Her Home

HOUSING FINANCE FOR WOMEN

IFC International Finance Corporation WORLD BANK GROUP
Creating Markets, Creating Opportunities

ACKNOWLEDGEMENTS

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ABOUT IFC

IFC—a sister organization of the World Bank and member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work with more than 2,000 businesses worldwide, using our capital, expertise, and influence to create markets and opportunities where they are needed most. In fiscal year 2019, we delivered more than $19 billion in long-term financing for developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity. For more information, visit www.ifc.org

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Foreword

Women represent half of the world's population—and half of its economic potential. But they are far less likely than men to own a home. That's because women too often work in informal jobs, are unfamiliar with formal loan application procedures, or are stifled by traditional cultural norms.

The development of new public policies and financial products and services that increase women's access to housing finance can yield benefits to local and national economies. Women who own their homes enjoy greater financial stability and independence and contribute more to their community's economies. At the same time, financial institutions that offer housing finance services focused on women are better positioned to seize on opportunities in a growing market.

IFC's new market study, *Her Home: Housing Finance for Women,* sheds light on the women's housing finance market in three countries: Colombia, India, and Kenya. These countries have implemented a variety of policies to increase women's access to housing and housing finance.

Her Home provides country-specific insights into the **barriers** women currently face in obtaining housing finance, details the **size and nature** of women's housing finance markets, and offers **recommendations** for policymakers and financial institutions to overcome barriers, improve women's access to finance, and ultimately improve the lives of millions of women and their families around the world.

A few of the study's more noteworthy findings:

- Women who are self-employed or work in the informal job sector often do not have income levels and income documentation that meet financial institutions' lending requirements.
- Women frequently lack house titles in their names, which is currently required by financial institutions to serve as collateral.
- The estimated market size for women's housing loans is $23 billion in Colombia, $32.3 billion in India, and $14.8 billion in Kenya—despite the hurdles women face.
- Policies and financial products that address the specific needs of the women's housing finance market exist, but on a very small scale.

We hope this report spearheads further innovation, collaboration, and conversation in the housing finance industry to better serve women customers, improve their lives, and support sustainable economic growth around the world.

Paulo de Bolle
Senior Director, Financial Institutions Group, IFC

1. Executive Summary

IFC conducted a market study of housing finance for women in three countries where cultural, institutional, and policy barriers to women's access to housing finance have been identified, as have opportunities for financial institutions to tap this potential market. The three countries are Colombia (GDP per capita $14,999), India (GDP per capita $7,761), and Kenya (GDP per capita $3,461) (Source: World Bank International Comparison Program database, 2018).

The study's conclusions include recommendations for lenders to develop tailored housing finance offerings for women customers. Also included are recommendations for policymakers to develop reforms geared to improve market conditions and ease women's access to housing loans.

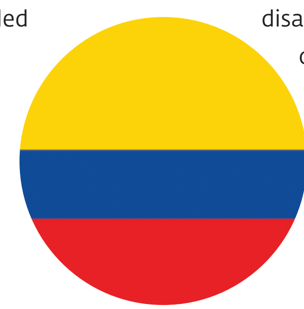
The study includes interviews with 2,000 low- and middle-income households in these three countries. The purpose of the interviews was to assess the demand pattern for housing and housing finance. In addition, interviews with major financial institutions active in housing finance were carried out, as were meetings with government officials and policy stakeholders.

**All denominations are in US dollars.*

COLOMBIA

23	16	77	25,927	63
BILLION US$ Estimated market size for women housing loans	PERCENT of women used formal loans to purchase housing	PERCENT of women's housing loans were funded by banks	US$ Average cost of home purchase for women	PERCENT loan-to-disposable-income ratio for women

There is high demand for housing loans among women in Colombia, but they remain constrained by unstable income and by being unable to fulfill loan approval requirements. In all, 20 percent of female-headed households (FHH) and 44 percent of joint decision-making households plan to purchase a home in the next five years and 23 percent plan to make home improvements. Banks are the main source of housing loans preferred by 77 percent of women, and houses are the preferred dwelling type (73 percent). The market for women in Colombia is estimated at approximately **$23 billion**, yet women remain disadvantaged in obtaining housing loans because of economic inequalities, including lower income and fewer formal employment opportunities.



INDIA

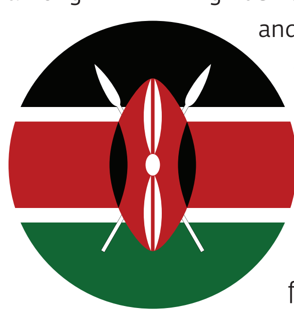
32.3	**13**	**83**	**11,710**	**50**
BILLION US$	PERCENT	PERCENT	US$	PERCENT
Estimated market size for women housing loans: US$ billion	of women used formal loans to purchase housing	of women's housing loans were funded by banks	Average cost of home purchase for women	loan-to-disposable-income ratio for women

The estimated demand for women housing loans in India totals $32.3 billion. This demand is largely for apartments (84 percent), rather than houses. Women chiefly prefer banks (83 percent) to other financial institutions for housing finance. The main barriers to women's access to housing finance are insufficient income and traditional gender norms. For instance, in the demand survey, 52 percent of households had no female involvement in decision-making. The government's Credit Linked Subsidy Scheme provides a subsidized interest rate on housing loans if a woman will hold the title to the new property. The program, although bringing more women into the housing finance market, is only able to reach a small portion of the potential female borrowers. Thus, a gap remains.

KENYA

14.8	**4**	**57**	**24,808**	**50**
BILLION US$	PERCENT	PERCENT	US$	PERCENT
Estimated market size for women housing loans: US$ billion	of women used formal loans to purchase housing	of women's housing loans were funded by SACCOs	Average cost of home purchase for women:	loan-to-disposable-income ratio for women

Kenya has a relatively untapped housing finance market with significant unmet demand for housing finance among women. There is high demand among women in Kenya for housing finance products. Thirty-three percent of female-headed households and 66 percent of joint-decision-making households intend to purchase housing in the next five years and 25 percent plan to make home improvements. The demand for housing finance among women in Kenya is estimated at **$14.8 billion**. The overwhelming majority of women want to purchase a house (91 percent), rather than an apartment. Yet, despite high demand, women remain constrained by low income and inability to meet bank requirements. The majority of women use Savings and Credit Cooperative Societies (SACCOs) for housing finance needs, primarily because they cannot meet the down payment or provide documents required by banks. Traditional roles also contribute to women not having equal access to housing finance.



Overall Findings

Lack of appropriate financial means to obtain adequate housing is a wide economic problem in the developing world. In addition to supply and demand issues, macroeconomic instability, insufficient regulatory framework, and limited capital market development affect the availability of adequate housing finance. Women are relatively disadvantaged in accessing property and quality housing due to socioeconomic and cultural practices, as well as less favorable gender policies and regulations.

Female-headed households, or those in which a woman is the primary income earner or decision-maker, represent a large, unserved market in each of the study countries. These households constitute 26 percent of households in Colombia, 25 percent in Kenya, and 9 percent in India. In each of these countries, female-headed households are the most disadvantaged group in terms of income, income documentation, property ownership and titling, past experience with banks, and other factors that affect access to housing finance. Overall, self-employment is the most common source of employment for female-headed households, though this differs by country and by income level. In Colombia 45 percent of women in female-headed households are self-employed or permanent employees. In Kenya, that figure stands at 31 percent. In India, 48 percent of women do not work, while 36 percent are mainly permanent employees.

Despite barriers, a relatively large number of women in female-headed households plan to apply for housing loans in the next five years. While only a small percentage of female-headed households have applied for housing loans in the past (eight percent in Colombia, six percent in Kenya, and five percent in India), a significantly larger portion expects to do so in the next five years (20 percent in Colombia, 33 percent in Kenya, and five percent in India).

Facilitating women's access to housing finance could potentially improve their economic and social well-being. Higher quality housing can connect women to new employment opportunities, as well as increase their safety and security. Policies and programs that encourage housing finance for women can thus trigger an upward spiral of community development, household income, and overall stability.

Developing housing finance value propositions for women also could benefit financial institutions. While FIs report that internal policies and practices are gender neutral, these gender-neutral processes may themselves inherently disadvantage women. Income disparities, less formal income sources, less access to property titling documentation, and other issues rooted in tradition make it more difficult for women to meet loan approval requirements. However, if banks and financial institutions can tailor products, services and perhaps processes that consider women's needs, they can tap into this large market, adding value to their bottom line. Evidence supporting these potential results is already in the marketplace. Financial institutions that have tailored value propositions to women-owned small- and medium-size businesses, for example, report business growth coupled with a low rate of non-performing loans (NPLs).

Financial institutions can adopt marketing strategies as well as new housing finance products and services geared to women, while public policies support women's access to housing finance in general. In terms of products, female-headed households and joint decision-making households display a need for home improvement loans, incremental construction loans, and home purchase loans. Credit enhancement programs, such as risk sharing and credit lines, could help women meet down payment requirements. In terms of developing their "women's market" strategy, financial institutions could initiate gender sensitivity training and communications, as well as develop gender-specific marketing. Research indicates that women respond to "relationship" marketing, whether word-of-mouth endorsements from people they know or information offered directly by financial institutions that they have come to know and trust.

INSIGHTS AT-A-GLANCE

The market for financial services to help women purchase and renovate their homes is large and growing in developing countries. It represents a significant business opportunity for financial institutions and policymakers who are willing to address patriarchal biases and pursue gender equity. Women comprise half of the population of the world but are only a fraction of home and property owners even as they command significant economic influence and are prominent household decision makers.

This report looks at the market for women's housing finance in Colombia, India, and Kenya — each of which is valued in the tens of billions of dollars — and identifies specific, practical steps that can be taken to mollify practices that have handicapped women's access to financial services. The report explores the social, economic, and business benefits that accrue from a more equitable lending environment, including self-sufficiency and personal responsibility. Lastly, it offers recommendations for attracting and retaining women as financial services customers and as vital contributors to the broad economy and their local communities.

10 Key Insights About Women And Housing Finance

1

UNEQUAL REPRESENTATION

Women comprise half of the population but only a small fraction of property owners.

2

UNDERSERVED AND DISADVANTAGED

Female-headed households and households where women are primary income earners and decision-makers constitute 26 percent of households in Colombia, 25 percent in Kenya, and 9 percent in India, and are largely unserved by financial institutions.

3

LOW INCOME/LOW ACCESS

Female-headed households often work in the informal economy and have lower household income levels than those headed by men or by joint-decision making households. As a result, women with informal employment often do not meet the requirements to borrow money and access financial services.

4

THE DOCUMENTATION DISADVANTAGE

In each of the three study countries, female-headed households frequently lack income documentation and other paperwork required to access financial services.

5

LACK OF COLLATERAL CLOSES DOORS

Access to housing finance requires collateral such as land title, property rights, and other large assets, which women lack. In addition, lower levels of education and limited financial literacy can restrain women from accessing housing finance and, in turn, quality housing.

6

SCARCE RESOURCES TO FINANCE HOUSING

In addition to supply and demand issues that disproportionately encumber women's access to financial services, macroeconomic instability, insufficient regulations, and limited capital market maturity in developing countries affect the availability of adequate housing finances.

7

OPTIMISM IN THE FACE OF OBSTACLES

Though only a small percentage of female-headed households have applied for housing loans in the past (eight percent in Colombia, six percent in Kenya, and five percent in India), a significantly larger portion expect to do so in the next five years (20 percent in Colombia, 33 percent in Kenya, and five percent in India).

8

AN UPWARD SPIRAL

Initiatives that encourage housing finance for women can invigorate community development, encourage safer neighborhoods, bolster incomes, and potentially lead to employment opportunities and greater financial stability.

9

CUSTOMIZING WORKS

Women face different obstacles and have different needs. If banks and financial institutions train staff and tailor products, services, and processes to consider women's needs, they can tap into a large market and add value to their bottom line. Female-headed households show a need for home improvement loans, incremental construction loans, and home purchase loans.

10

FEWER NPLS

Financial institutions that have tailored value propositions to women-owned small- and medium-size businesses report business growth coupled with a low rate of non-performing loans (NPLs).

2. Introduction

The Challenge

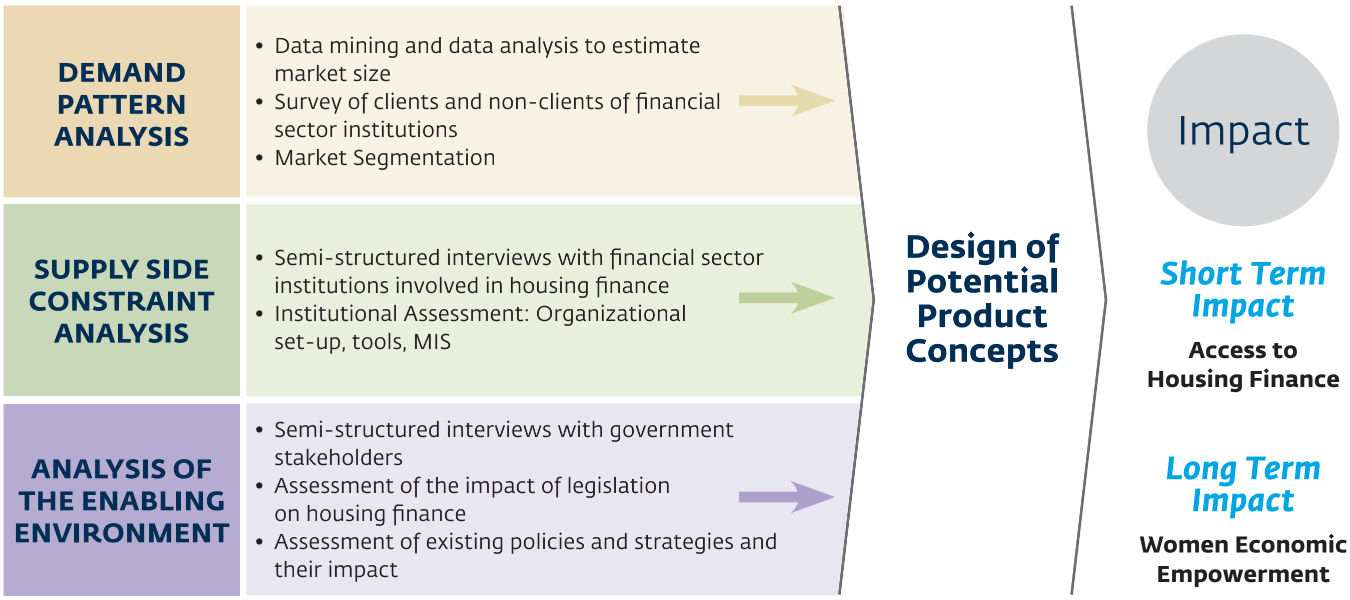
Lack of affordable housing is a worldwide economic problem. A recent McKinsey study (2016) estimated that approximately 330 million urban households around the world lack the appropriate financial means to obtain adequate housing (Source: McKinsey Global Institute, 2014, A Blueprint for Addressing the Global Affordable Housing Challenge). Several factors including the high cost of infrastructure, low level of investment, difficulties accessing financial resources, and increasing costs of building materials make it difficult for poor and middle-income households to afford a house. Due to increasing population and rural-urban migration, an affordable housing shortage has been more severe in urban areas compared to rural areas.

