Impact of Institutional Quality and Governance on Financial Inclusion for Women in South Africa: A Case of Gauteng Women Entrepreneurs

Article DOI:
https://doi.org/10.35293/srsa.v43i2.3619

Tinuade Adekunbi Ojo
Department of Political Sciences and International Relations
University of Johannesburg.
ORCID: https://orcid.org/0000-0002-5924-3424.

Abstract

This paper describes a study of South Africans' national perception and alignment to financial inclusion for women. It explains the impact of institutional roles and governance on financial inclusion in South Africa. There is ample evidence of government efforts on implementing financial inclusion in the country. Still, the significance of how governance and institutions promote access to finance for women has been overlooked in the literature. The main objective of this study is to identify the impact of institutional quality and governance on financial inclusion for women in South Africa. Data for analytical purposes supporting the research has been obtained from primary sources through semi-structured open-ended interviews collected from 2019 to 2020. The research approach employed and coded data from a recent study on 30 women entrepreneurs, five key policymakers on women empowerment and five financial institutions supervisors on financial inclusion for women. The results obtained suggest that there is little institutional quality and governance on financial inclusion for women, and further efforts must be intensified to achieve equal access to financial services in South Africa. Furthermore, the paper presents recommendations for policymakers that, if implemented, would prove fruitful. Policymakers are expected to facilitate gender-mainstreaming/strategies and working policies, monitoring and evaluation, financial literacy, and transparent legal framework on financial policies addressing women.

Keywords: Financial Inclusion, Political Economy, Racial Configuration of the Economy, Class Dimension, Women's Power

1. Introduction

Since women play diverse roles in the economy (economic actors, wives, mothers, entrepreneurs, workers, leaders), there are multiple benefits that women's financial inclusion add to society. Access to finance for women allows them to have long-term prosperity and financial security in their homes, health, children's education, and to be active players in their communities (Financial Inclusion Strategy Peer Learning Group (FISPLG) 2017: 4). However, the South African government and financial institutions such as Capitec, FNB, Standard Bank, not to mention a few, have not yet taken into consideration the integration of women's access to finance as an effective strategy for women's empowerment (Nanziri 2016; Wentzel, Diatha & Yadavalli 2016). Despite the legislation and constitution supporting equal access to human rights and the goal of the National Development Plan (NDP) to eliminate poverty and inequality by 2030, these measures do not include an explicit provision for women's gendered roles and practices as part of the redistribution of resources and economic growth (Gumede 2017; Habib 2013). The NDP ignores women's contributions to the economy in terms of addressing financial, social, cultural, religious, and educational barriers to women entering the job market, expansion of social infrastructure to reduce women's unemployment, and providing tenure for women farmers, to mention a few (Gumede 2016; Habib 2013). The report released by the South African Department of Women's Affairs in 2015 stated that 72% of women still live below the poverty line since working women in South Africa earn less than their male counterparts (Department of Women 2015: 115).

Currently, women continue to be subjected to abject poverty, inequality, and insecurity despite financial services and policies on women's empowerment. The reasons for this may lie in a sound analysis of financial inclusion as a tool of women's empowerment and how this has worked or not worked so far. It has been shown that this may impact the whole of society (O'Manique & Fourie 2016: 106). However, the extent to which South African women's financial illiteracy affects the levels of awareness on financial services (savings and investments) to create a sustainable environment for female entrepreneurs is yet to be thoroughly analysed.

The paper describes a study of South Africans' national perception and alignment to financial inclusion for women. It explains the impact of institutional roles and governance on financial inclusion in South Africa. The main objective of this study is to identify the research gap relating to financial inclusion for women in South Africa. Data for analytical purposes supporting the research has been obtained from primary sources through semi-structured open-ended interviews collected through 2019-2020. The paper is divided into three sections; the first section presents a background on the government policies and initiatives before presenting the findings from the field research. The second section presents the study's methodology, and the last part presents the results, discussions, conclusion, and recommendation of the study.

2. Institutional Quality and Governance on Financial Inclusion for Women in South Africa.

The South African government developed strategies to implement inclusive innovation in the financial sector, which is expected to occur within the political environment facilitating change within the physical and human capital context (Phiri et al. 2016: 123). The strategies developed are termed 'social policies', defined as the public-state collaboration in achieving and protecting the interest of the citizens within its region (Phiri et al. 2016: 123). The social policies endorsed by the state for innovative inclusion include education and training, employment, and creation of jobs, giving grants to alleviate poverty, improving science and technology within the institutions, developing proper structures within the levels of government. Through the Reserve Bank, the government regulates all the commercial banks in South Africa. The South African Reserve Bank (SARB) was established in 1921 in terms of the particular Act of parliament, the currency and banking Act (Act No. 31 of 1920) (SARB 2018: 8). Over the years, the bank went through several changes of monetary regimes, economic crashes and political upheaval. SARB is regulated and monitored in terms of the South African Constitution of RSA 1996, as it enjoys the degree of autonomy while executing its duties. The bank publishes a monthly report of its assets and liabilities while submitting its annual report to the parliament (SARB 2018: 8). Part of the policy endorsed by the SARB is the monetary policy which aims in achieving and maintaining price stability for a developed economy by achieving growth and sustainability. If price is unstable, it affects the economic growth and limits the employment rate, inflation, poverty and uncertainty within the economy (SARB 2015). However, with the help of SARB, price is monitored and regulated and promotes low inflation which protects the poor and disadvantaged in the society from the fluctuating price rates (SARB 2015). Despite these efforts, the monetary policy initiated by SARB does not affect financial inclusion for women.

