



स्व-नारी (Swanirbhar Nari) Program

RBIH Whitepaper: Gender and Finance in India

February 2022

Reserve Bank Innovation Hub



Table of contents

Foreword	2
Executive Summary.....	3
1. Introduction to RBIH’s स्व-नारी program	4
Context.....	4
About RBIH.....	4
स्व-नारी program.....	5
2. Understanding women’s financial inclusion in India.....	7
The gender gap in savings, credit, payments, insurance, and pension	7
3. Decoding the reasons behind the gender gap.....	12
Key gender barriers to women’s participation in formal financial services	13
Identifying problem statements for RBIH’s स्व-नारी Program	17
4. Emerging opportunities to bridge the gender gap.....	19
Moving towards gender-intelligent banking	22
Conclusion.....	26
List of figures and abbreviations	27
Acknowledgements	29
Annex	30

Foreword



The last decade has witnessed significant moments that have transformed the global financial services landscape. A series of concerted efforts from the public and private sectors have driven innovation, improved the delivery of services, and brought about a user-centric experience for a range of digital financial services. These innovations have enabled more than 240 million women across the globe to gain access to formal financial services and improve engagement in the formal economy - leading to better resilience to financial, economic, and health shocks. However, in most of the world, much work remains to achieve gender equality in financial services. Globally, 65% of women have an account compared with 72% of men - around one billion women still do not have access to formal financial services.

At a gross level, we see that India has made remarkable progress on various aspects of financial inclusion. The Reserve Bank of India's (RBI) annual Financial Inclusion Index (FI-Index) improved by 10.5 points from 2017 to 2021. However, this improvement may not have translated into equal financial inclusion among women and men in India.

The reasons behind women's exclusion in India are complex and often interwoven with vulnerability for women more than men and underpinned by social norms. Furthermore, the COVID-19 pandemic has disproportionately affected women's economic participation, which remains unequal in advanced and emerging economies. Reducing the gender gap requires putting a gender lens on financial service design. Without fully including women, we won't solve financial inclusion at its core, and promote shared prosperity.

I compliment the Reserve Bank Innovation Hub (RBIH) for preparing this whitepaper on gender and finance in India under its स्व-नारी (Swanirbhar Nari) Program. The whitepaper provides broad insights into the financial needs, barriers, aspirations, and behaviors of women users of financial services. It documents women's financial inclusion trends, understands gender-based barriers, and arrives at crucial problem statements regarding access, usage, and quality of financial services for women. These problem statements shall be ideated and solved through the Swanari TechSprint soon to be hosted by RBIH.

I congratulate the project team and experts who collaborated with RBIH to come out with this whitepaper. RBIH is committed to take this program forward post the TechSprint as well and develop Swanari as RBIH's Diversity & Inclusion platform in time to come. I am excited to inaugurate RBIH's Swanari formally through this whitepaper and hereby announce the launch of the TechSprint due to be executed in coming month.

A handwritten signature in blue ink, reading "Kris" with a stylized flourish underneath.

Shri. Senapathy "Kris" Gopalakrishnan
Chairman, Reserve Bank Innovation Hub

Executive Summary

This paper discusses the current landscape of gender and finance in India and highlights the key gender gaps. It is based on the premise that applying a gender lens to financial inclusion is essential to understand the barriers faced by women around equal access, usage, and quality of financial services offered.

The paper analyses available public data around the gender gaps in savings, credit, insurance, and pensions. Using inputs from consultations with a wide range of experts and stakeholders, it attempts to understand key gender-based barriers and arrives at crucial problem statements around access, usage, and quality of financial services for RBIH's स्व-नारी program.

The paper also shares some encouraging innovations, good practices and stories of women users and providers of financial services. Using the evidence from secondary research and collective experience of expert and stakeholders, this paper ends with a call for “Moving towards gender-intelligent banking” and shares a few key enablers that could catalyze women's financial inclusion.

The key enablers of financial inclusion from the demand and supply side presented here are not meant to be exhaustive but instead focus on those areas that could be catalytic in terms of promoting women's financial inclusion.

1. Introduction to RBIH's स्व-नारी program

Context

Women form a disproportionately large share of the world's unbanked and underserved population. The Reserve Bank of India's (RBI) annual [Financial Inclusion Index \(FI-Index\)](#) improved by 10.5 points from 2017 to 2021, indicating deepening financial inclusion in India. However, this improvement may not have translated into equal financial inclusion among women and men in India. Women lag behind men in several socio-economic indicators which affects their active usage of financial products and services building the gender gap. According to the World Economic Forum's Global Gender Gap Report 2021, India slipped 28 places to rank 140th in 2021. The gender gap¹ widened from [66.8%](#) in 2020 to [62.5%](#) in 2021. In the context of women's economic participation, India's gender gap worsened by [3%](#) in 2021. As per the Global Findex report of 2017 (World Bank 2017) about 23% of women in India still lack access to formal financial services, while [55%](#) do not use their bank accounts actively.

The reasons behind exclusion are complex and often interwoven with vulnerability for women and underpinned by social norms. Government schemes have successfully brought a vast majority of women under the umbrella of formal financial services for the very first time, but regular uptake of these services by women still remains a challenge. Digital modes of enhancing financial inclusion for women by targeting self-help groups (SHGs) are still a work in progress. Reducing the gender gap requires putting a gender lens on everything we do. Without fully including women, we cannot solve financial inclusion—or, for that matter, end extreme poverty and promote shared prosperity in India.

About RBIH

The Reserve Bank Innovation Hub (RBIH) is a wholly-owned subsidiary of the Reserve Bank of India (RBI) to promote and facilitate an environment that accelerates innovation across the financial sector. RBIH intends to foster and evangelize innovation across the financial sector to enable a billion Indians access to suitable, sustainable financial products in a secure and frictionless manner. In addition, RBIH intends to create internal capabilities through applied research and expertise in the latest technology. The hub plans to collaborate with financial sector institutions, policy bodies, the technology industry, and academic institutions and coordinate efforts to exchange ideas and develop prototypes related to financial innovations.

Going forward, RBIH aims to serve as a focal point to position India as a global innovation hub for a network of financial services providers, FinTech innovation hubs, policymakers, technologists, academia, and the investor community. The network will ideate, incubate new capabilities, and create innovative and viable financial products and services for 1.3 billion Indians to help shape the future of the Indian financial sector. RBIH will identify challenges in the Indian financial system through applied research and extensive stakeholder

¹ The World Economic Forum defines gender gap as the difference between women and men as reflected in social, political, intellectual, cultural, or economic attainments or attitudes.

consultation. Furthermore, it intends to address these challenges by ideating and piloting collaborative solutions that use the power of technology.

स्व-नारी program

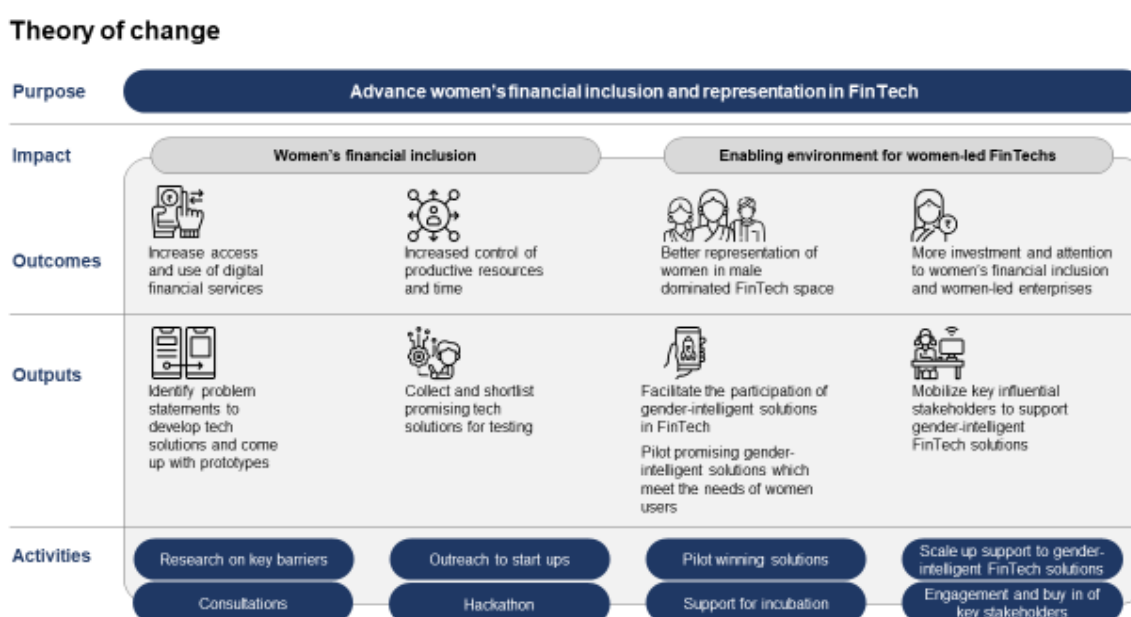
RBIH’s स्व-नारी program intends to encourage partners in the financial services ecosystem to create and produce smart, creative, and sustainable solutions for the underserved, low-and middle-income (LMI) women and women-owned enterprises in India. Based on the philosophy of “India for India” and encouraging more women-led FinTechs the program has two key objectives:

1. Pivot the financial ecosystem to design affordable, sustainable, and suitable financial services and products for women;
2. Enable and encourage more women-led FinTechs to create impact at scale through innovative, technology-led financial services for women users.