Women are typically disadvantaged in terms of access to property and quality housing. Several studies show that women own less than two percent of titled property in the developing world (Source: Food and Agriculture Organization of the United Nations, FAO, 2002, Women's Right to Land: A Human Right). Factors contributing to the low ownership rate include socioeconomic circumstances, patriarchal attitudes, cultural practices, less favorable policies and regulations, and lack of political commitment (Source: UN Habitat, 2012, Gender Issue Guide: Housing and Slum Upgrading). To date, several countries have adopted statutory rights and constitutional equality clauses to challenge the disadvantages women face (Source: United Nations, 2012, Women and the Right to Adequate Housing). Yet social and cultural norms favoring male ownership and lack of political commitment impede the enforcement and practice of the new laws.

Women's access to housing finance is further limited in developing countries. Housing finance requires collateral such as land title, property rights, and other large assets, which women lack. In addition, lower levels of education, limited financial literacy, and lower income levels, combined with mobility constraints and limited access to information, often restrain women from accessing housing finance and, in turn, quality housing. What's more, women are less able to access adequate financial services because of unfavorable legal and customary practices.

Defining Female-Headed Households

There is no one standard definition of female-headed households. Following standard practice for survey analysis, the study defines a female-headed household as a household in which a woman is the primary decision-maker or income earner. The traditional classification of household headship is the "breadwinner" definition that defines the household head as the one who contributes the most to household income. Based on this definition, female-headed households were mainly defined by the absence of a man (due to divorce, death, migration, etc.). In recent years, this definition has been recognized as insufficient to capture the role of women within the household. It is estimated that, globally, women make up to 80 percent of purchasing decisions (Source: The Economist. *A Guide to Womenomics: Women and the World Economy*). Thus, survey-based analysis typically classifies households according to both income contribution and decision-making authority, as is done in this study. Relevant studies cited follow a similar definition. For instance, the Indian Population and Household Census considers a female household head if "she bears the chief responsibility for managing the affairs of the household and takes decision on behalf of the household" (Source: Government of India Population and Housing Census 2011).



PURPOSE OF THE STUDY

The study on which this report is based examines the housing finance market for women and provides guidance on specific barriers to women's access to housing finance, the market size that women borrowers might present to the industry, and the possible need for specific gender-related housing finance products and services (e.g. mortgage, home improvement loans, incremental construction loans, financial literacy training etc.). These issues are explored in the specific contexts of Colombia, India, and Kenya.

OVERALL RESEARCH METHODOLOGY

The research methodology consists of three modules: an Analysis of Patterns of Demand for Housing Finance, a Supply-Side Constraints Analysis, and an Assessment of the Enabling Environment. The demand assessment focused on understanding the patterns of demand for housing and housing finance for women in the three countries. Data was collected on both access to housing ownership (construction and/or purchase) and access to finance for home purchase and home improvement, because groups of women may need housing financing for several reasons, including purchasing houses, home improvement, and construction. The purpose of the supply-side analysis was to better understand operational aspects of housing finance from the perspective of financial institutions (i.e., their market positioning, target clientele, product mix), and to obtain information on challenges in mortgage lending and financing women borrowers. Existing legislation and other enabling factors were reviewed to understand their effect on housing finance. In this context, an assessment of government programs to encourage housing finance for women was also conducted.

A total of 2,000 low- and middle-income households were surveyed to assess the demand pattern for housing and housing finance. Households were surveyed in Bogota and Cartagena in Colombia, Mumbai and Pune in India, and Nairobi and Nakuru in Kenya. The survey collected information on housing needs and housing finance needs and identified gender gaps in obtaining housing finance. The survey also collected information on challenges and constraints facing women in accessing housing finance. The collected data was used to estimate the potential market demand for housing and housing finance for women in the three countries. The study primarily focused on urban and peri-urban areas where there is the highest concentration of major financial institutions and where demand for housing finance is highest.

For the supply-side research, major financial institutions offering housing finance were interviewed. The institutions included a mix of commercial banks, microfinance institutions, and other non-bank financial institutions. Semi-structured interviews were carried out with top management in the housing market department and/or the fiduciary department of these institutions. Unfortunately, a customer-journey analysis of loan processes was not possible due to confidentiality concerns of the financial institutions.

Meetings also were held with government and policy stakeholders involved in enabling housing and housing finance. The objective of these meetings was to understand whether the current market environment is conducive for promoting gender-housing finance and to identify housing initiatives that would benefit women.

Overall Findings

CHARACTERISTICS AND SEGMENTS WITHIN FEMALE-HEADED HOUSEHOLDS

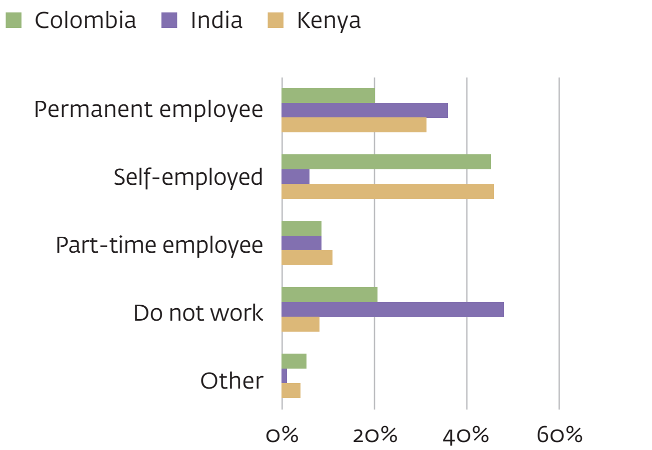
Female-headed households, those in which a woman is the primary income earner or decision-maker, constitute 26 percent of households in Colombia, nine percent in India, and 25 percent in Kenya. In each of these countries, male-headed households and joint decision-making households have more access to banks and other formal sources of finance than female-headed households. Female-headed households have lower household income levels than those headed by men or by joint-decision making households. This is particularly true in the lower income brackets, as in India where 90 percent of female-headed households earn less than $620 per month. In Kenya and Colombia, a quarter of female-headed households earn more than $900 per month.

Overall, self-employment is the most common source of women's employment, but this differs by country and by income level. In Colombia, for example, 45 percent of women in female-headed households are self-employed and 20 percent are permanent employees. In Kenya,

Impact of Woman-Focused Housing Finance

Goal	Vehicles	Outcomes
Access to Housing Finance	**Targeted Financial and Non-Financial Products and Services**	**Asset Ownership** **Reduced Vulnerability** **Enhanced Productivity** **Access to Economic Opportunities**

Employment Status of FHHs

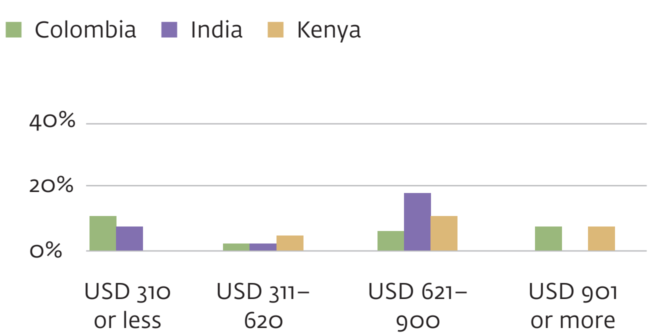


46 percent are self-employed and 31 percent are permanent employees. However, in India, almost half of women in female-headed households do not work, and 36 percent are mainly permanent employees. Female-headed households that fall into the highest income bracket are generally permanent employees, while in Colombia and Kenya, those in the middle- and lowest-income brackets are mostly self-employed.

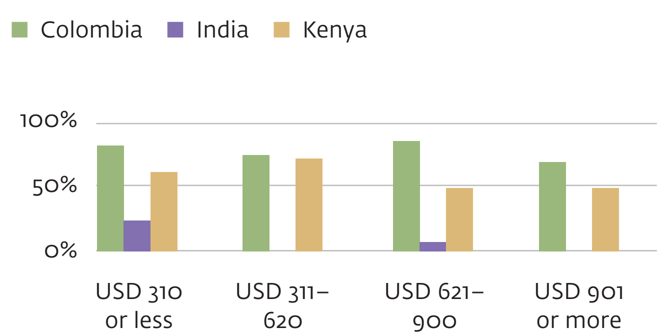
Although a small percentage of female-headed households have previously taken housing loans, a significantly larger proportion plan to apply for a housing loan in the next five years. Among female-headed households, eight percent in Colombia, six percent in Kenya, and five percent in India had applied for a housing loan in the past five years. Those with higher monthly incomes are most likely to have previously applied for a housing loan, with the highest level of previous experience being in the income category of $621-900 per month. When asked whether they are planning to purchase or build a home in the next five years, female-headed households in Colombia and Kenya largely reported they were planning to do so. Their demand did not differ significantly across different income levels. In India, where levels of homeownership are higher to begin with, a much smaller proportion reported that they intend to buy or build. In India, demand is most concentrated in the lowest income bracket (those making $310 or less per month), though the difference between income brackets is statistically insignificant.

Personal savings, followed by formal loans, are the preferred source of housing finance among female-headed households. In Colombia, 62 percent of female-headed households turn to personal savings to purchase

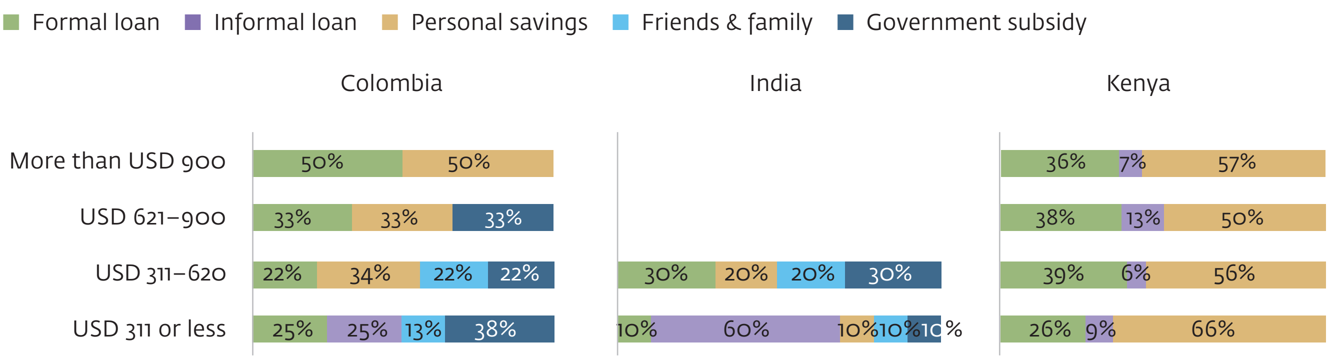
Percentage of FHHs that have applied for housing loan in previous 5 years



Percentage of FHHs planning to purchase or build housing in next 5 years



Preferred Source of Funds for Housing Among FHHs by Monthly Income Bracket



housing; in India 37 percent; and in Kenya 22 percent. The highest proportion of female-headed households that plan to use formal loans is found in the top income brackets. In Colombia and India, female-headed households in the lowest income bracket are using the greatest variety of fund sources to meet their housing finance needs. In contrast, the upper income brackets can largely finance housing needs through loans and personal savings alone. In Kenya, the use of personal savings increases as income level decreases. Female-headed households in the lowest income bracket must save the most to finance housing purchases, while in the upper income brackets they are better able to access alternative sources of funds, including formal loans and informal loans.

Median monthly savings for the purpose of housing increases as monthly income increases. In Colombia, the lowest income bracket is currently not saving, on average, while the highest income bracket is able to save $126 each month. In Kenya, where housing finance is largely not available to low- and middle-income households, even the lowest income bracket is saving $19 each month. In India, the highest income brackets generally already own their homes and are therefore not currently saving explicitly for housing needs. Among lower income brackets, female-headed households in India show the highest level of household savings. Their monthly savings for the purpose of housing is approximately 20 percent of their monthly income. This likely reflects India's culture of saving and preference to use less of formal loans, which encourages individuals and households to save the maximum amount from income, particularly among older generations.

Female-headed households savings for housing

Median monthly household savings for the purpose of housing

Monthly Income Bracket	$310 or less	$311-620	$621-900	$900 or more
Colombia	$0	$47	$47	$126
India	$55	$69	-	-
Kenya	$19	$34	$34	$146

COLOMBIA Key Findings

$23 billion

Estimated size of market for women's housing loans

Market profile

67% of households have a woman involved in financial decision-making

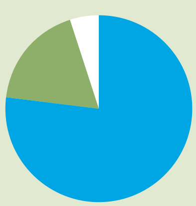
8% of female-headed households applied for a housing loan in the previous 5 years

Female-headed households save 100% more, on average, than male-headed households

64% of female-headed households use personal savings to acquire their housing; only 27% used a formal loan

The median loan amount that joint decision-making households expect to borrow is $9,462

Current access to housing finance



- Banks are the source of 77% of housing finance loans obtained by women
- 18% from cooperatives
- 5% from informal financing

Opportunity

20% of female-headed households plan to take a loan for housing finance in the next 5 years

23% of female-headed households are planning home improvements

Houses are preferred by 73% of women who plan to purchase housing (27% prefer apartment)

3. Colombia

There is high demand for housing loans among women in Colombia, but they remain constrained by unstable income. In all, 20 percent of female-headed households and 44 percent of joint decision-making households plan to purchase a home in the next five years, and 23 percent plan to make home improvements. Banks are the main source of housing loans preferred by 77 percent of women, and houses are the preferred dwelling type (73 percent). The market for women in Colombia is estimated at approximately $23 billion. Yet, women remain disadvantaged in obtaining housing loans because of economic inequalities, including lower income and fewer formal employment opportunities.

Market Profile

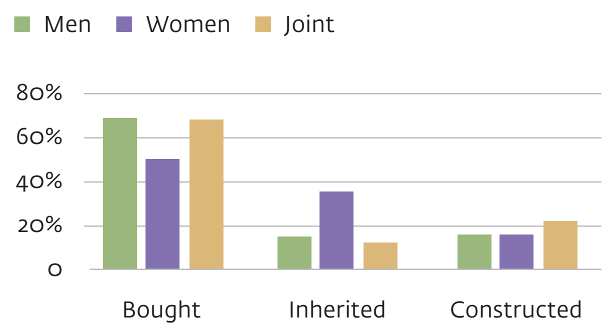
Home ownership in Colombia is among the lowest in Latin America. Colombia's National Statistics Office defines a housing deficit as a lack of adequate housing, either a qualitative housing deficit or a quantitative housing deficit. Even though the housing deficit across Colombia has been steadily declining over time, home ownership remains low by regional standards.

Gender does not appear to be a significant driver of quantitative housing deficits. When disaggregated by gender, Colombia's National Statistics Office study found that quantitative housing deficit statistics show only a *small* variation between male-headed and female-headed households across Colombia's departments. The only exceptions are Córdoba and Santander. In Córdoba, the quantitative deficit for male-headed households is estimated to be about nine percent compared to 5.5 percent of female-headed households. In contrast, in Santander, the quantitative deficit for female-headed households is 12.6 percent, compared with 9.8 percent for male-headed households

Female housing owners are more likely than male owners to obtain housing through inheritance. Households with female decision-makers inherit at a higher rate than their male counterparts.

