

# INVESTIGATING THE BARRIERS TO ACCESS TO FINANCIAL SERVICES BY WOMEN OPERATING MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES IN ZAMBIA : A CASE OF LUSAKA AND CHOMA DISTRICTS

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## **Keywords**

*Business Women;  
Micro Small and  
Medium-sized  
Enterprises;  
Financial inclusion;  
Lusaka; Choma  
District;*

## **ABSTRACT**

The aim of this study was to explore and investigate the barriers to accessing financial services by women operating Micro, Small and Medium-sized Enterprises (MSMEs) in Lusaka and Choma Districts of Zambia. This study therefore employed a descriptive qualitative research design while the targeted population was women aged 18 years and above, who owned Micro, Small and Medium-sized businesses, whose business physical addresses were, at the time of data collection, within Lusaka and Choma Districts of Zambia. Purposive sampling was used to sample 34 women, 17 participants from each of

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the two districts. A semi-structured interview guide was used for data collection, while the study employed systematic theming process, which was basically content analysis in analysing the data that was collected. This study revealed that the majority of business women that own MSMEs use cash and mobile money services for most of their business transactions. This study concluded that not all women operating MSMEs were accessing and utilizing the financial services available. It is recommended that investment in robust financial literacy, digital banking, and the deliberate setting up of various funds and other financial services aimed at empowering women and MSMEs.

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## INTRODUCTION

Issues around gender equality and women empowerment have gained prominence in the contemporary societies, especially among developing nations. This has been due to many times the lagging behind of women in many social, political and economic affairs that affect their wellbeing, which is to a large extent a human rights concern (Seguino, 2010; Ridgeway, 2011). Some of the gender inequalities issues faced, especially, women in most societies around the world includes, but not limited to, income, education attainment, persistence and worsening job segregation in formal employment, and political representation (Seguino, 2010; Ridgeway, 2011).

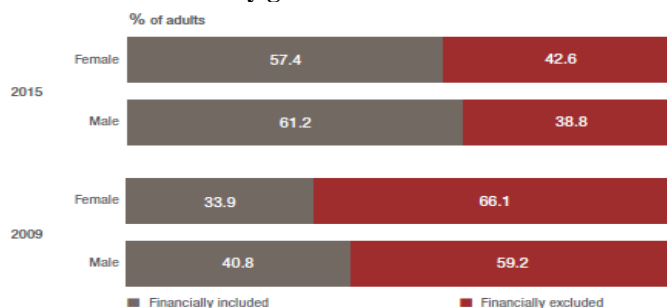
The lagging behind of women in terms of income, education attainment and formal employment has led to them also lagging behind in terms of access to financial services in most countries (Alliance for Financial Inclusion [AFI], 2017; Aterido et al., 2013). Access to financial services can be defined as the ease with which an individual or institution can find and use financial services if they so want to (Ellis et al., 2010). According to the 2014 Global Findex, 58% of women had a bank account compared to 65% of men, while in Sub-Saharan Africa, only 30% of women and 39% of men had bank accounts. Further evidence has shown that Sub-Saharan Africa, has less than a quarter of adults having access to formal financial services with females being the majority financially excluded (IFC, 2013). This gender gap, since 2011, is said to have persisted at 9% for most developing economies, despite progress to advance financial inclusion for all sex and other social segregations (AFI, 2017). For Africa as a whole, evidence indicates that more than 70% of women are financially excluded and the gap between men and women,

when it comes to financial access, has persisted for many years now (Toronto Centre, 2019). This evidence, therefore, reveals that women are still disproportionately excluded from the formal financial system.

This gender gap in accessing quality and affordable financial services has not spared the women operating Micro, Small and Medium-sized Enterprises (MSMEs). In Zambia, MSMEs are defined as businesses that employ not more than 100 workers (Fanta, 2017). For instance, studies have claimed that due to the persistence of lack of access to finance by females, it has impeded female entrepreneurship growth and prevented women from participating in the modern market economy, and in Sub-Saharan Africa than in other developing regions of the world, this remains a pressing concern (Honohan and Beck, 2007; Aterido et al., 2013).

In Zambia, a study by Financial Sector Deepening Zambia (2015), found that 57.4% of females and 61.2% of males were financially included (Figure 1).

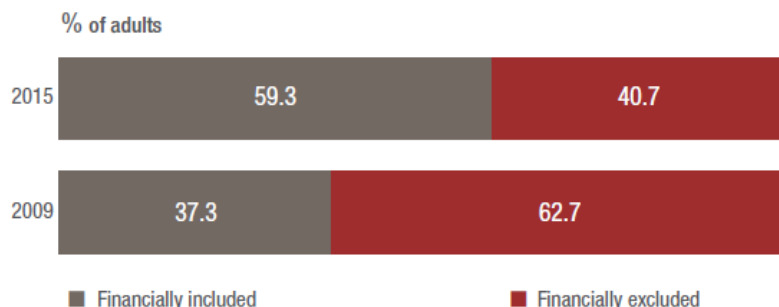
**Figure 1: Financial Inclusion by gender**



**Source: Financial Sector Deepening Zambia (2015)**

As shown in Figure 2, Zambia was said to have recorded improved statistics on financial inclusion by moving from 37.3% of the population being financially included in 2009 to 59.3% in 2015 (Financial Sector Deepening Zambia, 2015).

