**Empowering financial inclusion**

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Decentralised Finance (DeFi) is a pioneering force, making breakthroughs in the field of finance and revolutionising the centrally dependent financial sector. It has already made a difference in several countries and Pakistan is no exception.

DeFi offers a glimmer of hope for financial inclusivity and empowerment, particularly for women in the country. By leveraging blockchain technology and eliminating traditional barriers, DeFi is revolutionizing access to financial services, opening doors that were once firmly closed.

Pakistan, like various other developing nations, grapples with the struggles of gender equity in several aspects, especially the financial sector. Merely, 21.67 per cent of the women in Pakistan are economically active. This disparity is due to a lot of reasons, mainly, cultural norms that prevent women to even get basic education or at times, step out of the house. With around 12 million girls out of school in Pakistan, women face educational setbacks and thus, their participation in the economy is limited.

DeFi is a system of financial applications and platforms that is built on blockchain technology. These platforms offer a wide range of services like lending, borrowing, saving and trading. All this is done without the reliance on intermediaries like banks or any centralised authority. Instead, smart contracts are used, that are self-executing agreements, governing transactions, thus eliminating the need for financial intermediaries.

A significant advantage of DeFi is that it transcends geographical boundaries. This is highly important in countries like Pakistan where geographical mobility is severely limited, especially of women and being able to go to a bank is viewed as a luxury most times. This is supported by the fact that merely 29 per cent of the women own bank accounts in Pakistan. Hence, DeFi solves this and allows for financial inclusion as individuals can access financial services from their smartphones, eradicating the need to be physically present at a bank or go through time consuming documentation. This digital revolution paves the way for financial inclusion for women who may face societal constraints or lack mobility.

Additionally, DeFi empowers women financially by encouraging entrepreneurship and financial self-reliance. It allows women to lend or borrow without relying on the traditional means of a bank or any third person intermediary and this acts as an advantage since these systems are usually plagued with gender bias; hence, women face difficulty in getting loans.

‘We manage to get permission [to start a business], but it’s the money that we don’t get’. This may be the experience of one Pakistani woman entrepreneur, but it is by no means unique. Therefore, through decentralized protocols of lending and borrowing, like collateralising their assets or participating in lending pools, women can access capital to start businesses, invest in education, or pursue other income-generating activities. One example of a DeFi-based microfinance platform is Aave, which enables users to lend and borrow funds using cryptocurrency as collateral.

To further ensure feasibility and success of these entrepreneurial businesses, the authorities should consider implementing a 'regulatory sandbox' for DeFi. This means allowing a controlled and supervised environment where DeFi startups can test their services with a limited number of customers, under relaxed regulations. This can help regulators and companies understand the implications of DeFi and make adjustments before a full-scale launch.

Furthermore, DeFi provides added security and transparency as public blockchains provide an immutable record of transactions, ensuring accountability and reducing the risk of corruption and fraud.

Regulators may also establish Anti-Money Laundering (AML) and Know Your Customer (KYC) regulations for DeFi platforms to ensure that DeFi is not used for illegal activities. This transparency not only safeguards the privacy of individuals, especially women, but it also establishes DeFi as a trustworthy system, thus enhancing individuals’ trust in it and encouraging further participation to contribute to economic growth of Pakistan.

While DeFi has huge possibilities, it is not without challenges. Education and public awareness are still essential for widespread adoption. Women in Pakistan must be trained with the information and digital literacy required to safely traverse DeFi sites. Collaborative efforts involving the government, non-governmental organisations, and private organizations can play a critical role in offering financial literacy programmes and training, empowering women with the skills needed to efficiently utilize DeFi.

Conclusively, Decentralised Finance (DeFi) offers an unprecedented chance to empower women and promote financial inclusion in Pakistan. DeFi platforms use blockchain technology to break down barriers, giving women direct access to financial services, encouraging entrepreneurship, and ensuring transparency.

Through concentrated efforts and targeted initiatives, Pakistan could benefit from this revolutionary technology to close the gender gap in financial access, unleashing women's latent potential while advancing the country towards a more prosperous future.

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