

## Gender Justice

Policy Brief

Women's Advocacy Issues- Volume 2

# Women's Financial Vulnerability: Challenges Women Face with Debt and Loans

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**ARDD**

النهضة العربية للديمقراطية والتنمية  
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**Women's Advocacy Issues**  
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**Women's Financial Vulnerability:  
Challenges Women Face with Debt and Loans**

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## **ACKNOWLEDGEMENT**

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## **I. Summary**

In August 2020, ARDD collected data from 506 women in Jordan to gauge their financial situation, particularly the impact COVID-19 has had on their financial status including debt. The analysis of the data, combined with information and insight from the 19 Community Based Organizations (CBOs) participating in this project, resulted in rich findings regarding women’s debt. Overall, COVID-19 has exposed the fragile financial situation of women. When looking at different aspects of women’s lives (their legal status, educational level and civil/marital status), data shows that these elements are all critical to understanding the type of debt and the vulnerability of their situations. Along with it, the prevalence of non-institutional actors providing financial assistance to Syrian refugee women raises concern about potential risk of abuse.

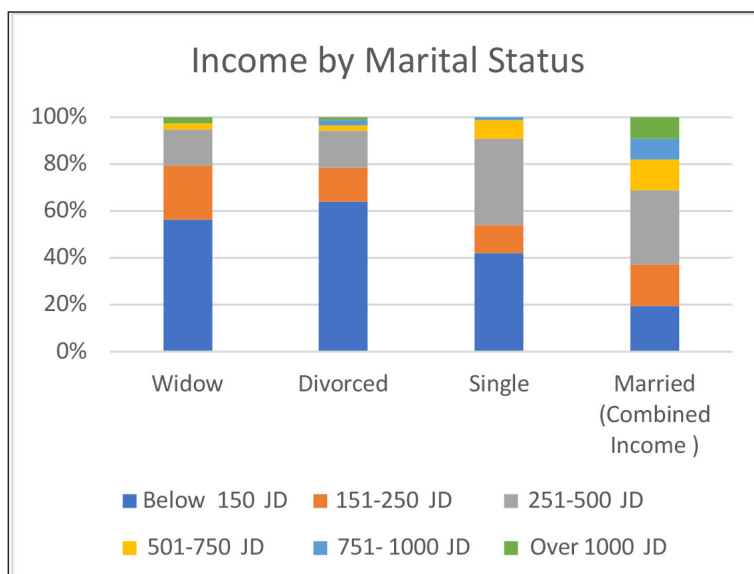
## **II. A Disadvantaged Start: Women’s Low Economic Resources in Jordan**

Prior to the COVID-19 pandemic, the 2018 Human Development Report calculated the Gender Development Index (GDI) in Jordan as 0.654 for females and 0.754 for males. This difference meant that while males could be placed in high human development rankings, women fell into medium human development rankings.

The GDI measures gender inequalities in achievement in three basic dimensions of human development: health, education and command over economic resources (measured by estimated GNI per capita). The reported GNI was \$2, 734 for females, and \$13,668 for males.

### ***Demographic description of survey participants***

Women from 11 governorates participated in the survey; most responses came from the governorates of Zarqa, Mafraq, Amman, Irbid, and Karak. Regarding their civil/marital status: 299 women were married, 39 widows, 89 divorced and 79 singles. Furthermore, 143 women reported to be the heads of their households, as follows: 33 widows, 66 divorced women, 38 married and 6 single. The average number of dependent children for all categories (except for singles) was estimated at between 3.04 and 3.07. The average family members per household were 4.9 individuals in the case of widows, 5.4 in the case of divorced women and 5.3 in the case of married women.