Inside the findings: While 33 percent of female-headed households inherited, compared to 17 percent of male-headed households and 10 percent of household with joint decision-making, approximately 50 percent of households with female decision-makers did purchase their housing. This compares with 69 percent of male-headed households and 67 percent of joint decision-making households who purchased their housing.

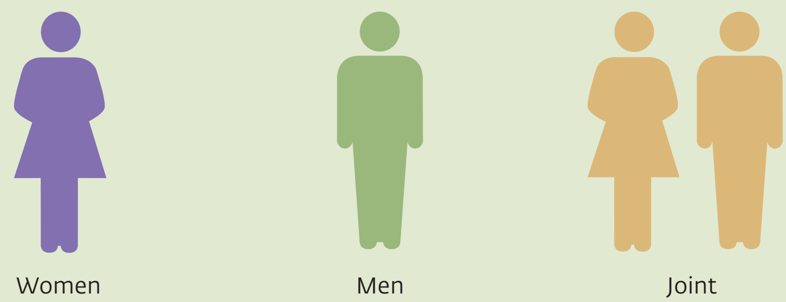
Form of Acquisition of House



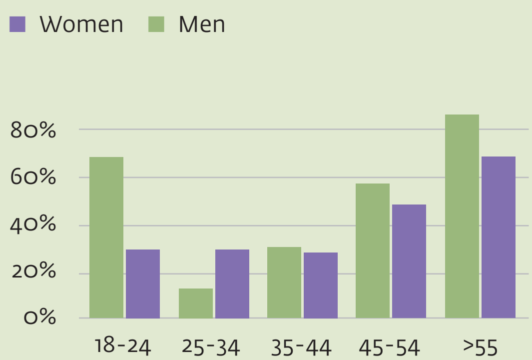
Regardless of decision-maker gender, home ownership is driven by income and age, according to IFC's research. With age, households accumulate more income and wealth, and so are more likely and able to buy a house and less likely to rent. However, households with a male-decision maker are more likely to own a house across all types of family structure (for nuclear family, joint/extended family, or for single adults) compared to households with a female decision-maker. Households with female decision-makers rent more than their male-counterparts across all types of family structures.

Sixty-four percent of female-headed households used personal savings to acquire their housing; only 27 percent used a formal loan. Among homeowners, male-headed households were more likely to have used a formal loan than female-headed households.

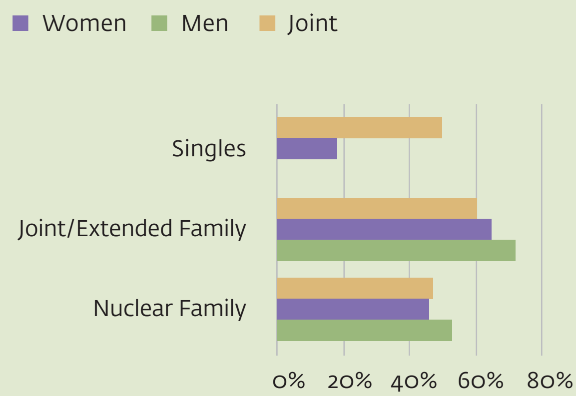
Home Ownership



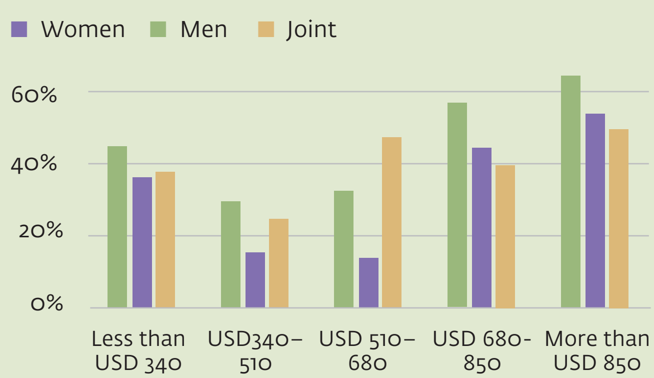
Home Ownership by Age



Type of Ownership by Family Structure



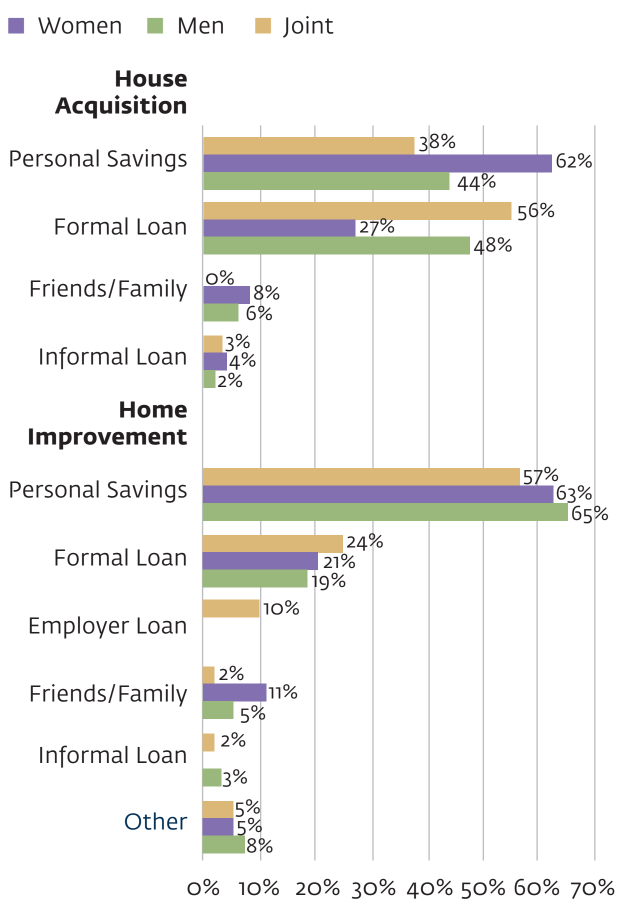
Home Ownership by Monthly Income Distribution



NOTE: The above findings derive from IFC's market study (2018). (A separate study, *La Gran Encuesta Integrada de Hogares — GEIH 2017*, while composed of a smaller and more specific data set — 140,000 urban households, no ex-urban households — produced similar results.)

Inside the findings: Overall, 45 percent of homeowners used formal loans and 45 percent used personal savings to purchase their housing. Among male-headed households, 48 percent used formal loans and 44 percent personal savings. For making improvements to housing, the majority of homeowners used personal savings, followed by formal loans, with no significant gender variation. Use of informal loans and borrowing from friends and family is extremely limited for housing acquisition or home improvement.

Source of Funds for Housing Acquisition and Home Improvement



Use of bank loans for housing is very low in Colombia. Only nine percent of men and eight percent of women have previously applied for housing loans. Of these, 67 percent of men and 47 percent of women had their loans approved.

Inside the findings: Fifty-three percent of loan applications were for the purchase of new housing. While only a few survey respondents applied for housing loans, the data show that men were more likely to be approved at banks, while women were more likely to be approved at savings/credit cooperatives. (It should be noted that these differences are not statistically significant given the very small sample size.) Additionally, borrowers whose loans were approved had been clients of the bank for more than two years.

In general, both on a monthly basis and in terms of total current savings, women have higher savings than men. While female-headed households have a lower median monthly income than male-headed households and joint decision-making households, monthly expenses are similar for female- and male-headed households and higher for joint-decision-making households. Households headed by women are saving more than their male counterparts.

Median Income, Expenses and Savings

Head of Household	Monthly income	Monthly expenses	Monthly savings	Total Savings
Woman	$520	$312	$35	$139
Man	$555	$312	$0	$0
Joint	$694	$347	$35	$121

Current Access to Housing Finance and Supply

Colombian financial institutions have been steadily increasing their mortgage portfolio since the crisis of the late 1990s. Between May 2016 and 2017 alone, the combined outstanding real estate loan portfolios of financial institutions increased by 13 percent, reaching $20.6 billion. Bancolombia, BBVA, and Davivienda are the largest lenders. Rent-to-own arrangements represent approximately 23 percent of residential loan portfolios; 58 percent of these arrangements are held by Davivienda.

Government-supported programs represent a large part of the housing finance market. The two main programs are the *vivienda de interés social* (affordable housing —VIS) and the *vivienda de interés prioritario* (priority social housing — VIP). Both programs involve subsidized interest rates for lower income segments of the population. However, VIP targets the most vulnerable groups, including female-headed households.

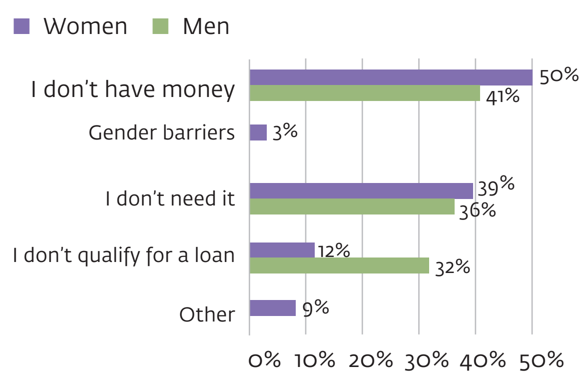
The satisfaction rate among men and women receiving loans was 75 percent. While taking into account that only a very low percentage actually applied for formal loans, satisfaction was based largely on the fact that clients were able to receive their loans quickly, followed by a perception of favorable terms and conditions. The dissatisfied clients complained mostly about not receiving the desired amounts and interest rates.

Barriers

The main barriers to housing finance are largely found to be a result of unstable income and difficulties qualifying for a loan. A lack of money was the primary reason non-homeowners gave for not wanting to purchase housing within the next five years. Only about 12 percent of women reported not qualifying for a loan as the reason not to purchase housing as compared to 32 percent of men.

Inside the findings: While both women and men reported a lack of money as the primary obstacle to purchasing housing, 50 percent of women cited this compared to 41 percent of men.

Reasons for Not Planning to Buy a Home (LHS)/Perceptions of Equal Access to Housing Finance (RHS)

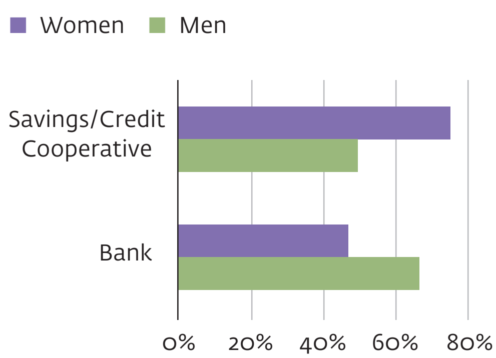


Survey respondents also reported requirements from banks as significant challenges to obtaining housing finance. A lack of credit records, low income, and high interest rates were also commonly cited as challenges to obtaining housing finance.

Women loan applicants might be disadvantaged due to their generally lower level of income and more common employment in the informal sector. When two or more individuals apply for a loan together, the first debtor to appear on the loan contract is the person with the highest income. Typically, this is the male partner. In addition, most of the financial institutions that were interviewed reported that they focus their efforts on applicants with formal employment and proper income justification. A larger proportion of women are employed in the informal sector, and thus unable to fulfill the lending requirements of financial institutions.

Inside the findings: The above disparities between male and female loan applicants are in line with statistics showing that 7.3 percent of Colombian women have outstanding mortgages compared to 12.3 percent for men (2014). Source: Findex Database.

Loan Approval Rate



Respondents perceive gender-specific economic factors drive inequalities in access to housing finance. The majority of both men (81 percent) and women respondents (68 percent) reported that women and men enjoy equal access to housing finance. However, respondents perceived opportunities between genders to be unequal. Those respondents who think women do not have equal access to housing finance as men cited less favorable employment opportunities and income gaps as the main barriers to women's access to housing finance.

ADDITIONAL INSIGHTS INTO BARRIERS TO HOUSING FINANCE ACCESS

The following insights derive from a series of logistic regressions (see Notes for a detailed explanation and a chart of results) that identify potential factors affecting women's demand for housing and loans. Model One identifies the predictors of planning to buy a house or making improvements to a current dwelling in the next five years. Model Two identifies the determinant factors related to existing demand (i.e., having used a loan in the purchase of the current home). Comparing the two models provided preliminary findings on the Colombia housing market. (Please note that the sample is distorted towards urban and peri-urban men and women, and does not include rural respondents.)

Being a woman decreases the probability of being employed by 35 percentage points, all other factors being equal. A logistic regression fitted to identify the determinants of employment identified several key independent variables, including gender, age, civil status, and having a bank account. The results indicate that traditional socio-cultural norms still play a role in Colombian society, particularly regarding employment, thus contributing to women's economic disadvantages.

Economic disadvantages put a disproportionate strain on women's ability to access housing finance. The majority of respondents reported that women and men enjoy equal rights, and that they did not see gender itself as a significant barrier to obtaining housing finance. Yet, women cited insufficient income and resources as the main barrier to accessing housing finance. Among women who would like to be able to purchase housing, 68 percent of those not planning to purchase cite not having enough money as the biggest barrier to doing so. This suggests that the gender and socio-cultural norms that impact the ability of women to participate fully in economic life also have an adverse effect on their ability to access housing finance.

Female-headed households are less likely to participate in the housing and housing finance markets. Even after controlling for income and socio-economic differences, households in which a woman is the household head are significantly less likely to be planning to purchase a home or make improvements to their current home.

ADDRESSING BARRIERS: LEGAL, REGULATORY AND FINANCIAL INSTITUTIONS FRAMEWORKS

In Colombia, policies, regulatory framework, and laws treat men and women the same. Similarly, there are no practices in financial institutions that explicitly distinguish between men and women. This was confirmed in interviews with stakeholders in government agencies and financial institutions. Moreover, there was no indication of institutional discrimination causing unequal opportunities reported in the demand survey.

Women, Business and the Law

***Women, Business and the Law* is a World Bank Group project collecting unique data on the laws and regulations that restrict women's economic opportunities.** The following findings for Colombia are relevant to women's access to housing finance.

ACCESSING INSTITUTIONS	
1. Are wives required to obey their husbands?	No
2. Can a woman legally get a job in the same way as a man?	Yes
3. Can a woman sign a contract in the same way as a man?	Yes
4. Can a woman open a bank account in the same way as a man?	Yes
5. Can a woman choose where to live in the same way as a man?	Yes
6. Can a woman be "head of household" in the same way as a man?	N/A

USING PROPERTY	
1. Who legally administers marital property?	Original owner
2. Does the law provide for valuation of nonmonetary contributions?	Yes
3. Do men and women have equal ownership rights to immovable property?	Yes
4. Do sons and daughters have equal inheritance rights?	Yes
5. Do female and male surviving spouses have equal inheritance rights?	Yes

GOING TO COURT	
1. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes

BUILDING CREDIT	
1. Do retailers provide information to credit agencies?	Yes
2. Do utility companies provide information to credit agencies?	Yes
3. Is discrimination based on gender prohibited in access to credit?	No
4. Is discrimination based on marital status prohibited in access to credit?	No

Government Programs

Vivienda de interés social (VIS — affordable housing) and the *vivienda de interés prioritario* (VIP — most vulnerable groups including female-headed households) are the government's two social housing programs. Davivienda is the main lender under social housing programs followed by Fondo Nacional del Ahorro, Bancolombia, and Banco Caja Social.