**Figure 2: Trends in Financial Inclusion**

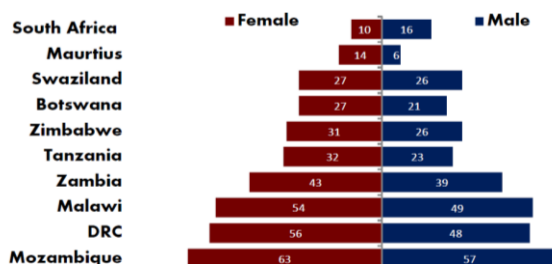


**Source: Financial Sector Deepening Zambia (2015)**

Figure 3 shows that, in terms of gender segregation, data indicates that as of 2016 Zambia had 43% of the female population and 39% of the male

population which were financially excluded (FinMark Trust, 2016; Ministry of Finance, 2017).

**Figure 3: Proportion of financially excluded population by gender in select sub-saharan countries**



**Source:** FinMark Trust (2016)

Further evidence has shown that Zambian SMEs have limited access to financial services and remains a serious constraint to their operations and growth (Nuwagaba, 2015; International Labour Organization [ILO], 2020; Ministry of Finance [MoF], 2017). Evidence also indicated that lack of access to financial services such as bank credit and insurance was a serious obstacle to the survival and performance of SMEs in Zambia, especially among female owned businesses (ILO, 2020; New Faces New Voices [NFNV] and Bank of Zambia [BoZ], 2014; MoF, 2017). Zambia not only has one of the highest levels of potential private enterprise development in the world, but has also high prevalence of business discontinuance (the failure of businesses to survive) of about 20%, with lack of access to financial services being one of the major attributable factors (NFNV and BoZ, 2014; Global Entrepreneurship Mentor [GEM], 2020; Fanta, 2017). The Zambian government fully recognizes this, and has set a target of having not more than 20% of SMEs, especially women owned businesses, challenged to access financial services by 2022. It further recognizes that if well-informed strategies are not put in place, Zambia may fail to attain the United Nations Sustainable Development Goal (SDG) No. 5, that aims to achieve gender equality and empower all women and girls by 2030 (MoF, 2017).

Access to and use of financial services by both enterprises and households is of increasing concern to policy makers across Africa and the developing world, Zambia inclusive (MoF, 2017). This is so because access to credit (capital) and savings, based on several country specific and randomized field experiments, has been confirmed to be critical for firm survival and growth, especially that of small and medium firms, creation of new business (Banerjee and Duflo, 2008; De Mel, McKenzie, and Woodruff, 2008; Dupas and Robinson, 2013; Ministry of Finance, 2017). Access to financial services is not only important for individuals and firms, but also for the economy at large. Credit constraints reduce the efficiency of capital allocation and intensify income inequality thereby

impeding the flow of capital to poor individuals with investment opportunities with high expected returns (Lopez and Serven, 2009; Todaro and Smith, 2015). Further evidence has shown that access to finance plays a role in the reduction of inequality and poverty by boosting and smoothing consumption through increased precautionary savings, making education and healthcare affordable, and improving the social status of users (Nanziri, 2016). Therefore, gender differences in access to and use of financial services can have direct adverse outcomes not only for female entrepreneurs and individuals but for the overall economy.

### **OBJECTIVE OF THE STUDY**

This study aims at investigating the barriers to accessing financial services by women operated Micro, Small and Medium-sized Enterprises, in Lusaka and Choma districts of Zambia. The objectives of this paper are to :

- assess the financial services utilized by women operated Micro, Small and Medium-sized Enterprises, in Lusaka and Choma districts of Zambia.
- Investigate the challenges faced by Micro, Small and Medium-sized Enterprises, owned by women in Lusaka and Choma districts of Zambia when accessing financial services.
- establish business women's views on measures that can improve their access to financial services.

