



# Gender and Microfinance in Myanmar:

## THE BUSINESS CASE FOR ACTION

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# Abbreviations and Acronyms

<b>ATM</b>	Automated Teller Machine
<b>CEDAW</b>	Convention on the Elimination of Discrimination against Women
<b>CEO</b>	Chief Executive Officer
<b>FGDs</b>	Focus Group Discussions
<b>FI</b>	Financial Institution
<b>FRD</b>	Financial Regulatory Department
<b>FSP</b>	Financial Service Providers
<b>GDP</b>	Gross Domestic Product
<b>HR</b>	Human Resources
<b>IFC</b>	International Finance Corporation
<b>ILO</b>	International Labour Organization
<b>IT</b>	Information Technology
<b>KII</b>	Key Informant Interviews
<b>LIFT</b>	Livelihoods and Food Security Trust Fund
<b>MADB</b>	Myanmar Agricultural Development Bank
<b>MBL</b>	Microfinance Business Law
<b>MD</b>	Managing Director
<b>MFI</b>	Microfinance Institution
<b>MMSE</b>	Myanmar Microfinance Supervisory Enterprise
<b>MoPFI</b>	Ministry of Planning, Finance and Industry
<b>MSME</b>	Micro, Small and Medium Enterprises
<b>NBFI</b>	Non-Banking Financial Institution
<b>NPL</b>	Non Performing Loan
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>PACT</b>	Pact Global Microfinance Fund
<b>UNCDF</b>	United Nations Capital Development Fund
<b>UNDP</b>	United Nations Development Programme
<b>USAID</b>	United States Agency for International Development
<b>USAID DCA</b>	USAID's Development Credit Authority

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# 1. Executive Summary

The microfinance sector in Myanmar has experienced significant growth in the last few years. Microfinance institutions (MFIs) were serving almost 5 million clients through about \$1.2 billion in outstanding loans as of end-September 2019, up from \$800 million loans served to four million borrowers at the end of 2018. One hundred and eighty-nine MFIs operated in the country as of July 2019, up from 120 in 2011. Fifty-nine percent of MFI borrowers in Myanmar were women in 2018 according to research by UNCDF,<sup>1</sup> and the sector has played an important role in increasing women's access to finance, since they often face additional barriers to accessing other formal forms of credit compared to men. Despite this, products and services offered by MFIs are not fully meeting the needs of women borrowers, who often resort to informal lenders. There is a need for the industry to understand and address the requirements of women borrowers, and provide the support needed for them to fully benefit from microfinance.

To achieve this, it is also important to examine the role of women as employees and leaders within the microfinance sector, as well as the existence and role of policies to encourage gender equity at the workplace. While women comprise 60 percent of employees of MFIs in Myanmar, they make up only 34 percent of senior managers. Making the microfinance sector more gender inclusive has the potential to deliver multiple benefits: improving the safety and comfort of both women and men employees at work; establishing an equal opportunity culture which encourages more women to become part of leadership; and helping to attract and retain talent. It also has the potential to help ensure that products and services offered by MFIs are more responsive to the needs of their predominantly female customer base, improving the company's ability to attract more clients and consequently improving productivity in Myanmar, encouraging investors, and contributing to business growth.

This study aims to understand the current gender gaps in the microfinance sector in Myanmar and to suggest possible actions to increase gender equality for MFI employees and clients. The study collected responses from 1,623 MFI employees and 482 women clients from across eight participating MFIs through a survey questionnaire and focus group discussion (FGDs), while information from MFI leadership personnel was collected through key informant interviews (KIIs). Sex-disaggregated data

of employees and clients at participating MFIs were compiled and a review of the existence of policies – anti-harassment policies, grievance mechanisms, maternity and paternity leave, childcare support, flexible working policies, and mentoring programs – that can help MFIs to create a gender inclusive workplace, was undertaken over a 6 months period during 2019. The findings are intended to build the business case for gender equality for Myanmar MFIs and provide recommendations to advance gender equality for employees and clients.

## 1.1 SUMMARY OF KEY FINDINGS AND RECOMMENDATIONS

- The majority of MFI clients surveyed are women, with 90 to 95 percent of total group loans<sup>2</sup> and 61 percent of individual loans disbursed to women. Microfinance in Myanmar has followed the traditional Grameen model, targeting women mainly through a group format. This has made microfinance a critical means of increasing women's access to formal finance in Myanmar, where women are half as likely as men to borrow from banks.<sup>3</sup>
- The portfolios of MFIs who participated in this research are dominated by income-generating business, and agriculture loans. There is a demand among women clients for other personal loan products such as education and home improvement loans, which are rarely offered in the sector.
- Sixty-seven percent of clients surveyed indicate that MFIs are their only source of formal credit; however, there is a high incidence of clients borrowing from multiple MFIs, with 50 percent having borrowed from two or more. In addition to accessing finance, clients expect MFIs to support them with business and technical advice. However, most MFIs do not provide these non-financial services, despite often low levels of business and financial literacy among their client base.
- Sixty percent of employees at surveyed MFIs are women, but they comprise only 34 percent of senior managers. Reasons for this include a limited focus from MFIs on maintaining gender parity at all levels, a lack of career development programs for women employees, and cultural norms that require women to prioritize family responsibilities, which



often prevents them from relocating to take up senior positions. There is also limited recognition in the sector that women need specific enablers to perform well, be promoted, and continue to work when they have families.

- Ninety-four percent of women employees and 91 percent of men employees surveyed agree that gender equality is important to the sector. However, discussions with employees reveal a limited understanding of gender equality, which many believe is limited only to ensuring there are an equal number of men and women employees, rather than providing equal treatment, opportunities and advancement for male and female employees.
- MFIs report they have adopted multiple workplace related policies, and that all offer basic employee benefits such as parental leave, an anti-harassment policy and employee code of conduct.<sup>4</sup> However, this report finds that approaches to gender within MFIs are not strategic; policies are rarely comprehensive or coordinated, and are not designed to address the specific gender-related challenges of Myanmar workplaces such as childcare support and other enabling policies for women.
- More than 80 percent of employees state that their company's policies and work environment support fairness and equality, but almost a comparable number expect the MFI to do more to promote equality among men and women employees, particularly by providing further training and educational opportunities. Additionally, safety is a concern for many employees, with 19 percent of women employees and 17 percent of men indicating that they felt unsafe while traveling to and from work.
- Home-care and family responsibilities affect both men and women employees in multiple ways. Forty-one percent of employees said they arrive late to work, and 10 percent said they had left early due to home-care responsibilities. A lack of time for skills development resulting from home and family responsibilities was highlighted as an issue by 27 percent of women, compared to 19 percent of men, indicating a real or perceived need among women employees for additional skills to advance at the workplace.
- Although MFIs reported having grievance mechanisms, there is limited awareness and understanding among employees of the process, especially at the branch level, and employees often do not think issues they have experienced are serious enough to report. Most MFIs' grievance mechanisms lack a formal structure or complaints committee, and complaints are often dealt with informally by a direct supervisor.

## Key Recommendations for MFIs in Myanmar

Department	Recommendations
<b>Management</b>	<ul style="list-style-type: none"> <li>• Clearly communicate the business benefits of gender equality to employees.</li> <li>• Consider gender balanced board composition.</li> <li>• Mobilize resources to support gender equality initiatives.</li> </ul>
<b>Human Resources Departments</b>	<ul style="list-style-type: none"> <li>• Consider gender sensitive recruitment (review and adapt company recruitment processes so that they are inclusive for men and women).</li> <li>• Implement policies and practices to support and promote gender equality.</li> <li>• Develop career pathways for female employees to move into senior management positions.</li> <li>• Review and communicate family friendly work policies and arrange information sessions for new parents.</li> <li>• Introduce childcare support services to assist their employees.</li> </ul>
<b>Sales, Operations and Product Teams</b>	<ul style="list-style-type: none"> <li>• Design and adapt products and services that better address women's needs as customers, such as products that allow women greater economic independence and flexibility in spending for personal reasons such as education and health and emergency loans.</li> <li>• Consider providing dedicated support and training to clients, including on business management and financial management.</li> </ul>

## 1.2 COVID-19 CONSIDERATIONS

The COVID-19 pandemic, and subsequent safety restrictions put in place by the Myanmar government, has limited the ability of MFIs to operate. In addition to the primary research outlined in this report, a further short review was conducted with nine MFIs in April and May 2020 to examine how COVID-19 had affected their operations.<sup>5</sup> This review found that regulations had prevented loan officers from traveling to field locations, meeting clients, collecting repayments and making new disbursements.

MFIs had reacted to the COVID-19 crisis in the country by following the directives received from the regulator and immediately preparing business continuity plans to adjust to the new realities on the ground. Changes to their regular operations included:

- Reducing the number of staff working in field offices, rotating staff and applying work from home for non-essential employees from March to mid-May to comply with regulations from local authorities;
- Establishing regular phone communication with clients;
- Revising their lending strategy to focus on a narrower selection of priority sectors;
- Managing liquidity carefully; and
- Establishing temporary hiring freezes.

Although the impact of these measures remain challenging to define, they are expected to manifest in several main areas:

**Loan Collection:** MFIs had to review their yearly business plans, reducing growth expectations and preparing to reschedule a large percentage of their existing loans. Most MFIs indicated they had prioritized actions focused on supporting their clients such as loan rescheduling, rather than ensuring timely collections.

**Cost-cutting:** interviewed MFIs indicated that a number of pilot projects and non-crucial expenses were delayed.

**Digitalization:** while most MFIs were already undergoing digitalization efforts, the COVID-19 epidemic accelerated the need to become digital.

**Focus on Agriculture Financing:** agricultural borrowers had proven to be among the most resilient amid the pandemic as they were less affected by the short-term effects of lockdowns. This pushed MFIs to accelerate their shift toward more rural and agricultural lending.

**Liquidity:** one of the primary concerns for MFIs was liquidity management. MFIs had to carry out discussions with their investors and lenders, hold cash for future demand, and make continuity plans to ensure liquidity throughout the year.

**Human Resources:** the first, immediate, priority for MFIs was employees' safety. Actions taken included organizing working from home solutions, providing protective equipment and safe transportation, as well as ensuring health coverage for potential COVID-19 related expenses. When safety restrictions were reduced in Mid-May, MFIs designed approaches for office rotations, and ways in which loan officers could engage with clients in a safe way such as restricting groups to five or fewer and limiting travel to remote locations. Safety considerations relating to the increased risk of domestic violence when staff are working from home were not addressed.

**Gender:** during the pandemic, MFIs did not have a dedicated gender strategy or approach. IFC did not find evidence that MFIs considered the potential different gender impact of the various aspects of the epidemic and lockdowns such as the higher rates of closure and more restricted access to finance experienced by women-led firms that were identified in recent World Bank research.<sup>6</sup>

## 2. Introduction



Image: World Bank/ Hong Sar

### 2.1 PROJECT BACKGROUND

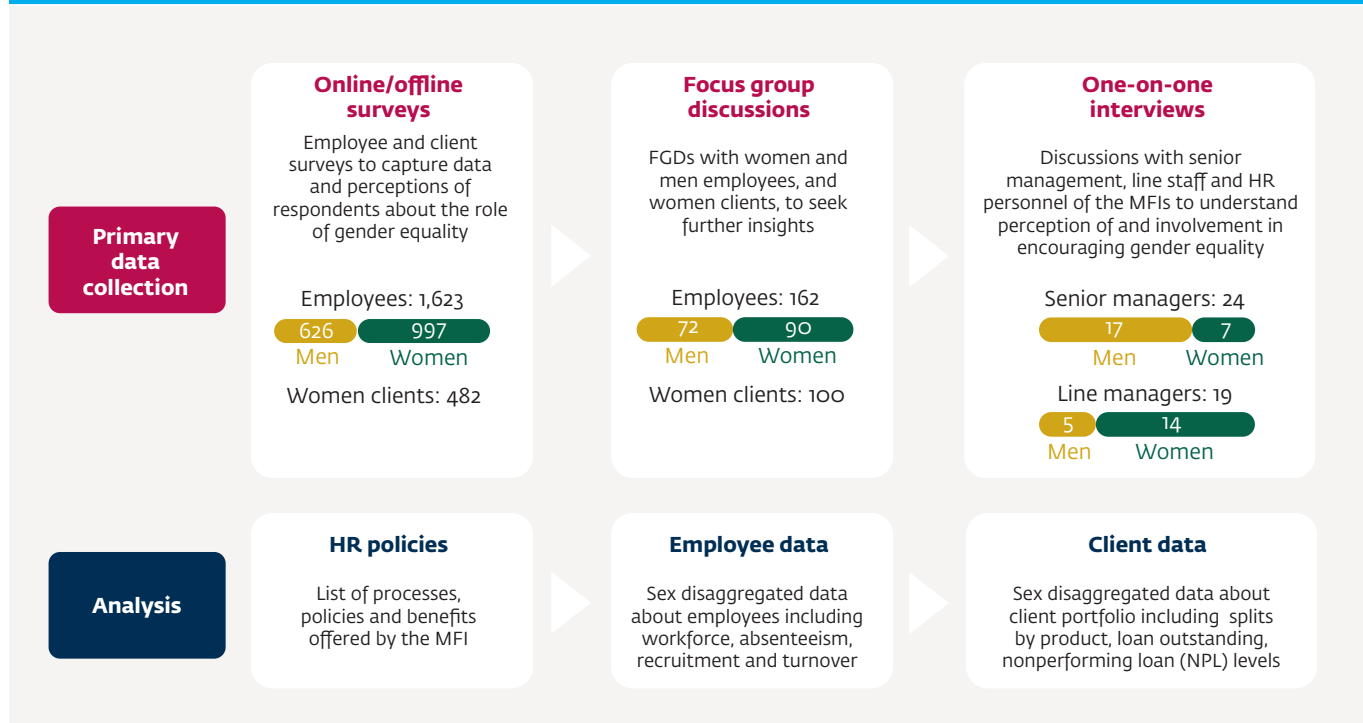
Microfinance has been a critical development tool that has helped reduce the gender gap in formal financial inclusion in developing countries, and has provided under-served women with access to capital to meet their domestic financial needs including healthcare and education expenses, as well as to start or expand small businesses.<sup>7</sup> The positive impact of microfinance on women's empowerment has been well-documented,<sup>8</sup> although it can in some cases have undesired negative consequences.<sup>9</sup> In Myanmar, microfinance is the principal means of access to formal credit for women,<sup>10</sup> and women make up the majority of the client base of MFIs, so it is critical that it effectively meet the needs of women customers. However, this research found that products and services offered by MFI are failing to do so in a number of ways. There is a need for MFIs to take a more strategic approach to gender, and consider women throughout their operational value chain, including mainstreaming gender within MFIs, adjusting financial services to better meet women's needs, providing non-financial services, and strengthening women's networks.<sup>11</sup> It is also important that MFIs consider gender gaps within the sector to encourage

more women as employees and leaders, and to achieve greater workplace equity.<sup>12</sup>

Myanmar is ranked 181<sup>st</sup> out of 190 countries on access to credit by the World Bank.<sup>13</sup> Financial inclusion remains relatively low at 48 percent,<sup>14</sup> and domestic credit to the private sector is only 25.7 percent of gross domestic product (GDP),<sup>15</sup> lower than other countries in East Asia and the Pacific. There remains a large financing gap; IFC research in 2018 indicated that over the next seven years \$3.85 billion in financing would be needed to reach 11 million low-income borrowers. In Myanmar, the microfinance sector has witnessed rapid growth over the past several years, supported by a wide client base and an increasing loan portfolio. MFIs were serving almost five million clients through about US\$1.2 billion in outstanding loans at the end of September 2019, compared to US\$800 million loans served to four million borrowers at the end of 2018.

As part of this study, IFC analyzed gender gaps in the current landscape of the microfinance sector in Myanmar for

**Figure 1: Research Dataset Summary**



Data collected from 8 MFIs

employees and clients of MFIs. The study employed a mixed method approach, using both qualitative and quantitative research methodologies. The study included analysis and primary data collection covering eight participating MFIs. Materials analyzed included HR policies, employee-related data and client-related data provided by each MFI. Primary data collection included an online survey of employees of the MFIs, a face-to-face survey of women clients, FGDs with employees and clients, and one-on-one interviews with senior managers and line managers. The MFIs surveyed in this research were larger than the average in the industry, and so results are not necessarily fully representative of the industry. Figure 1 provides a summary of the research dataset. Further information is provided in the Research Methodology section in the Appendix.

This research surveyed women as leaders, entrepreneurs, employees, clients, and stakeholders as shown in the analytical framework in Figure 2. Gender equality in the sector was analyzed from both an internal and market level perspective. From an internal perspective the study surveyed the leadership and employment practices of MFIs as well as organizational workplace policies and benefits. At the market level the

research focused on how the services and products of MFIs meet clients' needs from a gender perspective, identifying areas for improvement.

**Figure 2: Analytical Framework for Gender Analysis**







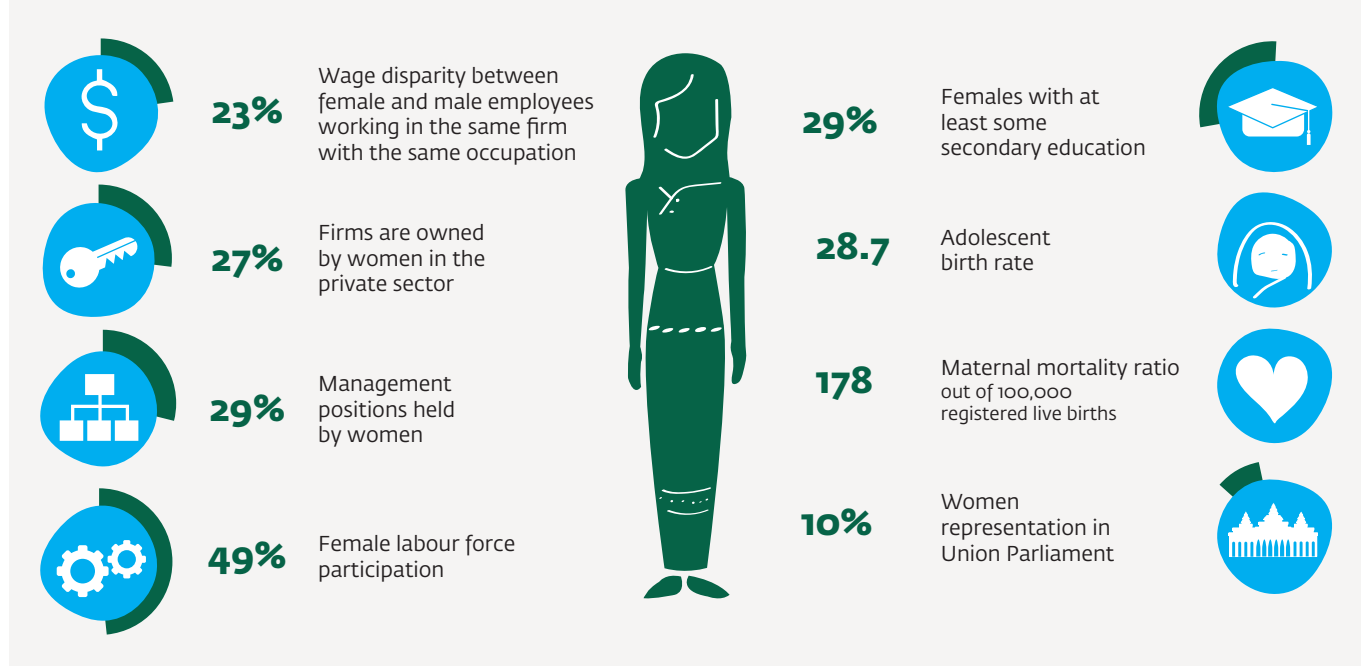
Image: World Bank/ Hong Sar

## 2.2 GENDER EQUALITY IN MYANMAR

With economic growth of 6.2 percent in 2018-19,<sup>16</sup> Myanmar is one of the fastest growing economies in Southeast Asia. While women make up about 52 percent<sup>17</sup> of the population, economic growth has not translated into commensurate economic prosperity or social and political empowerment for women. The World Economic Forum Global Gender Gap Index 2020 ranked Myanmar 114th out of 153 countries.<sup>18</sup> Institutionalized barriers for women remain high in Myanmar,<sup>19</sup> with few women in leadership positions in the government and private sectors. Women's participation in entrepreneurship and the workforce has also remained low; in 2019 the ratio of female to male labor force participation rate was 60.9 percent.<sup>20</sup> Likewise, although the growth in access to technology has been rapid in Myanmar, there remains a gender gap. Sixty-eight percent of women own a mobile phone, compared with 78 percent of men, and 41 percent of women use mobile Internet, compared with 58 percent of men.<sup>21</sup>

Women in Myanmar often face challenges such as bullying and sexual harassment in the workplace,<sup>22</sup> which has a direct impact on the performance and productivity of employees and impacts the overall work environment.<sup>23</sup> Stereotypes around the role of women in the family are persistent in Myanmar<sup>24</sup> and religious norms can bolster gender stereotypes that restrict women's access to resources. In cases where matters of succession, inheritance, and marriage are governed by religious customary laws, women often do not have equal access to, or control over, land and other forms of property.<sup>25</sup> Economic and decision-making power is typically assigned to men of the household.<sup>26</sup> In Myanmar, men tend to hold legal rights to family properties, and are twice as likely as women to own land under their own name.<sup>27,28</sup> The recent Women, Business and Law report saw Myanmar score 58.8 out of 100, which placed it 155th out of 190 countries when considering legal gender differences.<sup>29</sup> It scored lowest on issues relating to the workplace, pension and pay.

**Figure 3: Socio-Economic Indicators Relevant to Status of Women**



Sources: Wage Disparity: Myanmar Micro, Small, and Medium Enterprise Survey 2017 Descriptive Report; Female Firm Ownership and Management: Myanmar Investment Climate Assessment, World Bank, 2015 ; Female Labour Force Participation: ILO Stat, Country Profile – Myanmar, 2018; Education, health and political representation: Gender Inequality Index, UNDP, 2017

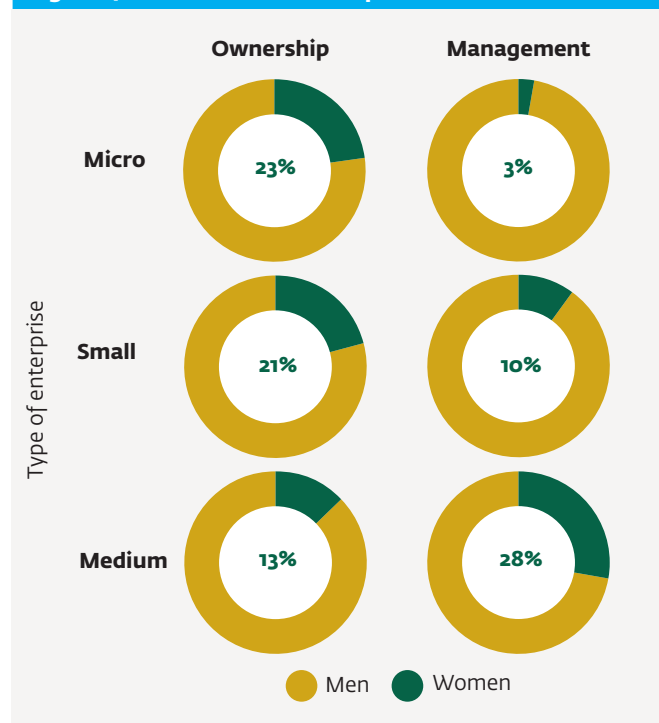
### 2.2.1 Women as Leaders

Participation of women as leaders in both the private sector and government is considerably lower than for men, as shown at Figure 3. In the private sector, less than a quarter of micro, small and medium enterprises (MSMEs) are owned by women, with 3 percent of micro, 10 percent of small, and 28 percent of medium and large enterprises managed by women.<sup>30</sup> Notably, for larger enterprises the percentage of women ownership decreases while the percentage of women as managers increases. This may be because these medium and large firms operate in sectors such as food, garment, and textiles, which are typically female dominated. The Myanmar MSME Survey 2017 highlighted that the highest share of female-owned or managed businesses are located in Mandalay and Yangon, which are home to the majority of food and textile enterprises.

Another study that assessed the state of women in the economy found that about 40 percent of owners or managers of large firms are women – a higher share than in small and medium enterprises.<sup>31</sup> However, only three of the 100 largest Myanmar companies are run by female Chief Executive Officers (CEOs)<sup>32</sup> and less than one third of leadership positions in the microfinance sector are held by women. Common barriers to women in leadership positions at MFIs include socio-cultural norms, a perception that women have lower decision-making

capabilities, lower confidence, and time constraints due to household responsibilities.<sup>33</sup>

**Figure 4: Women in Leadership: Private Sector**



Source: Myanmar MSME Survey 2017, Central Statistical Organization, Ministry of Planning & Finance (now Ministry of Planning, Finance and Industry), 2018.”

