

The Bulletin

Issue: 12

Impact on Women's Personal and Professional Life by Availing U Bank's Services

In our quarterly newsletter, we not only highlight our achievements but also highlight the global and local issues that need attention. We highlight the importance of the financial sector and how it can help the society in overcoming the challenges.

In a world where financial independence plays a crucial role in shaping personal and professional success, options of financial institutions have increased manifold. However, due to strict protocols and extensive documentation, it has become more critical for women to avail financial services. U Bank has taken strides toward ensuring that women across Pakistan are equipped with the tools they need to take control of their financial future. Our latest research explores the impact of U Bank's financial services on women's lives and reveals

insights into how these services are helping overcome barriers that they face in the financial landscape and the impact of financing on women in their personal lives.

We welcome your feedback. Our hope with this newsletter is to build a community of engaged readers interested in sincere discourse about the challenges and opportunities we face as a sector, and the disruptions (technological or otherwise) required to serve our customers better and build an inclusive Pakistan.

Yours sincerely,
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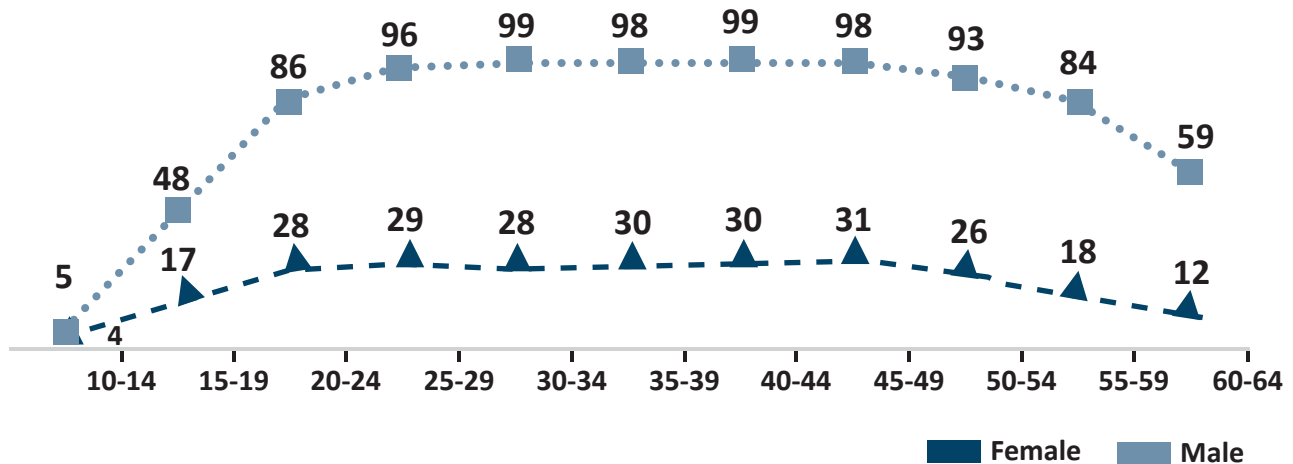
Introduction

In Pakistan about 14% of women have acquired higher secondary education or above. However, there is a huge gap in the market with respect to the labor force and the working class. Those who have completed higher secondary education, only 30% of them are working whereas 83% of the educated men are working in the market. (Source UN Women-Status of Women in Pakistan, 2023). As per the National Vocational and Technical Training Commission (NAVTTTC), only 0.5 million students were enrolled in TVET institutes in 2021 with a gender distribution of 33% female and 67% male students.

Following are the few challenges highlighted as the hindrance in the education of females or their low participation and high dropout rate.

1. Inaccessibility to rural areas
2. Poverty
3. Low economic status
4. Resource allocation

Involvement of females in the formal workforce is quite low, however in informal sectors, there's a significant increase in the participation of females. As per LFS data, total participation of female in labor force is 12% as compared to global percentage of 39%. Similarly, with the age between 15 to 64 years, female participation in labor force is as low as 26% in comparison to men i.e. 84%.



