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Advancing Gender-Inclusive Financial Systems: A G20 Policy Agenda for South Africa

Abstract

- Women's economic empowerment is critical to inclusive and sustainable development in Africa.
- Despite ongoing global commitments to gender equality, systemic financial exclusion continues to marginalise women—particularly in South Africa—thereby impeding their full economic participation.
- Microfinance has emerged as a pivotal strategy for fostering financial inclusion among women, especially those in rural and economically disadvantaged urban areas. International models, such as the Grameen Bank, have illustrated that women from low-income backgrounds often exhibit higher loan repayment rates than their male counterparts.
- Institutions specifically designed to serve women frequently operate as financial intermediaries and as platforms for socio-political empowerment, facilitating investment in children's education, encouraging civic engagement, and promoting the assertion of women's rights.
- Inclusive development models that engage men as allies—such as the Association of Dalit Women's Advancement of Nepal (ADWAN)—underscore the importance of holistic, community-based approaches to empowerment.
- As the global community marks the 30th anniversary of the Beijing Platform for Action, policymakers must prioritise transnational collaboration and adapt proven international frameworks to align with Africa's diverse socio-economic and cultural realities.
- This policy brief calls for comprehensive reforms of South Africa's financial systems to broaden women's access to capital.
- Such reforms should include addressing regulatory barriers, enhancing digital financial inclusion, promoting gender-responsive investments, and fostering international partnerships—mainly through South Africa's leadership in the G20.
- The G20 presidency presents a strategic opportunity for South Africa to champion gender-equitable financial mechanisms and catalyse transformative change across the continent.



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Policy Challenges

In South Africa, women face significant institutional, structural, and cultural barriers that limit their access to financial services. These include, but are not limited to:

- **Collateral Constraints:** Collateral requirements constitute a significant impediment to women's financial inclusion in South Africa. Formal financial institutions predominantly adhere to traditional risk-assessment frameworks that necessitate titled, tangible assets—most commonly land or property—as loan security. However, prevailing gendered patterns of asset ownership, shaped by patriarchal inheritance norms and customary land tenure systems, result in the systemic exclusion of women from owning such assets. Empirical data from the World Bank and various gender audits reveal that fewer than 30% of land titles in South Africa are held by women. This disparity is particularly pronounced in rural regions, where land is governed under communal arrangements by predominantly male traditional authorities, thereby further constraining women's capacity to use land as collateral^[1]. The lack of asset ownership diminishes women's perceived creditworthiness and serves to entrench their economic dependence and marginalisation within the entrepreneurial ecosystem.
- **Limited Access to Venture Capital:** Female-led enterprises in South Africa remain significantly underrepresented within private equity and venture capital investment portfolios. This underrepresentation is not merely a function of market-driven supply and demand dynamics but rather reflects deeper structural inequalities embedded within the investment landscape. Central to this exclusion are gendered perceptions of entrepreneurial competence and investment risk, wherein female entrepreneurs are frequently perceived—often unconsciously—as less capable of leading high-growth ventures, particularly in traditionally male-dominated sectors such as technology and manufacturing^[2]. The lack of gender diversity within venture capital firms further exacerbates this imbalance; women constitute a minority among partners and decision-makers, thereby limiting the inclusion of diverse perspectives in investment decisions^[3]. As a result, funding allocation remains skewed, with women entrepreneurs facing higher rejection rates and reduced access to equity finance. In response to these systemic barriers, many women are compelled to rely on informal financial mechanisms, which not only increase their financial vulnerability but also limit opportunities for business expansion and integration into the formal economy.
- **Institutional Gender Bias:** Gender bias—both explicit and implicit—remains deeply embedded within South Africa's financial sector. Empirical evidence indicates that women are frequently subjected to more rigorous lending evaluations, elevated interest rates, and less favourable credit terms than men, even when controlling for comparable creditworthiness and financial profiles^[4]. These inequities are further compounded by the limited representation of women in senior leadership and strategic decision-making positions across financial institutions. Data from the Financial Sector Charter Council reveals that women occupy fewer than 30% of executive roles in key banking and insurance entities. This gender imbalance in leadership not only contributes to persistent gaps in financial product design and risk assessment but also signals a broader institutional inertia toward advancing gender-responsive financial practices.

[1] Mwetulundila, P. (2022). Gender perspectives in Namibia's communal land: Exploring women's hindrances to equitable land ownership. *Journal of Asian and African Studies*, 57(3), 481-496.