### 1. Income and Marital Status: A Dire Situation for Divorced Women and Widows

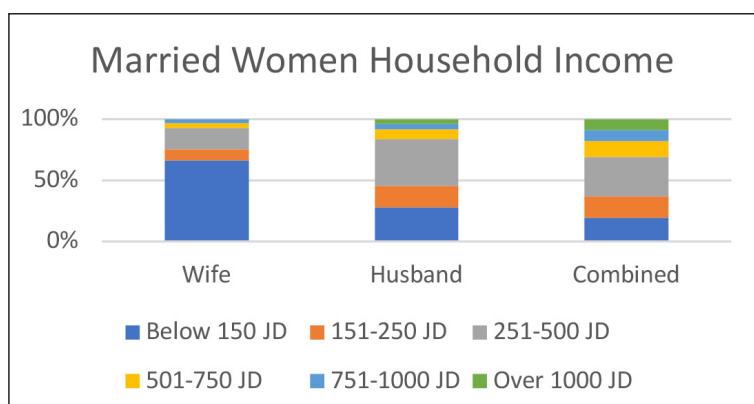
The analysis of women’s responses with regard to their household income highlights the dire financial situation of divorced women and widows. As illustrated by the graph, divorced women and widows had the lowest income: 64% of divorced women and 56% of widows reported a monthly income of less than 150 JD, in contrast to 19% of married women (when considering combined household income). Among heads of households, this

percentage was even higher: 72% of divorced women reported an income lower than JD 150. Moreover, 32 heads of households reported no income at all.

The partnering CBOs emphasized the importance of contrasting this data regarding individual situations, as socio-cultural practices make an important difference in the lives of these women:

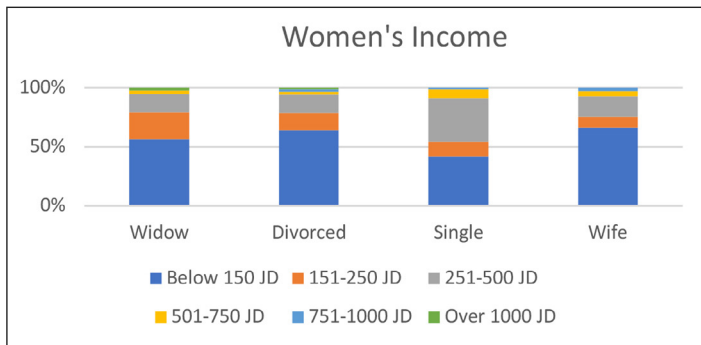
“ Families do sometimes provide support to divorced and widowed women, however, the situation depends on whether the families are willing or able to provide financial support and, in the case of divorced women, accept the women’s new marital status. ”

Partner CBOs have stressed that married women and their families have been financially affected by the COVID-19 crisis. This has resulted in married women being placed in a position of financial vulnerability as well. An analysis of women’s income within married households shows that married women rely heavily on their husband’s income, with 146 married women (49%) reporting no independent income.



Unemployment and lack of previous work experience underscore their vulnerability. Out of the 299 married women included in the analysis, only 80 women reported to be currently employed while the remaining 219 stated that they were unemployed. Among the unemployed women, 200 women further reported to have never been employed, despite the fact that half of them declared to have completed at

least secondary education. This large pool of educated but unemployed women means it is difficult for them to help in providing financial support through formal/informal labor market.



Taking these into consideration, a final comparison of women’s income according to their marital status shows how married women, when considered individually, without their husband’s income, stand out as yet another financially vulnerable category.

Finally, while the data did not include “abandoned”<sup>1</sup> women (*mahjurat*) as a

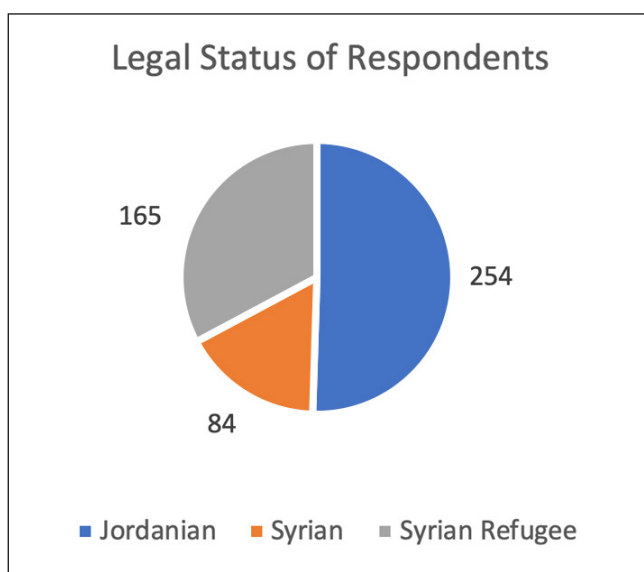
category of analysis, triangulation of findings with partnering CBOs highlighted the need to consider these women as a category of high vulnerability. In the words of one partner CBO:

“Abandoned women are forced to seek their parents’ refuge while still being legally married. In these cases, women do not receive financial support for their families, and parents cannot always provide support. Even when women proceed with a legal lawsuit, husbands do not abide by their legal obligations. This situation forces women to work in any kind of work to feed her children. ”

## 2. Indebtedness: Legal Status, Marital Status and Educational Level

When looking into women’s financial obligations, this brief distinguishes between debt (الدين) and loans (قرض) that they had acquired. In this analysis, debt is defined as money credited to non-institutional creditor, and loans as money borrowed from institutional creditors (mostly banks and micro-lending institutions). Out of a total of 313 women reporting financial debt, 205 reported to have debt, while 108 reported to have loans. While these are both financial obligations for the debtor, the analysis of these two categories shows important differences.

### A- Legal status matters



The legal status of women in Jordan, that is, whether they are citizens, residents or refugees, has a direct impact on the type of financial obligations they have. While Jordanians take a larger share of loans (قرض), Syrian refugees have a larger share of debt (دين).

Out of the 205 women who reported to have debt, over 50% were registered Syrian refugees (106 women), 26% were Syrian nationals residing in Jordan (55 women), and only 20% were Jordanian (41 women). Conversely, out of the 108 women who reported to have loans, 82% were Jordanian, while Syria nationals and registered Syrian refugees represented 18% of the total.

<sup>1</sup> Women left by their spouses while still married to them.

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An analysis of the use of debt among women showed that, regardless of their legal status, women get into debt to routinely pay for, in that order: rent, food, utilities, and repayment of debt in some cases.

Unlike debt, an analysis of the use of loans showed important differences when considering women's legal status:

- Among Jordanian women, about 47% of loans served to pay for the acquisition of cars, housing renovations/acquisitions, wedding expenses (these were also the most expensive loans). The second largest category of loans (22%) was used to repay previous debts, mostly related to businesses. Only 8% of loans were used to pay rent and utilities for them and their family members.

In the context of the Syrian refugee crisis, partnering CBOs have noted that some “*Syrian women and Jordanian women take loans together to embark on businesses, using Jordanian women's legal status*”.

- Among Syrian refugee women, however, most loans were meant to pay rent, utilities and previous debts, similar to the use given to debts for them and their family members.

This different use of loans and debts correlates with the difference in value of loans and debts. While Jordanian women report higher value of loans (45 women reported to have loans for a value of over JD 5,000), the value of most debt by Syrian refugee women does not exceed 1,000 JD, with the largest percentage within the JD500 threshold.

Another difference regarding loans and debts resides in the fact that among women who reported debt, 33% stated that they would ask for a new debt in the future, whereas only 20% of women who reported loans said they were inclined to ask for a new loan/debt.

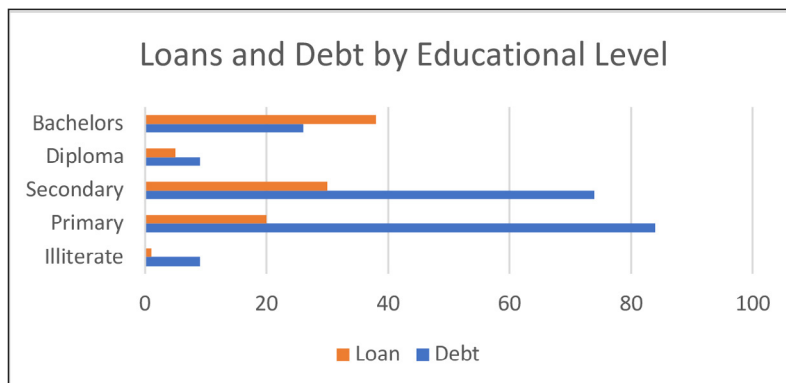
*As noted by a partner CBO, in addition to the analysis of women's legal status in Jordan, it is important to include an analysis of women married to non-Jordanian men, given current nationality laws.*

### ***B- Marital status: Divorced women***

An analysis of debt in relation to marital status underscored once more the vulnerability of divorced women: 50% of divorced women reported to have debt, while 43% of widows and married women report to have debt. In the case of women heads of households, the percentage of divorced women who have debt increased to 60%, whereas widows remained at 45%.