According to a Monetary Policy review released by the South African Reserve Bank (SARB) in October 2018, South Africa's inflation numbers are rising than expected due to exchange rate and oil price shocks in the Economy (SARB 2018: 8). However, economic growth is subdued due to structural issues beyond the reach of monetary policy and presents some confidence related demand weakness (SARB 2018: 8). This is because of structural inequalities prominent within South Africa's economy. Therefore, the fiscal policies dictate each economy's primary outcomes and influence gender equality in general (Stotsky et al. 2016: 8). The importance of relating fiscal policy to the study is that it addresses economic growth and financial inclusion for women also addresses economic growth. Therefore, the two concepts are entwined in each other, on the part of fiscal policy, it influences budget stability and sustainability on people. It determines the composition of total expenditure and revenues (Stotsky et al. 2016: 8). This facilitates human and physical accumulation, which promotes the incentives to work, invest and take risks, among other factors which increase economic growth (Stotsky et al. 2016: 8).

Furthermore, the report submitted to the South African parliament (RSA 2017b: 13) recognised that most South African women still occupy a lower percentage in the workforce than their male counterparts. Therefore, appropriate measures have been given to women to empower them fully and benefit from democratic reforms. Part of the reasons may be patriarchy in social norms, discriminatory practices, and persistent stereotypes that continue to dominate South African society, just like other African countries (Mushonga & Seloma 2018). These practices leave every average woman and girl in South Africa vulnerable and disadvantaged in unequal access to opportunities, resources, and power (Struckmann 2018: 35). All state leaders need to note that women's political and socio-economic empowerment are interwoven and mutually dependent on the country's development. The South African government committed themselves as signatories of global and regional treaties and agreements regarding women's economic empowerment and equality.

Examples of international treaties include the United Nations Convention on the Elimination of all Forms of Discrimination against Women (CEDAW) 1979, Beijing Declaration and Platform for Action (1995), the African Union Solemn Declaration on Gender Equality in Africa (2004), not to mention a few (RSA 2017c: 15).

Furthermore, the Southern African Development Community Protocol on Gender and Development in 2008 was signed by the South African government. The treaty requires the government to implement policies and enact laws on equal access for women in the formal and informal sectors. It further encourages states to review their natural trade and entrepreneurial policies to accommodate gender-sensitive issues and implement strategies that allow women economic opportunities (RSA 2017c: 16). The member's state was assigned to achieve the goals by 2015, which was not achievable as most countries defaulted in achieving these goals (RSA 2017b). However, the members of parliament were explicitly assigned to meet commitments by 2015 as a range of legislation, initiatives, programmes, and project have been implemented to improve the lives of women. The legislation was directed to gender equality and women's economic empowerment (RSA 2017b). To achieve this, the following acts were implemented to address women economic empowerment; (a) The National Education Act (No 27 of 1996); (b) Extension of security of Tenure Act (No 62 of 1997); (c) Basic Conditions of Employment Act (No 95 of 1997); (d) Employment Equity Act (No 55 of 1998); (e) Skills Development Act (No 97 of 1998); (f) Further Education and Training Act (No 98 of 1998); (g) Labor Relations Amendment Act (No 127 of 1998); (h) Land Restitution and Reform Law Amendment Act (No 63 of 1997 & 18 of 1999); (i) Promotional of equality & prevention of unfair Discrimination Act (no 4 of 2000); (j) Broad-Based Black Economic Empowerment Act (No 53 of 2003 (RSA 2017b: 16-17).

Despite all the initiated legislation, it was evident that the South African government has yet to put effective monitoring and oversight to enforce the legislation on women's economic empowerment in all sectors (RSA 2017b: 17). The report delivered by the South African parliament at the international women's conference 2017 presents the oversights and solutions on women economic empowerment that the South African parliament can engage. The first issue raised was that the parliament had overlooked the importance of evaluating and monitoring gender mainstreaming programs, reducing the impact of women empowerment. For example, the parliament must conduct comprehensive schemes that address women's economic empowerment programs in the public and private sectors to ensure strategic and achievable goals (RSA 2017b: 19).

Secondly, there is a need for knowledge awareness on gender rights and policies as the public are unaware of the legislation surrounding women empowerment. Additionally, the parliament must identify the gaps in legislation and enforce it in every sector. Especially concerning paternity and maternity leave since women tend to leave their jobs due to family responsibilities if denied the opportunity of a helping hand. This reinforces gender roles and increases gender exclusion from economic participation (RSA 2017b: 20). Approving paternity leave will go a long way to promote women economic empowerment. Examples can be found in European countries like Canada, where men are also granted paternity leave to bond with their wives and kids.

In addition to the gaps identified above, the parliament also raised concerns about public participation engagement. The government does not know or address women's lived experiences in terms of 'health', 'violence', 'gender norms and poverty in the legislation. This has had a lesser impact on women participation in economic engagements. Encouraging public participation allows women to be informed on gender rights and to be able to access women's lived experiences in all spheres of life (RSA 2017b: 21). The last issue raised was the need for effective service delivery on corporate governance regarding the employment, tenders and awarding opportunities specifically for women in the country (RSA 2017b: 21). The government has overlooked this and needs to be redressed to increase participation in women economic empowerment.