[2] Wu, Z., Naldi, L., Wennberg, K., & Uman, T. (2024). Learning from their daughters: family exposure to gender disparity and female representation in male-led ventures. *Management science*, 70(2), 671-693.

[3] SAVCA (Southern African Venture Capital and Private Equity Association). (2023). Private equity and venture capital in South Africa: Assessing the case for institutional investment. SAVCA.

[4] SADC Gender Protocol Barometer, 2021. Gender Links. <https://genderlinks.org.za/what-we-do/sadc-gender-protocol/sadc-protocol-barometer/sadc-gender-protocol-barometer-2021/>, May 2025.

In the absence of intentional and sustained interventions to dismantle these structural and cultural biases, the financial sector is likely to continue reinforcing gendered exclusions and impeding inclusive economic transformation.

- **Digital and Financial Illiteracy:** Digital Financial Services (DFS) are increasingly recognised as pivotal in broadening access to formal financial systems. Nonetheless, in the South African context, such innovations risk exacerbating gender disparities due to persistent inequalities in digital and financial literacy. As highlighted by FinScope[5]. Women, particularly those residing in rural areas, from low-income households, and among older age cohorts, demonstrate limited engagement with digital financial tools such as mobile banking, fintech applications, and online savings platforms. This digital exclusion is further intensified by constrained access to enabling infrastructure, including smartphones, reliable internet connectivity, and affordable data services.
 - Moreover, entrenched patriarchal norms, coupled with women's disproportionate burden of unpaid care work—often referred to as "time poverty"—significantly restrict their participation in financial education and digital capacity-building initiatives[6]. As the financial sector undergoes rapid digitization, these intersecting barriers create a layered exclusionary effect, impeding women's ability to engage meaningfully in the formal economy. Consequently, without deliberate, gender-responsive interventions, the digitization of financial services may inadvertently deepen existing socio-economic inequalities rather than serve as a tool for inclusive empowerment.
- **Weak Enforcement of Gender Policies:** South Africa possesses a notably progressive legislative architecture aimed at advancing gender equality, encompassing key instruments such as the Promotion of Equality and Prevention of Unfair Discrimination Act (PEPUDA), the Broad-Based Black Economic Empowerment Act (BBBEE), and sector-specific regulatory frameworks like the Financial Sector Code. Despite their ambitious intent, these policy instruments are frequently undermined by inadequate enforcement, weak monitoring mechanisms, and limited institutional accountability. In the financial sector, efforts to meet gender inclusion targets are often reduced to procedural compliance rather than being embraced as pathways to structural transformation. Furthermore, insufficient budgetary allocations for gender mainstreaming, coupled with the paucity of gender-disaggregated data, severely constrain evidence-based policy evaluation and reform [7]. This persistent disjuncture between legislative intent and operational execution creates an environment in which systemic gender inequalities remain entrenched. Without robust enforcement, institutional commitment, and active civil society engagement, gender equality measures risk being performative rather than transformative.

These challenges contribute to a vicious cycle of financial exclusion, stalling broader socio-economic transformation. Without deliberate and targeted interventions, financial systems are likely to perpetuate existing gender inequalities, as highlighted in the G20 2023 Action Plan on Accelerating Progress on the SDGs[8].

[5] FinScope Consumer South Africa 2021.

[6] Okoli, N. (2024). Can Conditional Cash Transfers Be Gender-Transformative? An Assessment of the Flourishing Outcomes Among Women' Beneficiaries' of Nigeria's Household Uplifting Programme (HUP) (Doctoral dissertation, Université d'Ottawa/University of Ottawa).

[7] Patel, V. (2023). Transformative Financing for Gender Equality and Gender Responsive Budgeting. India & the G20: Legacy & Prospects for Multilateralism amidst a Spolycrisis, 83-106.

[8] <https://g20.utoronto.ca/2023/230612-sdg-action-plan.html>

Conclusion

Women's financial empowerment is a prerequisite for sustainable development, and gender equity in financial systems must be prioritised on the global policy agenda. The G20, through its leadership, resources, and influence, can catalyse this transformation by endorsing and supporting the recommended reforms. South Africa's G20 presidency in 2025 provides a timely and strategic opportunity to spearhead a global movement towards inclusive finance. By leveraging digital innovation, reforming financial systems, and promoting gender-responsive investments, the G20 can ensure that women are included in economic systems and positioned to thrive within them.

This is more than a gender issue - it is an economic imperative. A genuinely inclusive financial system strengthens national resilience, drives innovation, and contributes to global stability. The G20 must rise to this challenge.