### 2.2.2 Women as Entrepreneurs

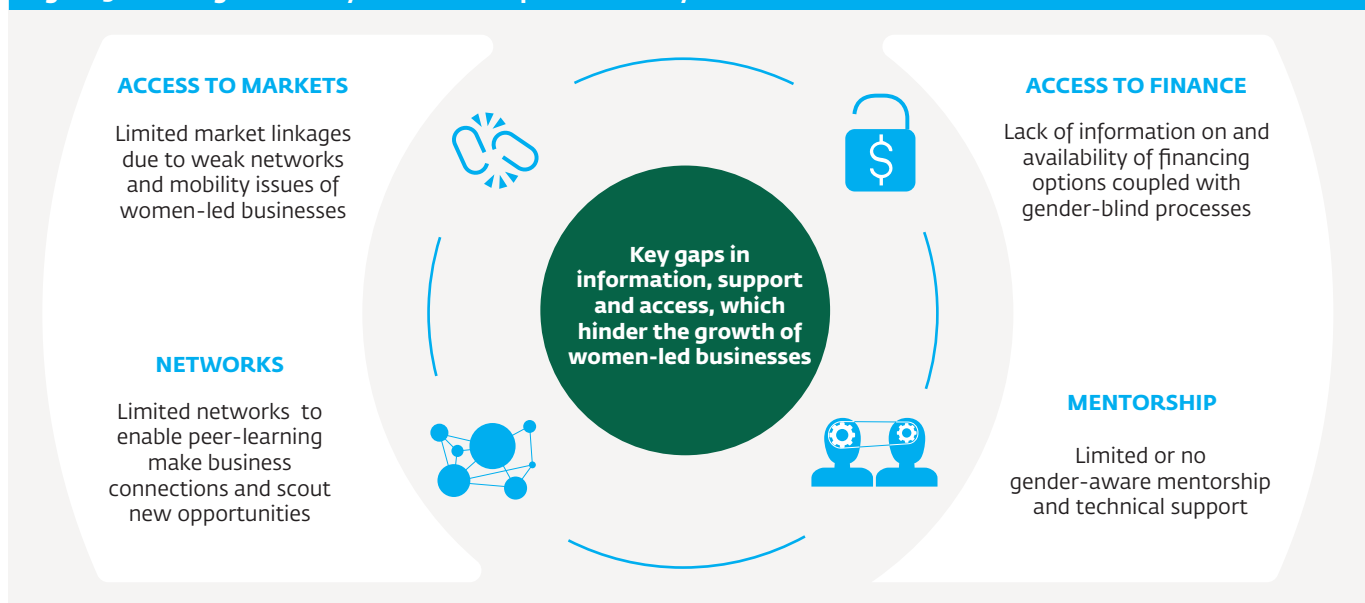
In Myanmar men are disproportionately likely to own companies; 70 percent of companies are owned by men, compared to 65 percent of the employees of firms who are male.<sup>34</sup> The share of women entrepreneurs varies depending on scale and sector, and in certain sectors the contrast between men and women is stark. For example, the MSME Survey found that 22 percent of the sampled manufacturing enterprises were female owned, and 6 percent were managed by women, but the share of female-owned or managed informal enterprises was 35 percent, slightly higher than for the whole sample. Informal enterprises, which largely operate in the food and textile industry, also have a high share of women ownership, which may be attributed to the difficulties women face in formalizing their business, as they are less likely to possess asset ownership rights.<sup>35</sup>

Challenges typically faced by business owners tend to be exacerbated for women entrepreneurs. Socio-cultural restrictions such as household responsibilities, family pressures to conform to gender norms, mobility restrictions, lack of collateral, and security considerations are common barriers faced by women entrepreneurs that often limit their access to wider markets, networks, mentoring, and finance, as shown at Figure 5.



Image: Early Dawn Microfinance Co., Ltd.

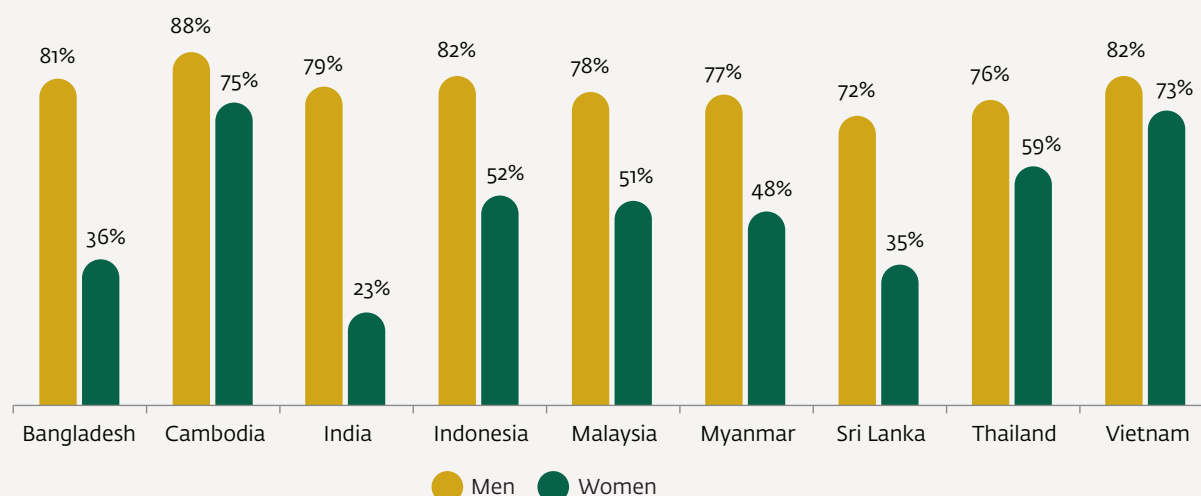
**Figure 5: Challenges Faced by Women Entrepreneurs in Myanmar**



Source: Intellect Analysis



**Figure 6: Labor Force Participation Rate, Percentage of Sex-Disaggregated Population**



Source: Gender Data Portal, World Bank 2019

### 2.2.3 Women as Employees

There is a significant gender gap in labor force participation in Myanmar. The labor force participation rate for women is 48 percent, compared with 77 percent for men (see Figure 6).<sup>36</sup>

Historically social norms in Myanmar have created perceptions about tasks that are suitable for men and women, which are a determining factor in the choice of occupation. Leadership and management roles are perceived to be more suited for men, while administration and HR roles are considered more appropriate for women. These perceptions have translated into a strong gendered division of labor in many areas of the economy such as in education, sport, health, and the media.<sup>37</sup> Women also often work part-time in family businesses: 35.8 percent of women in the labor force are family workers,<sup>38</sup> around 10 percentage points higher than for men.<sup>39</sup>

A survey by the Ministry of Labour, Employment and Social Security and Central Statistical Organization revealed that 63.9 percent of women cited family and household responsibilities as the reason for staying outside the labor force.<sup>40</sup> The survey also highlighted that girls are far more likely to engage in household chores than boys, irrespective of whether they are engaged in paid work. Consequently, girls' productive time for the pursuit of education and other economic activities is limited.

There is a considerable gender pay gap in Myanmar; according to the Ministry of Labour, women earn 25 percent less than men.<sup>41, 42</sup> Other challenges women face in the workplace include a lack of flexible working hours, inadequate access to quality childcare, and a lack of gender-aware policies which act as barriers to workforce participation. In the recent study on Tackling Childcare,<sup>43</sup> IFC-recommended interventions included the creation of return to work programs, flexible working hours, provision for onsite childcare facilities, subsidized childcare costs, and partnerships with childcare providers.

The majority of women in the labor force (53.6 percent) are engaged in agricultural activities. Within agriculture too, women mostly undertake what are perceived as 'gender appropriate' roles, with little land or asset ownership. The UNDP Situational Analysis of Gender Report highlighted that in farming, women's roles typically tend to include planting, caring, weeding, transplanting, harvesting, threshing, postharvest operations, and marketing, while men traditionally undertake activities such as plowing, land preparation, seedbed preparation, making bunds, and fencing in farms. In the manufacturing sector, certain subsectors, such as garment and plantation, have been traditionally perceived to be women oriented. The workforce in the garment industry (Myanmar's top manufacturing subsector) is largely female – women account for more than 90 percent of the workforce,<sup>44</sup> while 70 percent of the workforce employed in plantation in Myanmar are women.<sup>45</sup>



Image: World Bank/ Hong Sar

“Women who earn income are especially powerful catalysts for development because they tend to invest more of their income than men into the health, education, and well-being of their families. Economically empowered women also tend to have greater control over their income, reproductive health, and improvements in their children’s lives. Every paycheck to a woman is thus, in essence, also an investment in the human capital of the next generation.”

The Business of Empowering Women, Mckinsey & Company, 2019

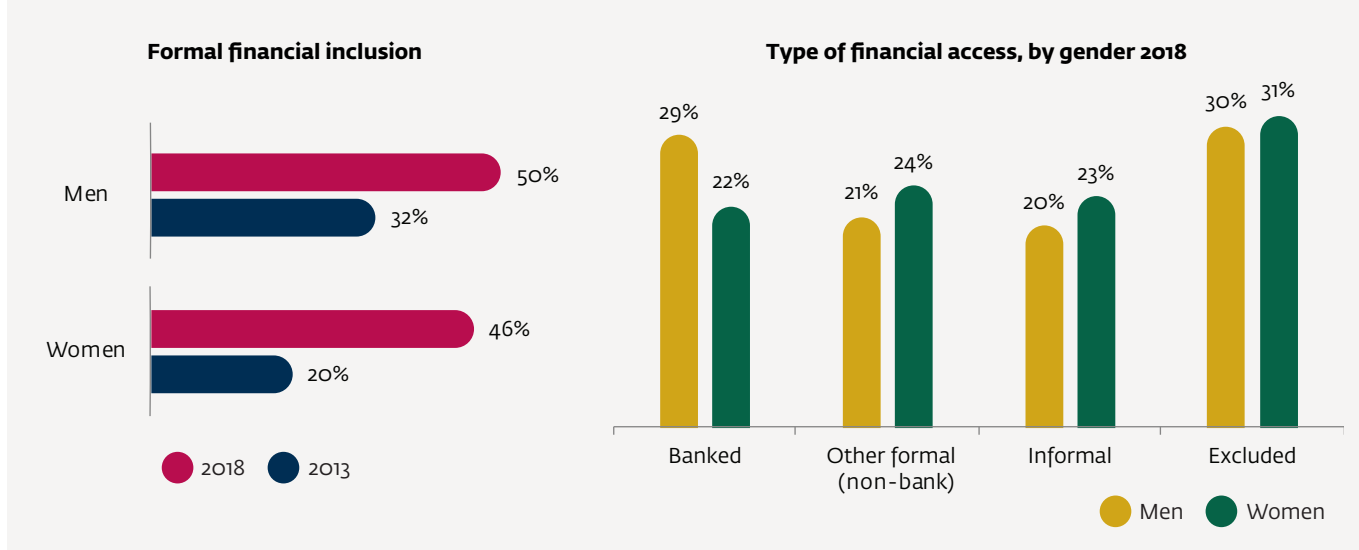
#### 2.2.4 Women as Clients

Women are typically responsible for small daily expenditures, but men usually control large expenditure.<sup>46</sup> About 37 percent of the country’s 51 million people live near or below the poverty line, and the average purchasing power of the population is low. Sex-disaggregated data and research are limited, making it difficult to understand differences in per capita income and women’s power to make decisions related to spending. However, some reports highlight distinct trends in consumption patterns between men and women. While men tend to spend more on personal consumption, women tend to spend more on family needs, deprioritizing spending on themselves.<sup>47</sup> Consequently, even if women control expenditures, they may still be the poorest members of the household. Men typically control larger expenditures related to asset creation and investments.<sup>48</sup>

#### 2.2.5 Women as Stakeholders

Growing evidence suggests that women’s empowerment and gender equality have a multiplier effect on families, communities, businesses and sustainable economies.<sup>49</sup> It is widely accepted that investing in women and girls to close gender gaps results in improved social and economic indicators, while, the total gain in human capital wealth from gender equality globally is estimated at US\$ 172.3 trillion.<sup>50</sup> Moreover, investing in women as stakeholders in communities consequently leads to improved participation in public life and political process.<sup>51</sup> Research also suggests that when more women participate as decision makers in economic activities and governance there are better outcomes.<sup>52</sup>

**Figure 7: Snapshot of Financial Inclusion by Gender**



Source: Finscope Survey, 2018

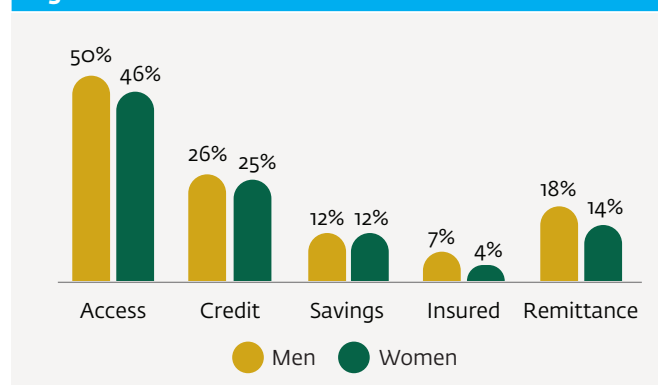
## 2.3 ACCESS TO FINANCE

**The financial sector in Myanmar has witnessed considerable growth in the last five years, and the financial inclusion of women has significantly improved.** Between 2013 and 2018 the gap between men and women in financial inclusion from formal sources of finance decreased from 12 percent to just 4 percent, resulting in a financial inclusion level of 46 percent for women and 50 percent for men. Access to finance and levels of formal access are similar in both rural (47 percent) and urban areas (51 percent). In terms of financial access, 22 percent of women use financial products from banks, 24 percent of women use other formal products, 23 percent of women use informal sources and 31 percent are unbanked.<sup>53</sup>

**In keeping with global trends, women are better served by the microfinance sector in Myanmar compared to other financial sources, but limited access points and stringent regulations affect their overall adoption of formal financial services.** Fifty-nine percent of MFI borrowers in Myanmar are women, 85 percent of whom rely on microfinance as their only form of formal credit.<sup>54</sup> PACT Global Microfinance Fund (PGMF), one of the country's largest MFIs in 2019, reported that more than 98 percent of its clientele are women.<sup>55</sup> Though many MFIs explicitly target women clients through their group lending products, there are a number of other contributing factors. One key reason is the ability of MFIs to provide credit without 'hard' collateral, which may prevent women from borrowing from

other formal lenders. MFIs are barred from seeking collateral by regulation,<sup>56</sup> whereas collateral is typically required to borrow from a bank. The business case to focus on women borrowers is substantial, as women borrowers register higher repayment rates<sup>57</sup> and are therefore a preferred customer segment. Further, men have greater access to banking – savings and credit – mainly at private banks. Consistent with the traditional Grameen model of microfinance, women comprise over 90 percent of the group loan portfolio of the companies surveyed for this study and make up 61 percent of the individual loan portfolio.

**Figure 8: Access to Formal Financial Products**



Source: Finscope Survey, 2018

**Further context on the microfinance sector in Myanmar can be found in Appendix 6.1**

## 3. Research Findings: Gender Equality for Employees

### 3.1 OVERVIEW OF GENDER EQUALITY FOR EMPLOYEES OF MFIS

This research found that, while there was a higher share of women employees in the surveyed MFIs, substantial gender gaps emerged at senior management levels, indicating limits to women's opportunities for progression within firms. While all the MFIs surveyed reported having policies related to sexual harassment, maternity and paternity leave, and an employee code of conduct,<sup>58</sup> few had dedicated gender policies and these were not always suitable for the Myanmar context.

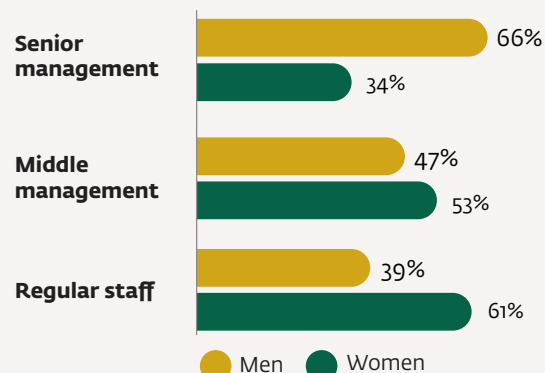
Respondents from some MFIs expressed views that suggested that the importance of women's equal advancement in the industry is not well understood. Further efforts are necessary to implement dedicated policies that ensure the industry does not exclude and disadvantage women as employees and potential leaders. MFIs have an opportunity to consider gender more strategically within their organizations beyond the numbers of female employees and consider how their policies, practices and the attitudes and beliefs held by many staff may be preventing women's advancement.

### 3.2 WOMEN AS LEADERS

#### 3.2.1 Women's Career Advancement in MFIs

Although women make up the majority of employees in the surveyed MFIs, only 34 percent of senior managers are women (including Board Members, Chief Executive Officer, Managing Director, Chief Operating Officer, Head of Risk and General Manager), compared to 53 percent of middle managers. The data shows a lower concentration of women in senior positions, with 12.8 percent of all women employees in the workforce being middle management, compared to 16.6 percent for men, and 0.4 percent of all women employees being senior management, compared to 1.0 percent for men. A low number of women in senior management was reported by almost all MFIs, with some MFIs having no women in senior management at all.<sup>59</sup>

**Figure 9: Share of Women and Men, by Level**  
(as of August 2019)



Source: Employee data from each MFI, n = 9,057

**Table 1: Share of Women in Middle and Senior Management, by MFI Segment** (as of August 2019)

	Middle Management	Senior Management
Large MFIs	57%	14%
Medium Sized MFIs	46%	38%
Small MFIs	47%	37%
Aggregate	53%	34%

Source: Employee data from each MFI, n = 9,038 (3,659 Male, 5,398 Female)

Although more women than men have been promoted overall in the last three years in the MFIs surveyed, the share of women promoted has consistently been lower than men. In 2019, 15.3 percent of men were promoted versus 11.5 percent of women. And this was the case even where men and women have a similar number of years of experience at an aggregate level. During the discussions, senior management and HR said that there was no significant difference in the performance of men and women employees.





Image: World Bank/ Markus Kostner

Discussions with employees, senior management and HR suggested several reasons for the lower share of women in senior management, which applied to all MFIs in varying degrees:

- *Limited focus on maintaining gender parity at all levels.* Although there are more women than men at an aggregate level in the workforce of the MFIs surveyed, many companies do not have the necessary policies and procedures to enable a proportionate number of women to rise through the ranks to senior management. Only three MFIs had mentoring programs for newly-promoted or soon-to-be-promoted employees, and these programs had no special considerations for women employees. Although a large share of employees perceive senior management to encourage gender equality, actions are often limited to maintaining a business-as-usual higher share of women at an aggregate level. This was highlighted by one HR Manager: "It is true that we have no women in senior management – however we have 1.5 times as many women employees as men at an aggregate level."
- *Cultural norms requiring women to prioritize family responsibilities.* Multiple respondents from senior management and HR departments expressed the view that women employees are often unwilling to take up senior roles, as these roles involve frequent travel or relocation – especially in the case of employees transitioning from roles at the branch to more state or region-level roles, or roles at the head office. Taking up such senior roles requires that women employees either reside away from their families, impacting their caregiving responsibilities, or relocate with their families, which they may not be inclined to do due to reasons such as entrenched family livelihoods and networks in their locations. Women employees at branches attested to this, with multiple respondents expressing the opinion that they would not want to move away from their current locations; one woman branch manager said: "I will need to move to a different place if and when I get promoted. However, my husband and his business are based here, so I cannot move."
- *Unconscious bias.* There is a certain degree of unconscious bias among men employees where women employees are assumed to prioritize family over professional growth. This unintentional bias was encountered across management, regular office-based staff, and line staff, with multiple men attributing "women choosing to not take up leadership roles and preferring to play supporting roles" to "differences between men and women". One male senior manager stated: "We are sometimes concerned that women will not be able to fulfil the responsibilities demanded in senior roles because of their household responsibilities and time constraints." Another male senior manager said: "A 'glass ceiling' exists when it comes to women's leadership in the MFI sector. This happens for two reasons: one, women exclude themselves from shouldering more responsibilities as demanded in senior roles, and two, there is a bias among decision makers, typically men, that prevents women from being promoted."

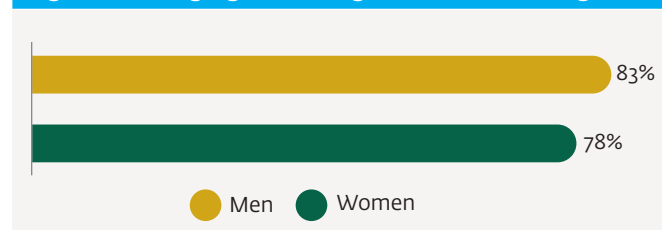
- *Lack of career development programs for women employees:*  
Although MFIs arrange training for employees, there is little or no focus on providing explicit and differentiated training and support to women employees to ensure that they progress to senior management roles within the company. While training is available to all employees, women in FGDs recounted instances where they were unable to attend training outside of their workplace because of unsuitable training schedules and locations, a view expressed by one woman employee: “During the last year I had to pass on the opportunity to attend a conference outside Yangon since I could not leave my family responsibilities for that many days.” This problem is exacerbated in branch offices, as one branch manager explained: “Unlike urban cities, we do not have domestic help and support for household work. We manage both office and household duties and cannot travel for these trainings.”

Multiple senior management respondents expressed the view that women employees are provided with equal opportunities and that they perform on a par with men, with no apparent barriers to their career advancement. However, very few MFIs surveyed had policies or processes in place to enable women to reach leadership positions, and none of the surveyed MFIs had diversity and inclusion targets. Overall, only 0.4 percent of women employees across the MFIs were senior managers compared to 1.0 percent of men.

This is consistent with the findings of another research study which surveyed 14 MFIs in Myanmar, where about 30 percent of leadership positions were held by women. Interviews from the study revealed that socio-cultural norms, a perception of women having lower decision-making capabilities, lower confidence, lack of family friendly policies, and time constraints due to household responsibilities were common barriers to women assuming leadership positions within MFIs.<sup>60</sup> While the large MFIs surveyed had a higher share of women in middle management compared to medium-sized and small MFIs, the share of women in senior management was markedly lower. This may be partially attributed to a comparatively lower share of women employees with a long service history at the larger MFIs compared to men.

### 3.2.2 Employee Perception of Women as Leaders

**Figure 10: Being a good manager is not related to gender**



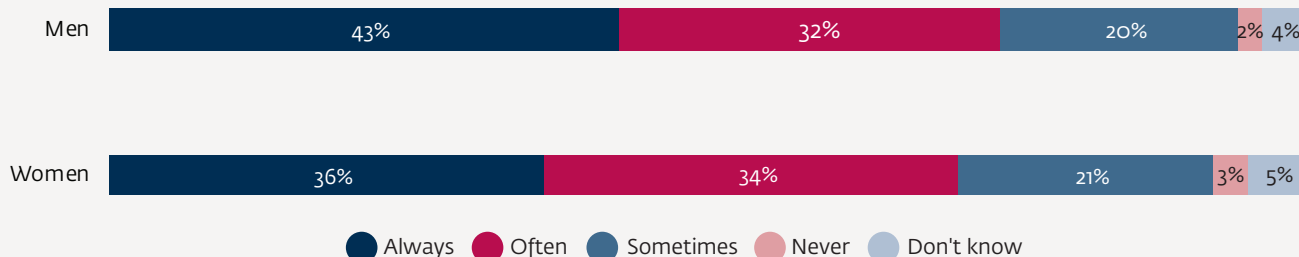
Source: Employee survey, n=1,623 (626 Male, 997 Female)

**Employees across MFIs perceive the leadership to be fair to both men and women in providing promotion opportunities and in encouraging gender equality, with some exceptions.** Despite the fact there is a lower share of women than men in senior management, most employees believe that being a good manager is not related to gender. This sentiment was expressed by respondents at all MFIs. Women in management roles affirmed that they perceive their company to be fair to men and women and that, as women, they have been provided with equal opportunities.

Women leaders interviewed agreed that managing family responsibilities and leadership roles is challenging, but that they can balance both on most occasions. “With the support of our colleagues we can manage our office duties and at the same time, with the support of our families, we can fulfill household responsibilities and not be overburdened”, stated one women employee. In addition to family support, the ability to afford domestic help could be a factor that allows women managers to balance work and family responsibilities.

Eighty-six percent of respondents – men and women from both urban and rural areas – expressed the view that men and women have equal opportunities for promotion. However, although most respondents perceive leadership to ‘Always’ or ‘Often’ promote fairness and equality among all employees, a non-trivial share of 23.2 percent perceive them to do it only ‘Sometimes’ or ‘Never’. This was especially the case in small MFIs and could be attributed to lower awareness levels and a lack of communication between head office and branches.