The intersection of technology, financial services, and gender can catalyze change in how the market sees and serves women as end-users and contributes to economic growth. The rise of FinTech in India offers a promising opportunity for greater financial inclusion of women. The program intends to use this opportunity to encourage more women in tech to create solutions tailored to the needs of women users. We envision this as a win-win situation to increase women users’ uptake of financial products and services designed for their needs. Further, the program will increase the number of women on the supply side in FinTech creating these solutions.

Figure 1 presents the theory of change to realize the program’s purpose and impact through a set of activities.

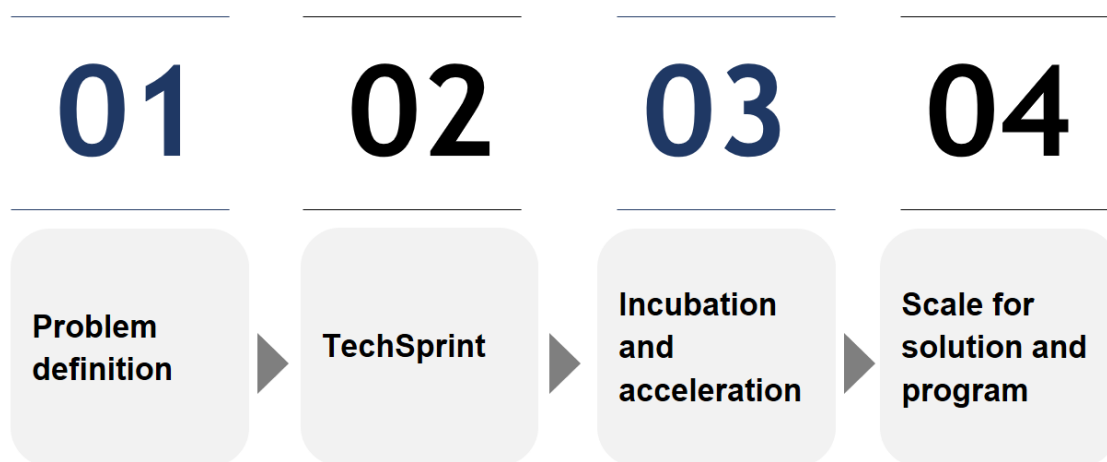
Figure 1: Theory of change



With the right mix of support from the RBI and public or private sector service providers, the program has the potential to impact the lives of more than 331 million adult women, including 13 million women-led enterprises and [7.45](#) million² SHGs across the following thematic areas:

- Improve access, adoption, and usage of digital financial services among LMI women;
- Improve the readiness of service providers to offer relevant financial products;
- Enhance entrepreneurship and better support mechanisms for women enterprises.

Figure 2: Program phases



As part of Phase 1 (figure 2) of the program, this whitepaper provides deep insights into the financial needs, challenges, aspirations, and behaviors of women users of financial services. It documents women’s financial inclusion trends, understands gender-based barriers, and arrives at crucial problem statements regarding access, usage, and quality of financial services for women.

² National Rural Livelihood Mission (NRLM), MIS Dashboard

2. Understanding women’s financial inclusion in India

The Pradhan Mantri Jhan Dhan Yojna (PMJDY), launched in August, 2014, was a watershed moment in the financial inclusion movement in the country. Under PMJDY, [44.63 crore](#) accounts were opened, with deposits amounting to INR [158,713.30 crore](#) within seven years until 26th January, 2022. PMJDY offers a bundled bouquet of products to account holders, including an overdraft of INR 10,000, accidental death-and-disability insurance cover, term-life cover, and the old-age pension. These accounts have become the default channel for delivery of government payments, such as through the direct benefit transfer (DBT) system.

Shifting focus from opening accounts for “every household” to “every adult” was a game-changer in the financial inclusion space of India. Emphasis on individual accounts reduced the gender gap in account ownership between women and men from 20%, (63% for men against 43% for women) in 2014 to just 6%, (83% for men against 77%) in 2017.³ The more recent data on gender-disaggregated account ownership comes from the AIDIS⁴ survey published in September, 2021. The survey reports that an average of 81% of women (80.7% rural, 81.3% urban) had a deposit account in banks compared to an average of 88.55% of men (88.1% rural, 89.0% urban)—a gender gap of 7.55% in account ownership in 2021. However, this near-universal access to bank accounts does not translate into their proportional usage, especially by women.

Limited usage, account dormancy, and zero-balance accounts remain a challenge. Of all the female account owners, 53% have an account that reported no deposit or withdrawal in the past year (Findex, 2017).

The gender gap in savings, credit, payments, insurance, and pension

Empowerment and economic growth hinges on providing women with effective and affordable financial tools to save and borrow money, make and receive payments, manage risk, and plan for their old age and retirement. However, the current landscape of women’s access and use of these tools shows a wide gender gap.

Savings: Women’s share in aggregate deposits of individuals has been increasing; however, the rate of increase is slow. Women owned only 35.4% of all deposit accounts in scheduled commercial banks (SCBs) in 2021. Similarly, the share of women depositors in the total deposit amount was only 34%, till March, 2021 (Figure 3).

Overall, fewer women than men have access to independent disposable incomes that they could use to save money. The female labor force participation rate has fallen for the past

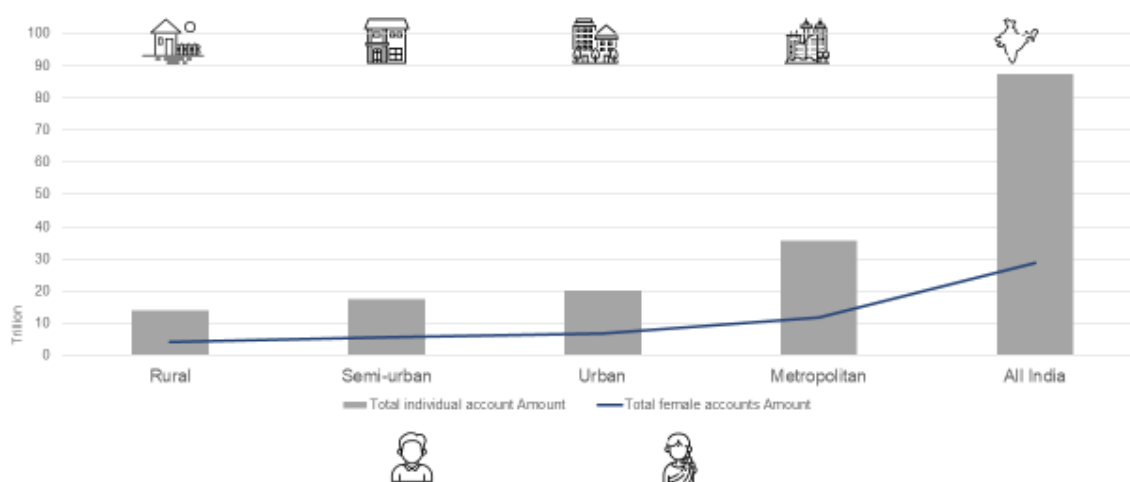
³ Findex, 2017

⁴NSS REPORT No. 588: All India Debt & Investment Survey (January-December, 2019)

decade, recorded at 21.2% until March, 2021.⁵ Despite this lack of income and the 19% gender wage⁶ gap in India, women have been the intrinsic savers of their families. Women are groomed early on to make savings a part of their household responsibility. A sense of insecurity about the future compels women to save more than men.⁷ Women make physical savings privately for emergencies since they lack access to convenient channels to save small amounts frequently.

A recent study states that public sector banks could attract INR 250 billion deposits by serving [100 million low-income](#) women alone.⁸ This is supported by the finding that women who actively use PMJDY accounts maintain average balances [30% more](#) than men.

Figure 3 Population Group-Wise Deposits of Scheduled Commercial Banks According to Broad Ownership Category as of Mar'21



Source: Basic Statistical Returns, 2021, RBI

Credit: Over the past decade, the shares of women and men in total bank credit have increased. However, the increase in women’s share has been much slower than men’s and remains abysmally low in absolute terms. In 2017, women accounted for only 7% of total bank credit compared to 30% for men. After including credit to microfinance institutions (MFIs), SHGs, and joint liability groups as part of “women’s credit”, women’s share in total credit was only 8%.⁹

As of September, 2021, the share of individual female borrowers in total credit was 9.8% in terms of amount and 31.3% in the number of credit accounts. A further disaggregated look at the small borrower accounts (Figure 4) also tells the same story, wherein men have a larger share of the outstanding amount (59.8%) compared to women (33.3%). This

⁵ Periodic Labour Force Survey, January - March 2021, Ministry of Statistics and Programme Implementation