Policy Recommendations

To address these multidimensional challenges, the following policy recommendations are proposed:

Regulatory Reforms to Enhance Financial Inclusion

- **Revise Collateral Requirements:** Introduce and promote alternative credit scoring models that assess borrowers based on transactional histories, savings behaviour, and social capital rather than physical assets.
- **Mandatory Gender-Responsive Lending Quotas:** Regulatory frameworks should compel financial institutions to allocate a specific percentage of their loan portfolio to women-owned businesses, monitored and reported annually.
- **Institutional Accountability and Transparency:** Central banks and regulators must require the publication of gender-disaggregated data across financial institutions to identify gaps and measure progress.

Scaling Digital and Alternative Financing Mechanisms

- **Mobile Banking Expansion:** Increase investment in mobile banking infrastructure targeted at underserved regions. Develop simplified digital interfaces for low-literacy users, especially women.
- **Support for Inclusive Fintech Innovation:** Incentivise fintech companies to develop financial products specifically for women, such as savings platforms for informal entrepreneurs and micro-loan apps.
- **Adoption of Decentralised Financial Technologies:** Explore blockchain and decentralised finance (DeFi) solutions that allow secure, low-cost, peer-to-peer financial transactions—pilot community-level platforms for women's cooperatives and informal traders.

Incentivising Gender-Responsive Investment and Entrepreneurship

- **Public-Private Gender Investment Funds:** Establish blended finance vehicles that de-risk investments in women-owned SMEs by combining public and philanthropic capital with private investments.

Tax and Fiscal Incentives: Offer tax breaks to firms and investors who meet minimum thresholds for investment in female-led enterprises or who achieve certified gender equity targets.

- **Integrated Financial Education Programs:** Develop comprehensive financial literacy and digital training programs targeting women at all levels. Collaborate with education ministries to incorporate these programs into formal school and adult education systems.

G20's Role in Driving Financial Inclusion

As a global platform, the G20 has both the legitimacy and convening power to accelerate gender-inclusive financial systems:

- **Facilitate Knowledge Sharing:** Create a G20-led repository of best practices, toolkits, and case studies on gender-inclusive financial reform from Global North and South.
- **Mobilise International Development Finance:** Channel funding through multilateral institutions like the World Bank, AfDB, and IFC to support national-level reforms and scalable initiatives.
- **Strengthen South-South Cooperation:** Encourage partnerships between African and Asian countries with similar demographic profiles to co-create financial inclusion strategies tailored to local contexts.

Implementation Strategy

The success of these policy actions hinges on strategic collaboration and the creation of enabling environments:

- **Multi-Stakeholder Engagement:** Forge alliances among national governments, central banks, private sector actors, civil society, and international organisations to develop and implement gender-inclusive financial policies.
- **Robust Monitoring & Evaluation (M&E):** Develop national M&E frameworks with clearly defined gender-sensitive indicators. Integrate third-party verification mechanisms to ensure objectivity and accountability.
- **Capacity Building for Financial Institutions:** Train banks, microfinance institutions, and fintech firms on gender-sensitive lending practices, unconscious bias, and inclusive product design.
- **Community-Driven Approaches:** Work with women's cooperatives, grassroots movements, and local NGOs to co-design and localise financial inclusion interventions.

Alignment with Global and National Agenda

This policy agenda supports multiple global frameworks and commitments:

- **UN Sustainable Development Goals (SDGs):** Particularly SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequalities).

- The African Union Agenda 2063: Particularly Aspiration 6, focuses on people-driven development and gender parity.
- South Africa's National Development Plan (NDP) 2030 emphasises reducing inequality and enabling inclusive economic growth through institutional reforms.

The G20, through the 2025 South Africa presidency, has the opportunity to lead a transformative agenda that not only uplifts women but also strengthens entire economies.

Risks and Mitigation Strategies

Implementing gender-responsive reforms is not without challenges:

- **Resistance to Quotas and Mandates:** Some financial institutions may oppose enforced gender-based lending targets. This can be addressed through stakeholder consultations, pilot schemes, and incentives before full mandates are imposed.
- **Technology Access Gaps:** While digital finance can expand reach, infrastructure constraints (electricity, mobile coverage) may persist. Mitigation includes public investment in infrastructure and partnering with mobile operators.
- **Measurement Complexity:** Gender impact assessments require data collection capacity. Governments and partners must invest in building this capacity at the national and institutional levels.

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