Within this context, the Colombian Government has been increasing efforts to encourage marginalized women to facilitate ownership of their own housing. According to the Ministry of Housing, more than 238,000 women from low-income households have become owners of their proper houses since 2010. An additional 51,268 women in the poorest neighborhoods have obtained housing through "Mi Casa Ya — Ahorradores," and 169,368 women in extreme poverty are benefitting from the free housing program. (Source: http://www.minvivienda.gov.co/sala-de-prensa/noticias/2016/noviembre/el-70-de-propietarios-de-vivienda-en-colombia-son-mujeres-ministra-elsa-noguera)

Financial Institutions

None of the financial institutions that were interviewed used different loan approval criteria for men and women.

> ***Inside the findings:*** Meetings were held with 16 financial institutions, including all the main lenders in housing finance. According to interviewed stakeholders, financial institutions use gender-neutral approaches and policies in their day-to-day-business.

Financial institutions do not keep gender-disaggregated statistics on client applications or rejections. Because of this, financial institutions are not able to track potential gender-based distinctions throughout the loan application process and have limited ability to understand the characteristics and financial behavior of their customers by gender. The *Superintendencia Financiera de Colombia*, which supervises the main actors in housing finance, also does not track gender-disaggregated information.

Market Opportunities

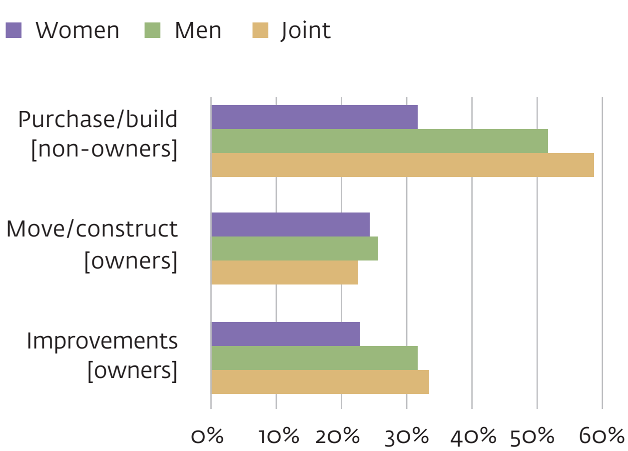
Approximately 43 percent of women living in rented housing plan to purchase housing within the next year. According to the demand survey, about half of respondents overall plan to purchase housing within the next five years. About 65 percent of men respondents plan to purchase a house.

Approximately 26 percent of current homeowners plan to move to or construct another house. This percentage is only slightly lower for women than it is for men.

Another 30 percent of homeowners plan to make improvements to their current home. Male-headed households are significantly more likely to plan to make improvements than female-headed households, but slightly less likely than joint decision-maker households.

The plan to purchase varies by income levels. Middle/low-income households earning between $340-680 a month are most likely to have plans to purchase housing as compared to households with other income ranges.

Non-homeowners and Homeowners Who Plan to Purchase or Make Housing Improvements



The potential demand for housing, based on respondents planning to purchase, is only four percent higher for men than women. About 56 percent of women expect to seek funding from banks as opposed to 60 percent of men.

Non-homeowners Median Expected Cost of New Home Purchase

	Cost of purchasing	Loan amount needed	Expected Monthly payment
Woman	$27,200	$17,179	$136
Man	$23,800	$19,550	$187
Joint	$26,500	$16,563	$133

Cluster Analysis identified opportunities for tailoring housing products and services to specific groups who plan to purchase housing in the next five years. The analysis of demand survey responses (see Notes for more detail on Cluster Analysis) identified homogenous subgroups of potential customers that have similar needs and attributes, and thus represent sub-markets for targeted products and services. As indicated in the chart below, it studied variables of employment, type of current dwelling, income, and the expected loan amount needed to purchase housing among four major sub-segments of urban and peri-urban men and women (thus this study did not cover rural men and women).

The total size of the urban market for women's housing loans in Colombia is estimated at approximately $23 billion. This total market size represents the total estimated amount of loans needed from urban women in Colombia who currently have plans to purchase a home. It was estimated from values including number of urban households, percentage of female-headed households, percentage of women who reported they would use a loan to pay for the purchase of housing in the next five years, and median expected loan amount, relying on figures from the demand survey and census data. More detail on this calculation appears in the Notes section at the end of this report.

Cluster Analysis of Potential Housing Finance Market

	Segment 1	**Segment 2**	**Segment 3**	**Segment 4**
Variables Used in Clustering:				
Employment *(of respondent)*	Married Employee	Self-employed/ Entrepreneur	Non-married Employee	Self-employed/ Entrepreneur
Type of dwelling	House	Apartment	House	Apartment
Median Household Income *(from all contributing family members)***	$1,189	$509	$408	$408
Loan Amount Desired†	$33,961	$23,773	$20,378	$27,169
Other Key Variables:				
Sector of Employment	Commerce	Commerce	Manufacturing/ Construction	Services
Average Age	31	39	34	34
Marital status	69% Married 19% Cohabitating 12% Separated/ Divorced	42% Married 35% Single 23% Cohabitating	60% Single 34% Separated/ Divorced 6% Widowed	36% Married 31% Single 25% Cohabitating 8% Separated/ Divorced
Average Number of family members contributing to household income	2.25	2.06	0.95	1.65
Percentage of Households with Female Household Head	24%	48%	41%	66%
Percentage of Households with Woman Involved in Decision-making	58%	70%	68%	76%
Percentage of Households with Bank Account	65%	56%	41%	45%
Percentage Applied for Housing Loan Previously	6%	29%	6%	7%

*Median household income is the median income brought in for the household by all family members. If the respondent does not work and is not bringing income, the household can still have income from a spouse, parents, adult children, etc.

† Loan amount desired is based on respondent's own evaluation of amount needed for home purchase or construction and not a reflection of financial analysis of repayment capacity

INDIA Key Findings

$32.3 billion

Estimated size of market for women's housing loans

Market profile

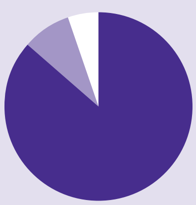
48% of households have a woman involved in financial decision-making

6% of female-headed households applied for a housing loan in the previous 5 years

Female-headed households save 20% more, on average, than male-headed households

The median amount that joint decision-making households expect to borrow for home purchase is $16,563

Current access to housing finance loans obtained by women



- Banks 83%
- Mutuals 8%
- Cooperatives 5%

Opportunity

5% of female-headed households plan to take a loan for housing finance in the next 5 years

18% of female-headed households are planning home improvements

Apartments are preferred by 84% of women who plan to purchase housing (16% prefer houses)

49% of joint decision-making households live in apartments (29% houses)

4. India

The estimated demand for women housing loans in India totals $32.3 billion. This demand is largely for apartments (84 percent), rather than houses. Eighty-three percent of women prefer banks to other financial institutions for housing finance. The main barriers to women's access to housing finance are found to be insufficient income and traditional gender norms. For instance, in the demand survey, 52 percent of households had no female involvement in decision-making. The government's Credit Linked Subsidy Scheme provides a subsidized interest rate on housing loans if a woman will hold the title to the new property. The program, although bringing more women into the housing finance market, is only able to reach a small portion of the potential female borrowers. Thus, a gap remains.

Market Profile

Home ownership is relatively high in India. Seventy-seven percent of households own their homes, rather than rent. This percentage is the same for households headed by a man, woman, or joint decision-makers. Of those who own, 93 percent have a registered title deed.

> ***Inside the findings:*** The 77 percent figure is consistent with findings from the most recent census collected by the government in 2011 (Source: Government of India Population and Housing Census 2011), which found that 87 percent of households own their own home. The 10 percent difference is due to this study's focus on low- and middle-income households, which are less likely than high-income households to own their homes.

An estimated 65 percent of female-headed households and 63 percent of male-headed households live in houses..

> ***Inside the findings:*** In joint decision-making households, apartments are most common (49 percent), followed by houses (29 percent) and chawls (22 percent). Chawls are buildings with one room or two room units of not more than two hundred square feet attached by a common corridor with shared toilets on each floor.

Significant drivers of home ownership include age, education, income, length of occupancy, and city. According to results of the demand survey, respondents' age and education and their household's income affect the likelihood the household owns rather than rents their housing. Additionally, the more years a household has resided in the current dwelling, the greater the probability they own their home.

Households headed by women have similar income and expenses, but higher monthly savings than households headed by men (Source: demand survey)**.** Female-headed households are saving more than their male counterparts, and also at similar levels as joint decision-making households, although the income and expenses of joint decision-making households are higher than female-headed households.

Median Income, Expenses and Savings

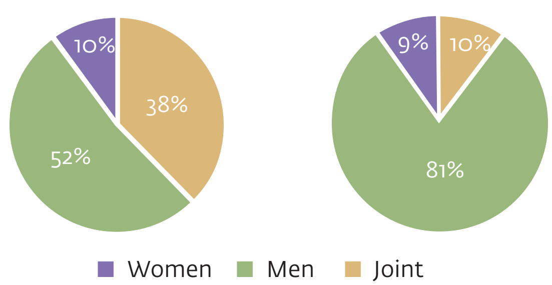
	Monthly income	Monthly expenses	Monthly Savings	Total Savings
Woman	$364	$218	$73	$1,456
Man	$364	$218	$58	$1,165
Joint	$437	$291	$73	$1,456

Female legal ownership of homes is rare. Only nine percent of households in the demand survey sample have a female head of household. (This is consistent with the 2011 census, in which only 10 percent of households had a female head of household.) Additionally, among households that own, 81 percent have a man as the sole legal owner of the house, nine percent are legally owned by a woman, and 10 percent are jointly owned. This indicates that even among joint heads of households (38 percent), the legal owner of the house is generally a man.

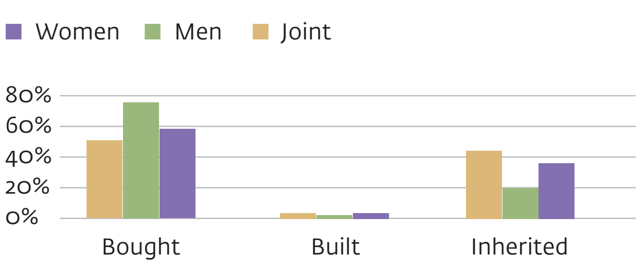
Across home purchasers, use of formal loans remains low overall. Among survey homeowner respondents, joint decision-making households were more likely to use formal loans (33 percent) and informal loans (22 percent) than female-headed households and male-headed households, which primarily used personal savings. However, female-headed households were more likely than male-headed households to use formal loans. For housing improvements, the majority of households, regardless of gender, relied on personal savings.

Purchase is the most common form of acquisition, but inheritance is highest among female-headed households and joint decision-making households. Thirty-seven percent of female-headed households, 44 percent of joint decision-making households, and only 18 percent of male-head of households own their home via inheritance.

Household Head *Legal Owner*

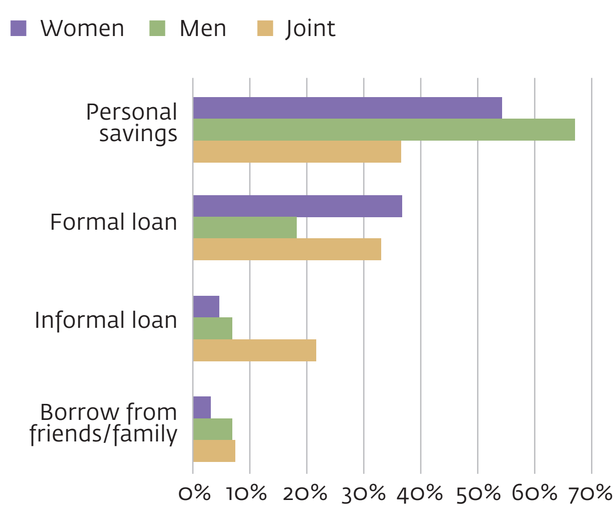


Means of Home Acquisition



Inside the findings: These low levels of housing loan usage are consistent with statistics from Findex, which shows that only three percent of women and six percent of men currently have outstanding mortgages. (Source: World Bank Global Financial Inclusion — Findex — Database.)

Source of Funds for Home Acquisition



The recent rise in dual-income households, particularly in urban areas, has increased the demand for housing finance loans among joint decision-makers.

> ***Inside the findings:*** The Demand Survey indicated that while all female-headed households and 91 percent of male-headed households applied to banks, 67 percent of joint households applied to banks as well as to mutual (17 percent), cooperatives (8 percent), and microfinance institutions (8 percent).

Current Access to Housing Finance and Supply

Housing finance has traditionally been dominated by banking institutions, but housing finance companies are playing an increasingly larger role. In 2015, banks controlled 63 percent of the total volume of the housing finance market, with the rest of the market served by non-bank financial institutions (NBFIs), primarily Housing Finance Corporations (HFC). Estimates from 2017, however, suggest HFC's market share has grown to over 40 percent.

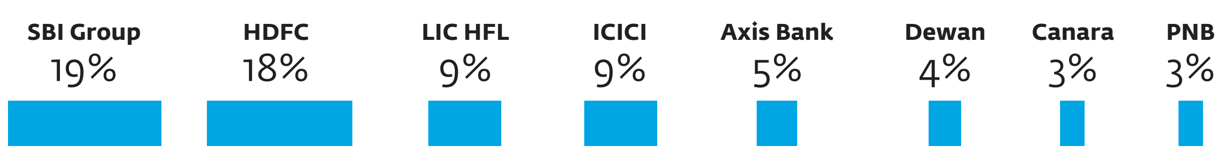
Affordable housing loans are provided by the majority of banks that are involved in housing finance and by HFCs. However, commercial banks are targeting more in the urban areas, whereas HFCs are targeting in urban and semi-urban areas. Rural areas are largely excluded by these financial institutions.

Most of the financial institutions that were interviewed do not have specific gender products or services targeting women as a differentiated segment. However, a few exceptions exist such as the State Bank of India (SBI), SEWA, and Aspire Home Finance. SBI's Her Ghar loan is offered to female customers at a concessional interest rate. SEWA Grih Rin Ltd. (SGRL) only lends to women for the explicit purpose of house purchase, construction, upgrading, or home improvement. Aspire Home Finance has a product entitled "Mahila Awaas (MALA)," which offers housing loans to low-income women at a lower interest rate.

Financial institutions do not use different loan approval criteria for men and women applicants. FIs reported that internal policies, regulations, and practices are gender neutral. The FIs largely reported that the loan origination process is the same for male and female borrowers and that loan decisions are based on eligibility criteria such as income and repayment capacity. However, gender-disaggregated statistics or data on client applications or rejections are not being kept.