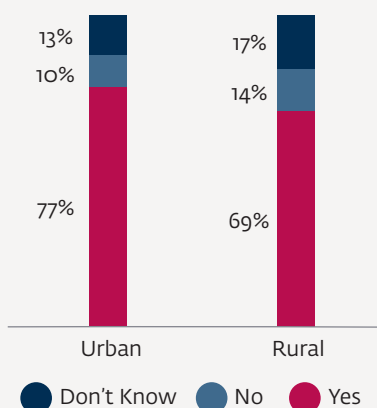
**Figure 11: How often do you see senior management promote fairness and equality among all employees?**



Source: Employee survey data, n = 1,623 (626 Male, 997 Female).  
Numbers do not sum to 100% due to rounding.

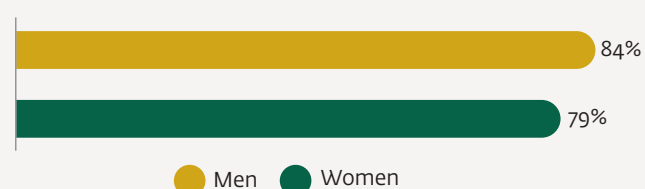
A lower share of women employees perceive senior management to always promote fairness and equality among employees, particularly at head offices. Additionally, employees do not believe that promoting fairness and equality necessarily results in more women in senior management. This was particularly true in rural areas where a lower share of respondents believed that there are more women in senior management since they joined the company – although multiple participants in FGDs did provide examples of women in middle and senior management positions. However, a few employees stated that most women in leadership positions are expats with fewer national employees being promoted to senior management.

**Figure 12: Do you think there are more women in senior management in your company since you joined?**



Source: Employee survey data, n = 1,623 (626 Male, 997 Female)

**Figure 13: I believe I am treated fairly while working at my company**



Source: Employee survey, n=1,623 (626 Male, 997 Female)

**In surveyed MFIs there was limited recognition among staff and leaders that women might need specific enablers to perform and be promoted.** Employees across

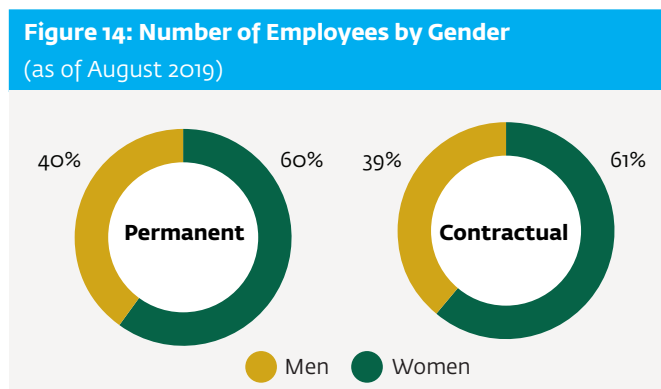
all levels emphasized the importance of “performance” and “skill-sets” in progressing to senior management positions. Women in middle management and senior leadership positions also expressed the view that promotions are performance-driven. However, women employees at FGDs reported that their ability to ‘perform’ is at times restricted due to their role as homemakers and caregivers, especially when there isn’t sufficient family support or when domestic help is unaffordable, highlighted by one midlevel woman manager: “Opportunities and promotions are on the basis of how we do our work. But sometimes we as women have other duties for which we also have to take time out. This does not allow us to work on a par with our male employees. For example, a new mother cannot be in the office for long hours, and this affects her work sometimes.” Despite the barriers, women in leadership positions are optimistic about the prospects for women in the sector.



## 3.3 WOMEN AS EMPLOYEES

### 3.3.1 The Roles of Women in MFIs

**Sixty percent of employees of the MFIs that participated in this research are women**, and there are more women than men in almost all functional departments, including field staff.<sup>61</sup> Men and women are employed in various roles in both head offices and branches.



Source: HR data from each MFI

It is widely accepted that the success of the MFI sector is driven by its network of loan officers who build relationships with customers. Although the role of loan officers requires frequent travel and long working hours, branch managers of participating MFIs reported that women loan officers perform on a par with men. This is attributed to customer preferences in Myanmar, where women borrowers prefer to deal with women loan officers.<sup>62</sup> This was explained by a woman loan officer: "Most of the clients are women and they open up to us more easily, they do not hesitate to ask questions." This sentiment was echoed by multiple women borrowers, although some women borrowers prefer male loan officers as they are perceived to better understand the financial needs of borrowers and provide advice on investments and fund management as required.

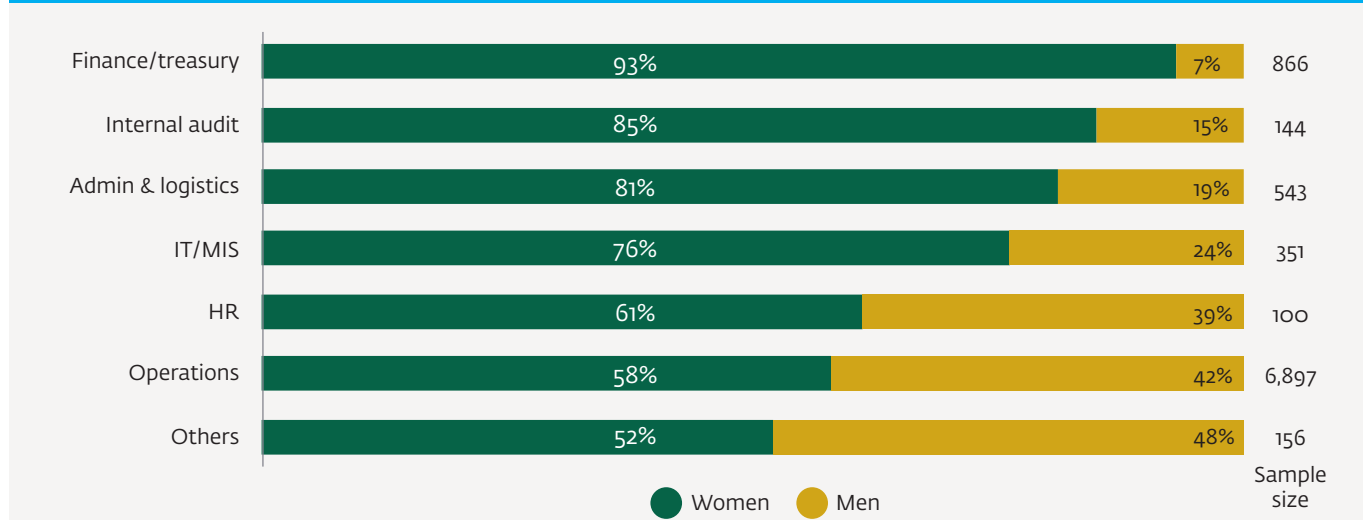
"My company has almost equal proportions of men and women. We have more women as clients. Although women are given equal opportunities, some roles are by default provided for men and some for women."

- Woman employee, MFI

This is consistent with other research which found that, although loan officer positions are perceived to be more suitable for men due to frequent travel and long working hours,<sup>63</sup> less than half (i.e. 41 percent) of loan officers are male. This can likely be attributed to the fact that more than 80 percent of borrowers from surveyed MFIs are women and women clients may prefer to deal with women loan officers.<sup>64</sup> Similar trends are visible in the wider financial sector as highlighted in Deutsche Gesellschaft für Internationale Zusammenarbeit's (GIZ's) assessment of the sector, which found that over 50 percent of bank staff are women.<sup>65</sup> Moreover, at Kanbawza Bank (KBZ), one of the largest commercial banks in the country employing more than 18,000 people, 53 percent of the workforce are women.<sup>66</sup>

**Employee data indicate that a few departments have a higher share of women employees compared to other departments.** As shown in Figure 15, the Finance / Treasury, Administration and Logistics and Internal Audit departments have a higher share of women employees. Multiple respondents attributed the high number of women in 'desk-driven' and 'administrative' roles to women's traits as "good followers of directions", "detail-oriented", and "meticulous", indicating a certain degree of gendered allocation of roles in the sector. One male senior manager echoed these sentiments: "We have many women employees in this company, especially in departments that are more suited for women such as the admin department and IT department."

**Figure 15: Share of Employees by Department** (as of August 2019)



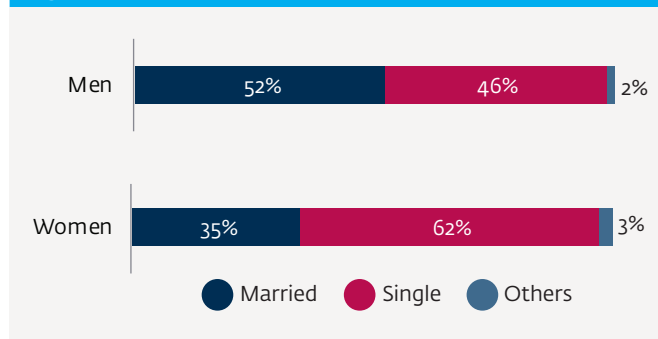
Source: Employee data from each MFI, n = 9,057 (3,659 Male, 5,398 Female)

### 3.3.2 Demographics of Employees

**Women employees come from a variety of geographies, educational backgrounds, age groups, and marital statuses.** A total of 1,623 employees responded to the survey across eight participating MFIs. Sixty-one percent of these respondents were women, which is quite representative of the actual share of women in the surveyed MFIs, which was 60 percent.

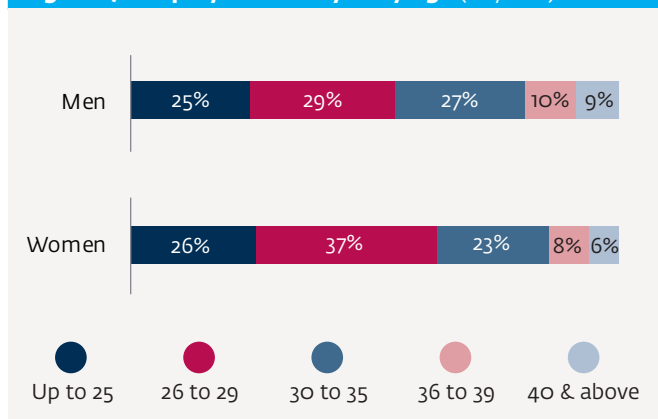
- Sixty-one percent of employees were from rural areas (outside Yangon and Mandalay).
- Eighty-five percent of employees (both genders) were under the age of 35 years.
- A higher share of rural employees (70 percent) were under the age of 30 compared to urban employees (52 percent) among women employees.
- Fifty-six percent of respondents were single, and there were more single women (62 percent) than men. This was visible in both urban and rural areas.

**Figure 16: Employees Surveyed by Marital Status**



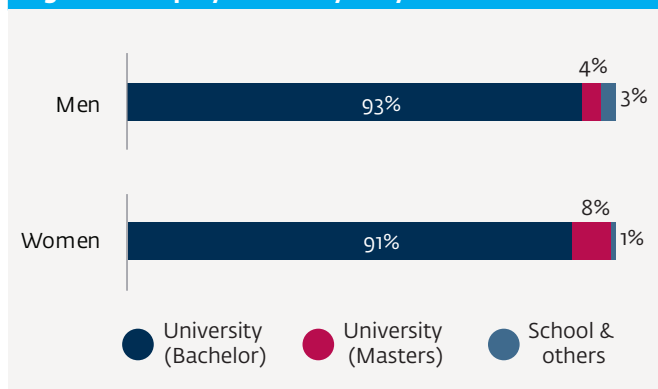
Source: Employee survey, n=1,623 (626 Male, 997 Female)

**Figure 17: Employees Surveyed by Age (in years)**



Source: Employee survey, n=1,623 (626 Male, 997 Female)

**Figure 18: Employees Surveyed by Education**



Source: Employee survey, n=1,623 (626 Male, 997 Female)

Ninety-two percent of MFI employees are university graduates. However, discussions with management revealed that most come from non-financial backgrounds. Consequently, MFIs must spend significant time and money training new employees to make them job-ready, and, as the MFI sector is highly competitive, the turnover of employees is generally high (15 to 20 percent annually).

### 3.3.3 Employee Perception of Gender Equality

**97%**  
of respondents agree that  
gender equality is  
important for the company

#### Most employees of MFIs view gender equality to be an important objective both for the sector, and for their company.

Ninety-four percent of women employees and 91 percent of men employees in surveyed MFIs agreed that gender equality is important to the sector. This sentiment was expressed by respondents across MFIs from both urban and rural areas, and across age groups, marital status, and educational background. However, 70 percent of respondents believe that men and women view gender equality differently within the company. For most employees, especially men, the main indicator of gender equality is the parity in the number of men and women employees in the company, as highlighted by one employee: "Our company promotes gender equality; in fact we have more women employees than men." A few women employees interpreted gender equality as the mutual trust and understanding that exists between all employees, something they appreciate in the office, with one woman employee saying: "Men and women in the office are like brothers and sisters."

Eighty-four percent of women employees and 83 percent of men employees surveyed agreed that their companies' policies and work environment support fairness and equality for employees. This view was affirmed by a senior manager: "Our CEO is very knowledgeable and proactive about gender. He speaks to all employees during branch visits and especially enquires about the job satisfaction of women employees." However, a few women employees pointed out that being gender-equal at times results in situations where they are allocated travel or geographies that do not take into consideration their needs as women, as one woman employee pointed out: "I understand that men and women are treated equally in this company, however, as a woman I feel unsafe travelling to certain geographies, especially if it involves traveling at night. I wish my company did not make me do that." Some women employees also added that their reliance on public transport when they are working late also makes them feel unsafe.

### 3.3.4 Policies Offered to Employees

MFIs covered in this research reported that they have adopted multiple workplace related policies and that they offer basic employee benefits that in some cases exceed regulatory mandates – for example, some companies offer maternity leave beyond the 98 days mandated by law. However, gender policies and other enabling policies for women are rare.

Below provides an overview of the policies for the eight MFIs that participated and shared information for this study. Note that not all MFIs shared the relevant documents with the research team. There may be some cases where the MFIs have over-reported.

#### **General workplace policies:**

- All MFIs have an **HR policy document** that covers basic rules and guidelines for the workplace and general employment terms and conditions. However, in some cases, the policy is either directly adopted from the international parent company and not adapted for the local context or is too rigid to be applicable to the varied needs of the head office and branches.
- Although all MFIs surveyed have an **employee code of conduct** in place, only four (two of the large MFIs and two of the medium-sized MFIs) have a committee in place that periodically develops and reviews rules related to workplace standards, ethics and compliance, and gender bias.

#### **Policies promoting gender equality:**

- While a few MFIs have processes that implicitly encourage gender equality, only two MFIs have a **specific gender equality policy**, and only one of the larger MFIs has a gender equality policy adapted to the Myanmar context. Many in management considered that gender was already sufficiently integrated into existing HR policies, and some MFIs have some provisions for gender equality in the code of conduct. They are not, however, particularly extensive, and do not address many key areas important for a gender policy to tackle, such as those outlined in this report.

“The company has a complaint policy in place. In case of any complaint I report to my manager. However, I don’t know the process, in case my manager is unable to solve the problem.”

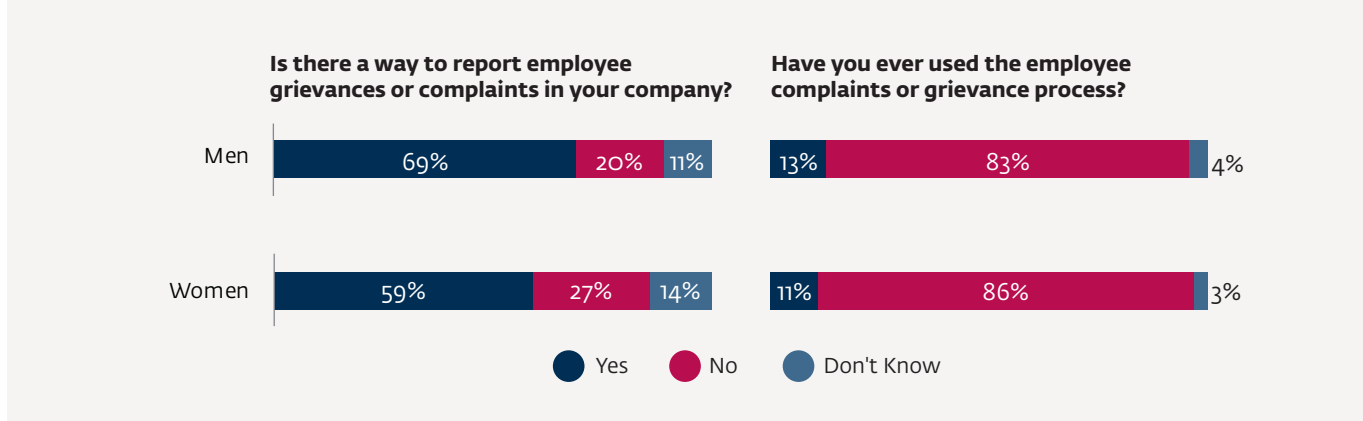
- Women and men employees

- Four MFIs have policies that mandate **equal pay for equal work**, ensuring MFIs provide the same salary to men and women employees. However, employees highlight that in some cases employees with different backgrounds and experience are hired for the same role and paid the same amount, which causes resentment among more experienced employees.

#### **Family friendly policies:**

- Only one MFI reported having a formal **flexible working policy**; however, discussions with employees revealed that, in practice, managers of most MFIs provide flexibility to employees on a case-by-case basis, though this can often lead to favoritism and preferential treatment. Additionally, many companies have been forced to adopt additional flexible working policies due to the COVID-19 pandemic and resulting stay-at-home mandates.
- **Employer supported childcare** is rare among MFIs. Only one reported that they provide childcare facilities, and only at the head office. MFIs noted high costs, space constraints, and other competing strategic and operation requirements as reasons for the lack of support.
- All MFIs reported they have adopted policies compliant with the legal requirements for **maternity and paternity leave**, through which women are entitled to 14 weeks (98 days) of paid maternity leave, whereas men are entitled to 15 days of paid paternity leave. However, during the research it was noted that some additional benefits tended to be limited to staff at head office.

**Figure 19: Employee Grievance Reporting and Usage**



Source: Employee Survey, n=1,623 (626 Male, 997 Female)

#### **Anti-harassment policies:**

- All MFIs reported that they have **anti-bullying and sexual harassment and whistleblower policies**. However, field employees at two MFIs were not aware of any policy, and discussions with management at a few MFIs suggested that the sexual harassment content used for workshops is mainly adopted from global sources with no specific contextualization for local conditions and sensibilities.
- Only four MFIs reported that they have a **formal grievance mechanism**, and only two have a committee in place to accept and investigate employee grievances. Moreover, only sixty-one percent of employees in rural areas and 39 percent of employees in urban areas in these MFIs reported that they are aware of the grievance mechanism. Some employees indicated they were uncomfortable using the grievance mechanism. In most cases employee grievances are reported to and managed informally by the immediate supervisor, which can potentially create challenges for employees when the immediate supervisor is the source of the grievance.

**A complete list of relevant policies held by participating MFIs can be found in Appendix 6.2.**

**“ Yes, there is a grievance policy in place and we were informed about it in the orientation. At Head Office, we report to the HR manager, but I do not know the process at the branch level.”**

- Women and men employees



Image: Proximity Designs

“ Women employees try to avoid taking leave, they prefer to manage both work and household, and we try to support them by allowing one to two hours off from work without deducting any salary.”

- Senior Management, MFI (male)

### 3.3.5 Benefits Provided to Employees

**A higher share of women employees take leave compared to men, especially medical and casual leave.** Employees

are eligible for different types of leave, including medical, casual, holiday and other leave. Medical and holiday leave are the two types of leave most often taken by employees, as indicated in Table 2. Discussions with employees revealed that women employees often take ‘medical leave’ for medical reasons other than their own, with one women employee highlighting: “I have to take leave when my son is unwell, as my in-laws and my husband operate the family business which requires them to be at the shop.” Leave data highlights that although fewer men take casual leave, they take it for twice the number of days compared to women. “Men are very impulsive in taking leave. In cases of personal reasons, they take time off from work rather than balance it with work,” mentioned one HR manager.

HR managers interviewed observed that women employees are expected to multi-task – managing both household and professional responsibilities – and take leave only when it’s important and unavoidable. An employee at a medium sized MFI confirmed this: “Women employees take leave when it is impossible to manage both work and family. Sometimes we have also witnessed that women employees take leave, but due to their sincerity they come to work for some time and try to complete their work to the extent possible.” Similar behavior was validated by the management personnel at four other MFIs. A senior manager at one large MFI said they are planning to introduce some innovative leave mechanisms for employees such as ‘lend a leave’, ‘split my holiday’ and ‘combo-leave’,<sup>67</sup> which would allow employees to share leave with their colleagues and also combine different types of leave.

**Table 2: Employee Attendance and Absenteeism (2019)**

Type of leave	Share of employees taking leave (Jan to Aug 2019)	Average no. of days leave taken (Jan to Aug 2019)
Medical leave	46%	3
Causal leave	7%	4
Holiday leave	45%	3
Other leave	6%	6

Source: HR Data from each MFI

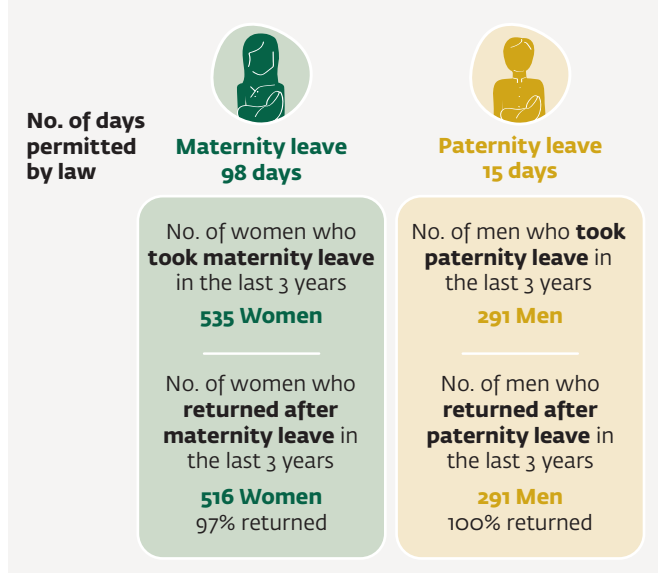
**Employees are satisfied with the maternity and paternity policies of MFIs, and 97 percent of women and 100 percent of men have returned from such leave in the past three years.** While all MFIs abide by the regulation on parental

leave, some also offer additional benefits to employees such as additional weeks of unpaid leave, a breastfeeding room for new mothers, provisions to bring the child to the office if required, provisions for resting rooms, or onsite childcare facilities. However, when MFIs were asked if there were any special provisions or benefits for returning mothers, most senior management and HR respondents stated that although they are open to providing support, there is no special provision currently. Overall, in 2019, 2.7 percent of women employees took maternity leave, compared to 1.7 percent of male employees who took paternity leave.

“ I would suggest that a new mother gets more duration for maternity leave; it should be six months as per government jobs. This will be helpful, as a new mother will be able to give sufficient time and also join back with better efficiency.”

- Employee, MFI (female)

**Figure 20: Trends for Maternity and Paternity Leave**



Source: HR data from each MFI

**Most employees feel that men and women have equal access to training in their company.** Training typically covers skills development for junior employees and leadership training for managers. Much training is outsourced and standardized across MFIs. Training focuses on technical skills such as credit appraisal, credit management, marketing management, family budgeting, communication, and client management. Although training is made available to all employees, no special consideration is given to women and their ability to attend. During discussions with women employees, some mentioned that

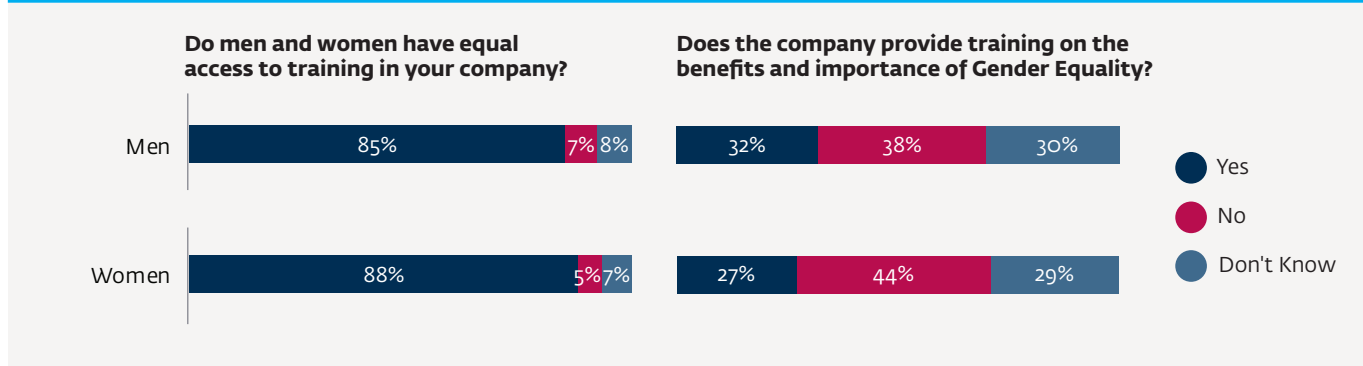
“The capacity-building of women employees is not so important because they may leave the organization soon to take up a different job or due to marriage or childbirth or some family responsibility.”

