. To review and develop women-specific products and services
5. To develop and implement awareness programs
6. Collaborate with bank and non-bank networks
7. To prepare a Women's Banking Bulletin and provide feedback related to Women's Banking on various in house publications
8. To develop guidelines for broadening the access of women's financial services to underserved areas
9. To manage/analyze data related to women's banking in Pakistan
10. To provide training opportunities for staff to provide and further enhance necessary skills
11. Develop gender-specific metrics and thresholds that will be used to award banks "Gender Equality" certifications.

1 This overview has been modeled after the State Bank of Pakistan Website's Islamic Banking Department's Page: http://www.sbp.org.pk/departments/ibd.htm

Appendix D: Working Model of Coalition for Banking to Women



Appendix E: Select Microfinance Banks in Pakistan



MFBs eligible for grants should exhibit a commitment to serving women and the capacity to expand services. The MFBs in Pakistan include: NRSP Microfinance Bank Ltd., Tameer Microfinance Bank Ltd., Waseela Microfinance Bank Ltd.

Banking agents should be located in residential areas that are accessible to women, have low risk of robbery, and have the capacity to provide customer service. Potential banking agents include: National Rural Support Programme, Kashf Foundation, and Pakistan Post Office.