> ***Inside the findings:*** The historic gap between the market share of banks and non-bank financial institutions is primarily due to banks' access to Current Account and Savings Account funds, which come at a very low cost. In contrast, NBFIs — including Housing Finance Corporations — primarily have had to rely on costlier bank funding, and thus charge higher interest rates to customers. However, in recent years, the average interest rates charged by banks and major HFCs have converged. As a result, HFCs are becoming an increasingly important element of the housing finance sector, accounting for their increased market share as of 2017.

Housing Finance Market Share of Major Housing Finance Providers



Source: ICRA 2016 Estimates

Most FI mortgages are given to married couples. Among those who have applied for a loan recently, joint decision-making households were approved at a rate of 83 percent, compared to 66 percent for male-headed households and 57 percent for female-headed households.

FIs interviewed for this study believe that loan repayment is enhanced when women are co-borrowers. While no data was available to justify the following statement, FIs reported that their loans' delinquency significantly declines when a woman is a co-applicant because it increases the likelihood that the loan will be repaid.

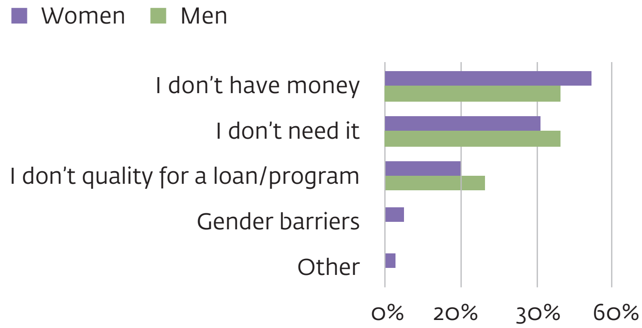
The satisfaction rate was very high among survey respondents and did not show any difference by gender. The satisfaction rate was 96 percent, and based largely on the fact that clients perceive terms and conditions as being favorable, followed by the fact that clients were able to receive their loans quickly. As suggestions, most respondents recommended reducing the interest rate charged.

Barriers

Fifty-four percent of respondents believe financial decisions should be made by men, or were unsure whether financial decisions should be made only by men. Only 15 percent of women are the main contributors to household income, compared to 89 percent of men.

For men and women, the main barriers to access housing finance are largely found to be a result of insufficient income. While both women and men reported a lack of money as the primary hindrance, a greater share of women (55 percent) cited this compared to men (47 percent). Another 20 percent of women and 27 percent of men mentioned not qualifying for a loan or program as the reason not to purchase.

Reasons for Not Planning to Buy a Home



However, women still remain disadvantaged because of their lack of formal and stable income. Although the government's Credit Linked Subsidy Scheme program is helping, the share of loans with a woman as the main applicant is very low compared to loans with a man as the main applicant.

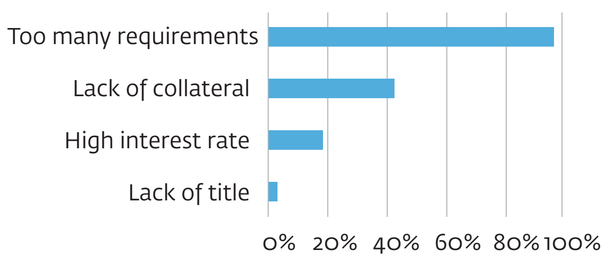
Traditional gender norms also limit women's ability to access housing finance Single women applicants. Financial institutions, despite having gender neutral processes reported they would likely use a higher level of scrutiny in evaluating a single woman's application than a single man's application because cultural norms suggest a single woman should not need to purchase a home, doing so with her husband once she is married.

Formal and stable income. Only 15 percent of women are the main contributors to household income, compared to 89 percent of men. As a large segment of population including women is still found in the informal sector.

Too many requirements make it difficult to access loans. Survey respondents who plan to purchase in the next five years plan to use informal rather than formal loans because of such requirements as identification, income statements, and credit history. The next most common reason for using informal loans was that respondents could not offer collateral.

Inside the findings: Sixty-seven percent of female-headed households, 65 percent of male-headed households and 72 percent of joint decision-making households reported they would use an informal loan. Formal loans and personal cash/savings are the next most frequently mentioned. Thirty-three percent of female-headed households also planned to use a government subsidy.

What Is Your Reason for Using an Informal, Rather Than Formal Loan?



This lack of applicant documentation hampers financial institutions' ability to lend. A lack of clear property titles of potential borrowers — essential for the purpose of collateral — makes it difficult for financial institutions to process the loan.

Inside the findings: These factors contribute to the challenge of meeting document requirements: 1) In India, land is a state subject, and each state has its own set of laws governing property titles; 2) Households working in the informal labor sector or daily jobs are not able to produce proper income documentation.

Limited funding is another constraint for financial institutions. This is especially true for small Housing Finance Corporations and Microfinance Institutions, which rely on commercial banks for capital funds.

ADDITIONAL INSIGHTS INTO BARRIERS TO HOUSING FINANCE ACCESS

To provide additional insight into potential factors driving women's demand for housing and for loans, a series of logistic regressions were fitted. The first logistic regression (Model 1) aimed to identify the predictors of planning to buy a house or make improvements to a current dwelling in the next five years. The second logistic regression (Model 2) aimed to identify the determinant factors related to existing demand (i.e. having used a loan in the purchase of the current home). Comparing the two models provides additional insight into the Indian housing market. (See Notes for a detailed explanation and a chart of results.)

Women are seen as main caretakers of the home and family. Analysis results indicate that being a woman decreases the probability of being employed by 38 percentage points, all else equal.

Women's lower socioeconomic status plays a role in determining whether and where they find employment, how much income they generate, and therefore their ability to access housing finance. According to the World Values Survey 2012, almost 80 percent of respondents in India agreed that when jobs are scarce, men should have more right to a job than women. As a result, women are significantly more likely to not work or to work from home than their male counterparts. This makes it more likely that women will not have enough money to purchase housing or qualify for a loan.

Women's labor force participation in India is very low. Since its decline in recent years from 35 percent in 2005 to its current 27 percent (World Bank World Development Indicators), India's female labor force is the lowest among G20 countries with the exception of Saudi Arabia.

Female-headed households are significantly less likely than male-headed households to plan to purchase a home in the next five years. They also are less likely to have previously used a formal loan to acquire housing.

ADDRESSING BARRIERS: LEGAL, REGULATORY AND FINANCIAL INSTITUTIONS FRAMEWORKS

The government of India's focus on "housing for all" by 2022 has increased the attractiveness and the size of this sector; continued growth is expected. The housing finance industry has achieved a cumulative 17-18 percent annual growth rate over the last five years. Total housing credit outstanding in India stood at roughly $198.5 billion (Rs. 13.7 trillion) as of December 31, 2016, up from roughly $179.6 billion (Rs. 12.4 trillion) in March 2016.

Inside the findings: Over the medium- and long-term, it is expected that the industry will grow 18-to-20 percent, driven by the growth in affordable housing space and increased support from the central government. As result, a large number of institutions have recently entered the market. Banks also have increased their focus on retail housing finance, increasing competition within the roughly $36,000-to-$1,086,000 (Rs. 25-to-75 Lakhs) housing market. HFCs operating in the affordable housing space ($36,000 or Rs. 25 Lakhs loan category) have been growing and are expected to register a compound annual growth rate of 30-to-50 percent over the next three-to-five year period, outpacing the industry average.

The Government of India's Pradhan Mantri Awas Yojana (PMAY) initiative is designed to provide affordable housing to the urban and rural poor, with a specific focus on female empowerment. Under the PMAY's Credit-Linked Subsidy Scheme for the urban poor, the government grants a subsidized interest rate of up to 6.5 percent for individuals within the Economically Weaker Section and a Low Income Group who are seeking housing loans from banks, housing finance companies, and other financial institutions. To obtain the subsidy, the title must include at least one woman, which can be the female household head or any relative of the male household head including a wife, mother, sister, etc. This program has been successfully attracting women as co-applicants for housing loans.

> ***Inside the findings:*** Financial institutions that were interviewed for this study had positive perceptions of the PMAY program and believed it was improving women's access to housing finance and access to housing ownership.

To improve the flow of formal housing finance to women in urban areas, the National Housing Bank launched a Special Refinance Scheme for Women for retail-lending institutions. The program provides refinance assistance to primary lending institutions at concessional rates where the primary borrower is a woman and the property is solely or jointly owned by women. Its purpose is both to encourage women to acquire residential property in their own name and retail-lending institutions to improve their housing finance to women borrowers. The program is implemented through eligible primary lending institutions.

Women Business and the Law

***Women, Business and the Law* is a World Bank Group project collecting unique data on the laws and regulations that restrict women's economic opportunities.** The following findings for India are relevant to women's access to housing finance

ACCESSING INSTITUTIONS	
1. Are wives required to obey their husbands?	No
2. Can a woman legally get a job in the same way as a man?	Yes
3. Can a woman sign a contract in the same way as a man?	Yes
4. Can a woman open a bank account in the same way as a man?	Yes
5. Can a woman choose where to live in the same way as a man?	Yes
6. Can a woman be "head of household" in the same way as a man?	N/A

USING PROPERTY	
1. Who legally administers marital property?	Original owner
2. Does the law provide for valuation of nonmonetary contributions?	No
3. Do men and women have equal ownership rights to immovable property?	Yes
4. Do sons and daughters have equal inheritance rights?	Yes
5. Do female and male surviving spouses have equal inheritance rights?	Yes

GOING TO COURT	
1. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes

BUILDING CREDIT	
1. Do retailers provide information to credit agencies?	No
2. Do utility companies provide information to credit agencies?	No
3. Is discrimination based on gender prohibited in access to credit?	No
4. Is discrimination based on marital status prohibited in access to credit?	No

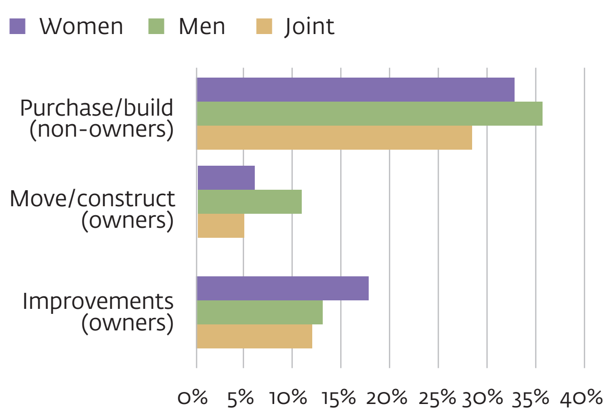
Market Opportunities

About five percent of women expect to make a home purchase in the next five years using a formal loan compared to 13 percent of men. The median expected loan amount for male-headed households is $8,734 compared with $7,279 for female-headed households and $9,462 for joint decision-making households.

Female-headed households are more likely to be planning improvements to their homes than those headed by men.

Inside the findings: Eighteen percent of female-headed households are planning improvements, more than both male-headed households (13 percent) and joint decision-making households (12 percent). Twelve percent of female-headed households and 11 percent of joint decision-making households are planning to purchase a new home in the next five years, compared to 16 percent of male-headed households.

Households Planning to Purchase or Make Improvements in Next 5 Years



Cluster Analysis identified opportunities for tailoring products and services to specific groups who plan to purchase housing in the next five years. The analysis of demand survey responses (see Notes for more detail on Cluster Analysis) identified homogenous subgroups of potential customers that have similar needs and attributes, and thus represent sub-segments for tailored products and services. (Because the demand survey focused on urban and peri-urban men and women, these results do not cover rural men and women.)

While the decision of where to apply for a housing loan varies by gender, 47 percent of women respondents to the demand survey based their decision on an advertisement and 29 percent on a reference from a friend. No female-headed households reported that their decision was based on the best interest rate or terms.

Inside the findings: In contrast, reference from a friend is the most common basis for a decision among 51 percent of male-headed and 54 percent of joint decision-making households) but best interest rate or terms is the second most commonly mentioned reason (mentioned by 43 percent of male headed and 46 percent of joint households)..

47%
Women's decision based on an advertisement

29%
Women's decision based on a reference

The total size of the urban market for women's housing loans in India is estimated at approximately $32.3 billion. The total market size represents the total estimated amount of loans needed from urban women in India who currently have plans to purchase a home. It was calculated from values including number of urban households, percentage of female-headed households, percentage demand, and median expected loan amount, relying on figures from the demand survey and census data. More detail on this calculation appears in the Notes section at the end of this report.

Cluster Analysis of Potential Housing Finance Market

	Segment 1	Segment 2	Segment 3	Segment 4
Variables Used in Clustering:				
Employment (*of respondent*)	100% Does not work	100% Does not work	47% Part-time employee 33% Permanent employee 15% Self-employed 5% Non-contract	31% Self-employed 28% Permanent employee 28% Part-time employee 14% Non-contract
Home ownership	Rent	Own	Own	Rent
Median Household Income *(from all contributing family members)**	$291	$364	$437	$291
Loan Amount Desired†	$14,557	$6,046	$9,462	$6,551
Other Key Variables:				
Sector of Employment	Commerce	Commerce	Manufacturing/ Construction	Services
Average Age	34	37	34	36
Marital status	100% Married	90% Married 7% Single 3% Widowed	73% Married 23% Single 4% Widowed/ Divorced	100% Married
Percentage of Households with Female Household Head	12%	19%	23%	25%
Percentage of Households with Bank Account	97%	95%	98%	100%
Percentage Applied for Housing Loan Previously	12%	5%	32%	11%

*Median household income is the median income brought in for the household by all family members. If the respondent does not work and is not bringing income, the household can still have income from a spouse, parents, adult children, etc.

† Loan amount desired is based on respondent's own evaluation of amount needed for home purchase or construction and not a reflection of financial analysis of repayment capacity

KENYA Key Findings

$14.8 billion

Estimated size of market for women's housing loans

Market profile

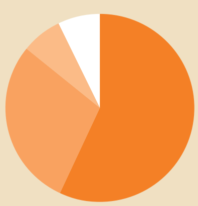
59% of households have a woman involved in financial decision-making

6% of female-headed households applied for a housing loan in the previous 5 years

Female-headed households save 31% more, on average, than male-headed households

The Median amount that Joint decision-making households expect to borrow for home purchase is $24,844

Current access to housing finance loans obtained by women



- Savings and Credit Cooperative Societies (SACCOs) 57%
- Banks 29%
- Government 7%
- Informal chamas 7%

Opportunity

33% of female-headed households plan to take a loan for housing finance in the next 5 years

25% of female-headed households are planning home improvements

Houses are preferred by 91% of women who plan to purchase housing

5. Kenya

Kenya has a relatively untapped housing finance market with significant unmet demand for housing finance among women. There is high demand among women in Kenya for housing finance products. Thirty-three percent of female-headed households and 66 percent of joint-decision-making households intend to purchase housing in the next five years and 25 percent plan to make home improvements. The demand for housing finance among women in Kenya is estimated at **$14.8 billion**. The overwhelming majority of women want to purchase a house (91 percent), rather than an apartment. Yet, despite high demand, women remain constrained by low income and inability to meet bank requirements. The majority of women use Savings and Credit Cooperative Societies for housing finance needs, primarily because they cannot meet the down payment or provide documents required by banks. Traditional roles also contribute to women not having equal access to housing finance.