- Senior Manager

although training is organized, they arrive late or leave early because of family responsibilities and therefore miss sessions. One male senior manager described training opportunities for women leaders: “Some of the women in our leadership and senior teams have recently been part of exposure visits and attended leadership training recently in an international location”

Only two participating MFIs said that they provide training explicitly on gender equality,<sup>68</sup> and only 32 percent of men and 27 percent of women stated that their employer provides some sort of training on the importance of gender equality. Seventy-four percent of all respondents indicated that they have never attended gender equality training, with the share slightly higher for women respondents at 80 percent. FGDs revealed that gender equality perceptions are largely based on information disseminated during employee orientations and/or policy changes/rollouts, rather than being formed at dedicated gender equality training.

**Figure 21: Employee Perception – Access to Training**



Source: Employee Survey, n= 1,623 (626 Male, 997 Female)



**A higher share of women stated a lack of time for skills development, indicating a real or perceived need for additional skills to advance at the workplace.**

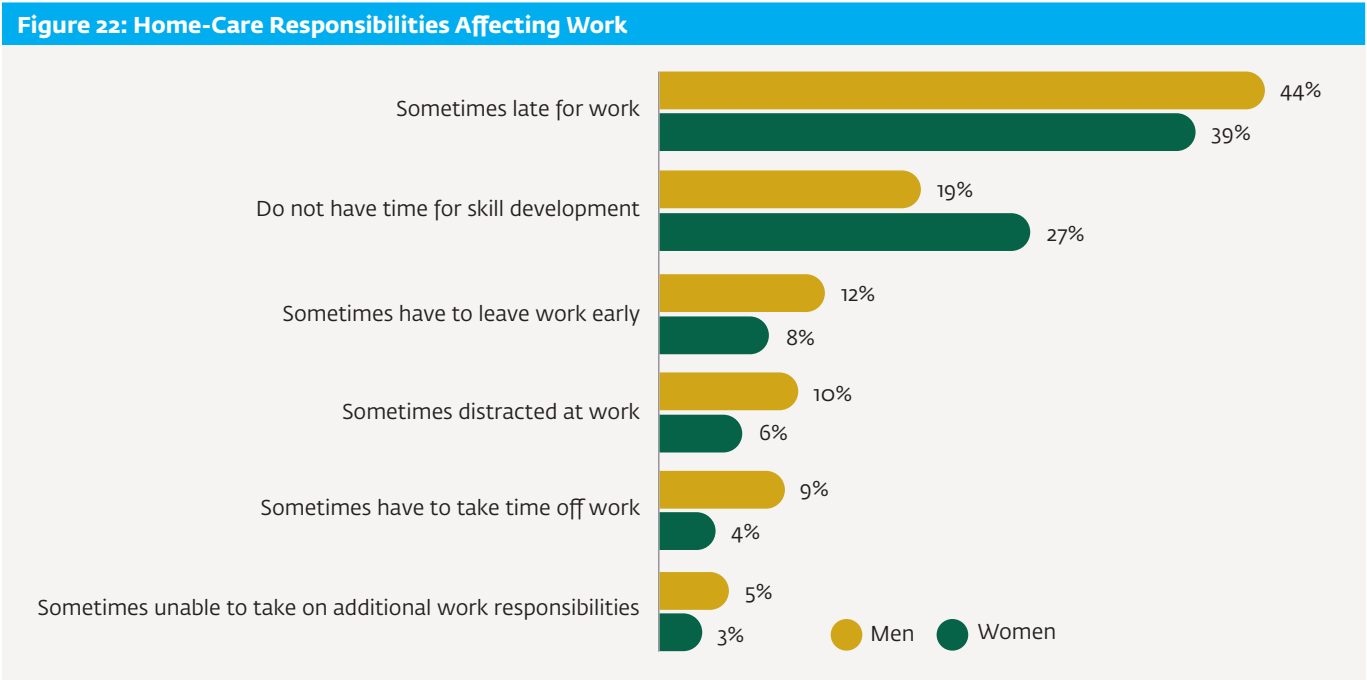
Twenty-seven percent of women employees surveyed indicated that they were unable to invest in skills development versus 19 percent of male employees. “After balancing our daily workload and family responsibilities we are unable to spend time learning new skills or attending trainings,” said one woman employee. The survey revealed that it is a greater challenge for rural women employees, compared to those working in the city. Forty-three percent of rural women employees and 30 percent of urban women employees indicated an inability to devote time to learning additional skills and undertaking training beyond their job role.

**3.3.6 Work Environment**

**Home care and family responsibilities affect men and women employees in multiple ways such as being late to work, having to leave early, distractions during working hours, and unplanned leave, among others.** Thirty-nine percent of women employees indicated that they were late to work because of responsibilities at home, while another 8


percent indicated that they left work early for the same reason. These shares were higher for men at 44 percent and 12 percent, respectively.<sup>69</sup>

Childcare responsibilities and looking after elderly parents were the most common reasons cited by employees for taking time away from work, as outlined by one employee at a head office: “Most of the time, when my child is unwell, I have to be home.” Women in rural areas report higher instances of being late to work compared to their colleagues at head offices. Forty percent of women at branch offices reported being late against 37 percent of women working at head offices. This could be due to the absence of domestic help as one women loan officer pointed out: “Typically in urban contexts, employees can afford to hire domestic help or nannies. In rural areas we do not have that choice and hence have to fulfill household responsibilities ourselves.” One male manager added: “I take the day off if I have to attend to any family responsibilities, rather than showing up late to the office or leaving early.” A higher share of men (57 percent) indicated they take the day off compared to women (43 percent) when they need to attend to family and household matters.



Source: Employee Survey, n=1,623 (626 Male, 997 Female)

**Table 3: My company is a good place to work for women/ men with family care responsibilities**

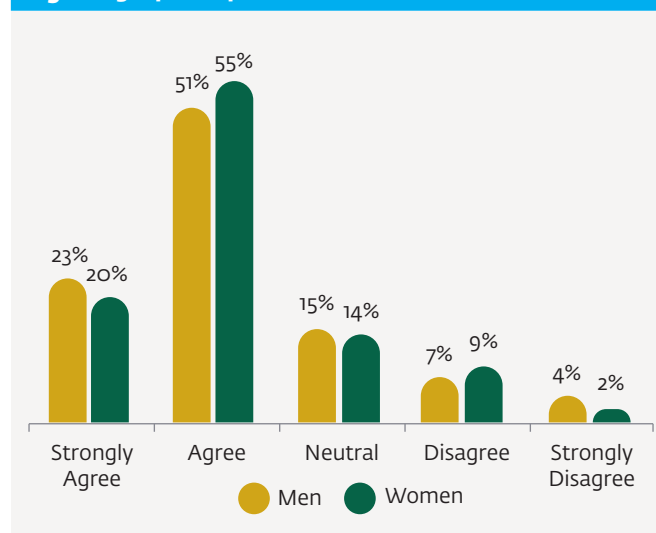
	Women respondents			Men respondents		
	Large MFIs	Medium MFIs	Small MFIs	Large MFIs	Medium MFIs	Small MFIs
<b>Strongly agree</b>	29%	26%	20%	37%	19%	24%
<b>Agree</b>	48%	42%	47%	45%	54%	43%
<b>Neutral</b>	12%	21%	23%	14%	21%	25%
<b>Disagree</b>	10%	8%	9%	3%	6%	7%
<b>Strongly disagree</b>	1%	2%	1%	2%	0%	1%

Source: Employee Survey, n=1,623 (626 Male, 997 Female). Question varied to match the gender of respondent.

Irrespective, a majority of respondents, men and women, agree that their company is a good place to work for employees with family care responsibilities. However, there is an increase in the share of 'Neutral' responses in small MFIs compared to large MFIs, which indicates that a higher share of respondents do not believe that their company is a good place to work for people with family care responsibilities. This, in turn, indicates that smaller MFIs need to strengthen their policies to ensure that their employees are able to balance work and home care responsibilities.

**Although the majority of respondents indicated that they feel safe at work, 10 percent do not feel safe, and a further 15 percent are neutral among both men and women.** A higher share of men and women employees in rural areas reported feeling unsafe. "There have been a few incidents during collection when the client does not want to pay the installment and gets aggressive. In these incidents it feels unsafe to go alone and interact with clients and I find it easier when my male colleague is with me," stressed one female loan officer. While senior management across MFIs emphasized that the safety of all employees is their priority, they admitted that ensuring the safety of female employees at the branch level is a bigger challenge since their roles require higher external engagement and interactions with clients.

**Figure 23: I feel safe at work**



Source: Employee Survey, n=1,623 (626 Male, 997 Female)

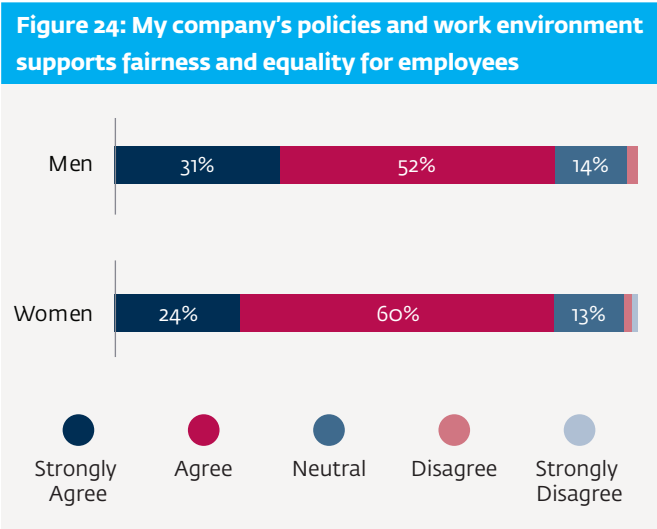
**Nineteen percent of women employees and 17 percent of men indicated that they felt unsafe while traveling to and from work.** Women employees in urban areas especially indicated that they feel unsafe traveling to and from work, with 20 percent of employees mentioning it. Additionally, 19 percent of men and 20 percent of women were neutral in their views. Discussions with employees revealed that this neutral opinion was because these employees had never experienced any issues around safety in the past, but did not deny that safety was a

concern for them. One woman branch manager highlighted the risks she faces: “I have to take public transport to come to work and it takes me a long time. The bus is crowded during peak hours and it is a hassle to find space. It is also unsafe as my purse got stolen.” A woman branch manager also had concerns: “The branch is close to my house and I do not have to travel far. However, when I have to visit the head office for any training, I feel more comfortable if a male employee also comes along.” Women employees, especially at the branches, also had safety concerns when carrying cash, as highlighted by a woman loan officer: “I have to carry cash from one location to another on a daily basis. It is very risky, especially when I am alone, and I have to cross rural areas.”

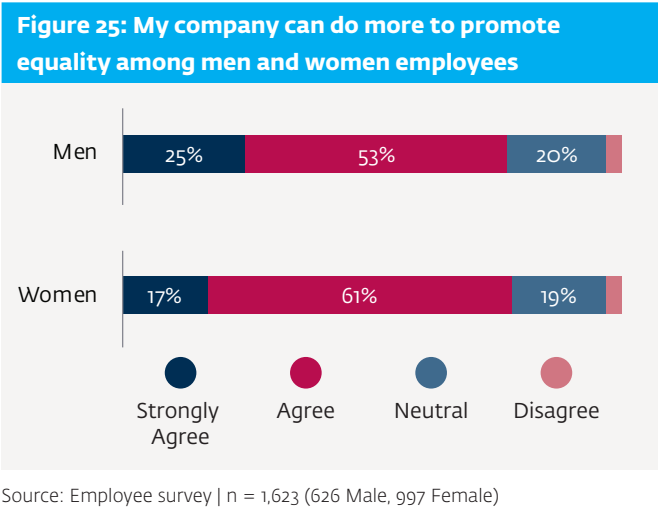
Table 4: I feel safe traveling to and from work

	Women			Men		
	Rural	Urban	Total	Rural	Urban	Total
Agree	60.6%	60.3%	60.5%	62.6%	68.0%	64.5%
Neutral	20.9%	19.4%	20.3%	17.6%	20.3%	18.5%
Disagree	18.5%	20.3%	19.3%	19.8%	11.7%	16.9%

Source: Employee Survey, n=1,623 (626 Male, 997 Female)



**Eighty-four percent of women employees and 83 percent of men employees surveyed agree that company policies and work environments support fairness and equality for employees in their company.** However, 78 percent of employees expect the sector to do more to further improve inclusion and equality for employees. Most employees in FGDs said that they are happy at their workplace, and seventy-four percent of women and 75 percent of men employees indicated that they feel safe at work. However, 10 percent of respondents said that they do not feel safe, and a further 15 percent were neutral among both men and women employees.<sup>70</sup> “I have to be careful what I say to some of my colleagues and managers, as I feel they may take advantage of something I share with them, and it may create problems for me in the office,” said one woman employee. Employees acknowledged the efforts taken by management to promote fairness and equality, including the establishment of an anti-harassment policy, additional benefits for women returning from maternity leave, and workshops on gender equality and equal opportunities for employment and promotion. However, some indicated that in addition to these benefits, they would like the company to provide skills development or higher education support, advanced training on finance and financial services, exposure visits to learn global best practices, and training on networking and market expansion.



Source: Employee survey | n = 1,623 (626 Male, 997 Female)

## 4. Research Findings: Women Clients – the Opportunity for MFIs

### 4.1 OVERVIEW OF GENDER DIFFERENCES AMONG CLIENTS OF MFIS

Microfinance is a crucial means of access to finance for women in Myanmar, and women make up the majority of clients of surveyed MFIs. Over 90 percent of group loan clients and 61 percent of individual loan clients of MFIs surveyed are women. Consistent with wider industry trends, group loans are the predominant lending model adopted, with loans used primarily for business and agriculture purposes.

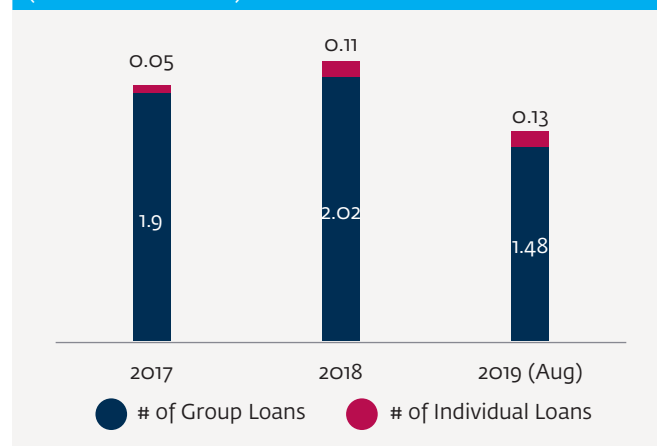
Although women make up the majority of MFIs' clients, this does not mean that microfinance is serving all of their needs. Women reported that they were still unable to access sufficiently large loans – and given that they often do not have access to other formal forms of finance, this can lead to them either taking loans from multiple MFIs, or resorting to informal high-interest lenders.

There are opportunities for MFIs to more effectively account for the needs of their predominantly female customer base by updating their processes and product offerings. Additionally, providing additional non-financial support to customers has the potential to increase their successful loan repayment, and create further opportunities for lending.

This research collected data from 482 women clients from across the surveyed MFIs to understand borrowing practices and client perceptions about the role of gender in needs, processes, and usage of loans.

### 4.2 USE OF MICROFINANCE IN MYANMAR

**Figure 26: Number of loans disbursed 2017-19**  
(Number in millions)



Source: Portfolio data from each MFI. Includes loans to men and women.

**Group loans continue to dominate the loan portfolios of participating MFIs, accounting for 92 percent of the total number of loans disbursed in 2019.** Since the inception of microfinance in Myanmar, like other developing countries, the sector has focused on the group lending model. The model's group guarantee has been an important element for women borrowers, a client segment that accesses microcredit as a first step toward financial inclusion, and group loans have continued to dominate MFIs' portfolios, with target customers generally being women. Group loans are a critical point of access to formal financing for local communities – MFIs in Myanmar have penetrated rural markets through these loans, and to spread the group savings model they have generated valuable social capital, incentivizing borrowers to monitor and moderate the financial behavior of their peers within microfinance groups.

Microfinance allows under-served women to access capital to meet their domestic expenses including healthcare and education or to start or expand a small business or enterprise. For MFIs surveyed, the group size for loans ranged from five to 10 members, and although most group loan clients are women, four MFIs had started including men in groups to make up numbers.<sup>71</sup> In this situation, a maximum of two men were



allowed per group of five members. The inclusion of men is also perceived by MFIs to bring improved financial management to the group, reflecting widespread stereotypes that men tend to have better financial management skills. This was explained by a branch manager: “A male member in the group brings a different perspective in decision-making and also shares his knowledge of financial management.”

The findings of the study indicate that the needs of women borrowers are changing, with 83 percent of women borrowers indicating that they require more credit than the ticket sizes available through group loans. MFIs have recognized this need and have started focusing on developing and offering individual loans to women borrowers. While individual loans allow MFIs and borrowers more flexibility in terms of the amount and purpose of loan, individual loans are riskier for MFIs as they do not have the security of group loans and require MFIs to undertake more comprehensive credit assessment and risk management measures.

Between 2017 and 2019 the share of individual loans of the total MFI loan portfolio rose from 2 percent to 8 percent by volume. While group loans are expected to continue to remain the primary lending model, MFIs are increasingly looking to provide higher ticket sized individual loans to clients to fulfil the demand for more capital, with plans to increase the share of their individual loan portfolio in the near future. This was confirmed by a senior manager at a large MFI: “In the last two to three years, we have focused on increasing the enterprise individual loan portfolio, and today it accounts for one third of the total loan portfolio, an increase from 10 percent two years back. Going ahead, we plan to continue this trend and also introduce new products, with an objective to increase the share of enterprise individual loans to 50 percent.”

**Although most group loans disbursed by surveyed MFIs are to women, the share drops significantly to 61 percent for individual loans.**

MFIs typically identify potential borrowers for group loans by identifying households that may need credit, and initiating marketing outreach to the women in the households. This approach, and the traditional focus of the MFI sector on women borrowers, has resulted in a high number of women in the group loan portfolio, consistent with global microfinance trends.

**Figure 27: Percentage of clients by gender**  
(in 2019 – up to August)

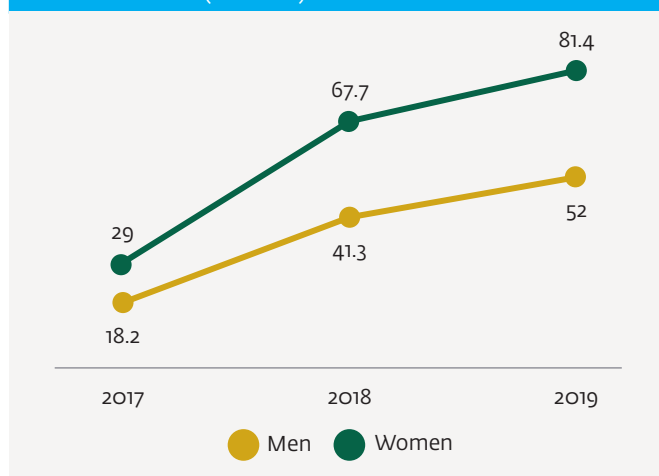


Source: Client data from each MFI

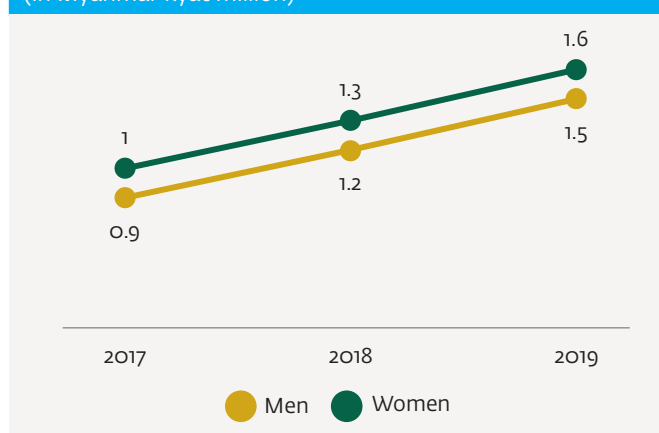
Although the proportion is lower than for group loans, there are still more women borrowing individual loans than men, with many borrowers also being existing group loan borrowers. This indicates a propensity to provide larger loans to male borrowers, as they are more likely to run larger businesses, more likely to own assets, and more likely to operate larger farms than female borrowers. Men borrowers of individual loans, in contrast to women, are often first-time clients of MFIs, and have commonly never been part of a group loan. Individual loans are, on average, three times larger than group loans, as illustrated in Figure 29. Further, a focus on providing existing clients with individual loans has helped MFIs to reduce the overall rejection rate from 12 percent for women and 17 percent for men in 2017 to 8 percent for women and 9 percent for men in 2019.

**The average ticket size of individual loans to men and women is below Myanmar kyat 2 million (\$1,390), well below the permitted limit of Myanmar kyat 10 million (\$6,950).<sup>72</sup>**

**Figure 28: Cumulative Number of Borrowers: Individual Loan (in '000s)**



**Figure 29: Average MFI Loan Ticket Size (in Myanmar kyat million)**



Standard Conversion Rate (1 MMK= 0.000695 USD)	2017	2018	2019
MMK (in million)	1 0.9	1.3 1.2	1.6 1.5
USD	695 625	903 834	1,112 1,104

Source: Client Checklist as reported by each MFI participating in the research study

Although the average loan ticket size has increased, interactions with women clients reveal that the ticket sizes available are still not enough to meet their needs, which forces them to take loans from multiple MFIs. Although the average loan size offered is well below the permitted limit of Myanmar kyat 10 million, MFIs struggle to provide larger ticket sized loans due to borrowers' lack of credit history; they are also constrained by legal restrictions on collateral and interest rates. Many also do not increase their loan sizes due to limited in-house risk management knowledge and capacity. Given that women borrow from multiple MFIs and have demonstrated an ability to repay, there is an opportunity for MFIs to adopt innovative credit assessment tools to verify their creditworthiness and to offer higher ticket size loans to eligible borrowers. A key example of this would be for MFIs to develop credit scoring methodologies based on expert credit scoring models, whereby a series of questions are asked about the borrower, their business, and their perceived reputation within the community. Well-developed scoring methodologies can help MFIs profile their borrowers in the absence of collateral or credit bureaus.<sup>73</sup>

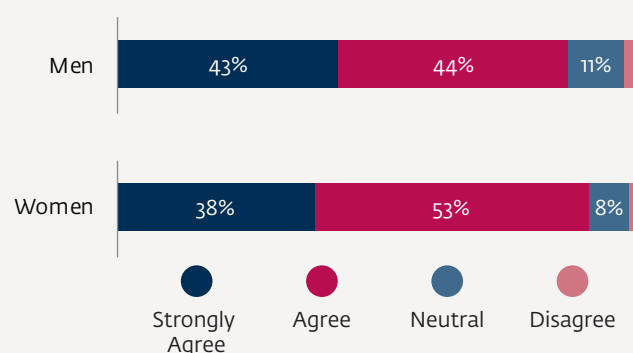
Despite these limitations, the perception among MFI employees is that microfinance is having a positive impact on women in Myanmar. Ninety-one percent of women employees and 87 percent of men employees surveyed believe that microfinance products and services contribute to women's empowerment. Employees often referred to the high number of women clients as an indicator of the importance of gender equality to their company. Multiple senior management personnel also echoed this sentiment, and one male employee stated: "Gender is definitely very important for my company, in fact over 90 percent of our clients are women, and there will always be more women clients than men." Senior management at a few MFIs were aware of some common criticisms of the microfinance sector as a whole,<sup>74</sup> but they believed that their company was offering clients a better alternative to borrowing from informal money-lenders and pawnshops, a view held by one Managing Director (MD): "Yes, we charge 2.4 or 2.5 percent a month, however, pawnshops charge multiple times this interest rate, so just by virtue of offering an alternative, we are having an impact."





Image: World Bank/ Hong Sar

**Figure 30: My company's microfinance products and services contribute to women's empowerment**



Source: Employee survey, n=1,623 (626 Male, 997 Female)

There was a lack of concrete evidence among surveyed MFIs to demonstrate the positive impact of MFIs on women customers, with only three out of the eight participating MFIs reporting that they undertake impact assessments.<sup>75</sup> Moreover, these assessments tended to focus mostly on counting the number of female clients, rather than measuring the level of impact on those women customers; some of the parameters included in these assessments are share of clients in rural areas, share of female borrowers, and loan disbursement time. There was little examination of the effect of access to finance on women's socio-economic status, well-being and educational outcomes, and agency.

