⁶ Monster Salary Index 2019

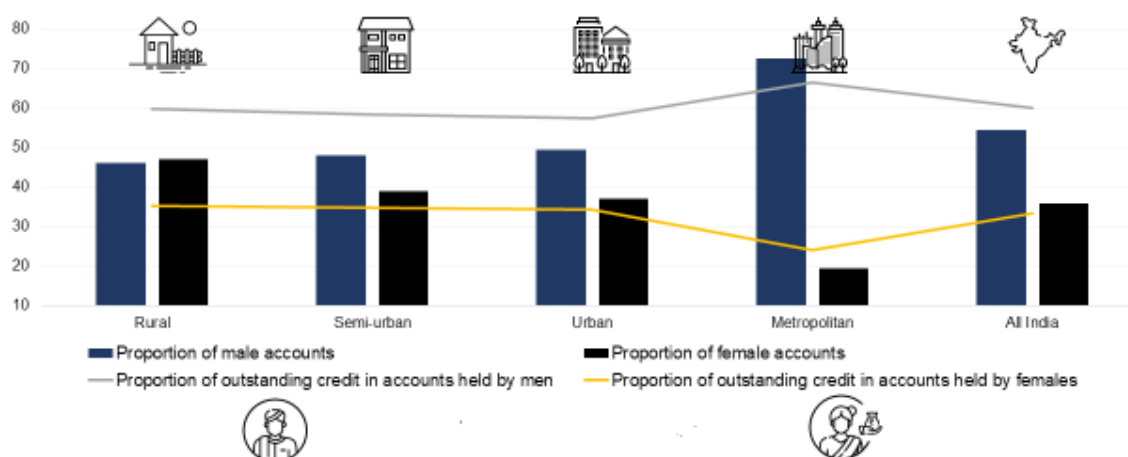
⁷ A. Sharma, *Modernisation and Status of Working Women in India: A Socio-Economic Study of Women in Delhi*, 1990, Mittal Publications

⁸ <https://www.womensworldbanking.org/wp-content/uploads/2021/08/WWB-The-Power-of-Jan-Dhan-Report-Web.pdf>

⁹ Pallavi Chavan, ‘Women’s Access to Banking in India: Policy, Context, Trends and Predictors’, *Journal of the Foundation for Agrarian Studies*. Available at http://www.ras.org.in/women_s_access_to_banking_in_India

observation opposes the general perception that women have a higher share in small borrowings, (with a credit limit of INR 200,000) given the success of the Self-Help Group Bank Linkage Program (SHG-BLP) program and the availability of microfinance in India.

Figure 4: Percentage distribution of outstanding credit of small borrowal accounts of Scheduled Commercial Banks according to broad category of borrowers, March'21



Source: Basic Statistical Returns, 2021, RBI

Further, available anecdotal evidence suggests many women borrower accounts are proxy accounts for men.

The SHG-bank linkage program and schemes like *Mudra* remain essential sources of access to credit, especially for low-income women and women-led micro and small enterprises. However, a closer look at these programs reveals that even though India has 9.72 million exclusive women SHGs, only 7.67 million, that is, 79% of accounts are operative¹⁰.

Further, SHGs cover only about 20% of 300 million low-income women in India. SHG loans remain cash-driven and small ticket-size loans, which are inadequate for growth-oriented women-led enterprises. Despite regular repayments and low [NPA rates \(2.83% in 2021\)](#) of the SHG women, banks lack visibility of their creditworthiness, as a majority of SHG groups remain cash-driven.

Similarly, women form 98% of the clientele for MFIs in India. However, MFIs can only extend small ticket-size loans of up to INR 1.25 lakh to female borrowers. Majority of women (95%) work in the informal and micro sectors. They lack collateral, credit histories, bank statements, or income tax returns (ITRs) to access higher-sized loans to invest and grow their enterprises.

The *Mudra* scheme intended to solve this credit gender gap in the missing middle category of borrowers (borrowers who need credit between INR 1 lakh to 5 lakh). However, 65.55% of *Mudra*¹¹ loan accounts of female borrowers remain in the *Shishu* category (up to 50,000)

¹⁰ Access, 2021, Inclusive Finance India Report

¹¹ MUDRA 2019-20, Annual Report

as opposed to Kishore (50,000 -₹ 500,000) and Tarun (₹ 500,001-₹ 1,000,000) categories, where the number of loan accounts for women entrepreneurs drops to 46.17% and 30.96%, respectively. This is driven by *Mudra* primarily refinancing loans by MFIs whose primary clientele are women. The [Stand-Up India](#) scheme¹², launched in April, 2016, provides higher-sized loans (between INR 10 lakh and INR 1 crore) to women's enterprises. However, it has cumulatively extended loans to 91,109 women borrowers since its launch.

A study by IFC [estimated](#) that the total annual finance requirement of women-owned enterprises in India is INR 1.95 Trillion. This estimate reflects the total demand for finance of both registered and unregistered enterprises, formal and informal. Thus, formal financial institutions must target this market demand.¹³

Insurance: Women face many risks unique from men and could be well served by insurance. Women's risks are shaped by pregnancy, childbirth, and longer life expectancies. They are more likely to be self-employed and working in the informal economy. Women often own fewer assets and lack awareness of the terms and value of different types of insurance. Access to insurance can help increase women's ability to mitigate risks and manage shocks effectively. It prevents women from relying solely on traditional risk management mechanisms, such as selling assets, informal lending, or pulling children out of school. Despite this, the majority of women remain uninsured.

Women represent only 21.2% of the labor force in India. They have lower earnings, higher gender-specific health requirements, and limited access to assets, making them more vulnerable to health and financial risks. Their risk profile has, in turn, resulted in this segment remaining underserved by the insurance sector. For example, the insurance sector sold 2.88 crore life insurance policies in 2019-20, with the first-year premium of INR 1.02 lakh crore. The share of women in [2019-20](#) further decreased to 32% in the number of policies and 34% in first-year premium compared to 36 percent and 37 percent respectively in 2018-19. The proportion of women's policies in the case of private life insurers was 27%, and that of LIC was 34%.¹⁴

Women have better uptake rates of insurance under the universal insurance coverage scheme of *PM Jeevan Jyoti Bima Yojna* (PMJJBY). As of 31st January, 2020, [40.70% of enrollments](#) and 58.21% of claim beneficiaries under PMJJBY are women.¹⁵ In terms of other types of insurance, women face inadequate or no insurance coverage. Lack of adequate health cover means women's health needs are deprioritized, or women spent at least 20 times higher in private healthcare.

Higher spending on chronic illness¹⁶ in a household remains the primary cause of debt and poverty. According to the World Bank, 12.6% of Indian women have outstanding loans on

¹² Ministry of Finance, 2021, Press Release

¹³ IFC, 2019, Financial Inclusion for Woman-Owned Micro, Small & Medium Enterprises (MSMEs) in India

¹⁴ IRDAI, Annual Report 2019-20

¹⁵ Press Release, March 2020, Ministry of Finance

¹⁶ An outcomes study by Women's World Banking based on Martha Chen's Empowerment Framework on the caregiver insurance product at Microfund for Women (MFW) in Jordan showed that those clients who had both a loan and the caregiver insurance saw the following changes:

- a) Material change: Caregiver benefits allow clients to repay loans despite hospitalization and avoid additional debt
- b) Cognitive change: Women understand the insurance concept, product terms and conditions, and calculations related to cost of loan renewal and the Caregiver product.
- c) Perceptual change: Women with income-generating activities have a strong sense of self-confidence and a vision for their future.

health and emergencies.¹⁷ Financial stress posed by emergencies remains a significant trigger of domestic violence against women.

Pension: Most women in India, especially low-income women, tend to operate in the informal sector and thus generally lack a security net or retirement and pension plans. Women have longer life spans and usually outlive their spouses, thus, compounding their risk and aggravating the gender protection gap. Women frequently set aside small sums of money but often lack the means to convert their savings into sufficiently large funds sufficient to support them in old age. Women undertake most [unpaid work](#), including elderly care and childcare, not reflected in any pension scheme.

According to the 2011 census, only about [12% of the workforce](#), approximately 58 million people, are covered under pension systems in India. Covered individuals belong to the organized sectors covered mandatorily by the Employees Provident Fund Organization (EPFO). However, [95% of Indian women](#) work in the unorganized sector and lack pension coverage. [The Atal Pension Yojana](#) (FY 2019-20) reports registering 211.42 lakh subscribers, of whom 43.14% (9,620,622) are women.

Payments and digital financial services: India has developed one of the most advanced payment systems in the world. The pandemic gave further impetus to India's overall adoption and growth of digital payments. The year witnessed a significant surge in digital payments—a whopping 55.54 billion digital transactions in FY 2021 against 45.72 billion in FY 2020. However, no gender disaggregated payments data is available to ascertain how this increase is distributed across genders and women's preferred modes of payments.

d) Relational change: Women with income-generating activities have increased perception of decision-making within their household.

¹⁷ The World Bank, 2014.