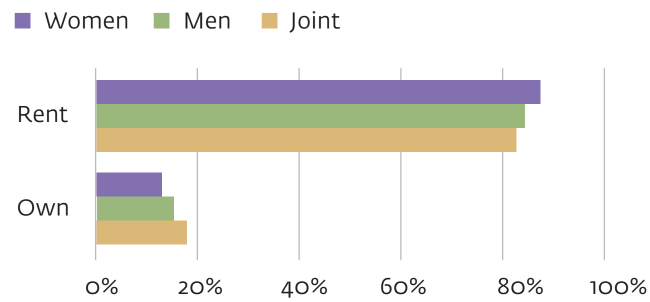
Market Profile

Home ownership is very low for women and men in Kenya. According to "Housing: Unavailable and Unaffordable," World Bank Kenya Economic Update 2017, Kenya has an estimated accumulated housing deficit of two million units, and the deficit is estimated to grow 200,000 units each year. In IFC's demand survey, only 16 percent own their home.

> ***Inside the findings:*** This is consistent with findings from the Kenya Integrated Household Budget Survey (KIHBS) 2015-2016, which found that 22 percent of urban households own their home. The demand survey's slightly lower number is due to its focus on low- and middle-income households, which are less likely than high-income households to own their home..

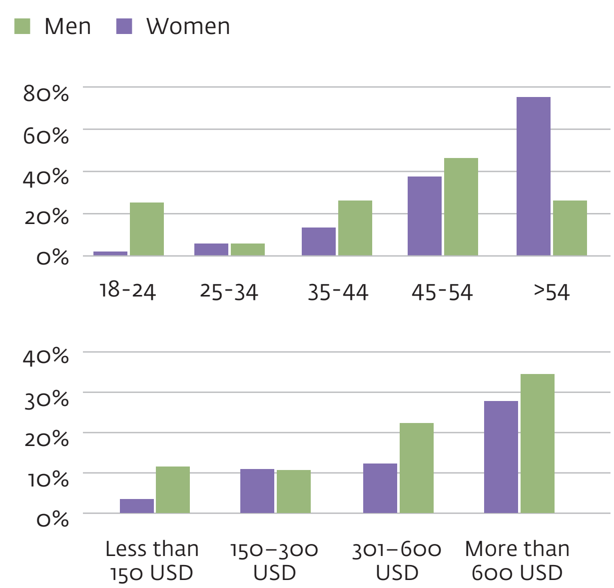
Households headed by a woman are only slightly more likely to be renting than those headed by men or joint decision-making households. Among households that own, 92 percent have a registered title deed.

Ownership Status



While gender is not a significant driver of home ownership, age, family size, education, income, length of occupancy, and city are. A regression analysis explored the impact of these various factors, confirming findings from the demand survey. The analysis found one exception to the positive impact of "length of occupancy" on home ownership, living in Nairobi. Perhaps because of higher property prices and limited supply of houses, living in Nairobi decreases the probability of ownership by nine percent.

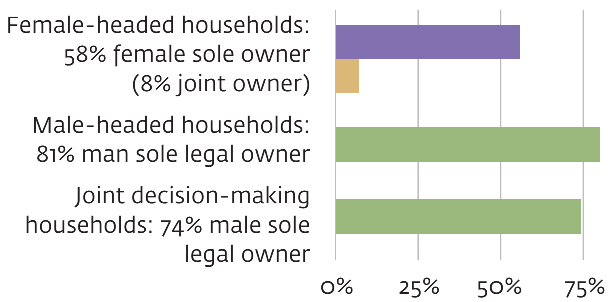
Ownership by Age and Income



However, the *legal* owner of the home is most commonly the man.

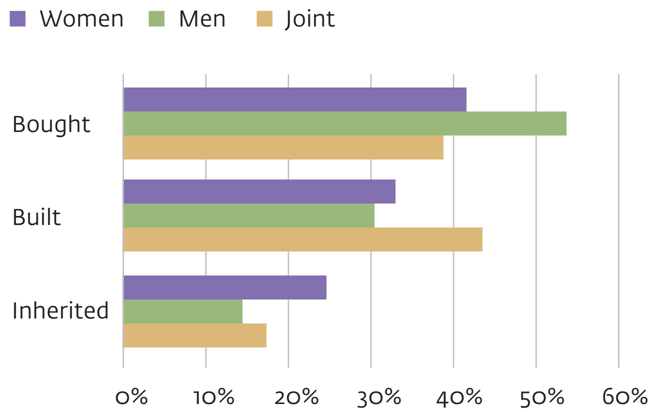
Overall Legal Ownership

Ownership by head of household gender



Purchasing and building a home are the most common ways to acquire a home. Among women, inheritance is a more common means of home acquisition than among both male-headed and joint households. A quarter of female-headed households inherited.

Acquisition of Housing Among Homeowners



Median Income, Expenses and Savings by Gender of Household Head

	Women	Men	Joint
Monthly income	348	497	696
Monthly Expenses	248	248	398
Monthly Savings	38	29	50
Total Savings	994	398	1,988

In terms of means to purchase, women have higher savings than households headed by men, despite their lower income and similar expenses. Joint heads of household, which have a higher monthly income, also have the highest monthly and cumulative, despite higher monthly expenses.

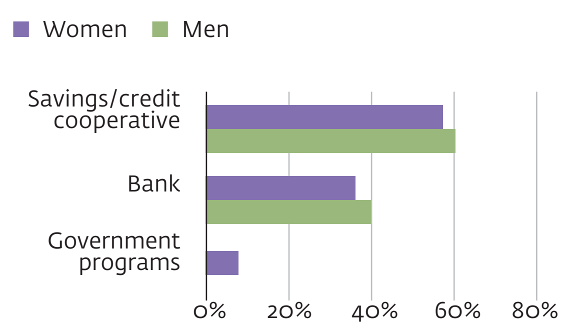
Use of bank loans for housing is very low. Of the demand survey respondents, only seven percent of men and four percent of women had previously applied for housing loans. Savings and Credit Cooperative Societies and banks were the most common institutions to which both men and women applied.

Most loans were sought to build a house (37 percent) or purchase land on which to build (37 percent). The purpose of the remainder of loan applications was to fund the purchase of a house (16 percent) or repairs/ improvements (11 percent).

A greater percentage of women applicants had loans approved than men. Of those who applied for a loan, 87 percent of women and 60 percent of men were approved.

Inside the findings: These findings were consistent with statistics from the World Bank Global Financial Indicators (Findex) Database, which show that only seven percent of women and 10 percent of men currently have outstanding loans.

Institutions to Which Men and Women Applied



Current Access to Housing Finance and Supply

Savings and Credit Cooperative Societies are the major providers of home construction loans in Kenya. According to "Housing: Unavailable and Unaffordable," World Bank Kenya Economic Update 2017, SACCOs now account for more than 90 percent of home loans (over 100,000). SACCOs largely rely on member deposits for capital and lack long-term sources of capital, which limits their ability to expand.

> ***Inside the findings:*** The advantages that SACCOs offer to loan applicants include: 1) they package home loans as development loans at more affordable interest rates, usually about 12 percent per annum; 2) they offer small formal mortgages through the Kenya Union of Savings and Credit Co-operatives (Kuscco Housing Fund), and; 3) they fund unsecured construction loans.

Mortgages from commercial banks have decreased in number of accounts but increased in value. According to the Bank of Kenya's "Bank Supervision Annual Report 2016," from December 2015 to December 2016, the *number* of mortgage loan accounts decreased by 1.5 percent from 24,458 to 24,085, while the average mortgage size increased by nine percent from $80,676 (K Sh 8.3 million) to $88,452 (K Sh 9.1 million) as property prices rose. During the same period, the outstanding value of banks' mortgage loan assets increased by 8.1 percent from $1.976 billion (K Sh 203.3 billion) to $2.137 billion (K Sh 219.9 billion). (Currency conversion rate applied: K Sh .0097 per $1.00)

> ***Inside the findings:*** The decrease in number of mortgage loan accounts is partly due to an interest rate cap imposed by the Central Bank. This reduced the average interest rate from 18.7 percent in 2015 to 13.5 percent in 2016, and subsequently led to tightened credit standards and fewer mortgage loan accounts.

Commercial banks currently service a small portion of the population in providing mortgages. There are fewer than 25,000 mortgages outstanding in Kenya, compared to a population of 48 million. The ratio of outstanding mortgages to GDP in 2015 was only three percent. This low level of mortgage lending, while comparable to other Sub-Saharan African countries (e.g., Uganda and Tanzania), puts Kenya behind emerging markets and more developed countries (e.g., South Africa at more than 30 percent).

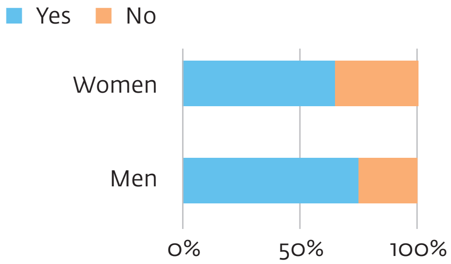
Financial Institutions reported that their processes are gender neutral. Interviews with three banks, two Savings and Credit Cooperative Societies, and one microfinance bank (including the main lenders in housing finance) reported that their internal policies, regulations, and practices — including loan origination processes — are gender neutral.

Commercial banks do not offer gender-specific products and services for the women's segment. In part, this is because organizations such as the microfinance institution Kenya Women Finance Trust (KWFT) are already targeting this segment. They are weary of being perceived as a "woman's bank" and they see gender-specific products and services as outside their traditional realm of business.

However, financial institutions have a perception that women clients are better payers. Although none of the FIs in this study keep disaggregated data on repayment behavior, the generally accepted perception is that women are more emotionally connected to their homes, and as caretakers of their family, will go to great lengths to ensure loans are repaid.

Demand study respondents agree that women do not enjoy equal access to housing finance. More than 50 percent of women and approximately 75 percent of men perceive a gender-specific difference in access to housing finance.

Do Women Enjoy Equal Access to Housing Finance? (RHS)



The satisfaction rate among men receiving loans was 100 percent, and among women was 92 percent. Satisfaction was based largely on whether clients perceive the terms and conditions of their loan as favorable. For instance, when asked what aspect of their loan product they would change, clients most frequent mentioned lower interest rates.

Barriers

The main barrier to housing finance is insufficient money. While both men and women reported a lack of sufficient funds as a major reason for not wanting to purchase a home, more 64 percent of women and 45 percent of men cited this reason.

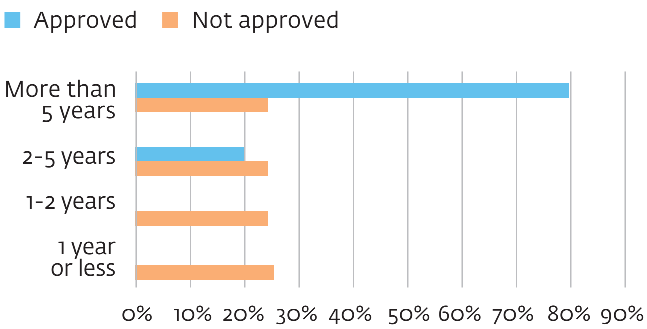
> ***Inside the findings:*** Other significant, related challenges to accessing housing finance is inability to repay, lack of employment opportunities, high interest rates, and inability to meet bank requirements for collateral or a guarantor.

For women, another barrier is that big financial decisions, including the purchase of the house, are seen as the man's responsibility. For instance, a quarter of the demand survey respondents responded that they agreed with this view.

Women are generally disadvantaged in terms of income and property ownership. Financial institutions reported that women are more likely to be self-employed or employed in the informal sector, thus having a lower income and lacking proof of a stable income. Land titles are also a challenge. Even though women can inherit property, the property is held in the name of the man, following tradition. Thus, women do not have the titles needed to offer banks collateral.

Those that had been approved for loans by a financial institution are largely long-term clients. Not surprisingly, household income positively correlated with the decision to apply for and receive approval for a loan. Over time, though, this has resulted in a greater likelihood of loan approval for existing rather than new customers (which could disadvantage female-headed households).

Median Length of Time as a Financial Institution's Client



ADDITIONAL INSIGHTS INTO BARRIERS TO HOUSING FINANCE ACCESS

To better understand the role of culture and norms on the employment status of men and women, a logistic regression model was fitted to explore how personal characteristics of respondents impact their likelihood of working. Variables identified included gender, marital status, and having a bank account. (See Notes for a detailed explanation of this analysis and a chart of results.)

Results of the analysis indicate that being a woman decreases the probability of being employed by 12 percentage points, all else equal. Traditional gender norms dictate that women in Kenya are significantly more responsible for taking care of the home, limiting whether and where they find employment, and thus how much money they earn.

Among women who would like to be able to purchase housing, 64 percent of those not planning to purchase cited not having enough money as the biggest barrier to home acquisition. Women are more likely than men to not work at all or work from home, resulting in lower income.

ADDRESSING BARRIERS

The Kenya Women Finance Trust (KWFT) is a microfinance bank explicitly established to serve women as clients. Approximately 90 percent of its clients are women. KWFT is currently working with Habitat for Humanity to provide housing microfinance loans in rural areas.

Savings and Credit Cooperative Societies such as the United Women SACCO and the Federation of Women Entrepreneur Associations (FEWA) SACCO cater specifically to women clients. However, the majority of these institutions' loans are for personal or business purposes. **Only a small portion of their loan portfolios is housing finance.**

The Kenya Mortgage Refinance Company (KMRC) was launched in May 2019, part of the government's affordable housing pillar of President Uhura Kenyatta's "Big Four" strategies. The sole function of KMRC is to provide long-term lower-cost loans to primary mortgage lenders, helping housing finance to become more widely available and more affordable. Another government priority is the promise of 500,000 new affordable housing units by 2022, doubling current output. The affordable housing initiative, KMRC, combined with an increase in affordable housing may combine to energize housing finance lending to Kenya's women.

Women, Business and the Law

***Women, Business and the Law* is a World Bank Group project collecting unique data on the laws and regulations that restrict women's economic opportunities.** The following findings for Kenya are relevant to women's access to housing finance.

ACCESSING INSTITUTIONS	
1. Are wives required to obey their husbands?	No
2. Can a woman legally get a job in the same way as a man?	Yes
3. Can a woman sign a contract in the same way as a man?	Yes
4. Can a woman open a bank account in the same way as a man?	Yes
5. Can a woman choose where to live in the same way as a man?	Yes
6. Can a woman be "head of household" in the same way as a man?	N/A

USING PROPERTY	
1. Who legally administers marital property?	Both must agree
2. Does the law provide for valuation of nonmonetary contributions?	Yes
3. Do men and women have equal ownership rights to immovable property?	Yes
4. Do sons and daughters have equal inheritance rights?	Yes
5. Do female and male surviving spouses have equal inheritance rights?	No

GOING TO COURT	
1. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes

BUILDING CREDIT	
1. Do retailers provide information to credit agencies?	No
2. Do utility companies provide information to credit agencies?	Yes
3. Is discrimination based on gender prohibited in access to credit?	No
4. Is discrimination based on marital status prohibited in access to credit?	No

Market Opportunities

Female-headed households are approximately 13 percentage points more likely to be planning a home purchase or renovation in the next five years. These results stem from a data mining logistic regression analysis of observable characteristics such as gender, age, education, type of employment, etc.