## 4.3 PRODUCTS OFFERED BY MFIS

Seven MFIs surveyed offered individual and group loans for business. Four MFIs provided individual and group loans for agriculture, while one MFI only provided group loans for agriculture. Personal loans were also provided by a few MFIs. Besides these income-generating loans, only three MFIs indicated that they offer personal loans for purposes such as home improvements, education and health. Only one MFI indicated that they offer a distinct loan for education purposes.

Besides credit products, other financial products, such as savings and hire purchase-lease loans, were also reported to be provided to clients by these MFIs. While seven MFIs indicated that they offer a savings account to individual loan borrowers, six also reported that they offer the same facility for clients taking group loans. Hire purchase-lease loans were only offered by two MFIs.



**Figure 31: Loan Offerings of MFIs**

Sr. No	Loan Offerings	Large MFIs	Medium sized MFIs	Small MFIs
1	Business Loans			
2	Agriculture Loans			
3	Personal Loans			
4	Education Loans			
5	Saving Product (as a part of Group Loan)			
6	Saving Product (as a part of Individual Loan)			
7	Hire Purchase (as a part of Group Loan)			
8	Hire Purchase (as a part of Individual Loan)			

Source: Client Checklist

**Figure 32: Share Of Business and Agriculture Loans in the Total Individual Loan Segment**



Source: Client data from each MFI

### The portfolios of participating MFIs are dominated by income-generating business, and agriculture loans.

Business loans constitute more than half of the total individual loan portfolio of MFIs. In 2019 48 percent of male borrowers and 64 percent of women borrowers took business loans for financing needs related to their enterprises. Four of the surveyed MFIs offer loans for agriculture purposes. Discussions and analysis indicate that men take more agricultural loans than any other type of loans – one of the MFIs has a 95 percent male borrower rate in their agriculture loan portfolio. Women on the other hand tend to take business loans mainly to meet the day-to-day expenses of their enterprises, or to fulfill other credit needs related to the household.

Senior managers at MFIs said that there has been an increasing demand for personal loans – which are loans that do not result in any kind of income generation for the borrower, such as education loans and medical emergency loans. This has led some MFIs to design and introduce specific products including education and medical emergency loans to meet the needs of borrowers.<sup>76</sup> This was highlighted by a senior manager at a large MFI who said: “We realized our clients’ needs for expenditure for purposes such as health and education, in addition to business expenses. Based on this observation, we have now customized our solutions, allowing borrowers to use the loan for general consumption purposes.” It is likely that the need for medical loans will be more pressing given the COVID-19 pandemic, and resulting costs for many households.

However, for the most part other personal loan products such as education, home improvement loans are rarely offered in the sector. Three MFIs reported that they offer personal loans and seven MFIs offer savings accounts as part of their loan products. Many MFIs recognize that their established client base presents them with an opportunity to expand customer segments and offer multiple products such as working capital, emergency, and health loans, as well as savings and investment products. “We recently launched a voluntary saving product. It is not a loan product and for this we go house to house to gather information. We mainly target our existing clients,” mentioned one senior manager.

**Likewise, non-financial services were only infrequently offered by surveyed MFIs.** Only two MFIs offer value-added services such as business training and technical advice, although these services were highly valued by women customers.

**Most MFIs reported that the number of NPLs are the same for men and women, between zero and one percent.**<sup>77</sup> Some of the most common reasons for defaults in repayment include business losses due to seasonal variations, household emergencies (education, marriage, medical expenses, death) and a lack of market linkages. Willful default due to a lack of proper financial management which resulted in unplanned expenditure was also reported by MFIs as a

common reason for non-payment, particularly for group loans. The COVID-19 epidemic, and the lockdowns mandated in early 2020, had a negative impact on the NPLs reported by MFIs. Most institutions have had to restructure their loans, postponing the repayment dates to allow clients the ability to repay in a longer period of time. This, together with a slowing economy will have an impact on the overall NPLs for the sector, the magnitude of which is not yet clear. Likewise, it is unclear what the effect of further lockdowns in Myanmar will be on NPLs, though early evidence suggests that the impact on small firms has already been considerable, with over three-quarters of firms reporting a reduction in sales in October.<sup>78</sup>



Image: World Bank

### Case Study: ModusBox

ModusBox, a provider of integrated payments, banking, and enterprise systems for financial institutions, has partnered with leading MFIs and UNCDF in Myanmar to design and implement an industry-owned interoperable platform using the open source payment software Mojaloop. The platform allows MFIs to integrate their core banking systems, which will greatly improve the user experience of microfinance, allowing clients to access loan disbursement, repayments, transfers and

other services from a single access point – typically a banking or mobile money agent. This is particularly important for female customers, whose mobility is generally more limited than men's, and are less likely to own a smartphone

ModusBox and UNCDF have so far on-boarded six MFIs and two bank-led mobile wallet providers, and are working to accelerate uptake across the wider microfinance sector in Myanmar.

## 4.4 OPERATIONAL CHALLENGES FOR MFIS IN MYANMAR

Although MFIs have played an important role in bridging access to formal credit for women borrowers, senior management identified a number of challenges in expanding their businesses in Myanmar. While these operational challenges are not specific to women customers, given MFIs' predominantly female client base any restrictions on the industry's growth disproportionately limit women's access to financial services.

- *Concentrated geographical presence.*<sup>79</sup> The majority of MFIs are located in Yangon, Ayeyarwady, Mandalay and Bago, limiting access to financial services for women who live in other parts of the country. To address this the Financial Regulatory Department has ceased awarding licenses for operations in Yangon and other nearby states/regions to mitigate the risk of credit oversupply. A senior management member expressed this concern: "Market saturation is a concern for the MFI sector today. Most MFIs are concentrated in urban areas, particularly around Yangon Region."
- *Lack of funding.* MFIs in Myanmar lack sufficient funding, which impacts their ability to provide products and meet customer credit demands. The funding which is available from international investors comes at a substantial cost, which reduces profitability for MFIs, a view expressed by a senior manager: "Lack of funding to support the growth and expansion of MFIs has increasingly become a challenge for our sustainability."
- *Lack of information.* Available information about the lending process is inadequate and women are often unaware of how to apply for a loan. In addition, most applicants have little or no formal credit history, making it difficult for MFIs to assess their suitability. Although some MFIs have started to share client information with each other, there has been little progress in this area, as stated by the CEO of one MFI: "With no credit bureau in place we cannot verify information on borrowing and spending. Often there are instances when men in the family may be borrowing from one MFI and ask their wives to borrow from another MFI. Without information sharing we cannot identify this trend."
- *Lack of digitization.* Myanmar is a largely cash-based economy, so MFIs' lending operations are focused on in-person engagement. Loan officers typically spend long hours collecting and counting cash and disbursing cash to new customers. Additionally, internal processes and systems remain paper-based. Recognizing the potential to digitize internal and external operations, particularly during the COVID-19 pandemic, many MFIs are initiating efforts to digitize lending and forging partnerships with mobile operators to pilot mobile money disbursements. "We eventually want to phase out cash management to a large extent," was a future goal stated by a senior manager. Additionally, efforts to introduce digitization through preparatory interventions such as financial literacy trainings are also being initiated.

Branch managers at MFIs indicated that women borrowers often have a limited understanding of the risks associated with borrowing, and a limited knowledge of good accounting practices, managing budgets, and investing. While some MFIs offer financial literacy training to clients, it is mainly product-focused and does not improve clients' financial knowledge. Similar findings were also reported in the World Bank 2018 study, *Enhancing Financial Capability & Inclusion in Myanmar*, which highlighted that the financial knowledge of women in Myanmar was 15 percentage points lower than men in the country.

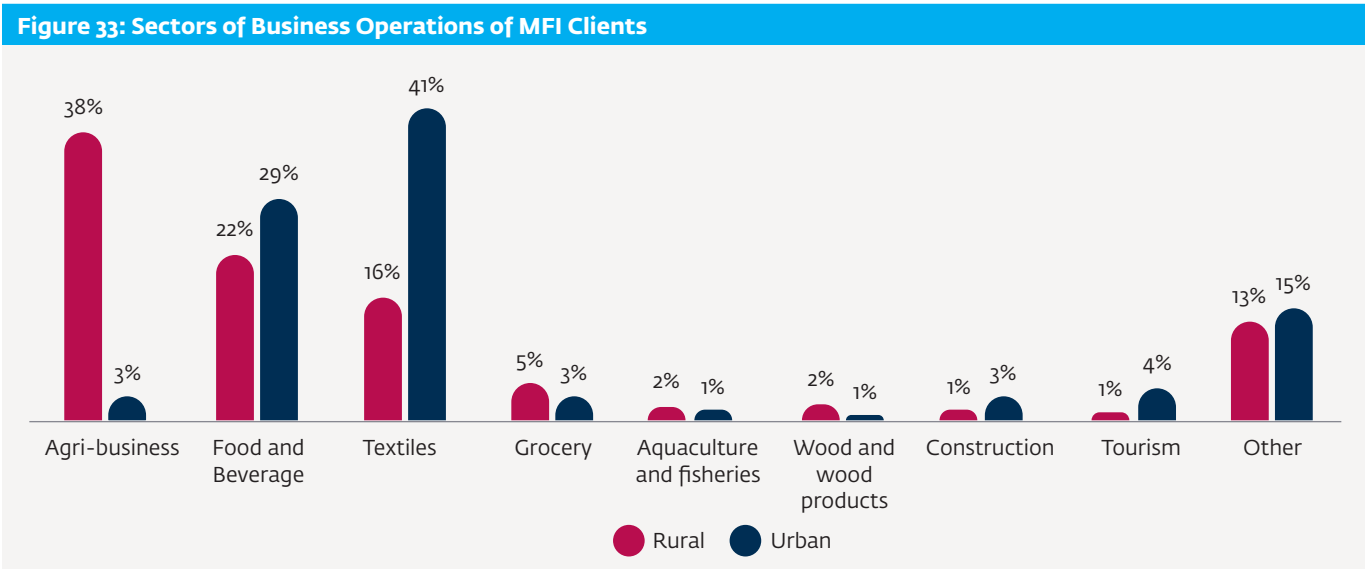
While the number of women accessing credit through MFIs has grown, it has largely been short-term credit. MFIs are primarily focused on providing a few standardized and select types of products, forcing many women borrowers to rely on informal money lenders, especially in times of emergencies. Such reliance often exposes women borrowers to over indebtedness and higher financial distress due to the predatory practices of money lenders and pawn shops that charge high interest rates. Informal lenders customize the repayment time and also provide a top-up loan (i.e. an additional amount on top of the existing loan) to attract women borrowers. However, they charge an additional fee to offer such services, which further increases the burden of repayment.

## 4.5 DEMOGRAPHICS OF WOMEN CUSTOMERS

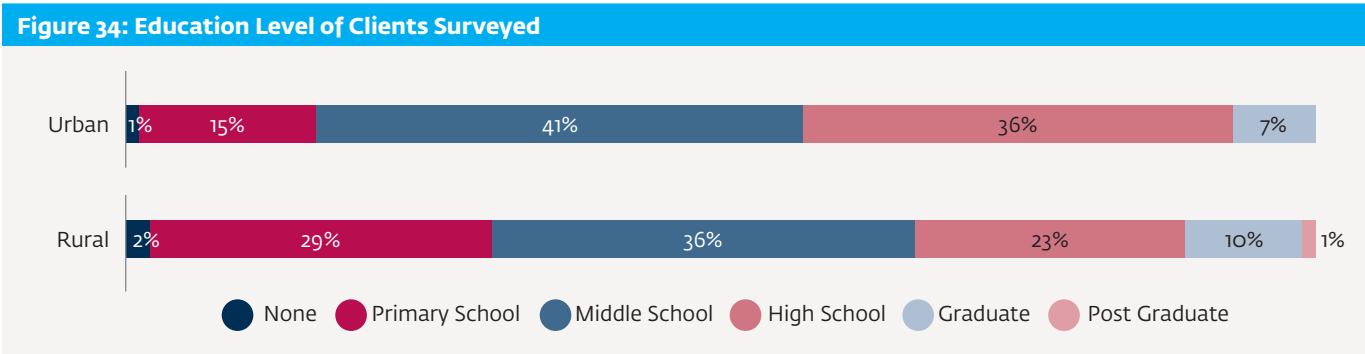
Although women clients had diverse demographic profiles, the typical client was married, middle-school or high-school educated, and over the age of 40 years.

Sixty-one percent of clients identified as business owners and had borrowed from the MFI for business needs. Most businesses operated in the food and beverages (36 percent) and textiles (26 percent) sectors. Other sectors included consumer goods, healthcare, and livestock rearing.

Only 10 percent of women clients had a bachelor's degree or higher, and almost none of them had received any formal education or training in the sector of their business. They mainly operated family businesses and/or businesses based on a traditional skill sets that they had learned socially – such as food processing and textile manufacturing. Clients from urban areas had higher educational attainment; however, lower individual monthly incomes were recorded.



Source: Client survey data, n = 482 (Rural 281, Urban 201)



Source: Client survey data, n = 482 (Rural 281, Urban 201)  
Note: Total Urban Responses 201; Total Rural Responses: 281.

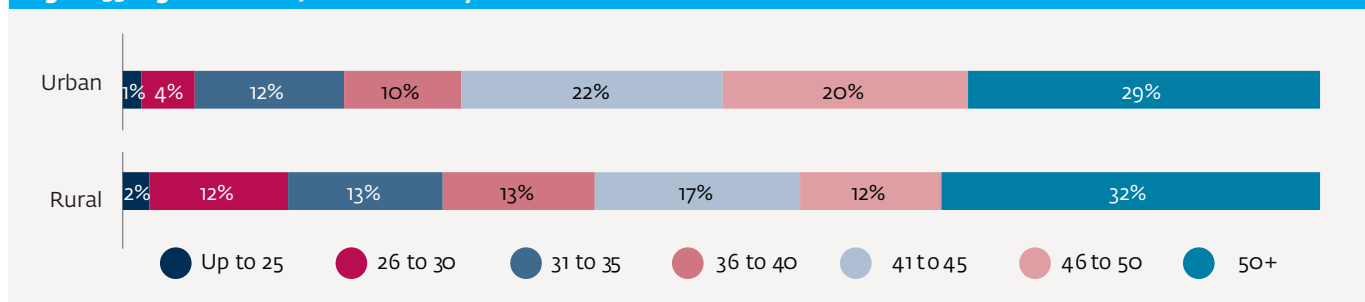
Sixty-five percent of clients surveyed were above the age of 40 years, including 30 percent who were above the age of 50 years.<sup>80</sup> The majority of borrowers are long-standing customers of MFIs, with 53 percent accessing credit since before 2017.

Fifty percent of respondents had a monthly household income of less than one million Myanmar kyat (\$695).<sup>81</sup> Seventy-two percent of rural clients indicated having a household income in the range of one million to ten million Myanmar kyat annually (\$695 to \$6,950); while 75 percent of urban clients indicated a lower monthly household income, in the range of 200,000 to one million Myanmar kyat (\$139 to \$695), and were served by medium-sized and small MFIs. Some 90 percent of clients had individual or joint ownership over at least one fixed asset, with the most common high-valued assets being a house, followed by land, jewels, and motorbikes.



Image: World Bank/ Tom Cheatham

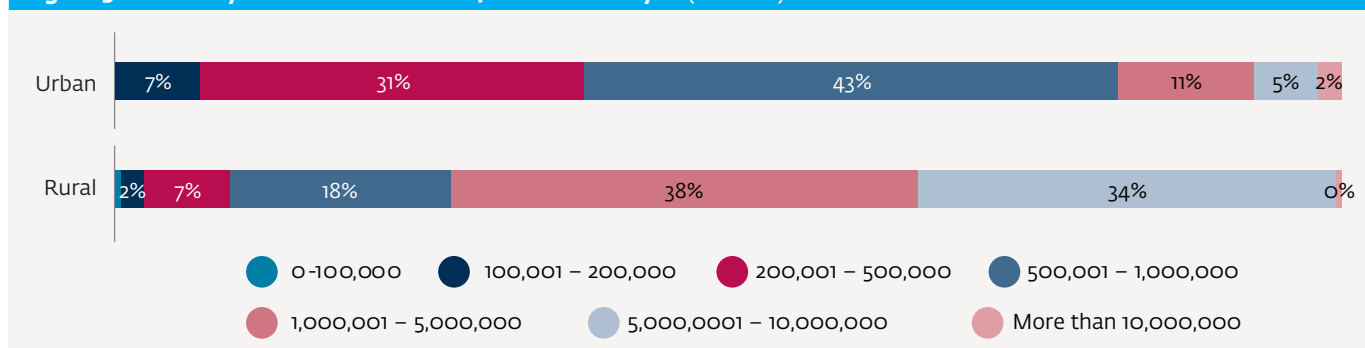
**Figure 35: Age Bracket of Clients Surveyed**



Source: Client survey data, n = 482 (Rural 281, Urban 201)

Note: Total Urban Responses 201; Total Rural Responses: 281.

**Figure 36: Monthly Household Income of Clients Surveyed (in MMK)**



Source: Client survey data, n = 482 (Rural 281, Urban 201)

Numbers do not add up to 100 percent due to rounding off.



## 4.6 WOMEN'S USE OF MICROFINANCE

**Sixty-seven percent of clients surveyed indicated that MFIs were their only source of formal credit.** Discussions with clients revealed multiple reasons for preferring MFIs as a source of credit compared to other sources such as informal moneylenders, pawnshops, banks, and non-banking financial institutions (NBFIs). Reasons included:

- *Pride at being associated with a formal process.* Clients mentioned that dealing with informal money lenders and pawnshops for credit often involved hard negotiations and exposed them to unscrupulous practices and insults. They found the formal processes of MFIs comforting, and appreciated the trust and empathy of loan officers compared to moneylenders, a sentiment voiced by many clients: "We prefer to take loans from MFIs compared to pawn shops as it does not affect our pride."
- *Lower cost of capital compared to moneylenders and pawnshops.* Additionally, MFIs charge standardized interest rates, which was a key reason for clients to borrow from them. According to one woman borrower: "Moneylenders charge very high interest rates and we could not afford to take loans. Since I have started borrowing from the MFI, it is much easier to get loans at a lower interest rate."
- *Quick turnaround time.* Clients across MFIs indicated an average time period of one week for the disbursement of loans after submitting their loan application, which is quicker than many other formal providers of credit. MFIs verify the documentation submitted by applicants and visit their household or place of business before approving the loan. This quick turnaround was mentioned by one client: "If all our documentation is complete, loan officers come within a week to check our shop and approve the loan." However, clients mentioned that they depend on money lenders or pawn shops in times of emergencies.
- *Relationships with loan officers.* As loan officers are typically from within the community or surrounding areas they are able to establish close relationships and a good rapport with women borrowers. Most clients stated that loan officers are supportive, easy to approach, and frequently contact them to explain loan terms, repayment schedules, and other details. One client said: "Loan officers come to the village and explain the entire process to us. They give us all the details regarding eligibility terms, repayment rules and other regulations for loan takers. We trust them and are comfortable dealing with them." Many loan officers are women, which gives added comfort to clients, although a few clients expressed that they prefer men loan officers who can be more flexible when it comes to repayment schedules.
- *Ease of process compared to banks.* Women are restricted from accessing loans from banks due to stringent regulations regarding pre-requisite documentation. Often, women cannot provide collateral such as land, buildings, security papers, or deposits, which are mandatory supporting documents for bank loan applications. A perceived complexity in processes, loan terms and long turnaround times also deter women from approaching banks for loans. These sentiments were expressed by a client: "We don't know much about bank loans and don't have the collateral to show. The microfinance group loan is more suitable for us."



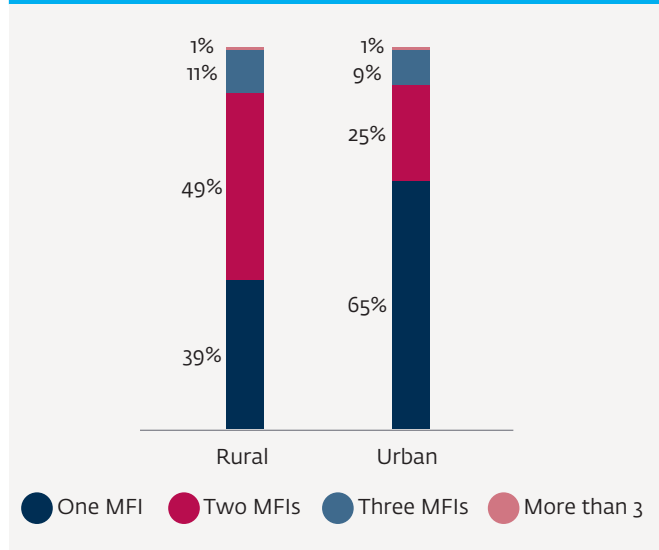
Image: International Finance Corporation





**Many clients are borrowing from multiple MFIs, with 50 percent of clients surveyed having borrowed from two or more.** The practice of borrowing from multiple MFIs is more prevalent in rural than urban areas. Thirty-five percent of clients in urban areas had borrowed from two or more MFIs, compared to 61 percent of clients in rural areas. Clients indicated that the need for higher capital often forces them to borrow from multiple MFIs, as highlighted by one client: “I do not get sufficient money to meet my financial needs through a single group loan so I borrow from other MFIs as well.” Limited sharing of information among MFIs, especially in rural areas, enables this practice of clients borrowing from multiple sources to continue.

**Figure 37: Share of Clients Borrowing from Multiple Sources, by Geography**



Source: Client survey data, n = 482 (Rural 281, Urban 201)

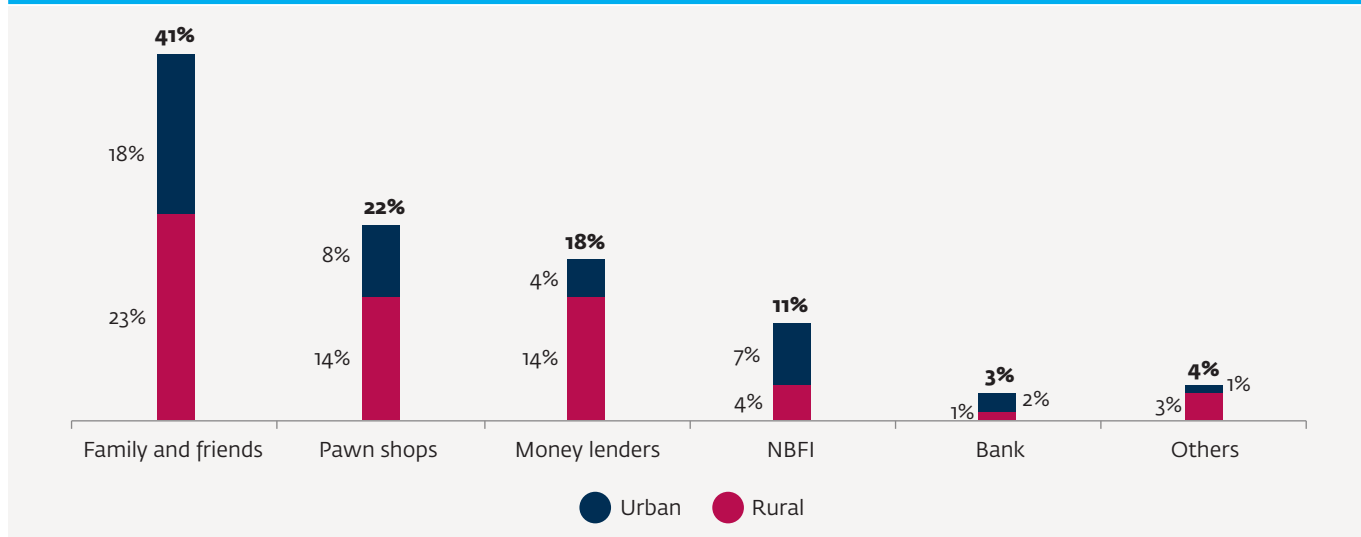
A higher share of clients from small MFIs had borrowed from multiple sources. While the range of household income for clients from medium-sized and small MFIs was the same, a higher share of clients (53 percent) from small MFIs indicated a household income of below one million Myanmar kyat (\$695), suggesting the need for capital is higher among these borrowers. Clients from large MFIs have comparatively higher monthly household incomes and 58 percent only borrow from one MFI.