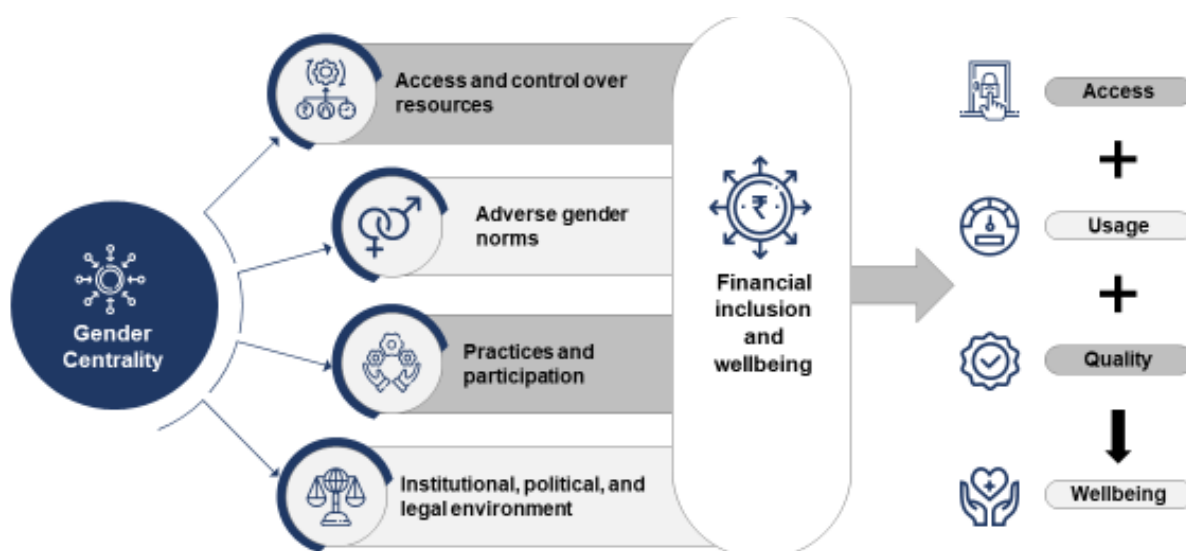
3. Decoding the reasons behind the gender gap

Gender equality and women's empowerment are now recognized as integral parts of sustainable growth and poverty reduction strategies. We cannot undermine gender issues in financial inclusion. Gender barriers affect how women, who form half or a statistical majority of India's population, access, use, and benefit from financial services.

Women's experiences in the household, community, and workplace are different from men's, as determined by unfavorable gender roles. This has implications on the fundamental aspects of women's lives, including mobility, intra-household decision-making, access to resources, and assets, which in turn affect their ability to use and benefit from formal financial services.

This whitepaper uses a gender centrality framework (see figure 5) to understand the barriers women face in access, usage, and quality of financial services and how overcoming them can contribute to their wellbeing.

Figure 5: Gender centrality framework



Access: Access means the ability of women and men to obtain and use financial services conveniently and safely. The key drivers of access include proximity, affordability, relevant product features or terms, eligibility, and regulatory requirements.

Usage: Usage covers the frequency and regularity with which women and men use financial products and services. A few key drivers of usage include monetary and perceived utility, relative costs like the actual and opportunity cost, convenience, and ease of documentation. It also means the removal of factors that discourage people from using financial services even if they are not explicitly excluded from doing so.

Quality: Quality refers to women’s and men’s experiences while using financial services. Quality also involves the level of financial literacy as it increases a users’ ability to understand the benefits and risks of the evolving financial services and products landscape.

Wellbeing: The impact of using financial products and services by women and men contributes to their financial wellbeing.¹⁸ Key indicators are consumption patterns, business activity, ownership of productive assets and skills, and the ability to cope with risks.

Barriers originating from the demand and supply-side erode women’s ability to use financial products and services meaningfully and, therefore, their overall wellbeing.

Key gender barriers to women’s participation in formal financial services:

Demand side barriers:

- **The poor user experience of women while banking:** As [per census 2011](#), India has an estimated 149.8 million female workers. However, as the paper illustrates above, not all working age women are active users of financial services. Many among the former have a negative user experience with financial products and services. [MSC’s studies](#)¹⁹ found that a segment of semi-literate women, such as workers in ready-made garments (RMG) factories, have an active financial life. Despite this, they are more likely to struggle with operating their accounts at ATMs and bank branches. Such negative user experience means many women remain inactive, proxy, or basic users of financial products and services. A better user experience is crucial to help them graduate to regular and advanced users.

Figure 6: Women user segments in financial services



MicroSave analysis

¹⁸ Wellbeing has multiple facets. The WWB Wellbeing framework has several indicators for each of the four definitions.

- Material change (income or resources, basic needs, and earning capacity)
- Cognitive change (knowledge, skills, and awareness)
- Perceptual change (self-esteem, self-confidence, vision of future, visibility, and respect)
- Relational change (decision-making, bargaining power, participation, and self-reliance)

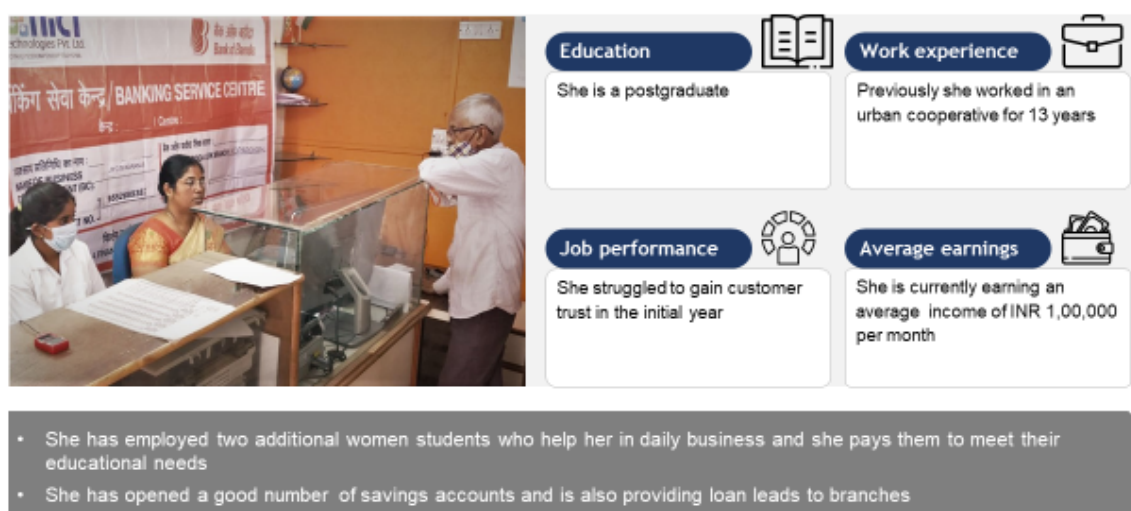
¹⁹ Financial Behavior of Female Garment Workers in India, A Quantitative Enquiry, MSC, BSR Her Project 2019

- **Lack of awareness:** Women face an information disadvantage as they have [smaller and less diverse networks](#) and are less likely to receive information from people within their networks. This may lead to their low trust in financial institutions and limit their participation in advanced financial products.
- **Poor confidence and capability to use digital financial services:** Even if women are aware, one of the primary barriers to active usage of formal financial services is the lack of financial capability. It results in low trust and poor confidence to use financial services independently. Women in rural areas have limited or no access to information on how to engage in the continuously evolving formal financial services, especially with digital services. Poor confidence and lack of understanding also result in a lack of trust in digital financial services. As allowed by the regulator, the [Business Correspondent](#) (BC) network (see figure 7) holds promise in terms of providing last-mile banking and increasing confidence in financial services and, more so, in digital financial services (DFS).

Recent studies show that a 1% increase in the number of business correspondents in a village increases the likelihood of a woman owning a bank account by 21.8%.²⁰ However, there is evidence of customers' limited faith in the agent network, which affects the network's viability. [MSC's recent study](#) found that 67% and 71% of the DBT beneficiaries under *PM Garib Kalyan Yojna* (PMGKY) preferred to visit bank branches to withdraw their payments during May, 2020 and September, 2020, respectively.

Figure 7: Story of a Bank of Baroda Business Corresspondent

Jyoti Pandurang Karanje, an exceptionally well performing, urban Business Correspondent Agent of Bank of Baroda



²⁰ Financial Inclusion for Rural Transformation. A comprehensive program of research led by Bharat Inclusion Initiative | IIMA | IRMA. https://bharatinclusion.ciie.co/firt/Articles/Sessions_Summaries.pdf

- **Socio-cultural barriers:** Prevalence of specific value systems and beliefs in some sections of the population results in a negative perception of formal financial services. Women lack the freedom and choice to access financial services because of adverse social norms. Women are often more vulnerable while attempting to avail financial services as they are often new to the financial system and may be unaware of the grievance redressal mechanisms. Gender norms often [influence formalized rules](#) within financial systems, such as the requirement of the husband's signature when opening a savings account, or applying for a loan, collateral requirements, and so on.
- **Digital gender divide:** Gender disparity in access to technology, such as mobile phones and valid identification, can exacerbate gender disparities. With smartphones becoming the preferred delivery channel for DFS, the gender gap risks increasing further if providers do not specifically target women. In India, a woman is [36%](#) less likely to own a mobile phone than a man. Further, [NFHS-5](#) data from 22 states reports that only 54.8% of women in India own a personal mobile phone.
- On average, less than three out of 10 women in rural India and four out of 10 women in urban India have ever used the Internet (NFHS-5). This digital divide has enormous implications on the convenience with which women use DFS and other essential banking services that have increasingly migrated from physical branches to digital. Women also have limited literacy levels, constrained mobility and access to public spaces, and are intimidated by the male-dominated physical banking space and English-dominated online financial interfaces.
- **Lack of access to resources and assets:** The requirements for collaterals automatically excludes many women when they seek access to higher size credit. Evidence points out that more men than women have land ownership—the most prominent form of collateral used widely. The [NCAER survey](#) found that women comprise more than 42% of the agricultural labor force in the country, but they own less than 2% of farmland.
- **Lack of official documents:** Women are more likely to be undocumented and not possess official government-issued identification papers, making it impossible for them to access basic formal financial services, such as opening an account and receiving government assistance. As per State of Aadhaar report, 2019, on an average [8%](#) women do not have Aadhaar. The report also states that for [9%](#) women, Aadhaar is their first form of ID.
- An analysis by Kelkar, Nathan, Revathi, and Gupta assessed the impact of *Aadhaar*²¹ on women's lives. Before *Aadhaar*, the ration card was a common identification document issued at the household level. However, it was typically in the name of the male head. The ration card provided a household-level identity but not an individual identity that one could use to access other services.