### **STUDY APPROACH/METHODOLOGY**

#### **Study Design**

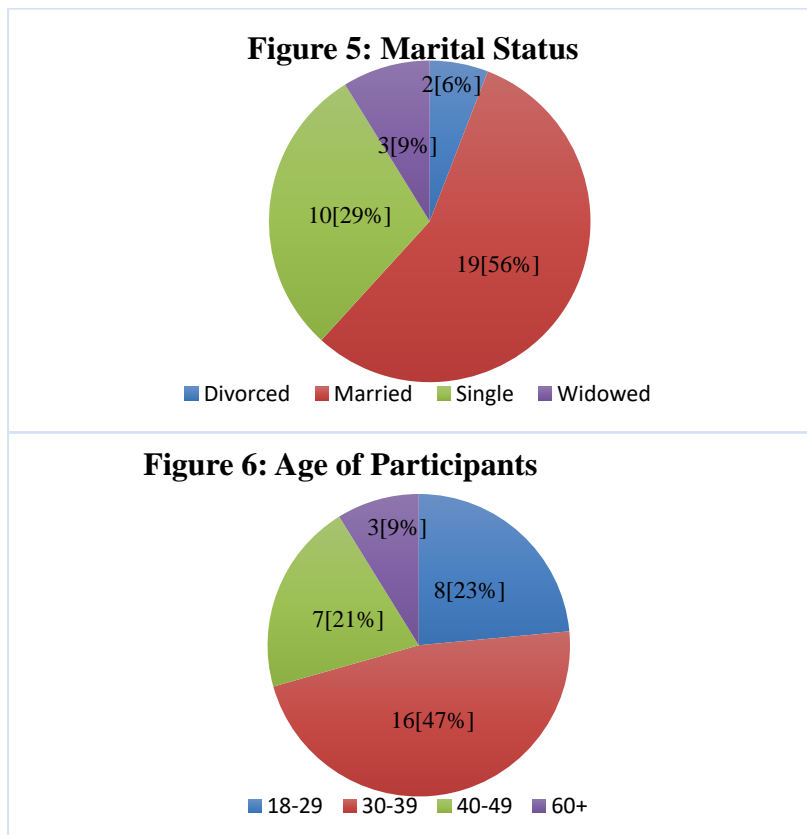
Descriptive qualitative research design was utilised in gathering information on the type of underlying barriers to accessing financial services by women operating Micro, Small and Medium-sized Enterprises in Zambia, particularly in Lusaka and Choma districts. According to Greener (2008), this research design is appropriate when one wants to describe the perceptions and experiences of the target population through use of semi-structured interviews. The study targeted women aged 18 years and above who owned Micro, Small and Medium-sized businesses, whose business physical addresses were, at the time of data collection, within the Lusaka and Choma Districts of Zambia. these MSMEs were registered with the respective local business councils. Purposive sampling was used to sample 34 women who owned small and medium sized businesses in the various trading areas of both Lusaka and Choma districts. The sample of 34 participants, 17 participants from each district all produced saturation points. A semi-structured interview guide was the primary data collection tool used in this study.

## RESULTS AND DISCUSSION

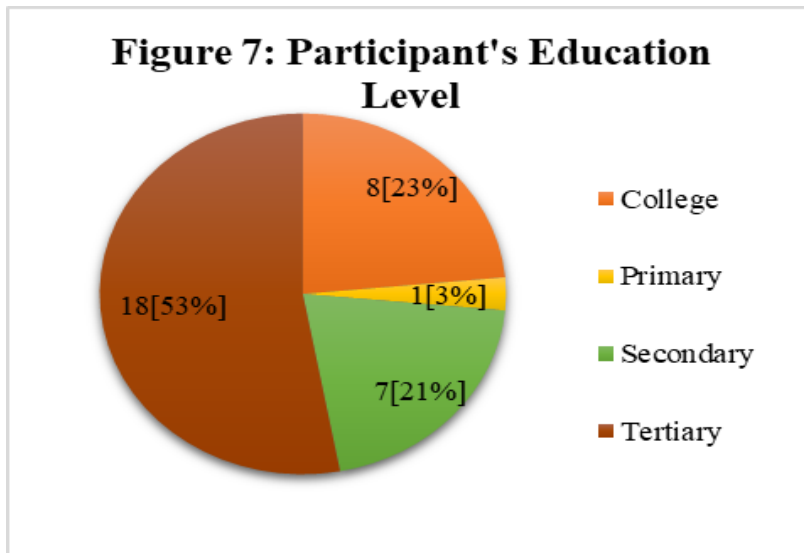
### Characteristics of the participants

The study was carried out in two locations namely, Choma and Lusaka Districts of Zambia and a total of 34 participants were interviewed, 17 participants from each of the two targeted Districts. These 34 participants were women who owned MSMEs which were operating in either of the two districts at the time of the study. Of the 34 participants, 56% were married, 29% were single, 9% were widowed with only 6% who had a marital status of divorce at the time of data collection. In terms of the age distribution of the participants, 47% were within the age bracket between 30-39 years, 23% were aged between 18 and 29 years, 21% were aged between 40 and 49 years whilst only 3 (9%) of those who participated, were in the age group of 60 years and above.

*Figures 5 and 6* below, give a detailed illustration of the marital status and age group that the participants belonged to, respectively.

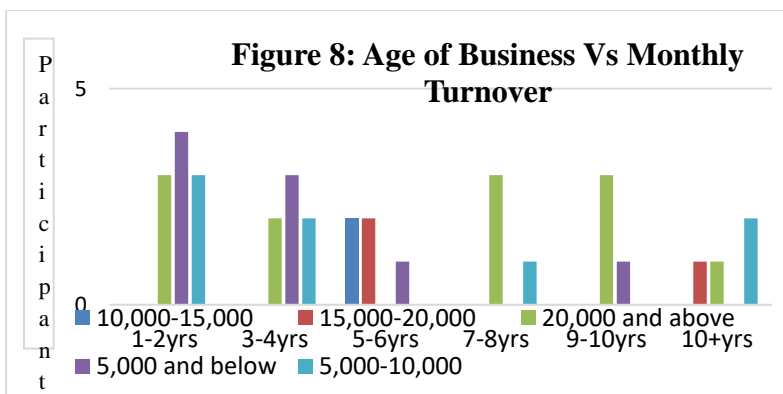


*Source: Researchers' work.*



The study also established the highest form of formal education of the 34 business women that participated in the study. Among the participants that were selected, none of them were found to have had no formal education background. Only one business woman was found to have attained primary school as the highest level of formal education. The majority, 18 (53%), were women who had attained tertiary level of formal education whilst 23% and 21% had reached college and secondary school level, respectively.