**Table 5: Share of Clients Borrowing from Multiple MFIs, by MFI Type**

	Large MFIs n = 107	Medium sized MFIs n = 100	Small MFIs n = 275
From one MFI	58%	66%	41%
From two MFIs	36%	23%	46%
From three MFIs	5%	10%	12%
From >3 MFIs	1%	1%	1%
Range of Household income (MMK)	1,000,001 – 5,000,000	500,001 – 1,000,000	500,001 – 1,000,000
Range of Household income (USD) <sup>82</sup>	695 – 3475	347 – 695	347 – 695

Source: Client survey data, n = 482,

**Figure 38: Other Sources of Credit Used by MFI Clients**



Source: Client survey data, n = 482 (Rural 281, Urban 201)

Note: Includes multiple responses. Numbers do not add up to 100 percent due to rounding off.

Other sources of credit include family members, friends, pawnshops and money lenders. Besides MFIs, 31 percent of clients reported that they had taken a loan from other sources and the responses of 41 percent indicated that family and friends were the most common sources of money. The dependency on pawn shops and money lenders is higher in rural areas compared to urban areas. Credit from NBFIs is a more common alternative credit source after MFIs for clients living within city areas.

**Business and agriculture loans are the most common loans taken, although clients also borrow for education, home improvements, health and other personal uses.** Business loans were mostly used for expenses related to working capital and day-to-day operations, as stated by one client who manufactured traditional handicrafts: “I supply bulk orders to a local trader in the city and get payments after weeks. I need capital to procure the raw materials in the meantime.” During the FGDs, a few clients who had taken individual business loans indicated that they had invested the money in asset creation and the expansion of their businesses. This was mentioned by one client who manufactured food products: “I used to operate from my house. With the new loan I built a small shop and now I have more storage space.”

Similarly, for agricultural loans, most clients stated that they used the loan to buy seeds, fertilizers, and pesticides, as well as to meet other daily expenditures. Clients indicated that although they use the loans for house repairs, education, health and other personal expenditure, they need more money for non-business related expenses, as emphasized by women borrowers: “MFIs should allow more flexibility in the loans. We have diverse needs, beyond expenses related to our business for which we would like to use the MFI loan.” The demand for more general purpose loans and emergency loans was repeatedly highlighted during several discussions. Eighty-three percent of clients surveyed cited the need for higher loan amounts to meet these diverse needs along with spending beyond business or agriculture-related purposes.

**Table 6: Share of Types of Loans Taken, by Location**

Type of Loan	Rural	Urban
Business Loan	57%	93%
Agriculture Loan	38%	1%
Education Loan	2%	2%
Home Loan	2%	1%
Car or Motorbike Loan	0%	2%
Home Improvement Loan	0%	2%
Personal Loan	1%	0%

Note: Columns add up to hundred.

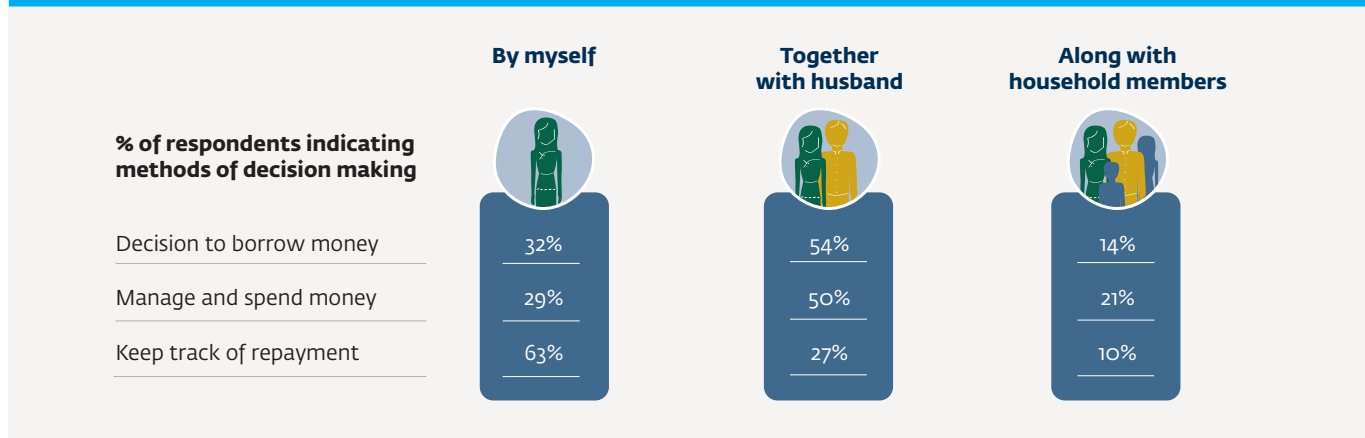


Image: World Bank/ Hong Sar

**Although women are more commonly the direct recipients of loans, husbands and other family members play an important role in decisions around borrowing and usage of loan amount.** Fifty-four percent of clients indicated that the initial decision to borrow money was taken together with their husbands. Despite MFIs not requiring collateral, most loan applications require the submission of property registration documents and, in most cases, the property is registered in the name of the male family member. This was, confirmed by a client: “My husband and I discuss together before applying for a loan as the property is in his name and his signature is also required.” Fifty percent of clients indicated that after discussions with their husbands they decided how the loan would be

used, while a few women said that they have complete control over the use of the loan although they need their husband’s permission to borrow. “Women have to take permission to borrow, but we can handle the loan money by ourselves,” was the response of one client. Clients indicated that their husbands’ involvement over the stages of borrowing, utilization and repayment diminishes progressively, with sixty-three per cent of women borrowers solely responsible for keeping track of repayment schedules. It is noted that other studies have found that women sometimes have little or no control over their loan, with the husband or male family members making all decisions.<sup>83</sup>

**Table 7: Women’s Participation in Decision Making**



Source: Client survey, n = 482  
Note: Rows sum up to 100.

## 4.7 EVOLVING NEEDS OF WOMEN CUSTOMERS

**In addition to providing access to finance, clients expect MFIs to provide business and technical advice.** Clients indicated that they face diverse challenges related to their business. Limited market access, a lack of business networks and assistance, and the dual burden of household responsibilities were the most common factors that restrict the scale and growth of businesses, as revealed by the survey and in FGDs. Twenty-three percent of business-related challenges faced by women clients were related to access to markets and another 17 percent were related to a lack of business networks. According to one client: “I run a textile business and in the village there is not much demand. If I can reach markets in Yangon where the demand is higher, I will be able to expand my business.”

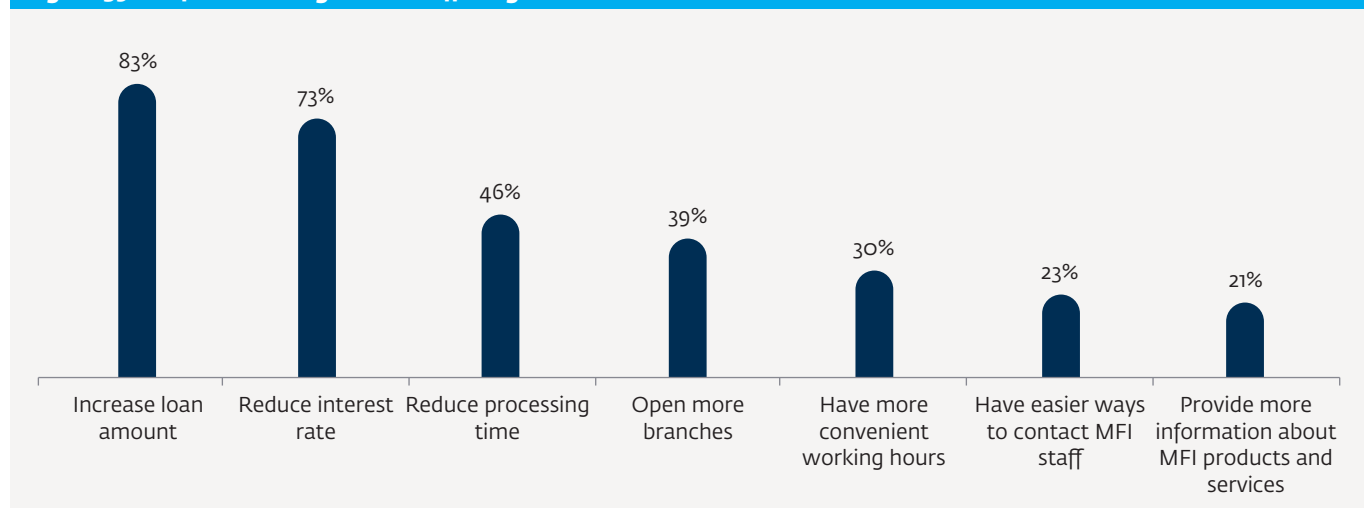
Clients mentioned that they reach out to loan officers for questions, clarifications, and assistance particularly for inputs on loan utilization and business operations. However, this assistance is mainly informal and limited in scope. One client who ran a jewelry shop said: “Loan officers try to help us as much as possible. But sometimes I need help to understand specific business-related questions – for example, how do I market my



Image: Early Dawn Microfinance Co., Ltd. / John Rae

products better, how do I improve packaging? In these areas they cannot give much support.” Most MFIs do not have provisions for formalized post-disbursement support as part of their overall loan offering. The need for formalized support with value-added services such as business training, financial management, and investments was voiced by many clients during discussions.

**Figure 39: Preferred Change in MFI Offering**



Source: Client survey, n = 482  
Note: Includes multiple responses

### Case Study: Zigway

Zigway is a fintech company based in Myanmar which, through its mobile application, provides customers with direct access to cheap, flexible loans via their phones. While consumers of nano loans are Zigway's primary target, its platform supports MFIs in removing the burden of administering small loans (for example credit risk assessment, disbursement, and repayments). Zigway also supports banks with their technological and operational know-how to support them to down-scale into the lower segments of the market.

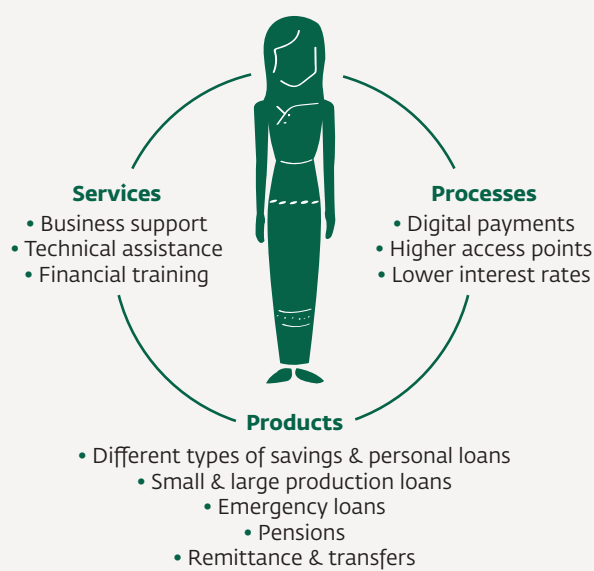
A few MFIs have recognized the demand for non-financial support and are initiating efforts to better meet the needs of their clients. For example, one medium-sized MFI is starting to experiment with providing business support and technical advice alongside loans offered to borrowers. One small MFI is also providing customized, technical support to its clients who are engaged in agricultural activities.

#### **Clients also expressed that they would like MFIs to increase the loan ticket size and lower interest rates.**

Eighty-three percent of clients were looking for higher loans from MFIs to meet multiple needs. While loan ticket sizes increase over loan cycles, clients feel they are still insufficient. This view was expressed by a client: "We often borrow from different MFIs as loans from only one MFI are not adequate enough. If MFIs increase the amount of loan sizes we do not have to go to more MFIs." A further 73 percent of clients surveyed expressed a preference for a change in interest rates for better affordability of loans. "Even though MFIs charge much lower interest rates than money lenders, decreasing the interest rates will reduce our repayment burden," was a view voiced by clients in multiple discussions.

**MFIs have begun to recognize the evolving needs of clients and some MFIs have started to explore and pilot newer products.** The increasing intention to introduce diverse financial services and innovative products was evident from senior managers, including a CEO, who said: "We recently have introduced a voluntary saving product and starting this year we want to increase our savings-to-loan ratio to about 20 percent." Some MFIs have already started piloting new products, processes, and services.

**Figure 40: Diverse Needs of Women Borrowers**







### Case Study: Mother Finance

Mother Finance provides consumer loans through a digital lending mobile application that automates the underwriting process in real time using thousands of alternative data signals. Anyone with a smartphone in Myanmar can apply for an unsecured loan and receives a quick credit decision, regardless of their financial history. Aiming to offer easy and customized loans to borrowers, Mother Finance helps customers to access finance and build digital credit histories for financial identities, over time. Mother Finance is working with MFIs to leverage credit histories and alternative data signals to offer higher loan amounts.

“We are now migrating to a call banking system and trying to digitize our channels and processes. We eventually want to phase out cash management to a large extent. At the moment we are entirely cash-based with some pilots starting with KBZ Pay doing about 600 transactions per month. We are starting a pilot with another payment service provider as well. But the process of phasing out cash will take at least two to three years.”

.-Senior Management, MFI (Male)

Acknowledging the need for greater flexibility, three MFIs provide clients with the ability to take personal loans. Other MFIs are considering introducing general purpose loans that can be used as clients see fit. One senior manager has already made these changes: “We received feedback from our women borrowers that they would like more cash for different personal consumption purchases. We will be changing the rules to allow this.” The demand for education loans from both older clients (for their children), and younger clients (for themselves) was repeatedly expressed in multiple discussions. Only one MFI reported including an education loan in their portfolio. However, senior managers across MFIs expressed a keen interest to introduce such loans and loans to help clients in times of emergencies, for example through medical emergency loans. Women typically shoulder the responsibilities of the household, particularly caring for children and the elderly, and emergency loans could be especially useful for them. One senior manager explained: “I think that the emergency loan will be a good addition to cater to women’s needs.”

To improve processes, MFIs are beginning to adopt digitization in both their internal and external operations. Myanmar is a largely cash-based economy and the transformation to using mobile money requires collaboration and partnerships with various stakeholders. Senior management at MFIs stated that this transition was a key aspect of their future growth and expansion and ongoing pilots in partnership with mobile service providers are underway at selected branches. A key factor for MFIs adopting digitization is client’s willingness to use it. One



Image: World Bank

“ From global MFI experience we know that when we invest in women, there is a multiplier effect with improvement visible in education and nutrition levels, and health outcomes, among other things. It is a surplus return from the investment that is important for sustainable development.”

-Senior Management, MFI (Male)

woman client was keen to embrace innovation saying: “We want to learn how to use mobile banking because this would save us a lot of time.” Almost 60 percent of women clients have access to a smartphone, and about 60 percent of them have used mobile money in the last 12 months.<sup>84</sup> However, in many cases, a mobile phone is shared with other family members, so may not always be accessible for women.

**Evolving needs, borrowing patterns, and the high demand for credit builds a strong business case for MFIs to develop more targeted products and services.**

Products that bundle financial and non-financial services, especially for women clients, have the potential to improve women borrower’s access to higher ticket-sized individual loans. Clients are looking for higher amounts, and the average ticket size of individual loans offered is well below the regulated ceiling; however, risk perceptions deter MFIs from providing

higher amounts. Discussions with women clients revealed a demand for tailor-made financial services, including flexible credit, savings, health insurance, pensions and remittances. MFIs are beginning to recognize that bundling products is a way to reduce risk and that providing a wider range of financial services for women has the potential to empower them.

Senior managers at MFIs also pointed out that the absence of a credible credit bureau limits their ability to offer higher loan amounts. The group lending model operates on the trust and confidence established between the borrower and the credit provider over multiple credit cycles. Due to a lack of base data on credit worthiness and credit history the risks to provide larger loans in the first or second loan cycles remain high. Financial technology, using alternate data to develop credit frameworks and scores, is being piloted in Myanmar and senior managers at MFIs have shown an interest in exploring this.

## 5. Recommendations

The microfinance sector has the potential to have a significant impact on gender dynamics in Myanmar given the high number of women employed in the sector and the predominantly female client base. A more consistent focus on including women, both as employees and customers, could help MFIs to be more responsive to the needs of women employees, attract and retain talent, improve operational efficiencies, innovate, introduce products to better suit client needs, expand market reach, and increase profitability.

While companies that participated in this research have a high participation of women in their workforce and a large proportion of women borrowers, there are still concrete opportunities for MFIs to gain operational and market benefits from implementing gender smart strategies. By participating in

this research, companies have shown a willingness to understand and address gender gaps, and capitalize on the business benefits of gender equality. This section provides practical guidance to companies on how to promote gender equality in their workforce, as well as through their client engagement in Myanmar. This includes a series of business cases as an illustration and example for MFIs operating in Myanmar.

There are a series of strategic recommendations for MFIs, broken out into three categories: promoting women as leaders, supporting women as employees, and more effectively reaching women as customers. In addition to these, there are a number of specific recommendations that should be considered by leaders in MFIs, and by the industry more widely.

### 5.1 WOMEN AS LEADERS

#### 5.1.1 Implement policies to increase the promotion of women to leadership positions

<b>The Gender Gap</b>	Women make up 60 percent of the workforce of the MFIs surveyed, but only 34 percent of senior management.
<b>Key Internal Stakeholders</b>	<ul style="list-style-type: none"><li>• Senior management</li><li>• Human resources</li></ul>
<b>The Opportunity for MFIs</b>	<p>Companies that have more gender diverse leadership have been demonstrated to be more effective, particularly in a sector that caters predominantly to female customers.</p> <p>MFIs, depending on their specific internal and geographical structures, should consider policies, mechanisms, and incentives designed to increase the promotion and retention of female staff.</p> <p>These could include, but are not be limited to:</p> <ul style="list-style-type: none"><li>• <u>Develop career pathways for female employees to move into senior management positions</u> – Introduce mentoring programs and in-depth training programs for leadership roles or provide education loans to help talented women employees develop skills that help them become effective leaders. This may include the following:</li><li>• <u>Implement an effective performance management system</u> – set clear performance objectives and measure employee performance to ensure that decisions relating to promotion and pay are fair and accurate.</li><li>• <u>Consider board composition</u> – board diversity brings firms better performance and financial outcomes when at least 30 percent of the board are either male or female, yet women are often underrepresented on MFI Board of Directors. Seek diverse candidates outside of existing networks by using gender sensitive recruitment and interview processes to ensure the opportunity reaches talent beyond the profile of your existing board.</li></ul>

## The Opportunity for MFIs

- **Gender sensitive recruitment** – review and adapt company recruitment processes so that they are inclusive for men and women. Ensure all job advertisements are written to encourage both women and men to apply for all positions, especially when the advertised role is traditionally considered to be a man or woman's job. Diversify recruitment sources and expand efforts to reach qualified candidates outside the company's traditional reach. Promote company benefits that support families to work and manage their family responsibilities and ensure that the interview process is not gender biased.

These could result in:

- **Increased profitability:** Improved gender equality at the leadership level is correlated with improved performance, increased profitability, and greater investor confidence.
- **Improved decision making:** A gender-diverse leadership enables organizations to develop stronger accountability and improved governance practices.
- **Increased investor interest:** Increasingly, global investors are adopting a gender lens and are expecting companies to be more transparent in their efforts to build gender-equal leadership teams.
- **Improved leadership team function:** Gender-diverse teams tend to perform better than homogenous teams.
- **Improved community relations:** Gender equality in leadership is also correlated with improved community relations.

### Example of Potential for Impact

Country	Organization	Description	Result
Global	<b>Journal of Banking and Finance</b>	A cross country study of 329 MFIs in 73 countries looked at the relationship between female leadership, firm performance, and corporate governance.	<p>The conclusion of the study is that in an industry that largely caters for female customers, female leadership is likely to improve MFIs' financial performance:</p> <ul style="list-style-type: none"> <li>• Female CEOs of MFIs are positively related to higher financial performance.</li> <li>• Female directors are also positively related to higher financial performance.</li> </ul>
Other examples	<p><a href="#">An ILO research study that surveyed 13,000 enterprises globally</a> demonstrated how gender diversity at the top improves organizational performance and increases profitability, showing that enterprises with a gender-inclusive culture are 9 per cent more likely to have improved business performance.</p>		
Challenges	<ul style="list-style-type: none"> <li>• Conducting in-depth and accurate internal institutional diagnostics, as well as designing balanced and effective policies.</li> <li>• Cultural norms preventing women from progressing, for example making relocating to advance to a higher staff position more difficult for women.</li> </ul>		

## 5.2 WOMEN AS EMPLOYEES

### 5.2.1 Introduce gender-sensitive policies and practices

<b>The Gender Gap</b>	<ul style="list-style-type: none"> <li>• Policies across most participating MFIs were not tailored to meet the needs of female employees.</li> <li>• Although most MFIs have adopted basic anti-discrimination policies, dedicated gender policies and other enabling policies for women are rare.</li> </ul>
<b>Key Internal Stakeholders</b>	<ul style="list-style-type: none"> <li>• Senior management</li> <li>• Human resources</li> </ul>
<b>The Opportunity for MFIs</b>	<p>MFIs are already employing many women within their organizations. By not enacting policies to retain them and promote them internally to higher positions, they are:</p> <ul style="list-style-type: none"> <li>• Wasting talent and human resource efforts;</li> <li>• Incurring human resource costs due to staff turnover; and</li> <li>• Experiencing productivity losses.</li> </ul> <p>MFIs should consider:</p> <ul style="list-style-type: none"> <li>• <u>Policies and practices to support and promote gender equality</u> - review company policies and practices to ensure they reflect the business' commitment to eliminating gender discrimination and promoting inclusion for all regardless of race, ethnicity, religion, gender identity, sexual orientation, marital status and age. These might include:             <ul style="list-style-type: none"> <li>○ Gender sensitive recruitment and promotion;</li> <li>○ Childcare support and family friendly policies such as flexible working;</li> <li>○ Respectful workplace policies to prevent and address workplace bullying and sexual harassment;</li> <li>○ Employee grievance mechanism; and</li> <li>○ Equal pay for equal work.</li> </ul> </li> <li>• <u>Training and development</u> - offer training for all employees as part of induction or part of their ongoing learning and development program, to raise awareness of the benefits of gender diversity and inclusion. Training programs may include:             <ul style="list-style-type: none"> <li>○ <u>Gender equality</u> - while several MFIs offered gender equality training, few programs were tailored to the Myanmar context. Companies should adapt and deliver relevant material which includes the business benefits of gender equality.</li> <li>○ <u>Family friendly workplace policies and benefits</u> - clearly communicate the company benefits available to support working parents or those with care responsibilities. This can help increase staff retention and enhance the company's reputation as an employer of choice for working families.</li> <li>○ <u>Respectful Workplaces</u> - train employees to prevent and address bullying and sexual harassment in the workplace, to handle client aggression and prevent sexual abuse and harassment in MFI operations.</li> <li>○ <u>Customer service training</u> - train client facing staff on how to better serve women clients and promote a respectful workplace culture in all client interactions.</li> <li>○ <u>Training men and women in non-traditional jobs</u> - provide on-the-job training opportunities for men and women to learn skills that can help them secure positions in non-traditional roles in MFIs. Consideration should also be given to ensure that training programs are arranged at a time and location that is accessible for all male and female staff.</li> </ul> </li> <li>• <u>Introduce childcare support services</u>: implement support for childcare within employee benefits framework. Some initial and low resource intensive interventions that may be introduced include review and communication of family friendly work policies and facilitation of information sessions for new parents. Flexible work arrangements to help employees balance home-care responsibilities and their work are highly sought after by Myanmar employees.</li> <li>• <u>Measure employee satisfaction</u> - conduct regular, sex disaggregated employee satisfaction surveys to measure employee engagement and proactively address issues.</li> </ul> <p>These efforts could benefit MFIs from a variety of angles:</p> <ul style="list-style-type: none"> <li>• Improve the retention of female staff;</li> <li>• Improve productivity and satisfaction of staff, and reduce absenteeism; and</li> <li>• Improve MFIs' reputation, and increase investor interest.</li> </ul>

Example of Potential for Impact			
Country	Organization	Description	Result
Myanmar	IFC	<p><i>Respectful Workplaces – Exploring the cost of bullying and sexual harassment to business in Myanmar.</i></p> <p>A 2019 study designed to explore workplace bullying and sexual harassment in businesses in Myanmar conducted through a mixed primary and secondary methodology, collecting information from 956 participants through a combination of surveys, FGDs, and KIIs.</p>	<p>The study estimated that a Myanmar company can be expected to experience a 14 percent loss in productivity as a result of bullying and sexual harassment in the workplace.</p> <ul style="list-style-type: none"> <li>• While absenteeism contributed slightly to this loss, the study found that presenteeism (where someone is at work but not operating to their full capacity), was the strongest driving factor.</li> </ul>
<b>Challenges</b>		<p>Changing company culture and norms can be a gradual process, and some staff can be resistant.</p> <p>It requires investment and concerted effort by companies in order to achieve the long-term result of greater staff engagement, satisfaction and retention.</p> <p>Additional challenges have also emerged due to the COVID-19 pandemic, such as increased customer and client aggression.<sup>85</sup></p>	