²¹ Govind Kelkar, Dev Nathan, E. Revathi and Swati Sain Gupta, *Aadhaar: Gender, Identity and Development*, Academic Foundation, 2015.

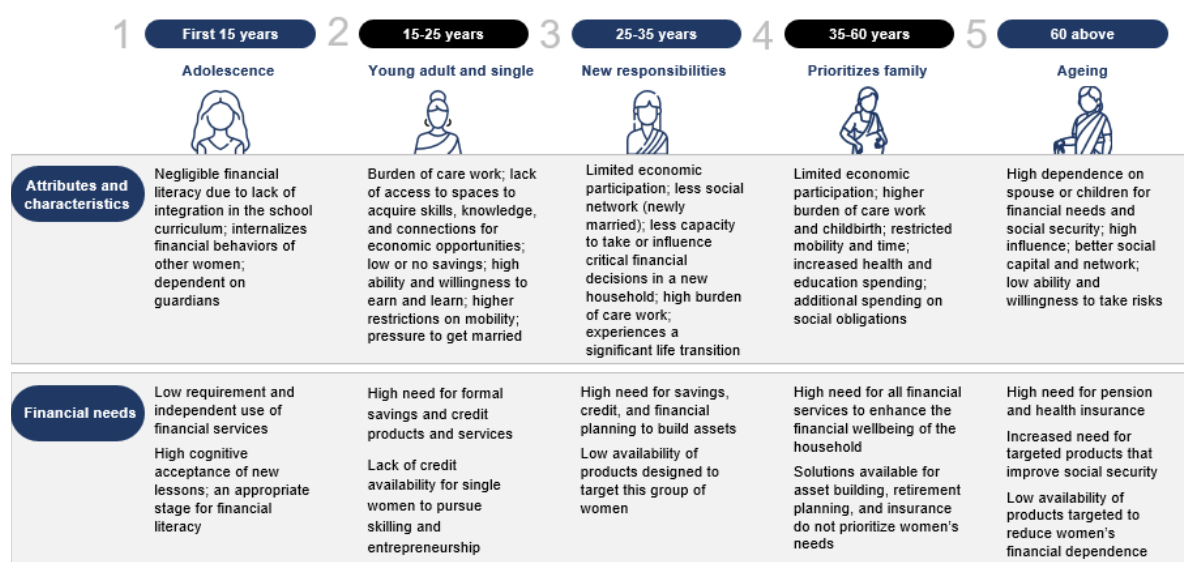
- In contrast, the *Aadhaar* number now allows a woman to open an account and receive Direct Benefit Transfers (DBT) directly in her account, like under the Mahatma Gandhi National Rural Employment Guarantee (MGNREGA) scheme. The State of Aadhaar report also mentions that 40% of women surveyed felt they had more control over their money with Aadhaar. However, frequently changing phone numbers and incorrect numbers linked to *Aadhaar* lead to delays in payments. Only 39% have linked a correct mobile phone number to their Aadhaar and 3.3% of people were denied bank accounts, and 0.8% of people were denied SIM cards due to Aadhaar-related problems.²²

Supply side barriers:

- **Lack of products and services designed for women’s lifecycle needs:** The providers typically develop products or services considering men as the default users. These services do not cater to women’s different lifecycle needs (see figure 8) and life transitions, such as marriage, childbirth, and primary caregiver roles.

Women are also treated as a homogenous group. The supply-side fails to consider the differences among women based on their age, caste, class, ethnicity, geography, occupation, education, and so on. Women’s identities and interests emerge from these complexities and are distinct from those of men. Further, complicated procedures and lack of targeted and clear communication around products and services significantly deter onboarding women users.

Figure 8: Women’s lifecycle and corresponding financial needs



Women's Lifecycle Needs : Microsave Analysis

- **The gender gap in the representation of women on the supply side:** The gender gap in financial inclusion also manifests from the lack of women working in delivering financial services. For example, as of March 2021, women accounted for only 24% of

²²2019, State of Aadhaar report
(https://stateofaadhaar.in/assets/download/SoA_2019_Report_web.pdf?utm_source=download_report&utm_medium=button_dr_2019)

overall employment in all scheduled commercial banks in India.²³ Further, India has only 11% of women against the 16% global average at the banking sector's decision-making levels. Similarly, as of 2020, women constitute only 27% of the total agency force as agents in the life insurance industry. The microfinance industry, which relies on more than 90% of women clients, employs only 12% of the total women workforce and 11% of women as field staff. Evidence increasingly shows that an agent's gender plays a crucial role in accelerating regular usage of accounts by women, yet women constitute less than [10%](#) of business correspondents in India.²⁴

The FinTech ecosystem in India is growing. According to a Boston Consulting Group report released in March, 2021, Indian FinTech companies will reach a USD 150-160 billion valuation by 2025, becoming three times more valuable in five years. However, it remains an overwhelmingly male-dominated industry. A recent [report](#) revealed that women-founded and co-founded startups account for less than 6% of total investments infused into the Indian startup ecosystem. Startups with only female founder(s) accounted for a minuscule 1.43% or USD 480 million, across 80 deals, of the total startup investments in India between January, 2018 and June, 2020.

- **Lack of gender-disaggregated data in financial services:** Beyond the data on enrollment, FSPs and government entities do not collect and publish gender-disaggregated data on the usage and impact of financial services. Women's low levels of access and use remain hidden within the cumulative country-level data.

Identifying problem statements for RBIH's स्व-नारी Program

As more FSPs increase their efforts toward inclusion, technology plays a vital role in unlocking the market opportunity that women represent. While we understand that many of the gender barriers represent complex development challenges, the scope of this whitepaper is limited to identifying those that can be potentially solved using technology. With this in mind, RBIH convened a series of dialogs "Thinkshop" in January and February, 2021.

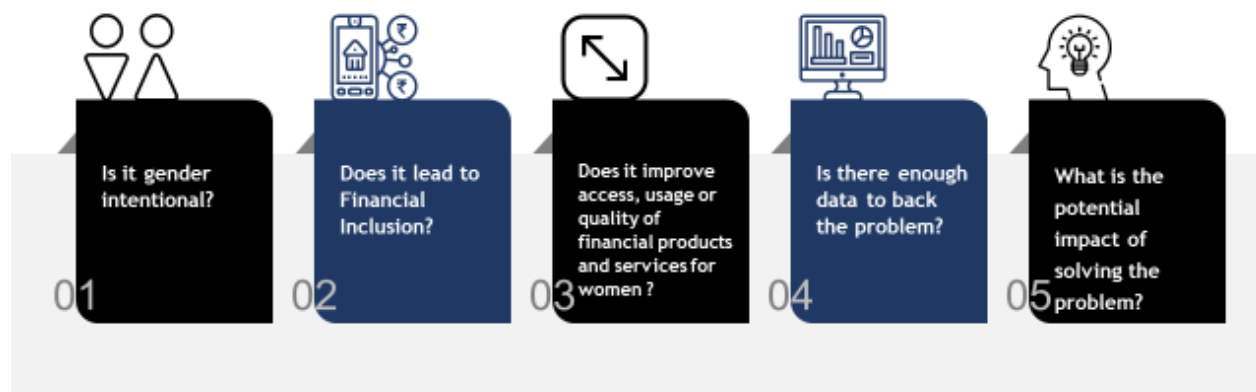
The series brought together several stakeholders. They included financial services professionals, representatives from commercial banks, FinTech, civil society, and women's organizations, along with payment providers, multilaterals, startups, and microfinance companies. These knowledge exchanges revealed the potential to use technology and data to drive greater financial inclusion for women and reduce the gender gap in women's access to and use of DFS.

²³ Table No. 4.2 - Bank Group and Population Group-Wise Distribution of Employees of Scheduled Commercial Banks According to Category ([RBI's Data Warehouse](#))

²⁴ As of March 2020, more than [1.17 million business correspondents \(BCs\)](#) were providing banking services in the country.

We used a framework (see figure 9) to shortlist the various problem statements that the experts discussed during the Thinkshop discussions:

Figure 9: Framework for problem statement selection



The stakeholder consultations enabled us to arrive at several problem statements. We selected the following seven problem statements using the framework:

Figure 10: The final seven problem statement

Problem statements						
How can we build solutions that improve digital and financial literacy for low-literate, oral, and vernacular segment of women users using behavior-led designs?	How can digital solutions increase access to credit products that meets the financial needs of micro and small women-led enterprises?	How can we develop tech solutions that help women SHG members to frequently save small amounts digitally with their individual PMJDY/BSD accounts?	How can digital solutions enable banks to use alternate data (e.g. on social trust, mobile usage, travel) to build safe and consent based alternate credit scoring mechanism for young single women and micro and small women entrepreneurs without credit histories and absence of collateral?	How can we improve user experience (ease, safety, grievance redress) for women users of digital financial services	How do we leverage technology to get more women recruited as Business Correspondents?	How can digital solutions improve access to institutional and individual investors for women startup founders?