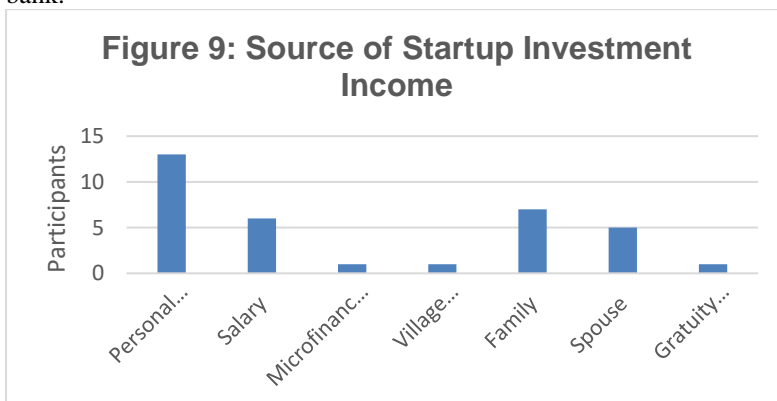
With respect to monthly business turnover, the majority, 35% of the businesses, earned twenty thousand Kwacha and above, 26% earned five thousand Kwacha and below, 24% earned between five and ten thousand Kwacha, 9% earned between fifteen and twenty thousand Kwacha whilst only two businesses earned between ten and fifteen thousand Kwacha. In terms of the number of years in business, the majority, 29% were 1-2-year-old businesses. Businesses that were 7-8 years old, 9-10 years old and 10 years and above, each had four 12% within each age group. Four of the businesses that were aged between 1-2 years were found to have their monthly turnover or earnings to be five thousand Kwacha or below. Figure 8 below shows the distribution of the businesses' age and turnover.



### FINANCIAL SERVICES UTILIZATION

#### Source of Startup Investment Income

The utilization of financial services was looked at in diverse ways. For instance, the study looked at financial utilization in terms of the source of the start-up investment. The study revealed that 38% of the businesses used start-up capital from personal savings, 21% from family, 18% saved from their salaries through formal employment, 15% sourced start-up capital from their spouses, whilst 3% saved from their employment gratuity and 3% from a village banking group. Only 3% business was started with investment money from a formal microfinance lending institution and none of the businesses had start-up capital borrowed from a bank.

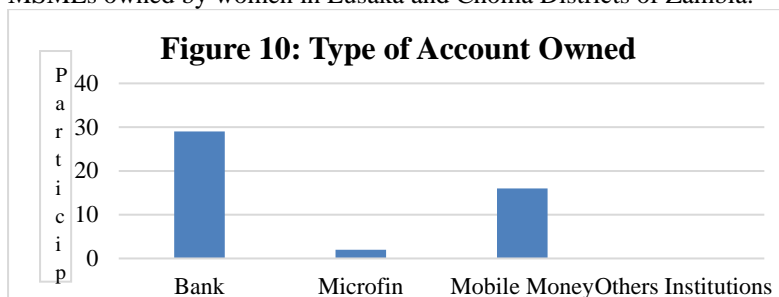


#### Business Owned Bank Account

The research findings indicate that 85% of the women owned bank accounts for business or used their personal accounts for business transactions. Mobile money services were the second highest type of financial service utilized by these businesses as 45% out of the 34 participants had active mobile money accounts linked to their phone numbers.



Figure 10 gives an illustration of the business accounts utilized by the MSMEs owned by women in Lusaka and Choma Districts of Zambia.



Of the 27 women who said their businesses own a bank account, including the two who said they use the personal accounts for the business financial transactions, 47% had current accounts only whilst the rest had a combination of current, investment and/or savings accounts.