## 5.3 WOMEN AS CLIENTS

### 5.3.1 Accelerate digitalization efforts

<b>The Gender Gap</b>	<ul style="list-style-type: none"> <li>• MFIs in Myanmar operate on a physical lending model with almost completely cash-based transactions.</li> <li>• MFIs are highly dependent on loan officers who engage with clients directly throughout the lending process from the sourcing of loans to repayment.</li> <li>• Women in Myanmar are less mobile than men and would be more likely to benefit from branchless and faster banking transactions.</li> </ul>
<b>Key Internal Stakeholders</b>	<ul style="list-style-type: none"> <li>• Sales, risk credit, business and operations units</li> <li>• IT and technology teams</li> <li>• Senior management</li> </ul>
<b>The Opportunity for MFIs</b>	<p>MFIs in Myanmar are already aiming to digitalize their operations. An additional benefit of this digitalization is they will be more able to successfully cater to the female client segment.</p> <p>These efforts could benefit MFIs from a variety of angles:</p> <ul style="list-style-type: none"> <li>• Better sourcing of loans, delivery of financial literacy, disbursement of loans, and repayment collections.</li> <li>• With data-driven market intelligence, MFIs can better target clients.</li> <li>• Shifting toward digital payments will allow MFIs to service clients faster, more efficiently, and at lower costs.</li> <li>• Key benefits of digital transactions for women borrowers include convenience, security, improved customer service and the creation of a digital footprint.</li> </ul> <p>Digitalization has also become increasingly crucial during the COVID-19 pandemic, where movement is more restricted and access to mobile payments enables business continuity without the need to travel.</p>



<b>The Opportunity for MFIs</b>	MFIs could enable ecosystem digitization in partnership with other stakeholders such as value chain aggregators, retailers and payment partners. Key considerations include: <ul style="list-style-type: none"><li>• Identifying opportunity sectors for digital financial services;</li><li>• Identifying transactions to digitize;</li><li>• Identifying products and services that could be digitized;</li><li>• Identifying which technologies are ideal for digitizing value chains;</li><li>• Develop customer service solutions that support clients in using digital solutions, including training, real time posting of transactions;</li><li>• Using transaction data to assess and provide credit to end customers; and</li><li>• Instituting monitoring and evaluation for effectiveness of product and impact created.</li></ul>		
Example of Potential for Impact			
Country	Organization	Description	Result
Kenya	Musoni Services <sup>86</sup>	In 2009, Musoni Services launched Musoni Kenya, the first 100 percent mobile microfinance institution, which now reaches over 40,000 customers in Kenya. In 2013, Musoni's loan officers started using a mobile application form on a tablet rather than paper.	<ul style="list-style-type: none"><li>• This new app supported client onboarding, loan creation, business appraisals, and report viewing improving loan officers' productivity by 68 percent (through increased caseload).</li><li>• Using mobile devices also triggered an organizational change, as data entry clerks were promoted to field officers; digital information replaced paper forms; and digital photos of client IDs replaced photocopies of national IDs.</li><li>• Efficiency improved as a result, with loan application forms shrinking from 11 to two pages, and loan turnaround time dropping from 72 to six hours.</li></ul>
Other examples	<ul style="list-style-type: none"><li>• <a href="#">FINCA Tanzania</a>, an MFI which reduced operational costs and improved the customer experience by launching a mobile banking channel, FINCA Mobile.</li><li>• <a href="#">Diamond Bank, Nigeria</a> worked with Women's World Banking to develop BETA, a savings account that can be opened in less than five minutes, making its services accessible and relevant to low-income women customers who subsequently became a valuable market segment for the bank.</li></ul>		
Challenges	<ul style="list-style-type: none"><li>• While direct engagement with borrowers helps build trust and confidence in MFIs, the lending process is a cumbersome exercise for loan officers and involves high costs.</li><li>• While digitalization of both internal and external operations has the potential for improved operational efficiency, a shift to digitized payment and mobile banking involves behavioral change requiring training, time, and investment.</li><li>• Levels of mobile ownership and digital literacy are often lower for women.</li><li>• There is a lack of data and information on access to and use of digital financial inclusion in Myanmar.</li></ul>		

### 5.3.2 Tailor financial products and services for women

<b>The Gender Gap</b>	<ul style="list-style-type: none"> <li>• Group loans account for over 90 percent of total loans disbursed by MFIs surveyed and are the primary product offered to borrowers.</li> <li>• Women are more likely to be recipients of (lower value) group loans, rather than (higher value) individual loans.</li> <li>• Women are more likely than men to enter into informal lending, due to family emergencies (taking care of elders and children).</li> </ul>
<b>Key Internal Stakeholders</b>	<ul style="list-style-type: none"> <li>• Product team</li> <li>• Sales and operations</li> <li>• Research and insights</li> <li>• Marketing</li> </ul>
<b>The Opportunity for MFIs</b>	<p>Women are already the primary target market of MFIs in Myanmar. However, the majority of MFIs in Myanmar offer traditional, standardized loans with little or no customization to the needs of women, or consideration of the requirements of women in different segments such as women entrepreneurs with high potential businesses, women in different age groups, and women with families. MFIs should consider offering a wider range of financial products, including, but not limited to:</p> <ul style="list-style-type: none"> <li>• Diversify product and services: Design and adapt products and services based on market and customer needs.             <ul style="list-style-type: none"> <li>○ This study identified an opportunity to introduce products that allow women greater economic independence and flexibility in personal spending for purposes such as education and health and emergency loans. It is also important to consider the differentiated service needs of women borrowers and delivery models to better reach women SMEs.</li> <li>○ Business loans specifically designed for the entrepreneurial needs of the economic sectors most likely to be woman led.</li> <li>○ Pre-approved, amount bound, emergency or fast loans for current clients who have already been credit checked.</li> <li>○ Savings products designed to allow women to cover maternity expenses.</li> <li>○ Microinsurance products against business and/or household shocks.</li> </ul> </li> <li>• Conduct a market assessment to understand the market and customer – regularly assess the market to evaluate the impact of current products and service offerings and identify areas of opportunity. A robust assessment will enable better informed design of products and services. Given the evolving needs of borrowers, market evaluation will allow MFIs to better understand customers – such as the key constraints facing different groups of women borrowers, the areas of financial services that remain underserved or unserved and how to be responsive to future trends.</li> <li>• Diversify product and services: Design and adapt products and services based on market and customer needs. This study identified an opportunity to introduce products that allow women greater economic independence and flexibility in personal spending for purposes such as education and health and emergency loans. It is also important to consider the differentiated and varied service needs of women borrowers and delivery models to better reach women SMEs.</li> <li>• There would be value in MFIs in Myanmar conducting detailed monitoring and evaluation of their impact on women customers, which would help to further refine processes and product offerings.</li> </ul>

Example of Potential for Impact			
Country	Organization	Description	Result
Global	<b>Freedom from Hunger</b>	In 2006, Freedom from Hunger started with five MFIs — Bandhan (India), CARD (Philippines), CRECER (Bolivia), PADME (Bénin), and RCPB (Burkina Faso) — to explore whether it was possible to design and offer health-related products and services that could have a positive social impact for clients while also being practical, cost-effective, and even profitable for MFIs.	<ul style="list-style-type: none"> <li>• Integrated microfinance and health protection products can be inexpensive for MFIs.</li> <li>• Health protection products have the potential to enhance MFIs' competitive advantage.</li> <li>• The value of health protection products to clients and their communities can exceed their cost, resulting in impressive net social value creation that contributes substantively to an MFIs' social mission.</li> </ul>
<b>Other examples</b>		<ul style="list-style-type: none"> <li>• <a href="#">Habitat for Humanity and MasterCard Foundation in Kenya and Uganda</a> turned housing microfinance into a mainstream offering, mobilizing over \$43 million in capital and reaching over 237,000 people, demonstrating a demand for housing microfinance among families or individuals earning as little as \$5 a day.</li> <li>• <a href="#">FINCA Kosovo's</a> Loan for Women Entrepreneurs in Business and Agribusiness offers tailoring to specific business cycles, a tailored repayment structure, and competitive interest rates, helping to drive a 16 percent customer base expansion in just a few months.</li> <li>• FINCA Afghanistan launched women-only bank branch offering women-tailored small business, micro-business and agriculture financial products. Within a few months this reached 800 active clients, with \$376,000 loan value distributed.</li> <li>• In 2006, <a href="#">Freedom from Hunger</a> launched with five MFIs, offering health-related products and services that delivered social impact while also being profitable for MFIs.</li> </ul>	
<b>Challenges</b>		<ul style="list-style-type: none"> <li>• Fully understanding and segmenting the needs of women clients across the various geographies of the MFI.</li> <li>• New product design, including revisions of credit policies, risk management, and delivery.</li> </ul>	

### 5.3.3 Tailor non-financial services for women

The Gender Gap	<ul style="list-style-type: none"><li>• Only two out of eight MFIs surveyed offer targeted non-financial services to female clients.</li><li>• Business and financial advice provided by loan officers is not sufficient to satisfy the specific needs of female customers.</li><li>• Women are more likely to benefit from non-financial services and training.</li></ul>		
Key Internal Stakeholders	<ul style="list-style-type: none"><li>• Sales and operations</li><li>• Research and insights</li><li>• Marketing</li></ul>		
The Opportunity for MFIs	<p>This research has shown a demand for a variety of non-financial services, from business management to financial training.</p> <p>MFIs can design and deliver non-financial services specifically tailored to the needs of their female clients, such as generic and sector-specific training and business advisory to women clients segmenting their needs by other factors such as size of business. This support will equip clients with new business skills and help them scale up their businesses and other income generating activities.</p> <p>While MFIs can provide such services as standardized offerings, tailor made, needs-based offerings can also be explored. Service delivery channels should also be adapted to better reach women borrowers. This may include a mix of service delivery channels, including through branch, via mobile phone, or online.</p> <p>Support could include, but is not limited to:</p> <ul style="list-style-type: none"><li>• Business management training;</li><li>• Mentoring and networking activities;</li><li>• Accounting;</li><li>• Marketing; and</li><li>• Financial management, for example financial diaries.</li></ul> <p>Business support and training can be most effective for women-owned businesses when combined with 'soft skills' training, such as digital literacy, time management, leadership, separating business and home finances, and others.<sup>87</sup></p> <p>These non-financial services have the potential to transform clients' business performance, increase their income generation, as well as improve their financial management skills, which will in turn make them more reliable and lucrative customers for MFIs.</p>		
Example of Potential for Impact			
Country	Organization	Description	Result
Indonesia	ILO <sup>88</sup>	<p>The PROMISE IMPACT program focused on helping financial institutions (FIs) to offer bundled financial and non-financial services to female micro entrepreneurs.</p> <p>3,333 clients from 13 FIs received training and counselling from loan officers who were trained by certified ILO master trainers. Besides providing training and counselling services for clients, the managers of FIs participated in Making Microfinance Work training courses.</p>	<ul style="list-style-type: none"><li>• 46 percent increase in clients who prepare a cashflow to record financial transactions.</li><li>• 9.6 percent increase in clients who have a business plan.</li><li>• 7.2 percent reduction in late loan payments.</li></ul>
Challenges	<ul style="list-style-type: none"><li>• Most MFIs do not have the internal capacity to design and deliver specialized business and financial training.</li><li>• Designing and delivering this training is often perceived as not cost-effective by MFIs.</li></ul>		

## 5.4 ADDITIONAL RECOMMENDATIONS FOR THE SECTOR

- *Public leadership:* Leaders in MFIs should share the business benefits of gender equality with employees using public forums such as townhalls and company communications, highlighting that gender diversity is a strategic priority both within the workforce and in client facing activities.
- *Implement a robust performance management system:* MFI senior management should set clear goals linked to the key performance indicators of employees. This is critical for the long-term success and buy in of activities promoting gender equality.
- *Develop a Myanmar specific guidance note for designing gender equality assessment framework:* MFIs along with the relevant government bodies and global experts could design and develop a gender equality assessment framework that guides all MFIs in their efforts to mainstream gender in their companies. Further, this framework could measure the performance of MFIs against each other and industry benchmarks.
- *Strengthen the role of credit bureaus:* The government along with the support from MFIs and development sector agencies could strengthen the involvement of credit bureaus in the lending process. Credit bureau can play an important role in enabling access to information across MFIs, which in turn can ease the credit assessment process and ensure that clients do not borrow from multiple MFIs and compromise their ability to pay back the loans.
- *Build infrastructure to promote innovative financial technology for lending to low income segments:* With increasing mobile phone ownership, there is need for MFIs to partner with financial technology companies and develop a universal method of digital payments. The setting-up of test markets to prototype and access an expert pool of advisors is needed through supportive policies and regulations. An industry-level incubation unit could be beneficial for MFIs focusing on innovative solutions for lending to the low income and rural segments.
- *Initiate nationwide financial literacy campaigns to instill confidence among rural borrowers:* It is important that MFIs along with the government take initiatives to improve the state of financial literacy across low-income women and men borrowers in rural areas. Moreover, an extensive behavior change campaign across rural regions, either through government departments or specialized private agencies, can enable increased financial literacy and growth in MFI lending among the borrowers.

## 6. Appendix

### 6.1 THE MICROFINANCE LANDSCAPE IN MYANMAR

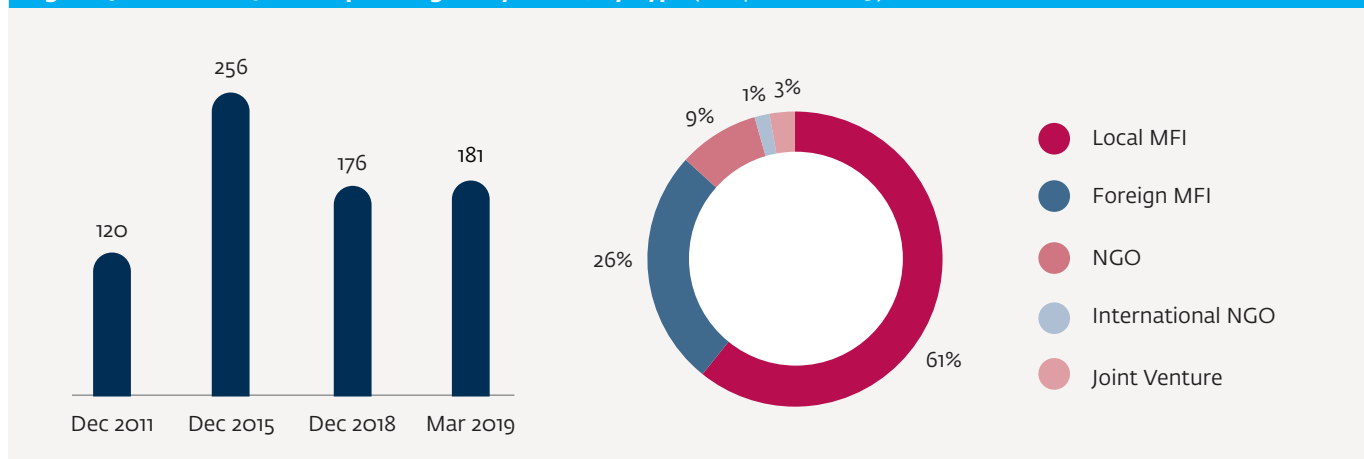
The microfinance sector, historically dominated by international non-governmental organizations in Myanmar, has been experiencing dramatic growth and transformation in the past decade, bolstered by government initiatives such as the National Strategy for Poverty Alleviation and Rural Development (2011) and the Strategic Framework for Rural Development (2013). The enactment of the Microfinance Law in 2011 also served as an important milestone to promote microfinance in the country by establishing a statutory framework and supervisory body called the Myanmar Microfinance Supervisory Enterprise (MMSE). The MMSE was tasked to review license applications, set up accounting, supervise MFI operations, and carry out field inspections. In 2014, the MMSE was subsumed into the Financial Regulatory Department under the Ministry of Planning, Finance and Industry (MoPFI) – the current regulator of the microfinance industry. The establishment of a legal framework also allowed development institutions and donor consortiums to provide further technical and financial support – institutions such as the Asia Development Bank (ADB), the Livelihoods and Food Security Trust Fund (LIFT), the United Nations Capital Development Fund (UNCDF), the United States Agency for International Development (USAID), and the World Bank and IFC have been contributing toward the development of the MFI sector in Myanmar through their projects. IFC's work includes providing advisory services and financial investment for

banks and MFIs to address inadequate technical capacity and financing in the sector.<sup>89</sup>

**Despite fluctuations in the number of MFIs operating in the country, the sector has grown considerably when measured by assets and lending.** Between 2011 and 2015, the number of registered MFIs increased from 120 to 256, mainly due to low capital requirements, which the barriers to entry. The sector then witnessed a drop in numbers, settling at 176 in December 2018<sup>90</sup> before recovering to 181 by March 2019<sup>91</sup> (as of July 2019, it was 189). This decrease was mainly due to MFIs giving up their licenses due to increased regulatory pressures and reporting requirements. As of now, the largest MFIs in Myanmar are all INGOs (or they originated from one), or foreign lenders (see Figure 41). The market is concentrated, with 18 key MFIs controlling around 80 percent of assets. Some of them include ACLEDA, ASA Microfinance Aeon, DAWN Microfinance, Fullerton, LOLC, PGMF, Proximity, Sathapana and Vision Fund.

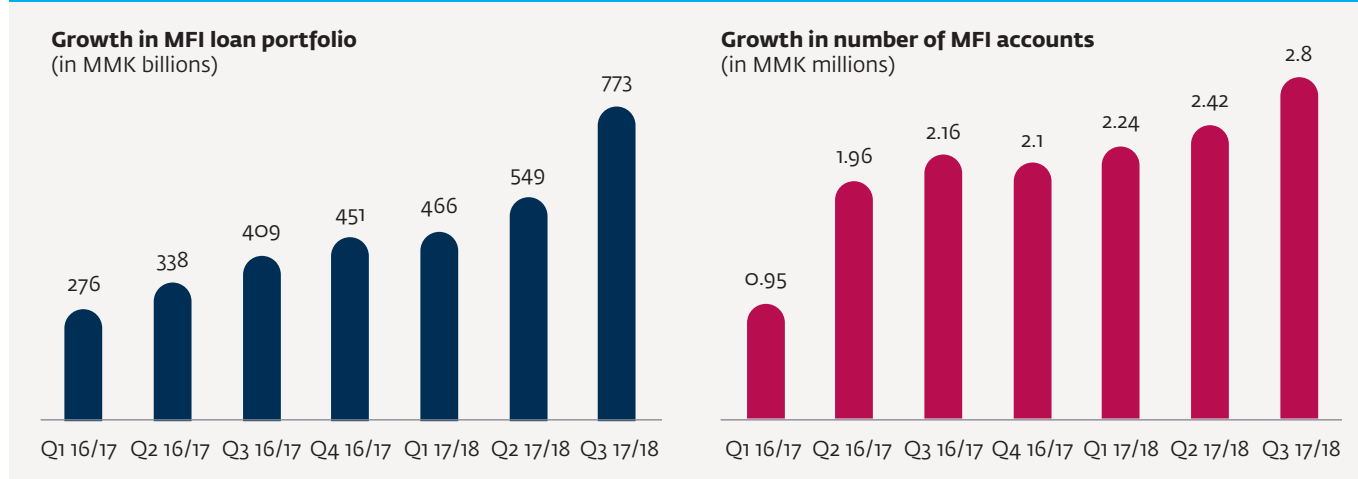
From 2016 to 2018, the sector witnessed a threefold increase in the loan outstanding value, with an average growth rate of 16 percent per quarter (i.e. Myanmar kyat 276 billion in Quarter 1 of 2016/2017 to Myanmar kyat 773 billion in Quarter 3 of 2017/2018).<sup>92</sup> Over the same period, the number of active loan accounts increased progressively from 0.95 million to 2.8 million. This growth was driven by a widening of the geographical presence of MFIs, and has significantly driven financial inclusion in the country.

**Figure 41: Number of MFIs Operating in Myanmar, by Type** (as of March 2019)





**Figure 42: Growth in Microfinance Market**



Source: Finmark Report 2018

**IFC contributes to the sector through targeted investments, as well as advisory support.** Access to more investments, and access to affordable debt can reduce the cost of financing for institutions, which strongly benefits the sector, and its ability to expand to more clients across different segments and geographies.

### 6.1.1 Products and Services

**Group loans dominate MFIs in Myanmar, although there has been increasing interest in the provision of individual loans in the recent past.** While group loans are given to a collective of four to five members with a maximum loan size of Myanmar kyat 10 million (about \$6,950<sup>93</sup>), individual loans are given to a single borrower with the same size cap. The group lending model mitigates risks for the MFI providing uncollateralized loans as the burden of repayment is shared collectively. Group loans rely on the trust of all group members that creates a “social guarantee” as members are responsible to the MFI, as well as to their co-borrowers.

Both of these lending models offer products that are designed to support income generation, usually through business and agricultural activities. There is limited differentiation in the products of MFIs and no products have yet been designed to specifically meet the needs of women clients. Some of the key products offered by MFIs are:

- **Agricultural Loans:** These loans include monthly interest payments, with a provision where farmers can repay after selling harvests.
- **Enterprise Loans:** Mainly offered to small and medium enterprises to meet their working capital needs, with a maximum loan size per customer of Myanmar kyat 10 million (about \$6,950). Larger international MFIs plan to increase their enterprise loan portfolio in the near future.
- **Hire-purchase:** Only a few MFIs offer micro-leasing through hire purchase products, as Myanmar still lacks a regulatory and licensing framework for leasing. Most of the MFIs that offer hire purchase loans<sup>94</sup> provide credit for agricultural equipment.
- **Insurance:** MFIs do not offer insurance as a financial service, although with the upcoming approval of the new MFI Law, it is expected that MFIs will be allowed to act as agents of insurance and micro-insurance providers.<sup>95</sup>
- **Garment Worker Loan:** This product is offered by VisionFund Myanmar as a new loan product for garment factory workers, funded by LIFT.
- **Others:** Other products and services offered by MFIs include education and medical emergency loans, voluntary savings products, and value-added services such as business training and technical advice. However, such products are only offered by a limited number of MFIs.

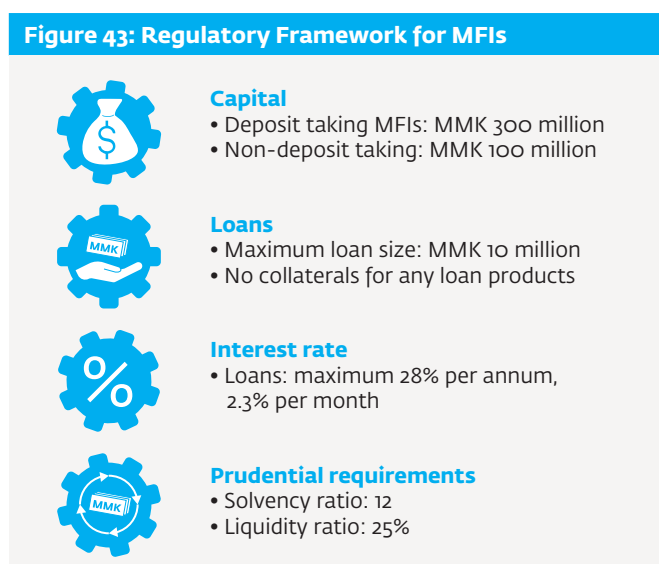
### 6.1.2 Regulations

The MOPFI regulates and supervises the microfinance industry through its Financial Regulatory Department. There are two types of **MFI licenses**:<sup>96</sup>

- **Deposit-taking:** Allowed to use deposits from clients to finance lending operations. The paid-up capital requirement is Myanmar kyat 300 million (about \$20,850).
- **Non-deposit-taking:** Allowed only to provide loans from own funds. The paid-up capital requirement is Myanmar kyat 100 million (about \$69,500).<sup>97</sup>

Typically, MFIs initially receive a one year temporary license; a full license is granted after they meet regulatory review standards. MFIs can offer a maximum loan size of Myanmar kyat 10 million (about \$6,950) and are not allowed to accept collateral. Since the MFI Law was passed in 2011, there have been subsequent regulatory relaxations and developments that have allowed the sector to grow. In 2014, a regulation was passed to allow MFIs to use mobile payment systems. In 2016, another regulation was passed which addressed consumer protection, over indebtedness, and eased restrictions on MFIs by allowing them to provide remittance services.<sup>98, 99</sup>

Some of the key regulations related to the functioning of MFIs are shown in Figure 43.



Source: Financial Regulatory Department, Central Bank of Myanmar 2020

MFIs have generally focused on growing the number of borrowers because they have been constrained by the regulation around deposit taking and a regulatory floor on interest rates for savings (14%). Until late 2016, MFIs had not been allowed to take voluntary savings of more than 5% of loan value from borrowers ("members"). Although this has since been lifted in late 2016, MFIs are still limited to taking deposits only from their borrowers, and not from the general public. MFIs who wish to take voluntary deposits have to apply for a separate deposit taking license, which mandates a minimum requirement of two consecutive years of profitability and operation for a minimum of three years. As of December 2019, only 17 MFIs out of 189 operating in Myanmar are deposit taking.