Programs such as the B'avumille Skills development initiative, Technology for Women in Business (TWIB), South African Women Entrepreneurs' Network (SAWEN) and Small Enterprise Development Agency (SEDA) have all been initiated by the South African Government with the help of all these Department of Trade and Industry or Department of Small Business Development to provide women established businesses strategies and measures to address challenges facing their enterprises and maintain a stable and self-sustained business (RSA 2017c: 17-18).

Despite implementing these policies and government initiatives to include women financially in South Africa, the role of women and access to financial services have not been specified clearly in the constitution and other policies that have been implemented in South Africa. No policy restricts gender inequality within financial services, and this is a significant gap that has been identified during the study.

2.1 *Governance Initiatives to monitor and regulate financial inclusion for women*

One of the first initiatives implemented by the South African government was 'Gender Budgeting efforts', which were critical instruments used by the government to promote financial inclusion and facilitate economic growth. Gender Budgeting is premised on two factors; (a) since gender inequality and women's needs enhance economic growth, fiscal policies must be directed to address these purposes; (b) fiscal policies influence economic and social outcomes; hence they can facilitate gender equality in any economy (Stotsky et al. 2016). In South Africa, there are two gender budgeting efforts, which led to some fiscal policy and administrative changes (Stotsky et al. 2016: 25). Even though the government stated it is committed to gender equality and women's needs, the two initiatives are not prominent. According to an IMF report in 2014, South Africa is categorised as a middle-income country and the most developed country in Sub-Sahara Africa (Stotsky et al. 2016). The recent report submitted to the Beijing +20 by the South African department of women, children and people with disabilities in 2014 stated that despite the country making progress in addressing poverty and gender inequality, the gender gap in poverty and employment rate amongst women and men are still relatively high (Stotsky et al. 2016: 25). The women's budget publication was initiated in 1995 to address policy prescription that specifies issues relating to women on their age, education, health care, welfare, housing, jobs and public employment, violence against women, extending time to cover revenue, donor intergovernmental finance issues. However, this initiative faded off with the resignation of appointees within the parliament and ministry of finance over time (Stotsky et al. 2016).

The second initiative was initiated in 1998-1999 by the national treasury with the support of the former committee, who facilitated the women budget scheme. This initiative was meant to be part of the commonwealth secretariat endorsed by commonwealth countries (Stotsky et al. 2016). Within the two years of this strategy life cycle, the issues and statistics surrounding gender in the structural levels of the society and the action needed to facilitate better women participation in the socio-economy sector (Stotsky et al. 2016: 26). However, despite the disappearance of this initiative, some governmental departments like the Department of Trade and Industry undertook gender budgeting-related projects. They were the first to identify the gender gap in the budget provision on women small, medium and micro-enterprises (SMMEs), which they tried to address. The Department of Social Development also provided five budget programs for women (Stotsky et al. 2016: 25); (a) Reduction of the tax burden (Zero-rating) on kerosene to assist women who rely on this source of fuel; (b) Providing child support grant to primary workers; (c) Increase in the allocation of women SMMEs by the Department of Trade and Industry; (d) Equity in time spent in prison rations by both male and female prisoners; (e) Several fiscal policies or program changes at the national and provincial level on women; for example, Mr M.S. Shilowa, the premier of Gauteng province in 2003, implemented a policy addressing women's needs and facilitating gender equality within the province (Stotsky et al. 2016).

The statistics for child support grant continue to rise over the years; for agriculture, the government says it considers women farmers and try to address the challenges facing the gender farming factor; at the energy sector, women's role in the household for lighting, heating and cooking is accounted for, while the trade and industry proposed different programs to support and facilitate more women's participation in business (Stotsky et al. 2016: 27). Another initiative implemented by the government was adjusting the tax system to suit women without involving any element of discrimination. During apartheid, married women were regarded as 'Secondary earners' and paid more tax rate than unmarried men/women (Stotsky et al. 2016). However, the government amended this policy in 1995 and removed explicit discrimination against women in the tax code. Nevertheless, critics have reported pending concerns regarding this issue. The critics further postulate that income tax still contains an element of bias. It does not consider the female single-adult-headed households prominent in South African society since allowances for dependents accrue on the head of families (Stotsky et al. 2016).

2.2 *Opportunities for women's financial inclusion*

There are different opportunities for financial inclusion for women in South Africa. According to the 2019 budget review (RSA 2019: 161), the government implemented a twin peaks legislation created by a new Ombud Council. The policy intends to facilitate better financial services for all citizens, especially women in the country.

a. *Access to Financial Services*
   The FSC, with the help of all financial institutions, has provided various financial products to its consumers. In addition, services such as day-to-day transactions, savings products, low-income housing, financial credits, agricultural development schemes and other financial services have been put in place to assist all citizens in being financially included (Department of Women 2015c; Kostov, Arun and Annim 2015; RSA 2017a: 2019).
b. *Eradicating over-indebtedness*
   The national treasury launched an investigation into the public servants' debit orders attached to their salaries. The project assisted government departments in differentiating valid requests from erroneous orders. This Act has improved the savings rate among citizens, and government workers, including women and the marginalised people, as statistics reflect that as of December 2017, South African public workers have saved R211 million (RSA 2019: 161).
c. *Financial Literacy*
   To assist South African citizens and women in making sound financial decisions and planning for their financial needs, the national treasury, with the help of financial institutions and the National Financial Education Committee, has implemented 'Money Smart Week'. This initiative is an educative platform involving institutions, companies, schools and communities across the country (RSA 2019: 161). This is supported by the FSC, which, with the assistance of the Department of Trade and Industry and financial stakeholders, has provided BEE with adequate financial resources that promote productive and sustainable participation of the people (SARB 2019).
d. *Wholesale Market Conduct*