### ***C- Educational level and indebtedness***

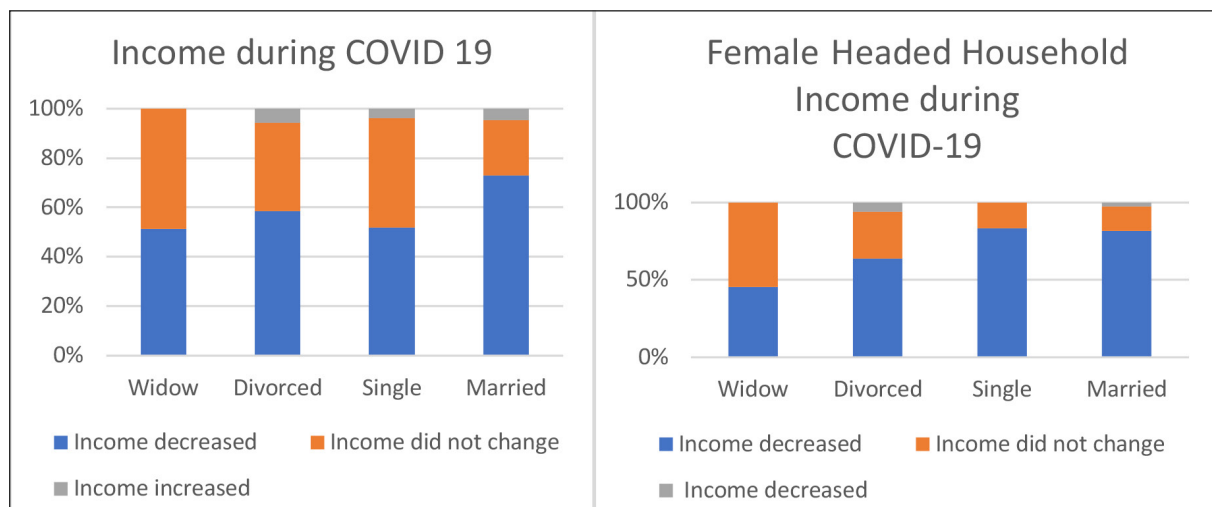
The analysis showed that the higher the educational level the higher the amount of loans and the lower the amount of debt. Conversely, the lower the educational level the higher the amount of debt and the lower the amount of loans. Out of the 506 women interviewed, 20 reported to be illiterate, 152 to have completed primary education, 149 secondary education, 52 secondary education diploma, and 133 to have university degrees.



When looking into the particulars of women’s educational level, interesting data could be derived. For instance, of the 20 women who reported to be illiterate, 4 were Jordanian nationals between 50 to 70 years old, while the remaining 16 were Syrian and Syrian refugees aged between 21 to 50 years old.