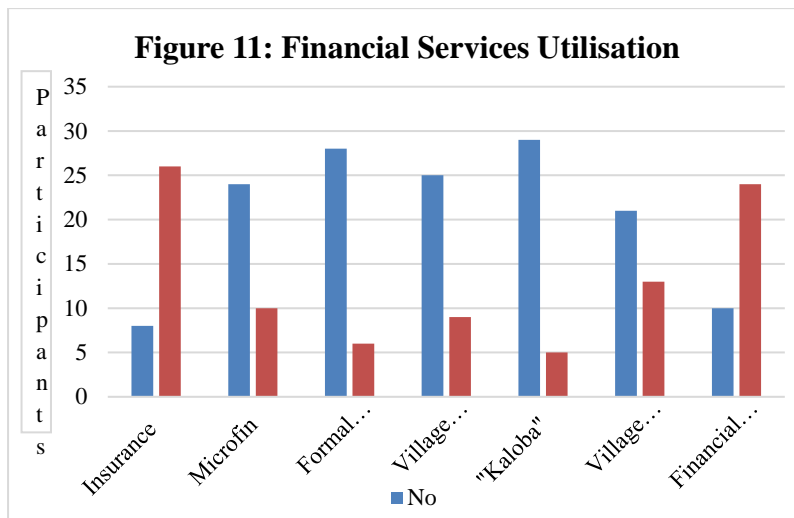
### Perception

24% of the participants held the perception that only certain groups, classes or types of people qualify to access or utilize different financial services such as banking and insurance services. Some of the participants perceived that only men, those who are formally employed or educated, qualified to access and utilize financial services. In fact, the study revealed that there was a strong perception that most of the financial services have inherent characteristics that are not supportive of women especially those doing business in relation to accessing and utilizing affordable and less tedious financial services.

### Utilisation of other Financial Services

In terms of the number of business women that utilised other financial services among participants of this study, 29% said to have utilized micro finance services while 76% said to have utilised insurance services, 18% said to have borrowed money for business from a formal financial institution, 71% said they were actively saving with a formal financial institution, and 26% said to have had borrowed money from village banking.

Figure 11 offers more details of the utilisation of other financial services by business women in Lusaka and Choma.



The study revealed that business women from Choma and Lusaka utilise both formal and informal financial services, as shown in *figure 11* above. However, it should be noted that only 15% of business women who participated in the study actually utilised the informal borrowing service locally known as “Kaloba<sup>1</sup>,” as they all complained of the very punitive conditions that are attached to this informal service.

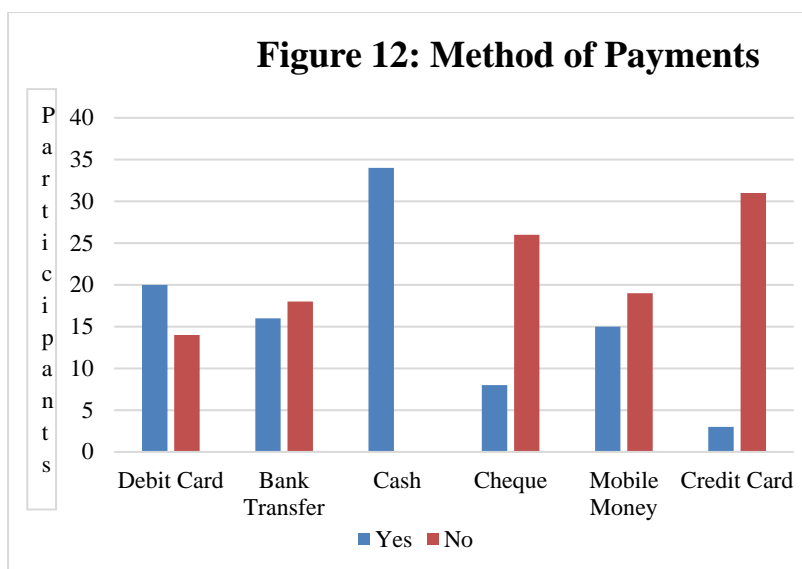
### Method of payment

The utilization of financial services was also investigated by asking the business women in Lusaka and Choma that participated in the study on the methods they use to make payment for the goods and services for their businesses. From the interviews, it was revealed that very few business women utilized credit cards for paying for a service or good, to be specific, out of the total number of all respondents, 9% is said to have made a business payment using a credit card, and all the three were Lusaka based. The use of a cheque to make a business payment came out as the second least utilised payment method at 24% followed by the use of electronic bank transfers at 47%. In contrast, cash was the most used method of payment at 34 (100%), followed by debit card at 59% and mobile money at 44%.

*Figure 12*, gives a detailed description of the utilisation of different modes of payments by business women in Choma and Lusaka.

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<sup>1</sup>Kaloba is an activity of moneylending by individuals who charge extremely high rates of interest, typically under harsh conditions.



### BARRIERS TO ACCESSING AND UTILISING FINANCIAL SERVICES

#### **Barriers Associated with Banking Services**

In an effort to establish the challenges faced by business women in accessing various formal financial services, the investigation was segmented into barriers faced by each individual specifically to traditional banking services. The interviews with the business women revealed that there were a number of barriers that hinder the business women that operate MSMEs in Choma and Lusaka in accessing and utilizing traditional banking services. The business women were asked about the challenges they faced in accessing traditional banking services as business women and a number of challenges they have experienced or perceive to be existing when it comes to accessing and utilising banking services like owning a bank account, withdrawing and depositing money were brought to the fore. The women identified poor quality banking services as one of the many challenges they face that hinders them and other similar persons from owning a bank account.

It was found that lack of trust and assurance in the banks to handle customers' finances was another major barrier to accessing banking services by business women in the two districts where this study was conducted.