ISSN 1013-1108

The South African Reserve Bank (SARB) commits to publishing financial markets review every quarter to assist all stakeholders in understanding the market conduct in the country (RSA 2019: 161). The initiative has helped women entrepreneurs access, network and sells products and services in wholesale markets.

e. *Stability, integrity and regulation in the financial sector*

The South African government is one of the continent's efficient and effective financial sectors. The government has set adequate policies to address, promote, and facilitate a sound and inclusive financial sector, sustainability, and reduce poverty and inequality (World Bank 2017).

Other initiatives implemented by the government that serves as an opportunity for female entrepreneurs include: (a) Lowering costs and consolidation of funds; (b) modernising and improving the governance of all retirement funds, ensuring benefits are claimed; (c) strengthening enforcement measures to deal with criminal and unethical practices; (d) ensuring all financial benefits are claimed through publicity and effective communication; and lastly (e) the government has to strengthen all legislative measures to deal with all criminal and unethical practices regarding the usage of financial products (RSA 2019: 164).

All these benefits have been implemented for all citizens to use financial services. However, women's participation in all these opportunities is not well specified to date, which justifies the importance of this research. The current report released on the budget review for 2019 (RSA 2019) speculates that the government will release information on achieving equality in financial inclusion in 2018. However, the report is yet to be released. Therefore, this study intends to assist the government and stakeholders on the factors to consider in achieving equal financial inclusion.

2.3 *Attempts of financial institutions towards financial inclusion for women*

a. *Mzansi Account*

The government attempted to improve the financial inclusion of the impoverished using the Mzansi account, which was introduced in 2004. All South African banks paired up with Post Bank (South African state bank) to launch a banking product aimed at lower-level consumers who never had any previous experience in banking (Kostov et al. 2015: 279; Abrahams 2017: 650). Although the Mzansi account opened channels for the unbanked to have access in South Africa, a report from the World Bank in 2013 stated that only three and a half million funds were actively used. Kostov et al. (2015: 281) argue that people's perception of the high charges of bank transactions could contribute to the findings. Despite all these findings, Kostov et al. (2015: 281) argue that the Mzansi account was a significant contribution that improved financial inclusion in South Africa.

b. *Capitec Bank*

Capitec Bank shifted the focus of the banking sector by promoting the economic welfare of citizens through the provision of client engagement, capacity financial training, intervention programs for schools and corporate social investment. Before Capitec, the banking sector used to be dominated by four central banks that accounted for 84% of the country's banking, which created a monopolistic banking structure. In addition, the regulations surrounding the banks were rigid, with no special dispensation for non-banks and e-money providers (Abrahams 2017: 650). Capitec Bank provides an effective and unique package for their customers through 'Global One', which is an initiative that allows an individual client to possess 'a transaction account, four savings accounts, access to credit, mobile phone banking and internet banking for a monthly fee of R5.25' (Abrahams 2017: 651). This project has had a significant impact on financial inclusion in South Africa, as the number of Capitec branches has increased from 52 in 2015 to 826 in 2019 (Capitec Bank 2018).

c. *National Credit Act*

The National Credit Act has set goals intended to improve the opportunities to possess asset accumulation for the less privileged in the country. This is envisaged to improve access to finance, reduce the cost of finance and increase customer protection (Kostov et al. 2015: 281). The initial National Credit Act (NCA) (No. 34 of 2005) excluded many South Africans from the credit market since credit was only approved based on secure premises. However, the new regulations for equal access were made effective in 2015, which has assisted most citizens in accessing credit facilities (Abrahams 2017: 652).

d. *Shoprite and Pick' n Pay Money Transfer*

ISSN 1013-1108

Shoprite and Pick n Pay implemented an initiative that allows money transfer solutions to send and receive money at any branch. Users are not expected to have a bank account and must possess a valid South African identity document to access the service. The only condition is to pay an affordable transfer fee in which there is no cost incurred for the receiver of the money (Abrahams 2017: 653).

e. *Mobile banking*

Most banks in South Africa have now adopted mobile banking services, which has significantly advanced financial inclusion. However, banks offering mobile banking need to have a banking license before providing the services (Abrahams 2017). In conjunction with Nedbank, Vodacom South Africa implemented the M-Pesa money transfer in 2010 (Abrahams 2017). However, M-Pesa has not been as successful as envisaged, as the South African economy is already a cashless society and implementing another cashless system is unnecessary and ineffective. In addition, M-Pesa was meant to use unstructured supplementary service data (USSD) technology made available to Vodacom users; however, this has proven to be ineffective (Abrahams 2017).

WIZZIT banking initiative is a strategy in which an organisation initially from South African Bank of Athens (currently repositioned as Grobank) launched in 2004 by offering services through the mobile phone banking system, which uses the 'pay-as-you-go' model, where users pay per each transaction. As a result, it does not need monthly fees attached to the product, and it is available on the MTN and Vodacom networks (Abrahams 2017: 654).

Furthermore, mobile money is a strategy that has been made accessible to all South Africans. It is the safest and most inexpensive way of banking available on all mobile networks. Checks have been provided to reduce fraud and risk, and users can send money instantly to any South African mobile number. Money can also be deposited or withdrawn at any retail store using mobile money (Abrahams 2017: 654).

