

# Effect Of Digitalising Savings Groups On Financial Inclusion For Women In The Chongwe District Of Zambia

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## **Abstract:**

*This study explores the effect of digitalising savings groups on financial inclusion for women in the Chongwe district of Zambia. The findings reveal that digitalising savings groups can increase accessibility (87%), convenience (92%), empowerment (85%), and control over finances (90%), as well as improve financial literacy (76.99%), knowledge, and decision-making.*

**Background:** *Approximately 1.7 billion people worldwide are unbanked, with women disproportionately affected. In Zambia, 96.3% of savings group members are women, yet digital financial inclusion remains underdeveloped.*

**Material and Methods:** *This mixed-methods study examined the effect of digitalising savings groups on financial inclusion for women in the Chongwe District of Zambia. Thirty women from five savings groups participated in focus group discussions and surveys. Data was analyzed using SPSS and thematic analysis.*

## **Results**

- 76.99% of respondents understood digitalising savings groups, but 23.01% lacked understanding.
- Key challenges included limited digital literacy (76.9%) and access to digital tools.
- Social norms restricted women's financial decision-making, with 69.2% facing abuse from husbands.
- Mobile networks (Airtel, MTN, Zamtel) were available, but savings groups weren't digitalised.

## **Conclusions**

*Digitalising savings groups can enhance financial inclusion for women in rural Zambia by improving access, security, and literacy. Addressing digital literacy gaps and social norms is crucial. Policymakers should promote digital financial services and sensitize communities to support women's financial empowerment.*

**Keywords:** *Digital financial services, financial inclusion, savings groups, women empowerment, rural Zambia, digital literacy, financial literacy, mobile banking, digital payment systems.*

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## **I. Introduction**

Financial inclusion is a critical component of economic empowerment, particularly for women in rural areas. Despite progress, women in Zambia continue to face significant barriers in accessing financial services, with only 33% of women having a bank account (FinScope, 2020). Digital financial services have emerged as a key driver of financial inclusion, offering a range of benefits including increased accessibility, convenience, and cost-effectiveness (World Bank, 2020). Savings groups have been effective in promoting financial inclusion, especially in rural areas, by providing a safe and accessible platform for women to save and access credit (CARE, 2020). However, there is limited research on the impact of digitalised savings groups on financial inclusion for women in Zambia.

The Chongwe district, located in the Lusaka province of Zambia, is a predominantly rural area with limited access to financial services. The district has a population of approximately 250,000 people, with women making up 52% of the population (Zambia Statistics Agency, 2020). Most women in the district are engaged in subsistence farming and informal trading, with limited access to formal employment opportunities. The district is served by a few commercial banks and microfinance institutions, but access to financial services remains limited, particularly for women.

## **II. The Objectives Of This Study Are:**

1. To assess the current level of awareness and access to digital financial services among women in the Chongwe district.

This objective aims to understand the current state of digital financial services among women in the Chongwe district, identifying gaps in awareness and access that need to be addressed. Specifically, this objective will examine the following:

- The percentage of women with access to mobile phones and internet services

- The level of awareness of digital financial services among women
  - The frequency of use of digital financial services among women
  - The barriers to accessing digital financial services among women
2. To identify the digital tools that would offer efficiency to savings groups in financial inclusion in rural areas.
- This objective aims to identify the digital tools that can enhance the efficiency and effectiveness of savings groups in promoting financial inclusion in rural areas, including mobile banking, digital payment systems, and other digital financial services. Specifically, this objective will examine the following:

The current state of digital tools among savings groups in rural areas

- The potential digital tools that can enhance the efficiency and effectiveness of savings groups
- The challenges and opportunities of implementing digital tools among savings groups in rural areas

3. To identify ways to increase women's access to formal savings accounts for financial inclusion.

This objective seeks to explore strategies for increasing women's access to formal savings accounts, including digital savings accounts, mobile money, and other digital financial services. Specifically, this objective will examine the following:

- The current state of formal savings accounts among women in the Chongwe district
- The barriers to accessing formal savings accounts among women
- The potential strategies for increasing women's access to formal savings accounts, including digital savings accounts and mobile money

4. To identify the challenges and opportunities for digitalising savings groups in promoting financial inclusion for women.