The other limitation or barrier, that this study revealed that reduces the chances of business women accessing and utilising banking services, was the various challenges that information, communication and technology (ICT) comes with in the financial sector. This factor comes in different facets. One of the issues that was found to hinder or reduce the chances of women in business from accessing and utilising banking services was the fact that some of them were not up to date with the

technological advancements in the banking sector due to poor exposure to technologies and/or low education level attained. Another limitation that business women in Choma and Lusaka face in accessing and utilising banking services as revealed by the findings of this study, is the limited options available, not only in financial services but also financial products that respond to their financial needs. Many participants, actually, expressed this limitation in terms of the high bank charges, high interest rates on loans, complex procedure and requirements needed to open a bank account and/or acquire a loan even when it was a relatively small amount sought. Another limitation that business women in Choma and Lusaka experienced when accessing banking services, especially those in Choma, was the issue of long distance in accessing banking services and the limitation in the number of banks to provide a wide-ranging choice for banking services that fit their needs.

#### **Barriers Associated with Micro Finance Services**

The study also investigated challenges that women operated MSMEs face in accessing services from micro finance institutions. The interviews revealed only two major hindrances to accessing and utilising these services, and these included high interest rates on loans and tedious processes in accessing finance from such institutions.

#### **Barriers Associated with Insurance Services**

This study also investigated what some of the barriers that could be inhibiting business women from accessing insurance services. The results of this study revealed that poor marketing of insurance services, their importance and benefits and who can access them were the factors that created a belief that insurance is only for the rich and those with cars, that is in addition to high costs of insurance products and lack of insurance products tailored to the needs of women and small businesses.

#### **Barriers Associated with Mobile Money Services**

The study also explored what could be some of the barriers to accessing mobile money services in Lusaka and Choma. The study revealed that almost all the participants claimed that mobile money services were convenient, easily accessible and easy to use. However, they expressed a common concern which was the issue of high withdrawal costs.

The study also revealed that the limits on how much one can save or maintain in a mobile money account were low. In addition, restrictions on money transfers from a mobile money account to a bank account and vice versa was another barrier. The study further revealed that there was lack of assurance on the security of money from scammers. The study also discovered that the inability to withdraw money when one does not have their mobile phone on them was inconveniencing.

### **Barriers Associated with Saving and Borrowing from Formal Financial Institutions**

The study aimed to investigate what barriers business women from Lusaka and Choma Districts experience, in general, when it comes to saving with or borrowing money from any formal financial institution. Most of the women were of the view that the unreasonably high collateral demands, slow loan processing, provocation when one delays to pay back the loan instalment, and exorbitant interest rates were some of the barriers leading to very few business women accessing loans from formal financial institutions.

In terms of savings, in general, with the different financial institutions that offer such services, the study revealed that some of the barriers that discourage business women from saving with established financial institutions includes but not limited to unnecessary administrative restrictions when accessing finances from a savings account, lack of trust in some financial institutions to safely keep the money, meagre interest rates and lack of transparency.

### **Barriers Associated with Informal Saving and Borrowing**

The study also explored some of the challenges faced by business women utilising informal saving and borrowing services such as “Kaloba” and Village Banking (“Chilimba”). The study revealed that in as much as “Kaloba” and village banking were being utilised for borrowing and saving money by some of the business women in Choma and Lusaka, these informal services also have challenges that deter business women from opting for them. Some of the participants indicated that village banking or “Kaloba” were highly insecure and not worthwhile ventures.

### **Barriers Associated with Different Methods of Payments**

Accessing and utilising financial services also encompasses the different modes of payments or money transfer one can use. The study also labored to find out what challenges business women face that discourages or hinders them from accessing and utilising these different modes of payments or money transfer. With respect to using a cheque, the study revealed that this mode of payment was mainly used by those who were perceived to be rich whilst the length of time it takes for the cheque transaction to clear discourages people from opting for it. The participants commonly highlighted issues of failure in accessing the banking system due to poor internet service, system downtime, gadgets that are not internet enabled or simply high costs associated with access to internet service as discouraging elements when accessing and utilising credit cards, debit cards, and internet banking. The other barriers associated with using credit cards, debit cards, and internet banking include but are not limited to literacy, preference for cash transactions, and stores which do not have point of sale (POS) machines to facilitate debit or credit card payments.

Additionally, the study found that issues such as cash running out of the ATMs, delays in money transfers, especially between different banks and

high charges of effecting a transfer to a foreign account or account held at a different bank discourage and to some extent, inhibit the access and utilisation of electronic and internet modes of payment and money transfer.

## **MEASURES TO IMPROVE ACCESS AND UTILIZATION OF FINANCIAL SERVICES**

### **Banking Services**

This study did not just dive into finding out barriers that discourage or hinder business women that own MSMEs in Choma and Lusaka from accessing and utilizing different financial services, but also sought to find out what the affected women perceived could be the solutions to the various barriers they identified. One of the barriers that was identified was the poor banking services, specifically, poor customer care, incorrect book balances, long turnaround time in reversing failed transactions, and the downtime of bank systems leading to clients being unable to perform financial transactions.

The business women that participated in the study also offered what they thought would be solutions to these individual problems that formed the challenges of poor services offered by banks in Lusaka and Choma and some of these proposals included that the human resource department of banks ensures that they appropriately train customer care staff to treat all clients fairly and in a more hospitable manner regardless of the socio-economic status of the client.