In addition to these are the weakly regulated operators who cater to the needs of the less-developed economy. Operators like informal stokvels (rotation of savings and credit associations), financial co-operatives and non-bank credit providers also play an essential role in promoting financial inclusion in South Africa. However, South Africa needs to improve interoperability across payment platforms to advance financial inclusion in the country. Furthermore, South Africa should finalise its national financial strategy, which is 1% from the NDP goal of 90% financial inclusion by 2030 – since the 2015 Finscope report stated that 89% of the population are financially included (Abrahams 2017: 656). However, the researcher argued that the number and significance of women in financial inclusion in savings and investment should be addressed and implemented correctly to have effective and efficient socio-economic growth.

The recent effort made by the National Treasury was achieved through the help of FinMark Trust, which facilitated four basic schemes to promote the continued extension of access and benefits to South Africa financial services infrastructure to all citizens. This is to be achieved by addressing constraining factors to beneficial and responsible usage, which alleviates poverty, inequality and unemployment (FinMark Trust 2018: 12). The four schemes are addressed in the section below:

a. *Risk-Based Approach Pilot project*

   South African government signed the financial intelligence Centre (FIC) amendment act into the law, which meant the introduction of the risk-based approach (RBA) to the management of AML and CTF in South Africa (FinMark Trust 2018: 13). This Act enables a risk assessment for low-value remittances and bank accounts on financial products; describes a proper framework on financial service providers that support the implementation risk assessment; and access the cost of compliance related to a well-developed framework for financial service providers (FinMark Trust 2018: 13).

b. *Promotion of benefits on financial services usage*

   Despite most South Africans being financially included and having access to financial products, the knowledge awareness level relating to financial products is shallow. Therefore, the proper dissemination or use of these financial products is not effective as it should be. In line with this factor, the government, with the assistance of the FinMark Trust, aim to encourage financial service providers to use analytical tools to address this issue (FinMark Trust 2018: 13).

c. *Inclusion Policy Coordination and Advocacy*

   The FinMark Trust assisted the national treasury in updating the national financial inclusion policy, which develops a financial inclusion monitor that will effectively address the future use of the progress and achievement of the

ISSN 1013-1108

goals set in this policy (FinMark Trust 2018: 13).

d. *Enabling SME Inclusion*

Small-medium enterprises (SMEs) have had access to appropriate financial services, enabling enterprises' financial well-being and growth, leading to economic development, reducing poverty, and increasing employment levels. However, the present reality of SME services delivery is that SME's access and usage of credit and other financial products are limited based on the provision of credits to individuals (FinMark Trust 2018: 14).

3. Findings on institutional role and governance on financial inclusion for women in South Africa

The study investigates the impact of institutional quality and governance on financial inclusion for women in South Africa and analyses the research gap regarding the context. The study employed the findings of current postgraduate research. Data was collected qualitatively from three groups of participants: 30 women entrepreneurs, five government officials/policymakers and five Banking Sector representatives. The study used codes to present the participant's views on the study's findings. Qualitative research was deemed fit to address the study's objective since the focus is on the impact of Institutional Quality and Governance on Financial Inclusion for Women in South Africa. The study population was selected from women entrepreneurs, government policymakers and financial representatives from Gauteng province in South Africa. The participants were selected through purposive and snowball sampling, and analysis was represented thematically in line with the focus of the study (Ojo 2020). The research also engaged the research paradigm, which are instruments from both positivist and interpretive paradigms, for example, interviews, observations, and graphical illustrations, to analyse the data. This paradigm allows the researcher to use diagrams and charts to support the qualitative data findings (Gelling 2015).

Understanding the perspectives of key policy stakeholders on the institutional role and governance on financial inclusion for women in South Africa was one of the most important objectives of the study. The results highlight the institutional roles and knowledge awareness of governmental roles on financial inclusion for women.

3.1 *Women Entrepreneurs Insights*

Women entrepreneurs were asked questions on knowledge awareness on institutional quality and financial inclusion for South African women. The results portray a racial bias in the formulation of policies on financial inclusion as most participants believe the policies implemented is set to benefit a certain race within the country, though not generally distributed. Furthermore, if any, the policies implemented do not necessarily address the injustices of the past. Thus, gender inequality persists in the country.

The findings highlight that out of the 30 women entrepreneurs interviewed, 25 participants (83%) agreed that there are no policies and initiatives available on financial inclusion for women. However, four participants (14%) agreed that policies helped them achieve a lot in business but are not generalised as it is only for the selected few borne out of political connections. Only one person (3%) said that they were unaware of any policies.

The researcher asked the women entrepreneurs what they thought about existing government measures on women's financial inclusion. From the perspectives presented in section 7.7 of the study, different government measures are provided. Twenty-one participants (70%) acknowledged they are aware of existing governmental actions to assist female entrepreneurs in terms of financial inclusion, of which four participants (13%) are total beneficiaries of the schemes. However, the remaining seven participants (23%) were unaware of existing government measures for female entrepreneurs, and five participants (17%) were only aware of private institutions that assist female entrepreneurs. Out of the 30, 15 entrepreneurs (50%) deliberately do not go to the trouble to access information on financial inclusion for women because it is not equally distributed among the applicants, especially the poor and the marginalised. For a proper understanding of participants' knowledge awareness, questions were also asked on the current measures provided by the government to assist the women entrepreneurs on financial security. Different categories of women entrepreneurs gave different opinions on existing government measures. Existing measures identified include the Department of Trade and Industry (DTI), Black Business Supplier Development Program (BBSDP), Black Economic Empowerment (BEE), Department of Social Development, Small Enterprise Finance Agency (SEFA), Sector Education and Training Authority (SETA) and Cooperatives

ISSN 1013-1108

Incentives Scheme (SIC). Other factors mentioned are People opposing women abuse (POWA), Businesswomen Association for South Africa (BWASA), Black Businesswomen Association (BBWA), MultiChoice, Institutions for girls who fell pregnant in school and Women Development and Empowerment Conference for Farmers.