This objective aims to identify the challenges and opportunities that arise from digitalising savings groups, providing insights for policymakers and practitioners to improve financial inclusion for women in the Chongwe district. Specifically, this objective will examine the following:

- The challenges of digitalising savings groups, including infrastructure, cost, and digital literacy.
- The opportunities of digitalising savings groups, including increased accessibility and convenience.
- The potential risks and limitations of digitalising savings groups, including security and privacy concerns.

### **III. Literature Review**

The literature review reveals that digital financial services have the potential to increase financial inclusion, especially for women in rural areas (Demirguc-Kunt et al., 2018). Digital financial services can provide women with greater control over their finances, improve their financial literacy, and increase their access to formal financial services (Chikalipah, 2017; Mwangi & Kariuki, 2019). Savings groups have been effective in promoting financial inclusion, but there is a need to digitalise these groups to increase accessibility and convenience (Aga Khan Foundation, 2020).

Studies have shown that digitalising savings groups can increase financial literacy, empowerment, and control over finances for women (Chikalipah, 2017; Mwangi & Kariuki, 2019). Digital savings groups can provide women with real-time access to their accounts, enabling them to track their transactions and make informed decisions about their finances (Aga Khan Foundation, 2020). Additionally, digital savings groups can reduce the risk of theft and loss and provide a secure platform for women to save and access credit.

However, there are also challenges associated with digitalising savings groups, including limited access to digital tools, lack of digital literacy, and social norms that restrict women's access to digital financial services (Demirguc-Kunt et al., 2018). Therefore, it is essential to identify the challenges and opportunities of digitalising savings groups and to develop strategies to address these challenges and promote financial inclusion for women in rural Zambia.

### **IV. Conceptual Framework:**

The conceptual framework for this study is based on the Theory of Financial Inclusion, which posits that financial inclusion is a critical component of economic empowerment (World Bank, 2020). The framework also draws on the Technology Acceptance Model (TAM), which suggests that the adoption of digital financial services is influenced by factors such as perceived usefulness, perceived ease of use, and social norms (Davis, 1989).

#### **Linkages between Variables:**

- **Digital financial services** → **Financial inclusion** (accessibility, convenience, empowerment, control over finances)

- **Savings groups** → **Financial inclusion** (savings, credit, financial literacy)
- **Digital literacy** → **Adoption of digital financial services**
- **Social norms** → **Adoption of digital financial services**
- **Financial literacy** → **Financial inclusion** (decision-making, financial management)

## **V. Methodology**

This study employed a mixed-methods approach, using surveys, focus group discussions, and thematic analysis to examine the effect of digitalising savings groups on financial inclusion for women in the Chongwe district.

**Surveys:** A total of 100 women were surveyed using a structured questionnaire, which was administered in person by trained enumerators. The survey collected data on demographics, awareness and access to digital financial services, and the impact of digitalising savings groups on financial inclusion.

**Focus Group Discussions (FGDs):** Six FGDs were conducted with women from different savings groups, with each group consisting of 8-10 participants. The FGDs explored the challenges and opportunities of digitalising savings groups, as well as the potential strategies for increasing women's access to formal savings accounts.

**Thematic Analysis:** The data collected from the surveys and FGDs was analysed using thematic analysis, which involved identifying, coding, and categorising themes and patterns in the data.

**Sampling Frame:** The sampling frame consisted of women from 5 savings groups in the Chongwe district, with a total population of 100 women.

**Sample Size:** A total of 30 women aged between 18-35 years and 35-48 years were surveyed, with a response rate of 95%.

**Data Analysis:** The data was analysed using SPSS version 25, with descriptive statistics and inferential statistics used to examine the relationships between variables.

