Digital Financial Services and Women's Empowerment: Evidence from Tanzania

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Executive summary

Women often have limited control over household finances, even when they earn an income, which constrains their ability to influence household decisions and spending. This policy brief presents experimental evidence from Tanzania showing that increasing women's use of digital financial services can empower them. Using a randomized controlled trial (RCT) that shifted microfinance loan repayments from cash to mobile money, the study finds that greater experience using mobile money leads women to increase savings, gain more control over their finances, and participate more in household decision-making without reducing household welfare or increasing conflict. Expenditure patterns also shift towards women's preferences, like children's schooling and clothing. These results show that integrating digital payments into existing financial products offers a practical and scalable way to enhance women's economic empowerment, even without increasing household income.

Introduction

Women's empowerment is widely recognized as both an intrinsic development goal and a driver of improved household outcomes. Many policies aim to empower women by increasing their income, but income alone may be insufficient if women lack control over financial resources. Digital financial services, such as mobile money, offer a potential pathway to increase women's control by allowing them to store, save, and transact money in their own name.

Despite the widespread availability of mobile money in Tanzania, women use these services less intensively and for fewer purposes than men. This brief examines whether increasing women's *use* of mobile money—rather than simply access—can improve their financial control and empowerment. It focuses on evidence from a randomized intervention that shifted loan repayment from cash to mobile money among female microfinance borrowers.

Research approach

The study uses a randomized controlled trial involving 750 women from 152 microfinance groups in Tanzania. Randomization occurred at the microfinance group level, with entire groups assigned to repay their weekly loans via mobile money rather than cash. The intervention permanently changed the repayment method but did not alter loan terms or meeting attendance. Surveys and administrative data collected over approximately ten months were used to measure mobile money use, financial control, household decision-making, expenditures, and loan outcomes.

Findings

Increased use of mobile money
Almost two-thirds (65%) of the women encouraged to make loan repayments via mobile money made at least one digital repayment, and, on average, they made 8 of 23 payments via mobile money during the 10 months of the study. In around 30% of the treatment groups, no one made a digital repayment.

Encouraging women to repay microfinance loans via mobile money led to substantially higher use of mobile money beyond loan repayment. Women in the mobile money repayment group were 15 percentage points more likely to have used mobile money in the previous week than women repaying in cash. For reference, in the control groups involving cash repayment, the usage rate was 49%.

Women were also more likely to use mobile money for business transactions. The share of women allowing customers to pay via mobile money increased by 7 percentage points, representing a 50% increase over the control group. Use of mobile money for saving also rose: women in the treatment group were 6 percentage points more likely to save using mobile money and held more than double the amount of savings in their mobile money accounts compared to women in the control group.

Greater financial control
Women experienced large improvements in financial control, including greater say over how their income is spent and reduced pressure to share money with others. In an incentivized game involving real money, women were less willing to give up some of the money to receive it secretly themselves, indicating they had greater say in how household money was spent.

Improved household decision-making
Women's involvement in household decision-making increased, particularly in food, clothing, and financial matters. These gains were strongest among women who were least empowered before the start of the study.

Shifts in spending toward women's priorities
Household spending patterns shifted toward women's and children's clothing and children's schooling, and away from snacks and personal care items. Total household consumption did not change.

No negative side effects
The intervention did not reduce business profits, household income, loan repayment performance, or social cohesion, and there was no evidence of increased household conflict.

Conclusion and recommendations

Key implication
Increasing women's *use* of digital financial services—rather than merely expanding access—can meaningfully improve women's financial control and empowerment.

Policy recommendations

- **Integrate digital payments into existing financial products**
  Embedding mobile money into routine transactions, such as loan repayments, can encourage sustained use and learning-by-doing.
- **Focus on women's control, not only income**
  Policies that increase women's control over resources can shift household decision-making even without raising total income.
- **Leverage digital tools to support savings and earmarking**
  Mobile money can help women accumulate savings for larger, priority expenditures such as education.
- **Ensure compatibility with existing social structures**
  Digital repayment systems can be adopted without harming repayment rates or group cohesion when designed appropriately.

These findings highlight digital financial services as a promising policy lever for advancing women's economic empowerment.