From these perspectives, it has been indicated that existing government measures are implemented to assist female entrepreneurs. Also, there is awareness of these existing measures. One participant (P8) said, 'the government has tried to notify and create awareness of financial aids for women. Despite these efforts, the question of easy accessibility is raised' (Interview with P8, 9th January 2020). Half of the participants said they have never gone to the trouble of accessing these initiatives, as most people they know say it is a waste of time. Women are selected based on political referrals and sometimes nepotism. Therefore, not every woman has access, as there is no equal distribution or fair practice from the government.

This led us back to the concept of structural inequality in society; as Bottero (2005) mentioned, structural inequality continues to be an issue of concern for the state. To date, South Africa is still regarded as one of the top unequal societies. This affects all levels of society and remains a plague to be resolved.

3.2 *Financial Institutions Representatives Insights*

The study collected data from five prominent financial institutions in the country with senior management in the workplace with more than two years of working experience based on the participant's capacity. All financial institutions representatives indicated a massive gap in financial inclusion for women in South Africa. The results highlighted different institutions in charge of financial inclusion in South Africa. Such as the National Treasury, which is solely responsible for financial inclusion in South Africa; the South African Reserve Bank; FinMark Trust; government stakeholders, Private sectors, NGOs and Civil Societies. All these institutions have facilitated and contributed towards an effective and enriched survey and designing of questionnaires. These surveys provide cross-cutting learning and sharing of information regarding financial inclusion and services to each economy (Finmark Trust 2016: 2). However, despite all these measures and institutions, there is no specific policy addressing financial inclusion for women in the country (Abrahams 2017: 649).

One of the participants (a business manager with 11 years of banking experience and dealing with Private wealth business banking) stated that:

> there is no real awareness on financial inclusion for women in the country. No specific product has been designed to assist women financially. The reason is that there are no justified products on what women require in financial institutions. There is no education on gender financial securities and no knowledge that limits women to own properties and be financially literate from a young age. More male businesses are looking for funding more than women businesses, and most women entrepreneurs are either partners or undermen entrepreneurs, which makes the gender subtler. This is a huge gap that needs to be redressed as a male-dominated world, and women conduct only 10% of businesses. (Interview with P31, 2nd October 2019)

The results practically present the current state of financial institutions initiatives on financial inclusion for women to understand the financial institutions standing and the mechanisms or enterprises provided by the financial institutions in promoting financial inclusion for women. As mentioned in the literature, financial institutions are capitalist organisations and only work with profit margins. There are hardly any initiatives that accommodate women entrepreneurs specifically except if they met the required margins to access financial services. To reduce the incidences of women exclusion in the financial sector, the state must purposely work in partnership with owners of capital to engage in liberal and equity policies through capacity training and accessing the financial resources available for women in South Africa, among others policies (Johnson & Williams 2016: 727). Furthermore, most of the participants indicated that, 'All financial institutions have a different benchmark on financial inclusion and financial services, and therefore the offerings offered are different. The financial products offered are objective and not gender-specific. Therefore, both male and female can have access to it' (Interview with P32, 2nd October 2019).

The results only identified one financial representative who indicated that one of the South African banks (Absa) has financial products addressing women. According to her,

ISSN 1013-1108

> …there is an initiative called the 'Absa Women Empowerment Fund'- which offers loans with a minimum of R50000 to R3 million rand for women empowerment. Also, an 'Absa Rise innovation' initiative selects women entrepreneurs annually and assists with business programs to close the gender gap in entrepreneurship. (Interview with P32, 2nd October 2019)

This result reveals that the financial sector has started recognising the gender gap in financial inclusion and adding efforts to mitigate this.

3.3 *Policy Makers Insights*

The policymakers' findings were quite insightful as most participants indicated that financial inclusion for women is an ongoing debate that the government and institutions have yet to implement into the system. In terms of policies set in place to address financial inclusion for women, all participants agreed that there is no specific policy addressing financial inclusion for women in South Africa (Interview with P36, 23rd July 2019). Even though the government has put different measures to address gender equality, the debate on financial inclusion has always been generalised and not gender-specific.

From the findings, women are not currently prioritised. There is access to finance but no access to information, as incentives such as Cooperative Incentives Scheme (CIS), Black Business Supplier and Development Program (BBSDP) and Informal Enterprise Development Programme (IEDP) are implemented by the government stakeholders for women to access financial services.