Source: Estimated from LFS 2020-21

Population	Total	Male	Female
Total	241,499,431	124,324,406 (51%)	117,154,694 (49%)
Rural	147,614,729	75,592,790 (51%)	72,017,097 (49%)
Urban	93,884,702	48,731,616 (52%)	45,137,597 (48%)

PBS: Table 1

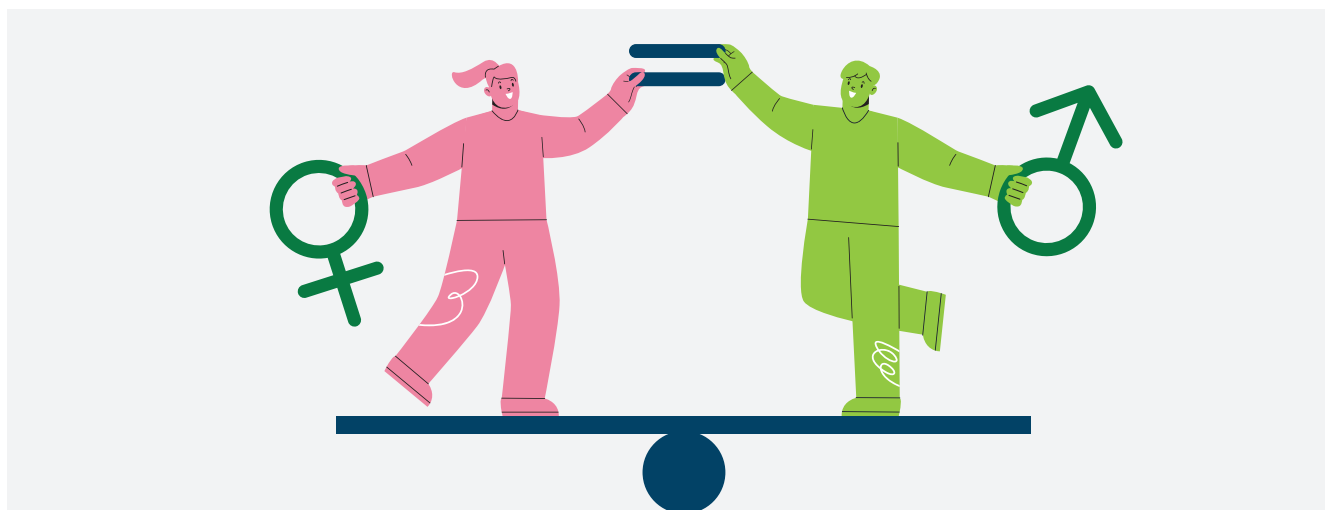
Literacy	Total	Male	Female
Population >=10	171,714,532	88,512,840	83,181,361
Literate >=10	104,148,094	60,187,586	43,952,346
Literacy Rate	61%	68%	52%

PBS: Table 12

Financial Landscape of Pakistan: Gender Involvement and Progress

Pakistan's financial ecosystem has long presented challenges, particularly for women. In a country where male-dominated traditions often prevail, women remain underrepresented in accessing financial resources, products, and services. These barriers, rooted in socio-cultural, economic, and educational limitations, prevent women from fully participating in the formal economy.

In recent years, Pakistan has witnessed a significant transformation in its financial landscape, particularly in terms of gender involvement. Several initiatives have been introduced to enhance women's participation in the financial sector and workforce.



Government Initiative

The government has launched various programs aimed at empowering women financially. These initiatives focus on increasing women's access to financial resources, encouraging their participation in the workforce, and promoting financial independence.

Microfinance Sector Growth

The microfinance sector has seen substantial growth, providing women with access to small loans and financial services. This has enabled many women to start their own businesses, contributing to their financial independence and economic growth.

Digital Financial Services

The rise of digital financial services has made banking more accessible to women. Mobile banking and digital wallets have simplified financial transactions, allowing women to manage their finances more efficiently and securely.

Women focused Banking products

Banks and financial institutions are offering products tailored specifically for women. These products cater to the unique financial needs of women, promoting savings, investment, and credit access.

Awareness and Education Programs

At certain level, various awareness and education programs have been implemented to improve financial literacy among women. These programs aim to equip women with the knowledge and skills needed to navigate the financial system confidently.

Challenges / Barriers for Women in Availing Financial Services

In Pakistan, women face several challenges when trying to access banking services. We, at U Microfinance Bank, conducted interviews of females on convenience basis to understand what are the challenges they face with respect to availing financial services. These challenges can be broadly categorized into cultural, social, economic, religious, psychological and systemic issues.

Note: Females from different socio economic class were interviewed. Few expert females were also interviewed who are very much active in interacting with the females of all tiers.



Cultural and Social Barriers

Gender Norms and Stereotypes

Women are usually considered to be the ones to manage the household. They are better at savings than men. When they get money from males, they prefer to set aside some amount for the rainy days. Their preference is to have committee and it gives them sense of security, in this way they do not have to tell anyone that they are saving. They keep it secret.

In our society, women still have to get permission from males of their houses to go out. Men still holds the control over almost everything. Considering the males more in control over the financials, it limits the autonomy of women.

Limited Mobility

One of the major reasons, especially in rural areas, is the mobility issue. Women are not allowed to go out of their homes without males or in some cases they are not allowed to visit banks. Hence this creates hindrance in getting women under banked population. They cannot visit a branch to open an account or conduct any transaction.