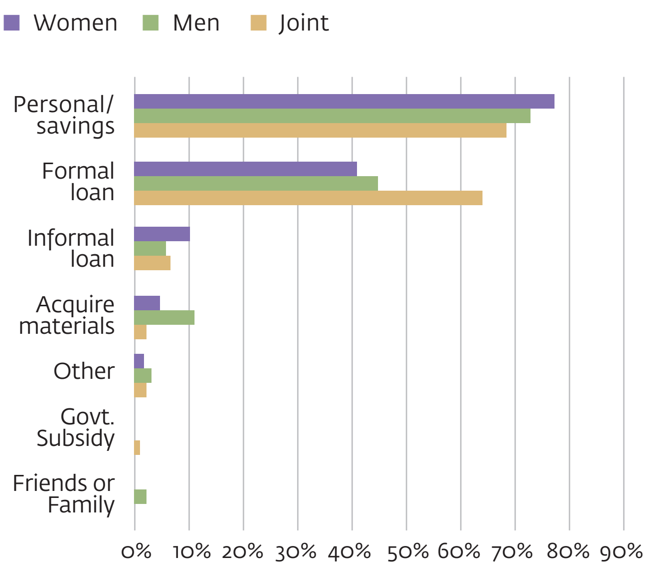
Similarly, the demand survey indicated that female-headed households are more likely to be planning improvements to their homes than those headed by men, but slightly less likely to be planning to purchase houses. Joint decision-making households renting and owning have the highest proportion planning to purchase or construct, and the least likely to make improvements to their home.

Inside the findings: Among households currently living rented housing, 66 percent of households with a male decision-maker and 64 percent with a female decision-maker reported planning to purchase a home in the next five years. Among homeowners, 38 percent of male-headed households and 33 percent of female-headed households plan to move or construct a new home in the next five years.

For purchase or improvements, about 33 percent of women expect to seek funding from formal financial institutions, compared to about 25 percent of men. The median expected loan amount is same for female- and male-headed households at $9,921; the highest is for joint decision-making households at $24,844.

For housing purchases, formal loans are the second-most common type of funding (after personal cash/ savings). Loans are substantially more common among joint decision-making couples than female- or male-headed households, and of these, married couples are the most likely to use a formal loan (53 percent).

Funding Used for Housing Acquisition



Expected Loan Amounts Needed for New Home Purchase

	Cost of purchasing	Loan amount needed	Expected Monthly payment
Woman	$22,360	$9,921	$100
Man	$19,876	9,921$	$134
Joint	$29,814	$24,844	$100

Cluster Analysis reveals opportunities for tailoring products and services to specific segments who plan to purchase housing in the next five years. This analysis of demand survey responses (see Notes for more information on Cluster Analysis methodology) identified homogenous groups of potential customers that have similar needs and attributes, and thus represent sub-segments for tailored products and services. Segment 1 is largely double-income households. Segment 2 is single-income married couples. Segment 3 is single-income female-headed households.

The total size of the urban market for women's housing loans in Kenya is estimated at approximately $14.8 billion. The total market size represents the total estimated amount of loans needed from urban women in Kenya who currently have plans to purchase a home. It was calculated from values including number of urban households, percentage of female head, percentage demand, and median expected loan amount, relying on figures from the demand survey and census data. More detail on this calculation appears in the Notes section at the end of this report.

Cluster Analysis of Potential Housing Finance Market

	Segment 1	Segment 2	Segment 3
Variables Used in Clustering:			
Marital status	Married	Married	Single
Household Head	Both	Man	Woman
Employment *(of respondent)*	55% Self-employed/ entrepreneur 45% Permanent employee	57% Does not work 18% Self-employed/ entrepreneur 14% Permanent employee 6% Part-time employee 5% Non-contract employee	35% Permanent employee 29% Self-employed/ entrepreneur 21% Part-time employee 9% Does not work 6% Non-contract employee
Median Household Income *(from all contributing family members)**	$645	$495	$396
Loan Amount Desired†	$26,750	$14,860	$28,730
Savings for Housing	$5,268	$1,972	$3,809

Other Key Variables:

	Segment 1	Segment 2	Segment 3
Steps taking to buy/build home:			
• Saving/putting money away myself	59%	64%	74%
• Belong to cooperative/savings group	34%	18%	38%
• Purchasing land	18%	10%	9%
Structure wanted: House	93%	92%	82%
Structure wanted: Apartment	7%	8%	18%
Anticipated monthly repayment amount	$219	$162	$283
Monthly disposable income	$347	$230	$301

*Median household income is the median income brought in for the household by all family members. If the respondent does not work and is not bringing income, the household can still have income from a spouse, parents, adult children, etc.

† Loan amount desired is based on respondent's own evaluation of amount needed for home purchase or construction and not a reflection of financial analysis of repayment capacity

6. The Business Case for Women's Housing Finance Programs

Current Barriers to Women's Housing Finance

1. WOMEN TYPICALLY LACK SUFFICIENT INCOME AND DOCUMENTATION OF THEIR INCOME.

Women are less able to meet the level of income and formal income documentation required by financial institutions to assess credit worthiness.

Women are less likely to be employed than men. Regression results show that women are significantly less likely to be employed than men even when controlling for other observable characteristics, and that being married reduces the likelihood of women's employment, but has no effect for men. Compared to male respondents, female respondents were 35 percent less likely to be working in Colombia, 38 percent less likely in India, and 12 percent less likely in Kenya.

Female-headed households have a lower average monthly income than for male-headed households, and in married households, men are typically considered the main contributor to the household income. Female-headed households make up 26 percent of households in Colombia, 9 percent in India, and 25 percent in Kenya. These are largely single, divorced or widowed women, many of whom have children.

Employed women are more likely to be self-employed or in the informal sector — sectors that do not generate income statements or tax documents required by financial institutions. The lack of necessary income documentation hinders the ability of FIs to assess applicants' repayment capacity.

2. WOMEN DISPROPORTIONATELY LACK HOME OWNERSHIP AND TITLING DOCUMENTATION.

Women are less able to provide home ownership documentation required by banks as collateral for housing finance.

Women are less likely to own property. Colombia fully recognizes women's equal rights, and protects women's equal rights to marital property and marital assets. However, while half of Colombia's male-headed households own their housing, only 37 percent of female-headed households own housing, and 43 percent of households with joint decision-makers own housing. In Kenya, where women's right to inheritance are protected but with many exceptions and rights to marital assets are based on a woman's contributions to acquiring the asset, 67 percent of owned housing have a man as the sole legal owner. In India, which has no provision protecting women's rights to inheritance or rights to marital property, 81 percent of owned housing have a man as the sole legal owner.

Women are less likely to have registered property titles (and in some cases separate land titles), required by banks as collateral for housing finance. The legal framework in each of the three countries prohibits discrimination based on sex, endorses explicit recognition of women's rights and guarantees equal access to land, housing and property. However, when it comes to inheritance, only Colombia fully recognizes women's equal rights. In India, there is no provision regarding women's rights to inheritance and in Kenya, this right is granted but with many exceptions. There is a similar situation in terms of women's rights to marital property. In Colombia, women have equal rights to marital assets, while in Kenya they have the right to assets based on their contribution to the acquisition of said assets and in India, they have no rights to marital assets. Therefore, in practice, patriarchal norms that constrain women's right of inheritance and property titling, continue to prevail in India and Kenya. Because of this, women are less likely to own land or housing, which means they are less likely to be able to offer registered titles as collateral. This obstacle is especially complex in India, where land titles are a state subject, with different states having different regulatory requirements.

3. WOMEN HAVE LESS EXPERIENCE WITH FORMAL LOANS

Women are less likely to be familiar with the procedures and requirements for applying for a formal loan and less likely to have developed a relationship with a financial institution.

While use of housing loans remains relatively low for both men and women, female-headed households are, when controlling for other variables, significantly less likely to have used a formal loan for the purchase of housing. Only nine percent of men and eight percent of women in Colombia; seven percent of men and four percent of women in Kenya; and five percent of men and six percent of women in India have previously applied for housing loans in the last five years. Among those households that had applied in India, joint decision-making households were most likely to have been approved (83 percent) compared to male-headed (66 percent) and female-headed (57 percent) households.

Formal Housing Loans in Colombia, India, and Kenya

4. INFORMAL CULTURAL BIAS WORKS AGAINST WOMEN

Although financial institutions have gender-neutral lending policies, traditional cultural norms can affect how banks view female loan applicants and how potential female loan applicants view banks.

Gender norms play a role in whether women will approach a bank for housing finance. In Kenya, for example, survey respondents and financial institutions mentioned that purchase of a home is considered the man's responsibility, and a single woman is expected to move into her husband's home when she marries. Thus, women are disincentivized to seek housing finance for themselves.

Financial institutions often do not take housing finance applicants who are unmarried women as seriously as they do applicants who are men or married women. Financial institutions reported that they scrutinize the loan application of single women more than single men or married women.

Despite Barriers, This is a Market Worth Addressing

Private-sector solutions and public-sector policies can transform women's interest in housing finance into economic growth.

There is a strong demand: many women are planning to purchase a home or make home improvements in the next five years. Among women involved as the sole decision-maker or joint decision-maker with their husband, 49 percent in Colombia, 20 percent in India, and 65 percent in Kenya are planning to purchase a home or make home improvements in the next five years. In Colombia and Kenya, women overwhelmingly prefer to purchase houses, while in India, women are largely planning to purchase apartments.

Many women plan to finance their purchases and improvements through a formal loan. Planned source of funds differs by country, but formal loans are most common in Colombia and Kenya, while women in India prefer informal loans. In Colombia, almost half of the women who plan to make a home purchase plan to use a formal loan, a quarter government subsidy, and another 23 percent personal savings. In Kenya, personal savings are most common (53 percent), closely followed by formal loans (40 percent). In contrast, in India, informal loans are most common with 47 percent of women expecting to use an informal loan, followed by personal savings (18 percent) and formal loans (15 percent).

There is a significant gap between women's rising demand for housing finance and current FI supply. The housing finance programs that currently exist do not have the scope or breadth to meet the growing demand among women for housing finance.

Estimated Market Size by Gender of Household Head

	Female Headed Households	Joint Decision-Making Households
Colombia	$5.7 billion	$17.3 billion
India	$2.8 billion	$29.5 billion
Kenya	$2.4 billion	$12.4 billion

Financial institutions consider women to be better savers as well as better payers than men. Financial institutions in India and Kenya reported that they prefer to have a woman on housing loans because their emotional ties to their home ensure repayment to prevent foreclosure; however, no data was provided by the financial institutions to support these statements. From the demand survey, households in which a woman is involved in financial decision-making save more than households in which men make financial decisions. Despite having lower levels of income, these households find a way to save more each month to purchase a home.

Reasons for FIs to Pursue the Women's Housing Finance Market

Brand Enhancement

- Social impact
- Differentiation
- New client base
- Stronger ties to current clients

Profitability

- Large, untapped market
- Better payers, low NPLs
- Stable market — greater financial discipline

Reasons for Policy Intervention

Quality of Life

- Equal access to property and titling
- Equal socioeconomic conditions
- Improved access to quality dwellings and public services
- Improved safety and security

National Economy

- Increased FI profitability
- More stable communities
- Growth in housing, home improvement and construction sectors

Policy interventions could have a positive effect on women's housing finance. Low income, informal employment, unequal property rights, and other structural factors can affect women's access to housing and housing finance and be moderated by policy intervention. For example, despite available studies on the situation of women suggesting that women have equal rights to property ownership and inheritance, titles are still largely in the name of the men in the family rather than the women, and inheritance goes first through sons rather than daughters. Policy interventions could close this disconnect between rights and reality.

Policy interventions that support women's housing finance and home ownership also could affect the disparate socioeconomic conditions between men and women. Specifically, female-headed households living in informal settlements are more vulnerable to forced displacement and poverty. Displacement and migration from rural to urban areas are the main drivers of informal employment for women in urban Colombia, especially for women with low education and low socioeconomic status (Source: C. Flórez, 2003, Migration and the urban informal sector in Colombia, Universidad de los Andes: Bogota). Such women live in precarious dwellings that lack basic needs and adequate public services (Source: UN Habitat, 2005, Law, Land Tenure and Gender Review: Colombia). In India and Kenya, women's rights are often compromised due to the patriarchal nature of the society and their safety and security are compromised due to lack of adequate housing.

Lessons Learned: The results of current women-focused banking initiatives

Housing finance programs and policies tailored to women in this study's target countries, as well as significant FI experience lending to women-led Small and Medium Enterprises worldwide, have produced positive results.

A few institutions and government policies in Colombia, Kenya, and India already have housing finance programs tailored to women. In India, SEWA Grih Rin Ltd. provides housing loans specifically for low-income women (more detail below). In Kenya, Kenya Women Finance Trust is working with Habitat for Humanity to provide housing microfinance loans for women in rural areas. In Colombia, vivienda de interés social (affordable housing — VIS) and vivienda de interés prioritario (Priority Social Housing — VIP) programs involve subsidized interest rates for a lower income segment of the population, which includes female-headed households (more detail below). India's "Housing for All," a Credit Link Subsidy program, provides a subsidy if a woman is on the registered title.

Institutions active in women-led Small and Medium Enterprise lending specifically reported business growth and low non-performing loans.

Dominican Republic's Banco BHD León (BHDL). Within its first year, BHDL's *Mujer Mujer* program produced an internal rate of return of over 35 percent, along with a return on assets of 20 percent for individuals, 14 percent for small enterprises, and 12 percent for medium-sized businesses. In addition, between December 2015 and July 2016, the bank's credit portfolio grew 26 percent in commercial loans, 19 percent in car loans, and eight percent in consumer loans.

Colombia's Leasing Habitacional Program

Begun in 2017 by Fondo Nacional del Ahorro to help low-income Colombians who have difficulty saving for a down payment, this program allows people with income between $262 to $1,572 to access a new home by paying a monthly rental fee for a term of five to 30 years. After this term, the person may exercise his or her purchase option to become the owner of the property. This "social leasing" finances up to 100 percent of the value of the property for a new home, and up to 95 percent for existing construction. The program finances both Priority Social Housing (VIP) with maximum value of $18,340, and affordable housing (VIS) with a maximum value of $35,370. For Colombians, additional advantages of the program include:

- The money used for the payment of rent is credited to the purchase of housing
- Competitive interest rates
- No mortgage expenses at the conclusion of the leasing term
- Term up to 30 years, facilitating acquisition of higher-value housing

While not explicitly targeted to women, this program disproportionately benefits women, as more female-headed households are in the low-income category. Such programs could be specifically tailored to improve women's and female-headed households' access to housing finance.

Sewa Grih Rin Limited (SGRL)

As part of the Self-Employed Women's Association (SEWA), Sewa Grih Rin Ltd. provides affordable housing finance to the under-served, low-income households in urban and peri-urban locations of India. Their focus is on serving women, especially those who run micro and small businesses and those who are paid workers in the informal sector, a segment that dominates the Indian urban workforce, but remains unserved by formal lenders due to lack of formal title and income verification.