The स्व-नारी program intends to encourage innovation in the startup sector to design and roll out solutions to the above problems using the philosophy “India for India” and encouraging more women-led FinTechs. We have provided context and other details on the shortlisted problem statements in the [annex](#).

4. Emerging opportunities to bridge the gender gap

Our response to today's unprecedented COVID-19 crisis demonstrates how digitalization has become a lifeline for the economy. The rapid digitalization of the financial services sector brings new opportunities to help build a gender-inclusive economic infrastructure that serves underserved customers better, especially women.

Digital financial solutions can bridge the gender gap significantly by increasing women's financial independence and improving their economic participation.²⁵ DFS can reduce the gender gap in account ownership and increase women's use of formal financial services by making it easier for them to save formally or access credit. It can lower the risks associated with greater financial autonomy by improving privacy and confidentiality and reducing the time spent in accessing physical services. It can also help their businesses by reducing costs and giving them access to various financial services.²⁶

Figure 11: Merits of digital financial services



A study in Kenya shows that from 2008 to 2014, a rise in mobile money usage as measured by increases in agent density led 185,000 female-headed households to switch their primary occupation to business or retail. These households increased their consumption by 18.5%. Further, the share of female-headed households living in extreme poverty decreased by 21%.²⁷

In India, a study of women's participation in the [Mahatma Gandhi National Rural Employment Guarantee Act \(MGNREGA\)](#) scheme showed that women who received direct deposit earnings in their bank accounts and training to use the accounts are more likely to engage in the labor market than those without. Direct deposits and training enabled women whose husbands subscribed to adverse gender norms to improve labor force participation, unlike similarly constrained women without direct deposit access.²⁸

Female entrepreneurs can build a digital history by conducting digital transactions, such as utility and rent payments, as part of their business activities. These transactions also become an increasingly important source of information for credit decisions in the absence of credit history. Providers can use alternate algorithms to underwrite credit based on digital transactions for women entrepreneurs who want to raise capital from the formal financial market. Digitization can also pave the way for alternative collateral methods for women-led businesses.

²⁵ World Bank et al. 2015. Digital Financial Solutions to Advancing Women's Economic Participation

²⁶ Ibid.

²⁷ Suri and Jack "The long-run poverty and gender impacts of mobile money" (2016)

²⁸ Field et al. "On Her Own Account: How Strengthening Women's Financial Control Affects Labor Supply and Gender Norms" (2019)

Innovations have proliferated, while tech-enabled businesses, forward-looking banks, and insurance providers are solving the long-standing needs of women customers, tapping the opportunities hidden in plain sight.

- New, for-profit peer-to-peer credit platforms have emerged, extending access to financial services beyond social networks or family members. For example, [Faircent](#) in India is a peer-to-peer (P2P) lending platform that has enabled lending for new to credit and women borrowers who form 35% and 17% of their portfolio, respectively. Similarly, [Rang De](#) is an NBFC-P2P platform that enables low-cost customizable loans for the underserved. More than 90% of the loans on the Rang De platform go to women borrowers.
- [AgroMall](#) is a Nigerian AgriTech company that works with smallholder farmers and agribusinesses to help them access various affordable financial services. The company adopted a gender-transformative approach to enable credit for women farmers who do not own land. This approach allowed AgroMall to increase the percentage of women clients in their portfolio.
- A leading [insurance](#) company worldwide, AXA launched its global initiative for the women's market in 2016. AXA partnered with the IFC and Accenture to understand women's insurance needs and quantify the global market opportunity at USD 1.7 trillion. AXA then conducted extensive market research on women's unique needs and pain points in their markets. AXA developed new offerings and adapted existing products based on the data obtained. The program focused on women in retail businesses, which included tailored solutions that considered gender-specific health concerns or pregnancy through new offerings in life and savings, health, assistance, and property and casualty insurance products. The program included business solutions like liability and support in accessing finance, emphasizing mentoring and upskilling support for SME owners. In 2019, 17 AXA business units included women customers as strategic priorities. They have developed 26 products for women ever since²⁹.
- India's BC Sakhi model supported by the National Rural Livelihood Mission (NRLM) deploys women SHG members as last-mile banking agents, improving women's representation and role in the supply side of financial services. BC Sakhis have been gradually facilitating the adoption of digital transactions among women SHG members. In total, 31,932 BC Sakhis are deployed in difficult-to-reach areas across various states, providing critical banking services. During 2020-2021, BC Sakhis cumulatively performed 26.39 million transactions valued at INR 85.97 billion.³⁰
- SEWA Bharat³¹ is a federation of more than 1.9 million informal sector women workers that initiated a "grassroots researchers" initiative. The initiative trains women from marginalized and low-income households as data collectors. These grassroots data collectors conduct financial inclusion surveys and collect other

²⁹ Access to Insurance Initiative, 2021. The Role of Insurance Supervisors in Boosting Women's Access to Insurance

³⁰ DAY-NRLM

³¹ SEWA Bharat

critical gender-disaggregated data for SEWA members using digital tools. This data helps SEWA plan and design financial products and services for its members and empowers and trains women at the grassroots to be part of the digital revolution.

- Among public sector banks in India, the Bank of Baroda (BoB) has endeavored to look at gender-disaggregated data to understand women's saving behavior and use the lesson to serve them with suitable products and services. Bank of Baroda collaborated with Women's World Banking to conduct an innovative pilot program considering the data. It designed **Jan Dhan Plus**, a product to motivate women to adopt a behavior that emphasizes recurring savings and to use their accounts to access credit, insurance, and other financial products by using the business correspondent channel.
- The Bank of Zambia (BoZ) marked a significant step in advancing women's financial inclusion after unveiling the results of a landmark gender-disaggregated financial inclusion data survey, which intends to build the business case for developing products and services for women.³²
- Central Bank of Kenya regularly conducts its [FinAccess Household Survey](#)³³, which produces gender-disaggregated data (GDD) on access, usage, and quality of financial services. Kenya has increased access to formal financial services for women from 40% in 2009 to 84% in 2021. The surveys help the bank to identify opportunities and barriers. A granular SDD analysis shows that considerable differences between men and women remain in some areas despite gains in access. For example, usage analysis shows men using banks 14% more than women, and women using informal groups 14% more than men.
- Haqdarshaq, an assisted tech company, employs female agents in rural areas to increase uptake of government welfare services. Women agents of Haqdarshak enable easy access to government welfare services for low income communities (see Figure 12). It has trained more than 8000 women agents. The story below (see Figure 13) shows how women are serving women at the last mile by enabling assisted access to a variety of welfare services.

³² AFI. 2019. Gender Inclusive Finance Factsheet

³³ Central Bank of Kenya, 2021, FinAccess Household Survey

Figure 12: Story of field agents of Haqdarshaq

Lalli Pal works as a field agent for Haqdarshak which provides easy access to welfare services via an assisted-tech model.



<p>Education</p> <p>She has completed her education up to 10th grade</p>	<p>Work experience</p> <p>She is the leader of a self help group (SHG) in her village</p>
<p>Job performance</p> <p>She has gained digital independence and serves her local community very well by enabling their access to various govt. schemes</p>	<p>Average earnings</p> <p>She is currently earning an average income of INR 6000 per month</p>

- She is able to contribute to her family income with the livelihood earned as a Haqdarshak
- The job role as a Haqdarshak is ideal for her due to the flexibility it provides, she is also the primary caregiver in her family

“

This work gives me the opportunity to understand the problems of others in my village and try to help solve some of them. I help increase their awareness about schemes, and have earned their respect and trust. I work as a Smiti Sanchalak and head a panchayat committee

9

Figure 13: Story of a beneficiary of Haqdarshaq

Lilly Pushpam, Micro-entrepreneur beneficiary of services from Haqdarshak



<p>Education</p> <p>She has completed basic schooling education</p>	<p>Work experience</p> <p>She owns and runs a tailoring shop</p>
<p>Entrepreneurial aspirations</p> <p>She wanted to access capital to expand her tailoring shop</p>	<p>Impact of Haqdarshak</p> <p>With help of a women agent of Haqdarshak, she received a loan of INR 50,000, bought 3 sewing machines and now trains other women</p>

- This was her first time seeking a formal loan
- She is heavily dependent on informal sources like family, friends and informal money lenders for loans
- Being a microentrepreneur, she had no proof of business or commercial activities
- HQ team supported her with all documents and guidance to apply for a loan of INR 50,000 under a government scheme, which got sanctioned

10

Moving towards gender-intelligent banking

As illustrated in the examples above, financial service providers across the globe are gradually moving away from the traditional default mode of “gender-neutral” banking to adopt “gender intelligence” in their products and services. This movement is fueled by the increasing adoption of DFS in all customer segments.