### III. The Impact of COVID-19 on Women’s Finances

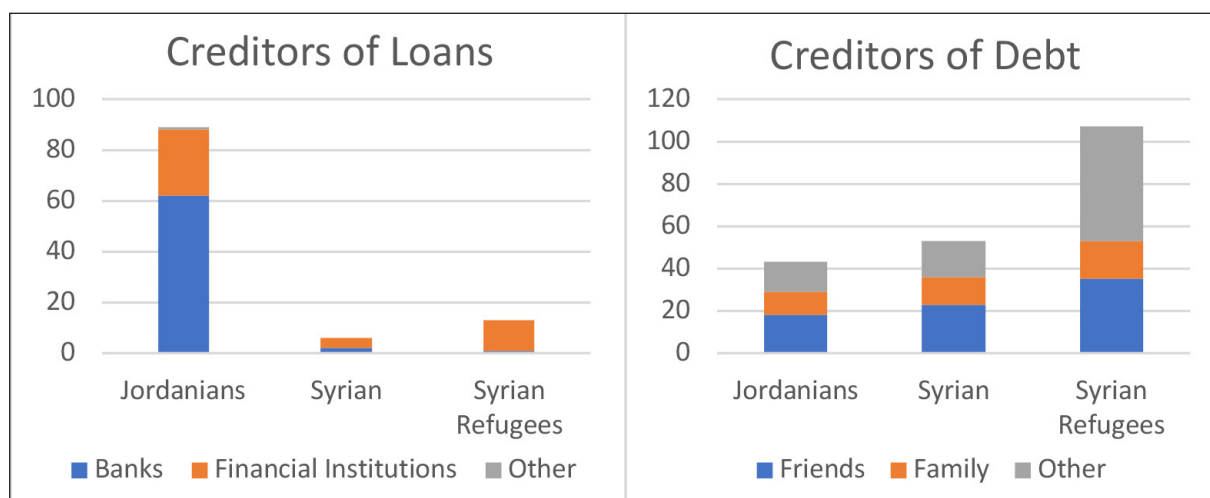
COVID-19 has had a strong negative impact on the income of all categories of women under analysis: 64% of all women reported unexpected expenses due to COVID-19. As illustrated in the chart below, and aligning with the information reported on income, married women and their families have been severely affected by the crisis brought about by COVID-19, closely followed by divorced women. Single women have also been severely affected.



When asked how COVID-19 affected the repayment of debt, all women answered in negative terms. Out of the 205 women who reported debt, 82 reported that their creditors had asked for debt payments during the COVID crisis (8 widows, 19 divorced, 52 married women and 3 single women).

### Creditors and Potential Risk of Abuse

In this context, there is lack of evidence regarding the risk of abuse by non-institutional creditors stands out as an issue of concern. As explained earlier, the survey differentiated between debt, as credited by non-institutional creditors, and loans, from institutional creditors. While the lack of institutional guarantees is the defining characteristic of debt in this analysis, the high prevalence of the “other” category calls for concern”. (See graph two the right)



Graph 1

Graph 2

There is no clear consensus among partner CBOs as to what the “other” category of creditors may refer to and the kind of impact it has on women. Some partner CBOs explained that it may refer to “social cooperation networks that women establish to save their money as a successful alternative to avoid exploitation”. On the other side of the spectrum, other partner CBOs reported to have heard about the existence of “dangerous persons who deceive women and trap them in dire situations and legal complications by lending those loans and committing women to conditions of which they are not fully aware”.

Such negative comments align with the larger survey findings regarding the demands and threats that women have received during the COVID-19 crisis and the type of creditors who have asked for their payments: out of the 94 women who stated that their creditors had asked for payments, 82 were women had reported to have debt, while 12 had reported loans. Sadly, it was found that one illiterate woman with debt reported that her creditor had threatened her with jail.

### Policy Recommendations:

**1- Skills for women.** Considering the negative financial impact of COVID-19 on families in Jordan, donors should consider supporting programs that provide employability skills and pathways for employment targeting unemployed married women in specific, providing or enhancing the financial literacy and skills for women. The provision of financial support by married women to their families is a critical venue to strengthen gender equality.

**2- Enhance cash assistance programs.** As COVID-19 has negatively affected many financially vulnerable households, it is critical that donors and the government continue supporting cash assistance programs to refugees. Debt is a reality for many Syrian refugee women whose livelihoods are sustained by the cash debt provides.

**3- Draft protocols to report situations of abuse regarding borrowing from non-institutional sources.** The government of Jordan should provide clear referral pathways to have situations of abuse in the context of financial obligations reported. Such pathways could support associations working on the ground to provide support and raise awareness among women.

**4- Enhanced legal aid along with financial literacy and rights for women.** Legal aid and financial literacy programs are tools of empowerment. Donors and government are strongly encouraged to support programs providing women with these tools. Women must know their rights and have access to legal aid to stop potential sources of abuse when entering into verbal or written lending contracts.








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