Systemic Barriers

Documentation and Identification Requirements

Many women, especially in rural areas, lack the necessary documentation (such as a National Identity Card) to open a bank account.

Banking Infrastructure

Inadequate banking infrastructure in rural and remote areas disproportionately affects women, who may have less freedom to travel to urban centers for banking services.

Financial Products and Services

Existing financial products are often not tailored to meet the specific needs of women, such as microloans for female entrepreneurs. Even if there are specific products, right target audience is mostly not aware of it due to marketing strategies or sales techniques.

Discrimination and Harassment

Women face discriminatory attitudes and harassment when interacting with banking personnel, discouraging them from using banking services.



Economic Barriers

Income Disparities

Women generally earn less than men and are more likely involved in informal or unpaid work. This reduces their financial independence and ability to engage with formal banking systems.

Asset Ownership

Women are less likely to own assets, such as property or land, which are often required as collateral for loans.

Religious Barriers

Religious practices restrict women's independence, dictating that they seek permission from male family members for financial transactions.

Lack of Gender-Sensitive Financial Products

Financial products and services that align with cultural and religious values, such as Shariah-compliant banking, may not be adequately tailored to meet the specific needs of women.

Psychological Pressures

Lack of Confidence

Women have an unsaid fear of judgement or criticism from their families or communities if they seek financial independence. Unfortunately, even in this progressive environment, women in rural and semi urban are not considered someone to take part in financial matters. Financials are still managed by the males.

Lack of Trust

Majority of the females have trust issues with the financial institutions. They consider that banks over charge or have certain hidden charges that are not communicated at the time of account opening. Hence women prefer committee over savings or utilizing banking facilities.

Low Literacy Rates

Higher illiteracy rates among women, especially in rural areas, hinder their ability to understand and utilize banking services.

Lack of Financial Literacy

Limited access to education and then financial education directly impact the women in feeling unsure about how to navigate financial system. Without proper knowledge, women are hesitant in engaging with financial services.

Technological and Infrastructure Challenges

Inadequate Banking Outreach

Many banks have limited outreach programs targeting women, particularly in rural areas, leading to a lack of awareness about available services.

Poor Digital Connectivity

Insufficient digital infrastructure in certain areas restricts access to online and mobile banking, which could otherwise empower women with easier access to banking services.

We conducted a research project to explore the impact of U Microfinance Bank's products on women's lives: financials, and lifestyle.

Research Approach

To gather the report, both secondary and primary research was carried out.

1. Women who obtained loans from U Bank between January 1st, 2023, and January 31st, 2024
2. Experts women to gauge the barriers / challenges women face in availing financial services

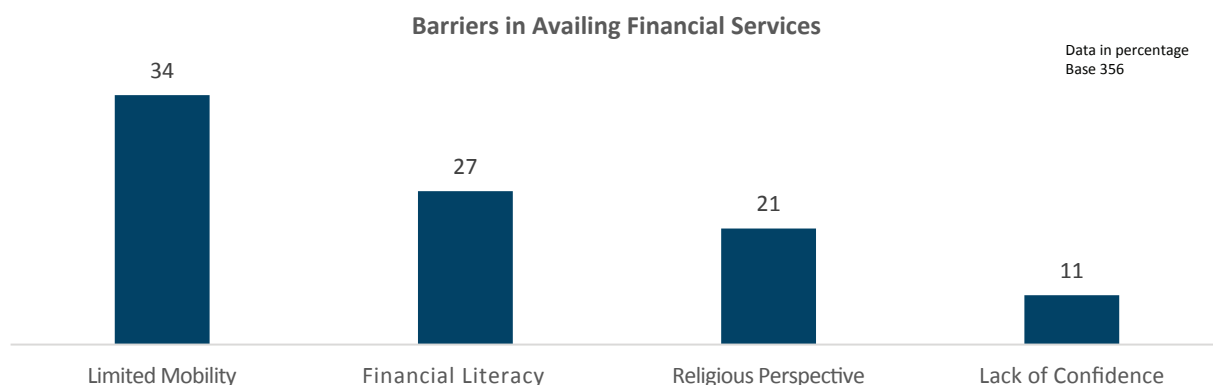
Sample Size

356 women across U Microfinance Bank's population were interviewed to gather the insights on impact.

Findings of Research

Barriers in Availing Services

When women were asked about the barriers in availing financial services, going out of home was one of the biggest challenges mentioned. Financial literacy is another major challenges that needs to be addressed by financial institutions.