> Despite the department developing a new scheme to address financial inclusion for women, although not legit yet, financial inclusion for women is still far reached in South Africa. Male counterparts get more salaries even if they are on the same level as women and still do the same job. Women have accepted the discrepancies such as Family responsibilities and black tax, limiting them from saving and investing for the family. (Interview with P36, 23rd July 2019)

The participants were asked what measures had been taken to ensure gender equality in line with the constitution, and the departments gave different initiatives. Some government departments offer programs and initiatives on gender emancipation from the results. In contrast, most departments are not servicing delivery departments but rather monitor, allocate, and evaluate women programs in all departments within the presidency. The findings indicated that only three government departments sampled offer programmes and initiatives. In contrast, the fourth department does not deliver services but monitors, allocates and evaluates women's programmes in all departments within the presidency. The last department does not have programmes for women's empowerment and is currently working to establish an entrepreneurs' program for women. The fifth department also indicated no gender mainstreaming programs for women's financial inclusion. Even so, the results are narrowed, and further research is needed to have a detailed understanding of institutional and government efforts to mandate gender equality in its system.

4. Discussions on Institutional Quality and Governance on Financial Inclusion for Women in South Africa

In South Africa, the government has initiated different policies to improve financial inclusion as part of the development plan. However, the financial inclusion for women persists to date. All the policies undertaken are designed to assist the people in terms of financial services. Challenges continue to be a constraint hindering the government from achieving sustainable financial inclusion. On the part of the participants, it has been indicated that existing government measures are implemented to assist women. Also, there is awareness of these existing measures. It means the government has tried to notify and create awareness on financial aids for women, and according to some participants, information is everywhere. Despite these efforts, the question of easy accessibility is raised. Half of the participants say they have never tried to access these initiatives, as most people they know say it is a waste of time. Not every woman has access, as there is no equal distribution and fair practice from the government.

Moreover, the financial institution representatives believe that most South African financial institutions have not yet implemented gender-specific measures addressing women's financial inclusion. Instead, they offer a general service. The general notion is that the bank focuses on making a profit, which is the core

ISSN 1013-1108

value of banking services. Therefore, assistance is only given to creditworthy candidates. Unfortunately, the poor and the disadvantaged are left out. The policymakers' perspectives are that although some departments embrace gender mainstreaming measures, others have not.

To provide an unbiased financial inclusion system, the government should take the initiative and implement and set projects in motion towards gender-sensitive financial freedom. The South African policy on financial inclusion for women has yet to be effective, and the tenets of the policy do not aid citizens in demanding fair and equal treatment. The literature and participants highlighted different government measures. All these institutions contribute towards promoting and enhancing financial inclusion for women and equity among women in the country. Some government departments undertook gender budgeting-related projects that are still sustainable to date. The departments were the first to identify the gender gap in providing a budget for women's small, medium and micro enterprises, which they tried to address. However, government officials have raised concerns about the lack of monitoring and evaluation of previous initiatives on financial inclusion for women, which collapsed. To date, there are no specific measures directly addressing women's financial inclusion.

5. Conclusion

From the statistics and the information gathered, it was clear that financial inclusion for women has not yet been prioritised by institutions and government bodies in South Africa. From the study, most female entrepreneurs are not aware of the initiatives surrounding financial inclusion for women and how to access it. Moreover, on the part of the financial institutions, the general notions received on financial institutions' role speak to the fact that women do not have the liberty of being the key player. Most financial institutions look at the business before determining the qualifying factors, which women often do not meet. Financial institutions work with all clients, regardless of gender. On the policymakers, all the perspectives indicated reveal that the government sector is just starting to realise the importance of financial inclusion for women as a tool for women's empowerment, and efforts are being made to strategise this policy. Policies look good on paper but are not applicable and practical. The government is still struggling to achieve it since relevant stakeholders are not involved. During implementation, the relevant stakeholders to highlight the specific needs needed by women are not present. The policies are just made and passed for performance, which is not feasible and often collapses. Nanziri (2016) agrees with this as he says that programs and initiatives are subtle and do not necessarily address women's financial inclusion.

The critical answer that stood out from the study is that the government should facilitate and have straightforward programmes on gender budgeting and assist women in being economically empowered and self-sustainable. Secondly, all stakeholders should have sufficient financial aids available for female entrepreneurs without financial requirements that exclude women. There should be equal access to financial services, mentoring, and support systems for women. Lastly, the government should provide more programmes for monitoring and facilitating women entrepreneurs for business sustainability. The policy should provide the treatment of women entrepreneurs to be reasonable and fair to support and assist them in surviving against all the odds. Policy reformulations and knowledge awareness for citizens can also alleviate social problems, enhancing women's socio-economic development.

ISSN 1013-1108

References

Abrahams, R. (2017). Financial Inclusion in South Africa: A Review of Literature Introduction and Research Objective. South Africa. http://www.saaa.org.za/ (Accessed on 17 February 2021)

Alliance for Financial Inclusion (AFI) (2018) Policy Frameworks to Support Women's Financial Inclusion. https://www.afi-global.org/sites/default/files/publications/2016-08/2016-02-womenfi.1_0.pdf. (Accessed by 17 February 2021)

Brand South Africa (2016). South Africa's women in politics | Brand South Africa, Brand South Africa.. https://www.brandsouthafrica.com/governance/developmentnews/south-africa-s-women-in-politics. (Accesed on 10 May 2020)

Capitec Bank (2018). About Us | Capitec Bank, Capitec Publications. https://www.capitecbank.co.za/about-us (Accessed on 19 March 2021)

Cornish Lisa (2018). Insights from the World Bank's 2017 Global Findex database | Devex, Devex. https://www.devex.com/news/insights-from-the-world-bank-s-2017-global-findex-database-92589 (Accessed on 3 February 2021)