The DFS opportunity to close the gender gap in financial inclusion

Findex 2017 reveals that digital payments and use-cases correlate strongly with the reducing gender gap. Digital payments have been growing worldwide at quite a rapid rate, with more than 52% of the global population using digital payments in some form or the other.³⁴

McKinsey estimates that DFS could turn 1.6 billion of the 2 billion unbanked people into formal customers by 2025, thus adding USD 3.7 trillion to the GDP of emerging economies.³⁵ Banks that successfully use digital technologies could realize 40% or more profit upside.³⁶ Emerging evidence suggests DFS demand has increased among younger women and business owners. Recent studies suggest the pandemic may have increased [women’s receptiveness to using DFS](#).

Core enablers for women’s digital financial inclusion

Demand side enablers:

- **Mobile phone ownership:** Most DFS platforms use mobile interfaces or mobiles for real-time transaction information. Thus, access to mobile phones and independent ownership of them improves the likelihood of DFS use. For example, in the case of kiosk-based agent banking outlets, a user gets transaction notifications on their phone via a text message.
- **Use-cases:** DFS can advance financial inclusion only if women use them regularly. Women who have entered into the formal [financial services space](#) (FSS) need relevant use-cases that ensure continued and advanced usage of financial services.

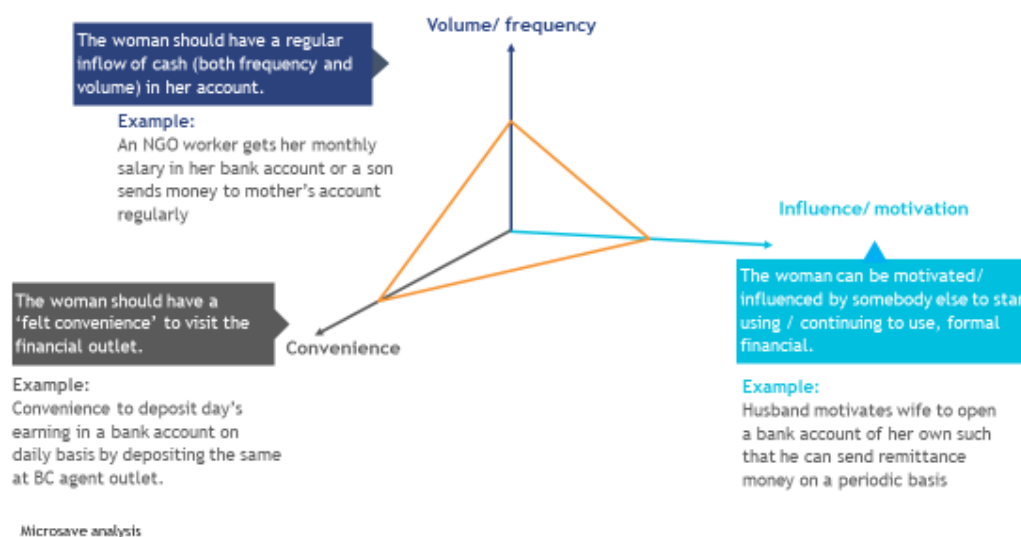
³⁴ Findex 2017

³⁵ McKinsey Global Institute. 2016. Digital Financing for All: Powering Inclusive Growth in Emerging Economies

³⁶ McKinsey & Co. “Strategic Choices for Banks in the Digital Age,” 2015.

Figure 14: Triggers of the financial service space of women users

The Financial Services Space is a three-dimensional space that explains the financial behaviour adopted by different personas of women, and behavioural 'triggers' that could lead to increased financial inclusion



- Financial and digital capability:** Enhancing the financial capability of women users, business owners, and young girls is critical. Products that help increase financial capacity and draw insight from [behavioral science](#) can encourage customers to use products more often, resulting in higher profitability for providers and greater usefulness for customers. Decoupling financial literacy and product usage does not help to increase financial capability. Creating better evidence based on what works within different Indian contexts can help scale successful approaches to building financial and digital capability.
- Gender-sensitive channels:** Policymakers have not influenced or changed social norms that result in a male-dominated financial services sector. They are improving the gender sensitivity of customer [touchpoints](#) like bank branches and merchants and expanding women agent networks. For example, the agent network or the BC model in India holds the dual promise of facilitating financial inclusion on the demand side through increased access and use of financial services and employment for women and creating local role models of women as “bank’s agents.” They intend to diminish normative barriers around how women engage with money and create financial safe spaces for women. Studies indicate that women agents serve more women, provide a better customer experience, and reach more remote and rural areas

Supply side enablers:

- Gender-disaggregated data:** The disaggregation of data by gender builds an evidence base for allocating resources. It allows banks and other FSPs to uncover significant trends and relationships to target specific customer segments. FSPs should therefore disaggregate data on various indicators like the percentage of women clients in their current portfolio, addressable market share of women, the depth and quality of outreach to different women market segments, and so on. They can study and understand women customers during market research while designing new

products and services. Banks should publicly disseminate sex-disaggregated data through their products and services.

- **Gender balance in the financial sector workforce and FinTech Industry:** Improving women's representation at all levels in the financial sector will go a long way in better serving the needs of women who use financial services. Supporting more women-led FinTech to offer innovative financial products and services will also promote active participation by women on the supply side.
- **Targeted products and services:** Understanding women's lifecycle needs and how social norms impact their financial behavior is an essential precursor to developing products and services for the women's market. Examples include understanding women's time requirements due to household responsibilities, mobility, privacy requirements, literacy levels, digital divide, life transitions, and ownership of collateral. Product and process innovations like offering flexible loan terms, flexible and convenient repayment modes, and integrating information and education into product onboarding can help overcome the gender confidence gap that women customers face while using financial products and services.
- **Fixing gender bias in algorithms:** The financial services industry is rapidly increasing its use of artificial intelligence (AI) and big data to develop and deliver DFS. They use technologies to develop bots for customer service, credit scoring, and risk profiling to assess creditworthiness. Some banks use an AI robot for self-service at their branches. Several studies highlight that AI can reproduce gender bias, primarily when relying on data sets that reflect existing prejudices.³⁷ FSPs should audit their algorithms to mitigate the risks of using DFS based on AI models.³⁸
- **Consumer protection and enabling infrastructure and regulation:** Women have lower levels of financial literacy, which creates the need for efficient and robust consumer protection and grievance resolution mechanisms to generate trust among women customers. Financial consumer protections reduce the risks from digital finance by making it easier to identify whether a given product/service is fit for its intended use, appropriate for the particular consumer's needs, fairly priced and secure, as well as to compare options, seek redress, and ensure women's financial privacy and safety. Global best practice policies can be as simple as requiring providers to clearly state the terms of their products. Effective consumer protection and enforcement on disclosure/ transparency of product pricing can also address the risk of fraud³⁹.

Overall the supply side needs to improve women's representation at all levels, understand needs of women users and design for and target to serve the unserved and underserved women users. The government and the regulator can go beyond their traditional responsibilities to facilitate gender inclusive capacity development initiatives and incentives to increase women's demand for financial and digital financial services. Further, also

³⁷ Jeffrey Dastin. 2018. Joy Buolamwini. 2019.

³⁸ UN Women. 2019. Leveraging Digital Finance for Gender Equality and Women's Empowerment

³⁹ GPFI, July 2020, Advancing Women's Digital Financial Inclusion

monitoring product diversity and if FSPs have adequate offerings for low-income, elderly, differently-abled, young women, and other customer segments within the women's market.

Conclusion

Steering the digitalization of finance to meet the needs of underserved women is too complex a task for either government, FSPs, or civil society to tackle alone. The Reserve Bank Innovation Hub is positioned uniquely to use multi-stakeholder collaborations that can break through the barriers that women face. We are also cognizant that there are many other challenges that exist across the financial services supply chain of policymakers to the service providers. The paper is not exhaustive in covering all these challenges, it has only focussed on understanding key gendered barriers to arrive at problem statements that we propose to solve using FinTechs as a vehicle. This whitepaper intends to begin a conversation about applying a gender lens to the financial sector to identify critical problems with potential technological solutions.

List of figures and abbreviations

List of figures

- | | |
|-----------|---|
| Figure 1 | Theory of change |
| Figure 2 | Program phases |
| Figure 3 | Population Group-Wise Deposits of Scheduled Commercial Banks According to Broad Ownership Category as of March'21 |
| Figure 4 | Percentage distribution of outstanding credit of small borrowal accounts of Scheduled Commercial Banks according to broad category of borrowers, March'21 |
| Figure 5 | Gender centrality framework |
| Figure 6 | Women user segments in financial services |
| Figure 7 | Story of a Bank of Baroda Business Corresspondent |
| Figure 8 | Women's lifecycle and corresponding financial needs |
| Figure 9 | Framework for problem statement selection |
| Figure 10 | The final seven problem statement |
| Figure 11 | Merits of digital financial services |
| Figure 12 | Story of a field agent of Haqdarshaq |
| Figure 13 | Story of a beneficiary agents of Haqdarshaq |
| Figure 14 | Triggers of the financial service space of women users |

Abbreviations

AI	Artificial intelligence
ATM	Automated teller machine
DBT	Direct benefit transfer
DFS	Digital financial services
EFPO	Employees Provident Fund Organization
FI	Financial inclusion
FSP	Financial service provider
FY	Financial Year
GDD	Gender-disaggregated data
ITR	Income tax return