Role that U Microfinance Bank Has Played – Need Analysis



It is very close to the heart of U Microfinance Bank's management to add value to society and provide basic necessities to everyone. U Microfinance Bank has been playing a major part in making the economy better, and giving access to financial services to women in becoming independent is another proof. Our aim is to create a constant source of income instead of letting people rely on subsidies.

Customer Journey: Reasons of Starting Business

Starting the business by women was mainly due to their personal interest or the challenges they faced. After realizing that the family is struggling with financials, majority of the women came up with a solution to start a business and help the chief wage earner. The journey wasn't easy but the lessons they learnt were valuable for them.

Top reasons mentioned by women were

1. To support family,
2. Was always keen to start the business,
3. To provide better environment and lifestyle for the family.

Type of Business

Majority of U Bank's women customers have started their home based businesses. Around 49% are doing clothing and accessories business, 23% are associated with agriculture, 11% have their own beauty salons and a few women are associated with education sector i.e. tuition academy.

Reason of taking loan

Around 45% women availed loan from U Microfinance Bank to expand their current business, whereas 44% women had general financial needs.

Majority of the women who had to take loan from U Microfinance Bank due to general financial needs, started their business between 1 to 6 years. Due to the changing economic condition of the country and rising inflation in last few years, it has become very difficult to manage financials in business and personal life.

Impact on Business (Overall)

After getting loan from U Bank, about 71% women had seen positive impact on their business. Only 5% had seen negative impact due to different factors like high interest rate, loss in business, unable to save anything. Out of 254 women who have seen positive impact in their business, 69% women are extremely happy as they are able to earn more income. They are buying more raw material and generating more income. 11% have started meeting the ends very easily.

Impact on Financials

When specifically enquired about the impact of U Bank's loan on women financials, 69% were excited to mention that they have seen positive impact i.e. financials have improved. Whereas, 22% haven't seen any change in their financials. 9% were worried as they have seen their financials going in negative direction.

Out of 245 women, 91% are able to save more money than before getting loan from U Bank. 14% were happy to share that they do not have to worry about bank's installment as they are generating more income and managing the installment from it.

Out of those who had seen positive impact on the financials, when asked about the profits in their business, 84% women have earned up to 50% profit margin in their existing business. Whereas 12% women were not able to respond as they had issues in calculations.

Impact on Lifestyle

U Bank's loan have impacted the lifestyle of many households. A lot of women have seen changings in their eating habits, overall environment of the house, education of children and overall way of living. Whereas, there are a few with negative impact in their life due to financial losses or heavy debts. Overall, 62% women have seen positive impact on their lifestyle. Whereas, 28% mentioned there isn't any change after getting U Bank's loan.

After taking loan from U bank, about 76% women mentioned that they are now able to generate more income from their business. Out of those women, 49% use the additional generated income in their household to make their lifestyle better, 25% spend on their children i.e. in providing them the best life, 25% use the money to expand their business. With the additional income, women are now able to afford bank's installment.

Why U Bank?



When women were asked about not considering other banks, there were 78% women claimed they didn't consider any other bank. Major reasons mentioned by them include friends and family recommendation, accessible financing, good customer service, market competitive interest rate and brand repute.

A few women mentioned that few banks approached them but due to the installment plan, documentation requirements, and the turnaround time, they didn't go with it. Instead they chose U Microfinance Bank as it is aligned with their plan. Top banks in the consideration of remaining 22% women were Khushali Bank, Kashf Foundation, National Bank and NRSP.

Sources of Awareness of U Bank's Loan

Creating awareness is amongst the first steps toward brand trial. When women were asked about the sources of awareness of U Microfinance Bank's products and services, around 48% mentioned via friends and family. 33% came to know from neighbors or people within the area, 10% came to know from bank staff. Only 4% got to know via brochures and marketing material.

U Microfinance Bank's Contribution to Make the Economy Better

Like many other organizations, U Microfinance Bank is also helping in making the economy of Pakistan better. U Microfinance Bank sanction loans at the time of need to keep the system of life running. Women take loan to expand their businesses or to meet

the expenses of their business. U Bank is enabling women to start their own business and be independent enough.

Women who availed U bank's financial services reported notable improvement in areas like business growth, and greater economic independence. These services enabled many women to start and expand their businesses, manage personal finances more effectively, and contribute more meaningfully to household financial decisions. These positive outcomes underscore the important role that financial inclusion plays in empowering women economically. However, the study also highlighted several persistent challenges that hinder women's access to financial services.

U Microfinance Bank is working towards overcoming the gaps mentioned by the women to ensure smooth process in future.

Even though cultural changes are happening in Pakistan. Women are given more liberty in terms of getting education, working, moving around and upgrading themselves. However, still majority of the Pakistani women depend and rely on males' counterpart.

Financial independence should be made easy for everyone.