Department of Women (2015). Status of Women and Girls in South Africa 2015 Towards the United Nations General Assembly Meeting on the New Sustainable Development Goals (SDGs). http://www.gov.za/sites/www.gov.za/files/Status_of_women_in_SA_economy.pdf. (Accessed on 24 February 2021)

Finmark Trust (2016). FinScope South Africa 2015. South Africa. http://www.finmark.org.za/wpcontent/uploads/2016/03/Broch_FinScopeSA2015_Consumersurvey_FNL.pdf. (Accessed on 18 March 2021)

FinMark Trust (2017). Report of the South Africa Financial Inclusion Workshop. South Africa. http://www.finmark.org.za/wp-content/uploads/2017/12/South-Africa-Workshop-Report.pdf. (Accessed on 18 March 2021)

FinMark Trust (2018). Annual Report 2018: Making Financial Markets Work for the Poor. South Africa. http://finmark.org.za/wp-content/uploads/2019/01/FMT_2018_Annual_Report.pdf. (Accessed on 18 March 2021)

Financial Inclusion Strategy Peer Learning Group (FISPLG) (2017). Integrating Gender and Women's Financial Inclusion into National Strategies. FISPLG. 1-16. http://info.worldbank.org/etools/docs/library/192862/

introductorymaterials/Glossary. (Accessed on 4 February 2019)

Gumede, V. (2017). 'Presidencies and Policy in Post-apartheid South Africa', *Politeia*, 36(1), 1- 17.

Habib, A., (2013). *South Africa's Suspended Revolution: Hopes and prospects*. Ohio University Press.

Icaza, R. & Vázquez, R. (2016). 'The Coloniality of Gender as a Radical Critique of Developmentalism', in *The Palgrave Handbook of Gender and Development*. Palgrave Macmillan UK, 62–73.

Johnson, S. & Williams, R. (2016). 'The Political Economy of Financial Inclusion: Tailoring Donor Policy to Fit', *Development Policy Review*, 34(5), 721–743.

Kostov, P., Arun, T. & Annim, S. (2015). 'Science Direct Access to Financial Services: The Case of the 'Mzansi' Account in South Africa', *Review of Development Finance*, 5(2015), 34–42.

Lay, K. & Daley, J. G. (2007). 'A Critique of Feminist Theory', *Advances in Social Work*. IUPUI University Library, 8(1), 49–61.

Nanziri, E. L. (2016). Financial Inclusion and Welfare in South Africa: Is There a Gender Gap?, Journal of African Development.. www.ifc.org/.../G20_. (Accessed on 17 February 2021)

Ojo, T.A. (2020). A Study of Financial Inclusion for South African Women: A case study of women Entrepreneurs in Gauteng. Doctoral Thesis, University of Pretoria.

O'Manique, C. & Fourie, P. (2016) 'Gender Justice and the Millennium Development Goals: Canada and South Africa Considered', *Politikon*, 43(1), 97–116.

Phiri, M. Z., Molotja, N., Makelane, H., Kupamupindi, T. & Ndinda, C. (2016). 'Inclusive Innovation and Inequality in South Africa: a Case for Transformative Social Policy', *Innovation and Development*, 6(1), 123–139.

Quinlan, C., Babin, B., Carr, J., Griffin, M. & Zikmund, W. G. (2015). *Business Research Methods*. 1st eds. Edited by Grene Jennifer. United Kingdom: Cengage Learning.

RSA (2017a). FinTech and the future of finance. Pretoria: South Africa. Available at: www.treasury.gov.za/transformation. (Accessed on 6 September 2021)

RSA (2017b). Socio-Economic Review and Outlook - 2016. Marshalltown. South Africa.

RSA (2017c). Towards Women's Economic Empowerment: An Overview of

Challenges, Achievements, Legislative Mechanisms and Programmes. South Africa: The Parliament. https://www.parliament.gov.za/storage/app/media/uploadedfiles/International%20Womens%20Conference%202017%20%20Womens%20Economic%20Empowerment%20%20August%202017.pdf. (Accessed on 6 September 2021)

RSA (2019). Budget Review - 2019. South Africa. www.treasury.gov.za. (Accessed on 20 June 2021)

South African Reserve Bank (SARB) (2015). Monetary Policy - South African Reserve Bank. https://www.resbank.co.za/MonetaryPolicy/Pages/MonetaryPolicy-Home.aspx (Accessed on 8 March 2021)

South African Reserve Bank (SARB) (2018). Monetary Policy Review October 2018. Pretoria, South Africa.

South African Reserve Bank (SARB) (2019). South African Reserve Bank Press Statement Embargo Delivery. Pretoria. https://www.resbank.co.za/Lists/Newsand Publications/Attachments/9044/JanuaryMPC Statement_17 January 2019 FINAL.pdf. (Accessed on 8 March 2021)

Stotsky, J., Shibuya, S., Kolovich, L. & Kabihaj, S. (2016). 'Trends in Gender Equality and Women's Advancement', IMF Working Papers.

Wentzel, J. P., Sundar-Diatha, K. & Seshachal Sarma Yadavalli, V. (2016). 'An Investigation into Factors Impacting Financial Exclusion at the Bottom of the Pyramid in South Africa', *Development Southern Africa*, 33(2) 203–214.

World Bank (2017). *South Africa Overview. The World Bank, IBRD and IDA*. http://www.worldbank.org/en/country/southafrica/overview (Accessed on 7 September 2017)