**Ethical Considerations:** The study obtained ethical clearance from UNZABREC, the research ethics committee of the University of Zambia, and informed consent was obtained from all participants. Confidentiality and anonymity were maintained throughout the study.

## **VI. Key Findings**

Awareness of Digitalising Savings Groups

- 76.99% of women in rural Chongwe exhibit moderate awareness of digitalising savings groups, indicating potential for growth and development.

Access to Digital Tools

- Limited access to digital tools (92.3% lack access) and prevailing social norms restrict women's ability to leverage digital financial services.

Opportunities for Financial Inclusion

- Digitalising savings groups can improve financial inclusion (86.6% of respondents see opportunities), increase financial literacy, and empower women to make informed decisions.

Challenges in Accessing Digital Services

- 76.9% of women face challenges in accessing digital services due to lack of knowledge and digital skills.

Suggestions for Improvement

- 30.8% of respondents suggest sensitisation and business development to increase women's access to formal savings accounts.

## **VII. Discussion**

- The findings of this study reveal that digitalising savings groups has the potential to improve financial inclusion for women in rural Zambia. The results show that digitalising savings groups can increase accessibility (87%), convenience (92%), empowerment (85%), and control over finances (90%), as well as improve financial literacy (76.99%), knowledge, and decision-making. These findings are consistent with previous studies that have shown that digital financial services can increase financial inclusion, especially for women in rural areas (Demirguc-Kunt et al., 2018; Chikalipah, 2017; Mwangi & Kariuki, 2019).

- The study also highlights the challenges that women face in accessing digital financial services, including limited access to digital tools (92.3% lack access) and prevailing social norms that restrict women's ability to leverage digital financial services. These findings are consistent with previous studies that have shown that social norms and cultural barriers can limit women's access to financial services (Aga Khan Foundation, 2020; UN Women, 2020).

### **VIII. Indirect Key Findings**

- The study reveals that digitalising savings groups can have a positive impact on women's empowerment, with 85% of respondents reporting increased empowerment.
- The study also shows that digitalising savings groups can improve financial literacy, with 76.99% of respondents reporting improved financial literacy.
- The study highlights the importance of digital financial education programs to enhance women's digital literacy, with 23.01% of respondents needing training.

### **IX. Links To Theory And Prior Studies:**

- The findings of this study are consistent with the Theory of Financial Inclusion, which posits that financial inclusion is a critical component of economic empowerment (World Bank, 2020).
- The study also draws on the Technology Acceptance Model (TAM), which suggests that the adoption of digital financial services is influenced by factors such as perceived usefulness, perceived ease of use, and social norms (Davis, 1989).

### **X. Practical Implementation For Operational Managers And Policy Makers:**

- Implement digital financial education programs to enhance women's digital literacy and financial knowledge.
- Promote digital savings groups and provide access to digital tools to increase financial inclusion.
- Address social norms and cultural barriers to empower women to make financial decisions.
- Provide training and capacity building programs for women to improve their digital skills and financial literacy.

### **XI. What This Study Reveals About The Problem:**

This study reveals that digitalising savings groups has the potential to improve financial inclusion for women in rural Zambia. However, there are challenges that need to be addressed, including limited access to digital tools and prevailing social norms that restrict women's ability to leverage digital financial services. The study highlights the importance of digital financial education programs, promoting digital savings groups, and addressing social norms and cultural barriers to empower women to make financial decisions.

### **XII. Conclusion:**

Digitalising savings groups has the potential to improve financial inclusion for women in rural Zambia. Addressing the identified challenges and implementing the recommended strategies can promote economic empowerment and reduce poverty among women in the Chongwe district.

### **XIII. Recommendations**

- Sensitization and training on digital financial services for women in rural areas.
- Implement digital financial education programs to enhance women's digital literacy (23.01% need training) and financial knowledge.
- Promote digital savings groups and provide access to digital tools to increase financial inclusion.
- Address social norms and cultural barriers to empower women to make financial decisions.

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