As of May 2018, Sewa Grih Rin Ltd. *had no NPLs and a portfolio of approximately* $950,000. The average loan provided by SGRL to clients is approximately $ 3,500. SGRL reduces the high costs of customer acquisition and collections by its replicable marketing outreach methods:

- ***Door-to-door marketing in target areas (particularly where there is a strong SEWA presence).*** SGRL sends loan officers out for approximately 1.5 hours a day to meet with potential customers at their home. Loan officers meet with potential customers, explain the types of products offered, the process to getting a loan and the requirements for each product. This personal approach combined with some elements of financial literacy has contributed to reduce women's cultural barriers to lending and grow SGRL's customer base. During the visit, men and women in the household gain an understanding of the borrowing process and the importance of a woman as borrower, information that helps overcome the prevalent cultural bias towards men as borrowers. This personalized approach can be easily replicated by other institutions, particularly MFIs.

- ***Marketing through existing networks and clients.*** SGRL markets through the SEWA Network and its nearly 1.4 million members. Additionally, there are more than 20 sister organizations associated with SEWA involved in housing, banking, insurance, research, ecotourism, and other activities. This wide network of women throughout India is a ready market for SGRL products. Banks and other financial institutions could adapt this approach by marketing to existing transactional clients.

- ***Looking beyond formal titles for collateral.*** Because most women will not be able to access formal titles, SGRL supports women to obtain paralegal titles, including property papers. During a home visit, the loan officer assesses not only family income, but also history of savings, borrowing history, equity contribution, and household assets. If a household has made big purchases on installment (refrigerator, television, etc.), for example, and paid them off, this can increase SGRL's confidence in the household's willingness and ability to repay. Other financial institutions can carry out similar analyses of a household's overall borrowing capacities and assist with obtaining collateral documents.

Lebanon's BLC Bank. In four years of its Women Empowerment program, BLC increased the number of its women SME lenders by 82 percent, increased its women's outstanding loan portfolio by 121 percent, and grew women's total deposits by 65 percent, outpacing its portfolio as a whole. The compound annual growth rate and return on assets for products launched under the Women Empowerment initiative consistently outperformed those sold to men. **The rate of non-performing loans for women at BLC was 2.45 percent, substantially lower than the bank's overall rate.**

Palestine's Bank of Palestine. BOP created a mini-MBA program for women business owners to increase their business financial literacy. The program resulted in increased access to finance and use of financial products by women business owners. BOP itself developed a special collateral-free loan to ease restrictions for women who have limited access to land ownership beyond lending.

Jordan's Bank Al Etihad. **The results of a Bank Al Etihad study were clear: there were no non-performing loans for female SME customers.** Because of the overall positive performance of its women-targeted SME finance business, Bank Al Etihad will continue to serve women, which it considers the next emerging market.

Turkey's Garanti Bank. Garanti Bank has integrated its Women Entrepreneurs business into its entire SME Banking business line, but has tracked its specific growth. Currently, WE customers represent a significant portion of its customer base: **21 percent of its profit, 10 percent of its deposits, 11 percent of its customer loans, and 12.5 percent of its customers.**

A survey conducted with a sample of 154 IFC banking clients found that their women-owned or women-led Small and Medium Enterprise (WSME) loan portfolio contains significantly lower non-performing loans than total SME loan portfolios.

- **Just 3.6 percent of WSME loans were non-performing versus 4.5 percent of the total SME portfolio**
- **The average loan size to WSMEs was \$27,708 compared with an average loan of \$43,136 in the total SME portfolio**
- **WSME outstanding loans accounted for roughly 10 percent of the total volume of outstanding SME loans**

Moving forward: Addressing the needs of women in housing finance

Research household incomes and average loan size. Before creating new products and services to attract the women's segment of housing finance, banks can obtain some valuable baseline information by researching current borrowers' income and loan levels. In Colombia, for example, 42 percent of households are dual income with an average loan size of \$26,000, and 26 percent are female-headed with an average loan size of \$17,179. In India, 38 percent are dual-income with an average loan size of \$9,462, and 9 percent are female-headed with an average loan size of \$7,279. In Kenya, 34 percent of households are dual-income with an average loan size of \$24,844, and 25 percent of households are female-headed with an average loan size of \$9,921.

Learn the goals women hope to accomplish with housing finance. Despite barriers to housing finance, this study revealed significant interest among women to accomplish three categories of housing goals: home improvement, incremental instruction, and purchase.

- ***Home Improvement.*** An estimated 25 percent of women homeowners in Kenya, 18 percent in India, and 23 percent in Colombia plan to make home improvement changes in the next five years. An estimated five percent of women homeowners in Kenya, five percent in India and 17 percent in Colombia plan to use a loan for this purpose. The most common home improvement changes mentioned were building and improving a kitchen and building and improving a bathroom. The average loan size for home improvements is $411 in Kenya, $1,340 in India, and $2,382 in Colombia.

- ***Incremental Construction.*** Building a home in incremental stages is common practice in the developing world, and constitutes between 50 to 90 percent of residential construction (Source: Habitat for Humanity. Step by Step: Supporting Incremental Building through Housing Microfinance. Shelter Report 2014). An estimated 64 percent of women in Kenya, 66 percent in India, and 32 percent in Colombia cannot afford to purchase even the least expensive housing in urban areas. For these households, smaller, consecutive loans might be more appropriate.

- ***Purchase.*** The average loan size to purchase a home in Kenya is $29,290, in India $20,978, and in Colombia $17,022. In Kenya, an estimated 36 percent of women can afford the minimum housing price, while six percent can afford the median house price; in India, an estimated 34 percent of women can afford the minimum, six percent the median; and in Colombia, an estimate 68 percent of women can afford the minimum, 35 percent the median**.**

Develop products, terms, and services that meet women's needs. In India, for example, a housing finance product was designed with a credit-linked subsidy. Borrowers receive a concessional rate on the housing loan when the woman's name is included in the registered title deed. In addition, free financial literacy programs tied to housing finance benefit both women consumers and the financial institutions. Through the programs, women become more competent and confident borrowers, and institutions form a valuable brand-loyalty relationship with them.

Simplify procedures to improve the women's housing finance environment. Once financial institutions identify products and services to offer, reconsidering loan processing procedures can make offerings more accessible. In India, for example, one of the biggest reasons households seek informal loans is due to the requirements that formal financial institutions have for obtaining a loan. By reducing the processing time and steps for registering and/or perfecting mortgages, banks can make housing loans more accessible to more consumers.

Train staff on gender awareness. Gender sensitization training within banks and financial institutions ensures that all staff understand the specific barriers women face and their specific financing needs, as well as the financial institution's specific value proposition for women. Staff become able to engage women in conversations about products and services in a way that encourages brand loyalty and new business.

Know how to market to women consumers. Relationships are key to marketing to women, a fact that determines which tactics will be most successful.

- *Women prefer to obtain advice on housing finance from friends and family.* According to a survey carried out by Nielsen in emerging markets, across 22 forms of advertising measured, "recommendations from people you know" is the most trusted advertising source for women (Source: The Nielsen Company, Women of

Tomorrow: A Study of Women Around the World, June 2011). Word of mouth is thus a significant driver of purchasing decisions, particularly for women. IFC's study also found that friends and family are the preferred sources for financial advice on housing finance. As a result, the most effective tool to reach women is to promote brand and product image through personal recommendations between friends, family, and formal and informal networks.

- *Women also want to receive advice from banks themselves.* Fifty-three percent of women in Colombia, 25 percent in India, and 27 percent in Kenya report that banks are their preferred source of financial advice for buying/building a house. This suggests the effectiveness of marketing techniques such as:

  - Easily accessible in-bank marketing materials (pamphlets, posters, etc.) to showcase housing finance offerings for women.

  - Staff engagement of women clients at every interaction, using the opportunity to reinforce marketing and consumer education messaging and strengthen the bank-client relationship.

  - Protocols and incentives that encourage staff engagement.

- *Women appreciate a sense that their bank understands them and their needs, as reflected in their interactions with bank staff and clear processes for loan application and approval.* A positive customer experience is something women greatly value. To ensure a continuing positive customer experience, banks can conduct a Voice of the Customer survey to capture feedback from customers about their experience, needs, and requirements. Insights from the survey can be used to develop staff incentives for different levels of interaction with consumers, and pinpoint processes or policies that need improvement.

Ongoing monitoring and analysis of women's housing finance programs can ensure continuing profitability. Gender-disaggregated data provides banks with the information they need to know about how well they are serving women, and to make strategic decisions that improve performance over time. Gender-specific data can include statistics on applications and rejected applications, the number and value of loans granted by gender and performance indicators including non-perrforming loans and profit margins.

Colombia

1) PREDICTORS OF HOUSING DEMAND (i.e. Existing or Future)

Variables	Model 1: Potential demand for housing in the next 5 years	Model 2: Used a formal loan to purchase home
Gender		
• Female	-.5573*	-.0260
Age	-.00314	.0029
Civil Status		
• Married	.0096	.0825
• Separated/Divorced	-.2206 **	-.0262
• Civil Union	.2274	.3145**
Education level		
• Primary school	-.0405	-.1764
• Some secondary	-.0878	-.0943
• Secondary completed	.0135	-.1703
• Some university	-.3121	-.0991
• University complete	-.1785	-.0576
Log income	.4266***	.0264*
Employment	.8357**	-.0311

total market = urban households * % female head * % demand * exp (amount)

NOTES CONTINUED

Gender of Household Head		
• Woman	-.5785*	-.2347**
• Both	-.1248	-.0339
Family Structure		
• Joint/Extended	.1406**	.2532**
• Singles	-.0459	
Number of Observations	298	342

*** P <0.01, ** P<0.05, *p<0.10

3) COLOMBIA'S MARKET SIZE: THE TOTAL SIZE OF THE URBAN MARKET FOR WOMEN IN COLOMBIA IS ESTIMATED AT APPROXIMATELY $23 BILLION.

The following equation was used where *total market* is the calculated total market size, *urban households* is the estimated number of urban households in Colombia in 2017, *% female head* is the proportion of households that have a woman in decision-making, i.e. either have a female household head or have joint decision-making in the demand survey, *% demand* is the proportion of women who reported that they would use a loan to pay for the purchase of housing in the next 5 years in the demand survey, and *exp (amount)* is the median expected loan amount reported by women in the survey. The total market size thus represents the total estimated amount of loans needed from urban women in Colombia who currently have plans to purchase a home. The number of urban households was estimated by calculating the average household size in urban areas from the 2009 census data and assuming the same ratio in 2017. Thus, the number of urban households was calculated as follows:

$$\frac{\text{2017 urban population}}{\text{average urban household size.}}$$

2017 Urban population data are sourced from the World Bank World Development Indicators.

*[total market = urban households * % female head * % demand * exp (amount)]*

Female Headed Households:
5,694,548,303 = 9,841,460 * 25.5% * 13.7% * 16,563

Joint Decision-Making Households:
17,330,155,570 = 9,841,460 * 41.5% * 24.7% * 17,179

India

1) PREDICTORS OF HOUSING DEMAND (i.e. Existing or Future)

Variables	Model 1: Potential demand for housing in the next 5 years	Model 2: Used a formal loan to purchase home
Gender		
• Female	0.079	-0.003*
Age	-.001	.002**
Civil Status		
• Single	-0.039	0.049
• Separated/Divorced	-0.064	-
• Widow	0.130	0.049
Education	.004	0.011*
Log income	.067**	0.157***
Employment	.061*	0.004*
Gender of Household Head		
• Woman	-0.070**	-0.038*
• Both	-0.045**	-0.011
Family Structure		
• Joint/Extended	0.033*	0.015
Mumbai	-0.286***	-0.039*
Number of Observations	1,238	1,234

*** P <0.01, ** P<0.05, *p<0.10

3) INDIA'S MARKET SIZE: THE TOTAL SIZE OF THE URBAN MARKET FOR WOMEN IN INDIA IS ESTIMATED AT APPROXIMATELY $32.3 BILLION.

The following equation was used where *total market* is the calculated total market size, urban households is the estimated number of *urban households* in India in 2017, *% female head* is the proportion of households that have a women in decision-making, i.e. either have a female household head or have joint decision-making in the demand survey, *% demand* is the proportion of women with decision-making authority who reported that they would use a loan to pay for the purchase of housing in the next five years in the demand survey, and *exp (amount)* is the median expected loan amount reported by women in the survey. The number of urban households was estimated by calculating the average household size in urban areas from 2011 census data and assuming the same ratio in 2017, as follows:

$$\frac{\text{2017 urban population}}{\text{average urban household size.}}$$

The number of urban households was estimated by calculating the average household size in urban areas from 2011 census data and assuming the same ratio in 2017. The total market size thus represents the total estimated amount of loans needed from urban women in India who currently have plans to purchase a home.

*[total market = urban households * % female head * % demand * exp (amount)]*

Female Headed Households:

2,783,009,881 = 96,330,082 * 9.45% * 4.2% * 7,279

Joint Decision-Making Households:

29,515,803,593 = 96,330,082 * 38.13% * 6.9% * 11,646

Kenya

1) PREDICTORS OF DEMAND

Variables	Demand Potential demand for housing in the next 5 years
Female household head	0.132*
Age	-0.009**
Married	0.195***
Education	0.008*
Log income	0.715**
Log income	-0.036**
Employment	.061*
Type of employment	
• Self-employed	0.071
• Non-contract employee	-0.135
• Part-time employee	0.168
• Permanent employee	0.071
Account	0.262***
Own	-0.124*
Made improvements	0.158**
Nairobi	-0.035
Number of Observations	402

*** P <0.01, ** P<0.05, *p<0.10

A dummy variable equal to 1 if the respondent was located in Nairobi is also included to control for potential structural differences between Nairobi and Nakuru.

3) KENYA'S MARKET SIZE: THE TOTAL SIZE OF THE URBAN MARKET FOR WOMEN IN KENYA IS ESTIMATED AT APPROXIMATELY $14.8 BILLION.

The following equation was used where *total market* is the calculated total market size, *urban households* is the estimated number of urban households in Kenya in 2017, *% female head* is the proportion of households that have a woman in decision-making, i.e. either have a female household head or have joint decision-making in the demand survey, *% demand* is the proportion of women with decision-making authority who reported that they would use a formal loan to pay for the purchase of housing in the next five years in the demand survey, and *exp(amount)* is the median expected loan amount reported by women in the survey. The number of urban households was estimated by calculating the average household size in urban areas from the 2009 census data and assuming the same ratio in 2017. Thus, the number of urban households was calculated as follows:

$$\frac{\text{2017 urban population}}{\text{average urban household size.}}$$

The total market size thus represents the total estimated amount of loans needed from urban women in Kenya who currently have plans to purchase a home.

*[total market = urban households * % female head * % demand * exp (amount)]*

Female Headed Households:

2,393,226,531.80 = 3,592,153 * 25.37% * 26.47% * 9,920.98

Joint Decision-Making Households:

12,433,311,659.36 = 3,592,153 * 34.08% * 40.88% * 24,844

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