When it came to concerns around incorrect book balances, long turnaround time in reversing failed transactions, and the downtime of bank systems leading to clients being unable to perform financial transactions, the participants said banks should learn to be efficient and always provide accurate client information so as to keep their old clients and attract new clients.

Another barrier that was identified to be limiting or hindering accessing and utilisation of banking services was failure to keep up with the technological advancements in the banking sector mainly due to some business women's poor exposure to technologies in the banking sector and low level of education attained. Additionally, other barriers that were related to technology included being unable to afford internet enabled gadgets, high internet costs as well as poor internet services. The advice that participants in this study offered in relation to technology related challenges included government intervention through policy implementation that make internet bundles and internet enabled gadgets affordable.

Another limitation that business women in Choma and Lusaka face in accessing and utilizing banking services as revealed by this study was the limited options of financial services that respond to their financial needs. To be specific, the business women complained that the high bank charges, high interest rates on loans, complex procedure and requirements needed to open a bank account and/or acquire a loan undermines the fact

that most women cannot afford such demands by the banks. To this effect, business women that participated in this study were of the view that interest rates on bank loans, high minimum book balance and other conditions when opening an account or getting a loan should be more relaxed when targeting women owned MSMEs. This will encourage women engaged in business, to open accounts with banks and borrow money.

Other participants were of the view that if more women were to access and utilize banking services or any other financial services, there is need for banks and other financial institutions to engage and educate women in communities on the different financial services and their importance and how easily they can access those services.

The other barrier that was identified is the perception of some business women who are of the view that banking services and other financial services are meant for a certain group of people in society such as only males or just the affluent in society. The study participants were of the view that this barrier can be overcome by encouraging banks to be more inclusive, especially to women on the right to access and utilize any financial services.

The other barrier that was identified was to deal with long distance in accessing banking services and the limitation in the number of banks to provide a wide choice of banking services that fit the needs of individual business women. Most of the participants were of the view that banks should engage agents to offer banking services in different communities if setting up a full functional branch is expensive.

### **Micro Finance Services**

The study revealed that high interest rates on loans and tedious process in accessing finance from such micro finance institutions was a hindrance for many business women to accessing and utilizing micro finance services. On the one hand, the business women who participated in the study were of the view that if only interest rates and high collateral, that most of the times they said exceeded the loan value, would be reduced to affordable levels, taking into account women's financial challenges, then more women would access and utilize services from micro finance companies in Lusaka and Choma Districts. On the other hand, some of the women were also of the view that micro finance institutions should not be demanding for repayment of the loan exactly one month from the date of obtaining loans, but to give a moratorium depending on the borrower's intended use of the loan.

### **Insurance Services**

The results of this study revealed that poor marketing of insurance services on their importance and who can access them is what has created a belief that insurance is only for the rich and those with motor vehicles. The other barriers that this study revealed hindering or discouraging business women from Lusaka and Choma from accessing and utilizing insurance services

were to deal with the high cost of insurance, the perception that there are few benefits to insurance, the lack of tailored insurance services to women owned MSMEs, lack of trust and perceived poor services offered by most insurance companies. Among the proposed solutions to these barriers was an opinion that insurance companies should have deliberate regular outreach programs to sensitise and educate people on the different insurance services, their benefits and who qualifies to utilize them. Participants also advised that insurance services should be affordable and tailored to individual incomes.

### **Mobile Money Services**

One main concern expressed by most of the participants about mobile money services was the high withdrawal costs. Most of the participants desired lower withdrawal charges and if possible, fixed charges regardless of the amount being withdrawn. In terms of the barriers that exist of being unable to transfer money from a mobile money account to a bank account and vice versa, the study revealed that this barrier can be resolved by ensuring that mobile network providers collaborate with other financial institutions in the economy. Lower limits on how much the mobile money account can hold is another barrier revealed by the study that discourages some business women from both Lusaka and Choma from using mobile money services. According to the participants, this barrier can easily be overcome by creating mobile money accounts that have higher holding limits or unlimited to how much money one can save in them.

Another challenge that the study revealed that hinders some women from not accessing and utilizing mobile money services was the lack of assurance of the security of their money to scammers. Most of the participants stated that scammers will always be there, but noted that individuals should be more vigilant to the different wiles of scammers. Additionally, mobile network service providers should be quick to halt or reverse transactions that have been reported as frauds. Another barrier to accessing and utilizing mobile money services by some business women that was observed by some of the participants was the inability to withdraw money if one did not have their mobile phone on them. The proposed solution to this barrier was that mobile money service providers be flexible and create a platform where the use of an official identity document such as a national registration card or driver's license can be used to access funds using mobile money agents, anywhere.

### **Saving and Borrowing from Formal Financial Institutions**

Most of the business women stated that the unreasonably high collateral demands, slow loan processing, provocation when one delays to pay back the loan instalment, and exorbitant interest rates were some of the barriers necessitating few business women accessing loans from formally established financial institutions. To this effect, the overwhelming stance by women who participated in this study was that all formally established financial institutions should include women operated MSMEs with low



earnings by offering loans at very low interest rates with moderate to no demand of collateral.