LMI	Low middle income
MFI	Microfinance institution
NCAER	National Council of Applied Economic Research
NFHS	National Family Health Survey
PMGKY	Pradhan Mantri Garib Kalyan Yojna
PMJDY	Pradhan Mantri Jhan Dhan Yojna
PMJJBY	Pradhan Mantri Jeevan Jyoti Bima Yojna
RBI	Reserve Bank of India
RBIH	Reserve Bank Innovation Hub
SCB	Scheduled commercial bank
SHG	Self help group
SHG-BLP	Self help group-bank linkage program

Acknowledgements

Project Team:

Reserve Bank Innovation Hub	Aditi Namdeo
MicroSave Consulting	Sonal Jaitly, Jayana Jain, Akshat Pathak, Diya Chatterjee, Disha Bhavnani, Anil Gupta
CIIE.CO	Sandeep Koujalgi, Priyanka Agarwal Chopra
Alliance for Innovative Regulation	Nick Cook, Randy Repka

Experts consulted to co-design the problem statements:

Reserve Bank Innovation Hub	Rajesh Bansal
Atyati Technologies	Prakash Prabhu
Avanti Finance Pvt Ltd	Rahul Gupta
Axis Bank	Sohini Sen
Bank of Baroda	Archana Pandey
Haqdarshak	Aniket Deoghar
IIMA CIIE.CO	Dr. Supriya Sharma
MAVIM	Kusum Balsaraf
Numer8 Analytics	Devleena Bhattacharjee
SEWA	Sanchita Mitra
SheCapital	Anisha Singh
Svatantra Microfin	Ananya Birla, Vineet Chatree
The Sanitation and Hygiene Fund	Jennifer Blanke
Women World Banking	Kalpana Ajayan
World Bank	Amit Arora

Annex

Problem 1 How can we build solutions that improve digital and financial literacy for low literate/oral/vernacular segment of women users using behavior-led designs?



Context

Many women are first-time users of DFS and find it difficult to navigate complicated financial apps because of language barriers, limited digital literacy and lack of knowledge about financial jargons. They are not fully aware of the benefits of formal savings, investment, credit, and social security products. India has 264 million oral people who can barely read text and cannot decode multi-digit numeral strings but are not a focus for existing FSPs. Survey conducted by NCFE in 2019 revealed that 27.18% of the total respondents and 21% of female respondents achieved minimum target score in each of the components of financial literacy prescribed by OECD-INFE. A study by Google in 2020 reports that 90% of internet users prefer to use their local language to search and carry out tasks online. It also finds 60% YoY increase in Google searches for "how to pay online". Payments interface which are still not Indian-language-friendly, coupled with low financial literacy prevents the financial well-being of the majority of the population. As per the latest Census findings, the female literacy rate is 65.46% where the male literacy rate is over 80%. Moreover this user segment behaves very differently from the urban English speaking audience of India and thus require special interventions for building digital and financial capability and awareness.



Target audience



- Low-literate, rural women, with low access to formal and digital finance
- Informal women entrepreneurs



Stakeholders



- Women users
- Education institutions
- Government
- Financial service providers
- Non governmental organizations

12

Problem 2 How can digital solutions increase access to credit products that meets the financial needs of micro and small women-led enterprises?



Context

IFC (2017): About 84 per cent of credit demand by the MSMEs in the debt component was being met by the informal sector comprising family, friends and family business, local moneylenders and chit funds. Thus, the formal institutional credit accounts for just 16 per cent of the overall credit requirement of the MSME sector. There is a finance gap of \$158 billion for WSMEs in India. (IFC 2021). Against 26 percent of male entrepreneurs, 43 percent of women entrepreneurs cited inability to access credit as a reason for discontinuing their businesses, according to GEM 2014. Women entrepreneurs in India face a rejection rate of 19 percent by lending institutions – more than twice the rate of 8 percent for men.



Target audience



- Informal women entrepreneurs
- Women in farm and non farm sectors



Stakeholders



- Women entrepreneurs and their associations
- FSPs
- Government

13

Problem 3

How can we develop tech solutions that help women SHG members to frequently save small amounts digitally with their individual PMJDY/BSBD accounts?



Context

Saving capacity and potential varies across SHG members. All SHG members make regular savings in their SHG linked group accounts. As of 31 March 2020, 10.24 million SHGs were linked to banks for savings (IFI Report 2021). However, apart from group savings, individual savings in their own bank accounts are also important. As a result, self-help group (SHG) members are being encouraged to also actively use their individual bank accounts/ revive their 'no-frill accounts' by depositing the surplus they generate. This move is aimed at helping SHG members steadily graduate from group banking to individual banking. Over these years, while the numbers and volume of group loans has been steadily growing, there is little innovation in helping SHG members graduate to individual enterprise loans. Active use of individual accounts by SHG members will help them build their regular individual account usage history with banks and also build their individual saving assets.



Target audience



- Underserved women groups
- Micro women entrepreneurs
- Women SHG members



Stakeholders



- Women SHG members,
- FSPs
- Government

14

Problem 4

How can digital solutions enable banks to use alternate data (e.g on social trust, mobile usage, travel) to build safe and consent based alternate credit scoring mechanism for young single women and micro and small women entrepreneurs without credit histories and absence of collateral?



Context

India faces the problem of gendered digital divide. Indian women are 15 percent less likely to own a mobile phone, and 33 percent less likely to use mobile internet services than men. In 2020, 25 percent of the total adult female population owned a smartphone versus 41 percent of adult men. (The Mobile Gender Gap Report 2020 - GSMA). Given India's gender-skewed inheritance laws, women have, historically, rarely owned property. Thus, they lack the collateral needed to seek start-up loans, as the IWWAGE report showed. Moreover, most women-owned MSMEs — 95.6 percent — are unregistered, which means they cannot access institutional finance. Lack of data coupled with lack of collateral has historically been an obstacle for banks and financial institutions to extend credit to women, and thus an impediment to achieving financial inclusion. Alternative credit scoring refers to the use of data from digital platforms and applications on consumer behavior for credit risk assessment. Alternative credit scoring demonstrates the potential strength of combining data from multiple sources, like airtime usage, mobile money usage, geolocation, bills payment history, and social media usage.



Target audience



- Informal women entrepreneurs



Stakeholders



- Women entrepreneurs
- FSPs
- Credit Information Companies (CICs)

15

Problem 5 How can we improve user experience (ease, safety, greivance redressal) for women users of digital financial services?



Context

PMJDY has over 440 million accounts, nearly half of them are of women. Various studies suggest that around 23% of women ever use accounts. This data and trend has been there for quite some time. To a certain extent, several new payment solutions, major events like demonetization, the pandemic, and social proofing has helped some women to use their accounts. However, there is a long way to go. The gender gap widened from 66.8% in 2020 to 62.5% in 2021. In the context of women's economic participation, India's gender gap also worsened by 3% in 2021. 23% of women still do not have access to formal financial services, while 55% are not yet active users of their bank accounts. On average, women have to make four to five visits to the bank if they are seeking credit, men need to only visit twice, said the IFC report. MSC study finds that that both men and women respond to different nudges for adoption of digital financial services. Furthermore, they have different use-cases as well. The findings reveal that encouraging the use of DFS is a design challenge for FSPs. Understanding behavioral biases, social norms, and the status quo for women and enhancing user experience will be the cornerstone of user-centric financial products.



Target audience



- Women users
- Low-literate women
- Low-income women
- Informal women entrepreneurs



Stakeholders



- Women users
- FSPs
- Government

16

Problem 6 How do we leverage technology to get more women recruited as Business Correspondents?



Context

Business Correspondents are retail agents engaged by banks for providing banking services at locations other than a bank branch/ATM. Over the last decade, BC outlets have grown at nearly 45% (CAGR) in India compared to bank branches growing at 6.4%. The Business Correspondent model is a key pillar of the National Financial Inclusion strategy, 2019-2024; it enables the banking system to expand its outreach at low cost, decongest branches and offer basic essential financial services in remote areas. In India, while women account holders constitute 55 per cent of the total PMJDY portfolio, less than 10 per cent total 1.26 million business correspondents are women. There is evidence that gender of the agent is a critical factor in enabling greater financial inclusion for women customers. Women customers find women agents easier to approach, trustworthy, and great at maintaining confidentiality. This is corroborated by another research where women customers transacted more with women agents and they felt more comfortable with them especially when disclosing financial information. (ADB 2021)



Target audience



- Women entrepreneurs
- Women BC agents
- Local women
- Leaders
- Women users



Stakeholders



- Women users
- FSPs
- Government
- Women BC agents

17

Problem 7 How can digital solutions improve access to institutional and individual investors for women startup founders?



Context

There are over 366 Accelerators & Incubators in India which makes it the 3rd largest Start Up ecosystem in the world. However, a recent study by the Reserve Bank of India (RBI) shows that only around 5.9% of startups were led solely by female founders during the last financial year. India ranks a dismal 52 out of 57 countries on the Index of Women Entrepreneurs 2019. A study by venture debt provider InnoVen Capital revealed that the number of funded startups with at least one female co-founder declined from 22 percent in 2016 to only 12 per cent in 2019. This echoes findings from the work of academics interviewed by FSG, who discovered that women account for less than 1% of Indian founders who receive funding in Series A and beyond. This is despite the early evidence provided by Boston Consulting Group that businesses founded by women ultimately deliver higher revenue—more than twice as much per dollar invested—than those founded by men.



Target audience



- Women entrepreneurs in urban and rural areas



Stakeholders



- Women startups
- Government
- VC funds
- Impact investors