A number of regulatory measures have also been taken in response to the COVID-19 pandemic. The regulator issued a forbearance measure to relax the provisioning requirement, meaning that regardless of overdues, the gross loan portfolio (including NPLs and restructured loans) will be subject to 1% general provisioning only between Apr 1st and Dec 31st. Additionally, the Financial Regulatory Department issued a Directive on October 27 instructing MFIs operating in Yangon, Bago and Rakhine regions to stop all collections and interest accruals between November 2020 and April 2021. Accordingly, while previous guidance allowed for voluntary collections, the most recent guidance requires zero cash flow coming from borrowers in these three regions for the subsequent six months.

The three states that have the highest Covid-19 infection rates during the second wave and Yangon and Bago regions are the urban commercial hubs and key portfolio concentration areas for MFIs that are not serving rural Myanmar. The Directive also refers to the Myanmar Economic Bank providing 0% loan to MFIs for liquidity purposes, although the size, individual loan amount, eligibility and other terms are yet to be finalized. Furthermore, the government announced two loan schemes for MFIs: (i) MMK100 billion (c. \$75 million) fund available for the loans from Myanmar Economic Bank to MFIs with max 11.5% p.a. interest rate (three years maturity with one-year grace period and extendable); (ii) MMK100 billion fund available for loans to MFIs, under which MEB would lend to MFIs at 1% p.a. a 12-month loan and MFIs would on-lend to tea shops and restaurants at most 2% p.a. interest, with terms replicating the underlying loan.

## 6.2 DETAILED MFI POLICIES FOR EMPLOYEES OF SURVEYED MFIS

The table below provides a summary of the policies active within the sampled MFIs. It is important to underline that these were self-reported by the MFIs and that the research team did not verify all self-reported policies.

**Figure 44: Policies and Benefits offered by MFIs**

Sr. No	Employee policies and procedures	Proportion of MFIs
1	Anti-harassment policy	8 out of 8
2	Whistleblower policy	8 out of 8
3	Maternity leave policy	8 out of 8
4	Paternity leave policy	8 out of 8
5	A general HR Policy	8 out of 8
6	Employee code of conduct	8 out of 8
7	Equal employment opportunity	7 out of 8
8	Condolence leave policy / family leave policy	7 out of 8
9	Dress code policy	5 out of 8
10	Equal pay for equivalent work policy	4 out of 8
11	Employee grievance mechanism	4 out of 8
12	Internet/computer use policy	3 out of 8
13	Social networking policy	3 out of 8
14	Flexible work policy	1 out of 8
Sr. No	Employee benefits to promote gender equality	Proportion of MFIs
1	Maternity and paternity leave	8 out of 8
2	Vocational leave (for study or learning)	7 out of 8
3	Family leave	7 out of 8
4	Policies that promote gender equality	5 out of 8
5	Grievance mechanism or complaint process	5 out of 8
6	Code of conduct committee	4 out of 8
7	Mentoring program	3 out of 8
8	Childcare facility	1 out of 8
9	Transport services	2 out of 8
10	Staff association	2 out of 8
11	Childcare subsidy	2 out of 8
12	Breastfeeding room	1 out of 8

Source: Information received from each MFI.<sup>100</sup>

### 6.2.1 Policies for employees at surveyed MFIs

*HR Policy.* All MFIs have an HR policy document that covers basic rules and guidelines for the workplace and general employment terms and conditions. However, in some cases, the policy is either directly adopted from the international parent company, and not adapted for the local context, or is too rigid to be applicable to the varied needs of the head office and branches, as emphasized by one branch manager: “The HR policy is generic and covers most things applicable at the head office level. However, some aspects of the field have to be treated differently, such as business hours, resource allocation training, processes to take leave, and frequencies of promotion. We routinely have to support our staff and customize these offerings on a needs basis.” A regional manager reaffirmed this view: “The HR policy is basic and applicable to all employees. But, it would be helpful if certain provisions were applied based on locations. For example, flexible working hours for employees working in remote areas, provisions for temporary branch change to avoid monotony, and opportunities for knowledge sharing.”

- *Code of conduct.* Although all MFIs surveyed have an employee code of conduct in place, only four (two of the large MFIs and two of the medium-sized MFIs) have a committee in place that periodically develops and reviews rules related to workplace standards, ethics and compliance, and gender bias.
- *Gender Equality.* Only two MFIs have a separate gender equality policy. Of these, only one of the larger MFIs has a gender equality policy adapted to the Myanmar context; the other has a policy that has been adopted from the global parent company without any contextualization for local socio-cultural norms, practices, and legal provisions. These policies, nevertheless, are exhaustive and promote equal participation across levels, provide for staff education on gender equality, promote non-discriminatory working relationships, provide guidelines and procedures for implementation and monitoring, set targets and accountability, and provide requisite resources. In the case of medium-sized and small MFIs, provisions for gender equality and women’s empowerment are mentioned in the code of conduct. They are not, however, as exhaustive as a dedicated gender policy

requires. A senior manager at one of the small MFIs stated: “Although we promote gender equality and encourage women’s empowerment, having a specific policy is not required as it will overlap with other policies such as sexual harassment and equal pay.”

- *Equal pay for equal work.* Four MFIs surveyed have a policy, whereby MFIs provide the same salary to men and women employees. The salary depends on the performance, skills, and experience of employees. However, employees highlight that in some cases employees with different backgrounds and experience are hired for the same role and paid the same amount, which causes resentment among more experienced employees, with one HR manager saying: “I often get complaints from some senior branch managers about not getting paid more compared to some of the younger ones, however we have fixed pay scales and salaries are governed by these.” This issue was mainly confined to rural areas where the availability of skilled staff is usually a challenge for MFIs.
- *Employer supported childcare.* Only one MFI reported that they provide childcare facilities<sup>101</sup> and only at the head office; it was noticed that these provisions were not in evidence at the branch offices. Some reasons given by MFIs for the lack of support include high costs, space constraints, and other competing strategic and operation requirements. A breastfeeding room and on-site childcare center were only available at one MFI. A further two MFIs mentioned that they have plans to introduce childcare facilities at their head offices. A few employees said that they bring their children to work at times if needed. However, such arrangements are typically infrequent, informal, and allowed on a needs basis, and are not part of a written policy.
- *Maternity and Paternity Policies.* All MFIs reported they have adopted the law related to maternity and paternity leave. During discussions it was noted that although some MFIs provide additional benefits to employees across geographies, such as an extension of leave, special arrangements at the workplace, where available, are limited to the head office. In addition, at one small MFI it was noted that there is a common employment document which captures details on maternity and paternity leave; however, there is no

mention of the details related to paid leave, timeframe, and flexibility to split and apply for this leave before and after child birth.

- *Flexible working policies.* Only one MFI reported having a formal flexible working policy; however, discussions with employees revealed that, in practice, managers of most MFIs provide flexibility to employees on a case-by-case basis, rather than following an established process of granting approval. This can often lead to favoritism and preferential treatment, which was highlighted by a few employees.
- *Anti-bullying and Sexual Harassment and Whistleblower Policies.* All MFIs reported that they have a written policy on sexual harassment bullying, and whistleblowers. However, although HR managers report that the policy exists, field employees at two MFIs were not aware of any policy, and discussions with management at a few MFIs suggested that the sexual harassment content used for workshops is mainly adopted from global sources with no specific contextualization for local conditions and sensibilities.
- *Grievance mechanisms.* Sixty-three percent of all respondents stated that there was a grievance reporting process in the company. There was, however, a limited awareness about the grievance mechanism process and understanding about how to use it among employees, especially at the branch level where employees at the branch level typically approach their supervisors directly. This means they are dependent on the willingness and ability of supervisors to address their concerns, which can create challenges as articulated by one loan officer: “Employees at the branch talk to the branch manager if there is a problem, but there is no solution if the problem is with the branch manager himself.” Senior management are aware of the importance of grievance mechanisms, with one senior manager stating that his MFI plans to form a grievance redressal committee made up of internal and external members. Eighty-five percent of respondents mentioned that they have never used the grievance mechanism, with a few employees in FGDs indicating that they were uncomfortable with using the process.

## 6.3 RESEARCH APPROACH

### 6.3.1 Research Aim and Objective

**Research Aim 1:** Map the current state and understand future trends of the microfinance sector in Myanmar, including its supporting ecosystem and any regulatory implications, applying a gender lens.

**Research Aim 2:** Assess the status of gender equality at the workplace in the MFI sector – through a review of employee-related data and policy documents of participating MFIs, and understand the perspectives of employees through surveys, FGDs and individual interviews.

**Research Aim 3:** Understand the needs and perspectives of women borrowers from the point of view of product suitability, lending process, and gender impact of the loan. Assess feasibility of, demand, and uptake of gender-focused initiatives and offered products in the Myanmar context.

**Research Aim 4:** Develop profiles of participating MFIs and assess their operations, collecting sex-disaggregated data from each on leadership, employees, consumers/clients, and community relationships. Profiles also include a benchmarking metrics framework for each MFI with comparative analysis to industry averages on the above mentioned aspects.

**Research Aim 5:** Provide recommendations for an appropriate approach and framework for a sector advocacy and learning platform for gender equality. Develop a business case and strategy for improving gender integration within the sector alongside the identification of potential partnerships to encourage industry-led, targeted interventions.

### 6.3.2 Research Methodology

The study employed a mixed method approach, relying on both a qualitative and quantitative research methodology to analyze gender integration in the MFI sector.

The study included primary research covering eight participating MFIs and secondary research to understand the status of gender equality in the MFI sector in Myanmar. Three distinct



groups were the central focus of the research: leadership in the MFI sector, MFI employees, and women borrowers.

**Primary research tools:** The research methodology used various research tools to collect both quantitative and qualitative data from the participating enterprises and their clients. These included

1. **Employee and Client Checklist:** An Excel checklist and data-capture template were used to collect employee and client data from participating MFIs. The information included sex-disaggregated data on employees in the workforce, recruitment and turnover, and absenteeism. Information on existing policies and processes adopted to ensure gender equality, key benefits offered to employees, training provided, and initiatives undertaken toward safety and security at the workplace was also collected. Further, sex-disaggregated data on the client portfolio including the portfolio split by product, number of borrowers, amount of loan outstanding, and NPL levels was also sought. Note that such information and data was self-reported by participating MFIs and not all relevant documents were shared by all MFIs.
2. **Employee Survey:** An online survey was administered to all employees through email. The survey was voluntary and open to all employees irrespective of seniority, location, gender or department.<sup>102</sup> The questions in the survey were related to employees' perceptions about gender equality in their workplace. The survey also aimed to capture employee inputs on staffing, training, and grievance redressal initiatives of the company. A total of 1,623 employees from eight MFIs participated in this exercise.
3. **Client Survey:** A paper-based survey was used to collect data from MFI clients to understand their dependency on MFIs, amounts borrowed, type of loan product availed, and experience of lending, among other aspects. The survey also sought to gain insights about their perspectives on gender equality.

Working with a confidence level of 95 percent and a confidence interval of 5 percent for a population of about 3 million MFI borrowers, a sample size of 385 borrowers was targeted. During the project 482 borrowers constituted the sample size. This sample was stratified across MFIs and geographies in consultation with participating MFIs.

4. **Key Informant Interviews (KIIs):** Thirty-eight interviews were conducted with HR managers, senior management personnel, branch managers, and loan officers at each MFI participating in the study. The KII questions for senior management and HR managers were focused on gauging their perceptions and involvement in promoting gender equality for employees and borrowers. The KII questions for operations managers, such as branch managers and loan officers, in addition to the above aspects, also focused on broader issues relating to gender equality at the workplace.
5. **Focus Group Discussions:** Thirty FGDs were conducted with three types of groups: a) male employees of MFIs, b) female employees of MFIs, and c) women clients of MFIs. The discussions had three broad objectives: (1) to seek insights about their perspectives on gender equality, (2) to collate experiences about engagement with the MFI, and (3) to understand needs and demands to further enable gender equality.

For the purpose of analysis, the MFIs have been segmented into three categories based on their size of operations:

- Large: MFIs with more than 2,000 employees.
- Medium: MFIs with between 1,000 and 2,000 employees.
- Small: Fewer than 1000 employees.

Validation workshops were conducted to share initial analysis and findings with sector experts and representatives of the participating MFIs. Feedback received from workshop participants was used to refine the analysis.

# Endnotes

- 1 FinScope Myanmar 2018
- 2 Based on estimates by MFI staff; data for group loans cannot be fully gender disaggregated
- 3 FinScope Myanmar 2018 – 30 percent of men were currently borrowing from a bank, or had done so in the last 12 months, compared to 15 percent of women
- 4 Note that these policies were reported by participating MFIs, and could not be independently verified the research team
- 5 Note that this review does not reflect changes that may have occurred after this date
- 6 Myanmar COVID-19 Monitoring Platform, Firm Survey Results, World Bank, <https://www.worldbank.org/en/country/myanmar/brief/myanmar-covid-19-monitoring-platform-keeping-myanmar-informed-amid-uncertainty>
- 7 The Global Landscape of Gender Lens Investing, Intelicap, 2019. <https://www.intellicap.com/wp-content/uploads/2019/02/The-Global-Landscape-of-Gender-Lens-Investing.pdf>
- 8 Barriers to Women's Financial Inclusion in Myanmar, Giulia Zaratti, UNCDF.
- 9 Note: Microfinance is a powerful instrument of poverty reduction. However, there have been instances, when not properly regulated, where microfinance has contributed to over-indebtedness among borrowers, most notably in specific cases in India. This report advocates for a sustainable, well regulated growth of the microfinance sector.
- 10 FinScope Myanmar, 2018
- 11 Small change, Big changes: Women and Microfinance, International Labour Office, Geneva. [https://www.ilo.org/wcmsp5/groups/public/-/dgreports/-/gender/documents/meeting-document/wcms\\_091581.pdf](https://www.ilo.org/wcmsp5/groups/public/-/dgreports/-/gender/documents/meeting-document/wcms_091581.pdf)
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- 13 World Bank, *Doing Business* 2020 <https://www.doingbusiness.org/en/reports/global-reports/doing-business-2020>
- 14 FinScope Myanmar 2018
- 15 International Monetary Fund, International Financial Statistics and data files, and World Bank and OECD GDP estimates
- 16 World Bank Data. <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>
- 17 Trading Economics, Myanmar Profile. <https://tradingeconomics.com/myanmar/population-female-percent-of-total-wb-data.html>
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- 23 Ibid.
- 24 Investing in Women Myanmar Country Context Paper, S Chandra, 2018. <https://investinginwomen.asia/wp-content/uploads/2018/01/investing-in-Women-Myanmar-Country-Context-Paper-1-1.pdf>
- 25 Social Institutions & Gender Index, OECD Dev Centre; 2019. <https://www.genderindex.org/wp-content/uploads/files/data-sheets/2019/MM.pdf>
- 26 Gender Equality & Women's Rights in Myanmar–Situational Analysis, Asia Development Bank & United Nations Development Programme, 2016. [https://www.undp.org/content/dam/unct/myanmar/docs/unct\\_mm\\_UN-Women\\_Report\\_Gender%20Situation%20Analysis.pdf](https://www.undp.org/content/dam/unct/myanmar/docs/unct_mm_UN-Women_Report_Gender%20Situation%20Analysis.pdf)
- 27 About 84.9 percent of applications for farmland registrations are by men, therefore they hold the vast majority of land titles. Gendered Aspects of Land Rights in Myanmar: Evidence from Paralegal Case Work, Namati, 2019. [https://namati.org/wp-content/uploads/2019/07/Gender-Brief\\_English\\_Online-Version-.pdf](https://namati.org/wp-content/uploads/2019/07/Gender-Brief_English_Online-Version-.pdf)
- 28 Myanmar also ranks 102nd in the World Economic Forum's index of women's economic participation and opportunity – World Economic Forum 2020; [http://www3.weforum.org/docs/WEF\\_GGGR\\_2020.pdf](http://www3.weforum.org/docs/WEF_GGGR_2020.pdf)
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- 37 Raising the Curtain Cultural Norms, Social Practices and Gender Equality in Myanmar, Gender Equality Network, 2015 <https://www.burmalibrary.org/docs22/GEN-2015-11-Raising%20the%20curtain-en.pdf>
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- 56 This may change following the passage of a new Micro-finance law, approved by the Lower House of Parliament (Pyithu Hluttaw) in February 2020. Expected changes, while unconfirmed, include: increasing maximum loan amounts for enterprises, expanding MFIs ability to offer insurance products, and potentially allowing MFIs to collect collateral for specific loans. <https://finance.frontiermyanmar.com/news/microfinance/micro-finance-law-approved-pyithu-hluttaw>
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- 58 Note: This is based on the information shared by the MFIs. However, not all MFIs shared the relevant documents with the research team. There may be some cases where the MFIs have over-reported.
- 59 Other research from the private sector has found that women account for around 40 percent of owners or managers of large firms (Source: Women and the Economy in Myanmar: An assessment of DFAT's Private Sector Development Program, DFAT, 2016. <https://dfat.gov.au/about-us/publications/Documents/women-and-the-economy-in-myanmar-assessment-dfat-private-sect-dev-prog-jan-16.pdf>); and with regard to larger corporations, Myanmar Information Management Unit (MIMU) highlights that only 3 out of the 100 largest Myanmar companies are run by female CEOs (Source: Increasing Opportunities For Women In Myanmar, IFC, 2018. [https://www.ifc.org/wps/wcm/connect/a5def8e3-acc7-4025-8076-7165ecd-3dce3/Myanmar\\_Gender\\_OnePager\\_Oct+2018\\_For+email+distribution.pdf?MOD=AJPERES&CVID=mqnylM](https://www.ifc.org/wps/wcm/connect/a5def8e3-acc7-4025-8076-7165ecd-3dce3/Myanmar_Gender_OnePager_Oct+2018_For+email+distribution.pdf?MOD=AJPERES&CVID=mqnylM)).
- 60 "Women's Leadership and Workforce Participation in the Myanmar Microfinance Sector: Institutional Gender Policies and Practices" – DRAFT, Giulia Zaratti, UNCDF.
- 61 Similar data for other sectors in the economy are rare. However, estimates derived by the research team from ILO Stat 2018 and World Bank Data indicate that at an overall level, women account for 35.5 percent of the agriculture workforce, 38 percent of the industry workforce, and 46.6 percent of the services workforce. The textile subsector, especially, has a high concentration of women who account for 'more than 90 percent' of the workforce; Source: Weaving Gender, ILO Country office for Myanmar.
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- 66 KBZ Bank Moves Towards Promoting Gender Equality in the Workplace, Myanmar Business Today, 2019. <https://www.kbzbank.com/en/blog/news-en/kbz-bank-and-bcgea-take-strides-towards-promoting-gender-equality-in-the-workplace/>
- 67 Note: 1) Lend a leave: An employee can lend his/her outstanding leave to peers. 2) Split my holiday: An employee can split the long holidays as per convenience and utilize whenever required. 3) Combo-leave: An employee can combine holidays and take together as per convenience.
- 68 Note: This is based on the information shared by the MFIs. However, not all MFIs shared the relevant documents with the research team.
- 69 The higher proportion of men reporting home-care responsibilities contrasts with qualitative findings that women tend to have greater domestic responsibilities. This may result from a number of factors, including the higher proportion of male staff who are married – which may be due to women's greater tendency to leave the workforce upon marriage – as well as factors such as men's higher car ownership, and women's tendency to minimise their domestic burden.
- 70 Another IFC study found that 47 percent of the participating businesses' employees did not feel safe when traveling to and from work. Two-thirds of these respondents were women. Respectful workplaces, IFC. [https://www.ifc.org/wps/wcm/connect/d54116ba-c277-47fa-aa53-f6a3f-2fec0f4/IFC\\_RespectfulWorkplaces\\_ENG\\_full\\_reportpdf?MOD=AJPERES&CVID=mCjOJxb](https://www.ifc.org/wps/wcm/connect/d54116ba-c277-47fa-aa53-f6a3f-2fec0f4/IFC_RespectfulWorkplaces_ENG_full_reportpdf?MOD=AJPERES&CVID=mCjOJxb)
- 71 Based on the application form shared by MFIs.
- 72 Conversion Rate: 1 USD= 1,439 MMK; 1 MMK = 0.000695 USD.
- 73 The International Finance Corporation and broader World Bank Group have provided technical support to the Central Bank of Myanmar for the establishment of Credit Reporting System in Myanmar, including a functioning credit bureau, strengthening the credit bureau supervisory capacities of the Central Bank Officials and public educations on credit reporting and financial consumer protection. During phase I of these activities, the Myanmar Credit Bureau-MMCB was established with IFC support, and MMCB started operations with major commercial banks to help more people and business gain access to financing for businesses and households. The credit bureau aims to offer services to all financial institutions in Myanmar. Apart from credit reports, a statement with information about a borrower's credit activity and current credit situation, MMCB will develop value-added products such as credit scoring and new transaction alerts. The plan for Credit Reporting Development phase II is to deepen the reach of the credit reporting services

- to enable banks to progress from qualitative to quantitative decision-making in assessments of creditworthiness; to improve the quality of domestic credit portfolios and maintain financial sector stability; to ensure that complete and comprehensive solutions are available to banks and non-bank financial institutions which following from the existing Credit Reporting project Phase I.
- 74 Such as: capital provided by the sector is expensive and that husbands or family members of clients often use the money borrowed, trapping women into debt cycles.
- 75 Note: This is based on the information shared by the MFIs. However, not all MFIs shared the relevant documents with the research team. There may be some cases where the MFIs have over-reported.
- 76 An example of such loans is the 'Sanitation Loan' offered by the MFI Aarohan in India.
- 77 Note: Only one MFI reported women having higher NPLs than men.
- 78 Myanmar COVID-19 Monitoring Platform, World Bank, <https://www.worldbank.org/en/country/myanmar/brief/myanmar-covid-19-monitoring-platform-keeping-myanmar-informed-amid-uncertainty>
- 79 Making Access Possible - Financial Inclusion Diagnostic, UNCDF, 2018. <http://www.uncdf.org/Download/AdminFileWithFilename?id=8674&cultureid=127&filename=map-myanmar-diagnostic--2018pdf>
- 80 Further, 90 percent of clients had children, with 63 percent of them having children below the age of 18 years.
- 81 Conversion Rate: 1 USD = 1,439 MMK; 1 MMK = 0.000695 USD.
- 82 Conversion Rate: 1 USD = 1,439 MMK; 1 MMK = 0.000695 USD.
- 83 *Small change, Big changes: Women and Microfinance*, Source: [https://www.ilo.org/wcmsp5/groups/public/-/dgreports/-/gender/documents/meetingdocument/wcms\\_091581.pdf](https://www.ilo.org/wcmsp5/groups/public/-/dgreports/-/gender/documents/meetingdocument/wcms_091581.pdf). It has been noted that women may also struggle with the heavier workload created by the responsibility of loan repayments. Changes in access to finance influence the distribution of working time between men and women in the same household and between activities yielding different returns. Evidence suggests that up to a point microcredit increases the workload of women and girls, perhaps offset by more equality in household decision-making.
- 84 Note: The Mobile Gender Gap Report published by GSMA in 2020 found that mobile ownership among men in Myanmar stood at 78 percent, while for women it was 68 percent. Mobile Internet usage was 58 percent for men and 41 percent for men. <https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2020/05/GSMA-The-Mobile-Gender-Gap-Report-2020.pdf>.
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- 93 Conversion Rate: 1 USD = 1,439 MMK; 1 MMK = 0.000695 USD.
- 94 Hire purchase is an arrangement between a buyer and an MFI typically for financing the purchase of equipment, where the buyer makes an initial down payment and pays the balance plus interest to the MFI in instalments. In such an arrangement, the ownership of the equipment is not transferred to the buyer until all the payments have been made. MFIs in Myanmar typically offer such a service in partnership with banks.
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- 96 According to The Microfinance Supervisory Committee, Notification No. (4/2016).
- 97 Conversion Rate: 1 USD = 1,439 MMK; 1 MMK = 0.000695 USD.
- 98 Myanmar Financial Service Report, FMR Advisory. <https://en-ergv.frontiermyanmar.com/sites/all/libraries/ckfinder/userfiles/files/FMR%20FS%20Report%202018.pdf>.
- 99 Microfinance Business Supervisory Committee Directives, 3/2014, 4/2016 & 5/2016.
- 100 Note: This is based on the information shared by the MFIs. However, not all MFIs shared the relevant documents with the research team. There may be some cases where the MFIs have over-reported.
- 101 Note: This is based on the information shared by the MFIs. However, not all MFIs shared the relevant documents with the research team.
- 102 In cases where employees did not have official individual email addresses, MFIs were requested to make the survey available to employees through other means such as shared office computers or via phone through existing messaging groups such as WhatsApp.















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