In terms of savings, the study revealed that some of the barriers that discourages business women from saving with established financial institutions includes but not limited to lack of trust in some financial institutions to safely keep clients' money, meagre interest rate, and lack of transparency by financial service providers. In response to some of these challenges, the participants were of the view that the interest returns on savings accounts should be made attractive enough for people to save with formally established financial institutions with correct book balances reported.

### **Different Modes of Payments/Cash Transfer**

For the barriers associated with cheques and bank transfers not being processed quickly, the study revealed that participants held a view that such transactions should be treated the same as cash transactions.

## **ACCESS AND UTILIZATION OF FINANCIAL SERVICES**

### **Source of Startup Investment Income**

The results of the study were insightful. For instance, this study, revealed that the main source of start-up investment capital among business women in Choma and Lusaka was personal savings (38%). These personal savings were from their salaries through formal employment whilst others saved from their employment gratuity. Family support, specifically from spouse and parents, was the second main source of start-up investment capital among women from Choma and Lusaka. These findings were encouraging as they indicated that families were supportive in helping women source start-up capital for their businesses which eventually leads to the reduction in the number of women in absolute poverty and those that are financially excluded.

The study revealed another important finding; that was the concern by all participants that start-up capital was and remains a challenge for many women who aspire to start business. Only one business was started with investment money from a formal microfinance lending institution and none of the businesses had start-up capital borrowed from a commercial bank. These results give an indication that there are still some women who are financially excluded based on the fact that all the participants experienced challenges in raising start-up capital and all of them except one had never used a formal financial institution to source their business start-up capital.

### ***Business Owned Bank Accounts***

The study revealed that there was a strong perception that most of the financial services have inherent characteristics that are not supportive of women especially those doing business in relation to accessing and utilizing affordable and less tedious financial services. For example, most of the participants, when asked on who they thought qualified to open a

bank account, access insurance services and other financial services, perceived that only those in formal employment and/or affluent could afford to.

### **Utilisation of other Financial Services**

The study revealed that business women from Choma and Lusaka utilise both formal and informal financial services. However, it should be noted that only five (15%) of the 34 business women who participated in the study actually utilised the informal borrowing service locally known as “Kaloba<sup>2</sup>,” as they all complained of the very punitive conditions that are attached to this informal service.

### **Method of Payment**

The study revealed that the method of payment is chosen mainly based on ease of access and usability, affordability, sense of security, and availability of the services. The study revealed that cash was the most preferred mode of payment as there no extra costs incurred whilst some participants preferred the use of credit card and internet banking as it reduced the risk of being robbed.

## **CONCLUSION AND RECOMMENDATIONS**

### **Conclusion**

This study concluded that more business women that own MSMEs do not use formal financial institutions to access credit as none of the participants accessed credit from a bank but rather used informal sources.

It concluded that they used cash and mobile money services for most of their business transactions and that they utilize credit and debit cards, micro finance services, village banking and other formal banking services.

This study further concluded that not all women operating MSMEs were accessing and utilizing the various financial services available in the country due to various impending factors such as high service charges, high minimum book balance requirements on bank accounts, poor service delivery by financial service providers, poor security measures, low income earnings capabilities, high collateral and documentation requirements, perception of certain services being only suitable for a certain class of people, none availability of tailored financial services for females and MSMEs, and low financial literacy levels coupled with low education level attained.

The findings do conclude that despite the challenges faced by women operated MSMEs in accessing and utilizing financial services, they still strive to empower themselves. The attitude displayed by these business women towards saving can be said to be an indication that women, despite the economic challenges experienced in Zambia, still plan and work hard to economically empower themselves.

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Kaloba is an activity of moneylending by individuals who charge extremely high rates of interest, typically under harsh conditions.

The lack of access to financial services can lead to the further entrenchment of poverty in the lives of the financially excluded persons. With this in mind, if the barriers to accessing and utilizing financial services that business women are faced with in Zambia are not holistically addressed, more MSMEs are likely to fold, which will lead to further entrenchment of poverty in the lives of the affected. This situation will also likely cause Zambia not to attain most of its SDG targets such as SDG number one to six by 2030 as they are interrelated and all require a stable, sound and sustainable access and utilization of finances.

### **Recommendation**

The researchers would like to make recommendations that can help address the barriers to accessing and utilizing financial services by women operated MSMEs and increase financial inclusion as follows:

- Financial service providers should consider designing financial products that are aligned to the needs of business women operating MSMEs in Zambia. This involves re-evaluating financial products, service charges, collateral requirements and other service costs to make them more affordable.
- All players in the financial sector should create more awareness on financial literacy by instituting programs through the formal education system, radio, social media, television stations and mobile phones to emphasise that these products and services are suitable for both men and women and highlight the benefits.
- The telecommunication and internet service providers, financial service providers and the Government of Zambia, through ZICTA and other relevant departments, should work hand in hand to ensure that the cost of using internet is lowered and made inexpensive as well increased access in all parts of Zambia.
- Regulatory oversight of digital financial services should include but not be limited to improving the network quality and availability, and monitoring key performance indicators on transmission of funds.

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