a windfall. This would make them less likely to divert savings intended for a business investment to household expenditures or to relatives. In the event of a shock (to the household or business), savings provides a cushion, avoiding the need to liquidate a business especially at a time when one is least likely to qualify for a loan. Further, savings are beneficial for more risk-averse women who may not be comfortable with the repayment and interest requirements of a loan.

Women's demand for formal savings accounts is clear. In urban Ghana, more than half of women microentrepreneurs use a *susu* collector (an informal mobile savings vehicle), even when they must pay for the service (Fafchamps et al., 2011). In Guatemala, female microfinance borrowers were significantly more likely than their male counterparts to open a commercial savings account (Atkinson et al., 2010). In Western Kenya, women made use of savings accounts through village cooperatives far more than men did (Dupas and Robinson 2009).

Both a global database on people's use of financial services (Demirguc-Kunt & Klapper, 2012) and the data on savings analyzed by Doss et al. in their commissioned study show that women use individual savings, distinct from household savings, for business investment purposes (Box 7). The Doss et al. study showed that more than one-third of women in Ecuador and 60 percent of women in Ghana finance businesses with their own savings (rather than savings they own jointly with husbands).

Market research can usefully test both savings and loan products that different categories of women clients demand (by occupation and income levels, for instance), and can contribute to the design of products more appropriately tailored to women entrepreneurs.[45] Box 8 illustrates the efforts of Women's World Banking, an NGO that provides financial services for women, to adjust financial products to meet women's needs.

BOX 7: WOMEN AND MEN SAVE DIFFERENTLY

1. The Global Findex Database that measured the use of financial services in 148 economies, representing 97 percent of the world population, finds that 36 percent of adults save globally and 25 percent do so in a bank. It also finds that significantly fewer women than men have bank accounts. Informal saving systems, which are used more by women than by men, come with a significant cost to those who save, including risk of fraud and collapse (Demirguc-Kunt & Klapper, 2012).
2. A pioneering study of saving behavior with representative samples of males and females in Ecuador, Ghana and the state of Karnataka, India, analyzed for this report, shows that between 28 percent and 36 percent of those interviewed in the three countries have formal savings, while eight percent to 24 percent have informal savings. Men save more in the formal system, while women save more informally. In Ghana a higher proportion of urban women (33 percent) than rural women (20 percent) have only informal savings. In Karnataka the reverse occurs—26 percent of rural women save, compared to 16 percent of urban women. A sizeable number of women keep cash savings at home (Doss et al., this report).

BOX 8: ONE SIZE DOES NOT FIT ALL

The design of financial products based on client preferences is essential to allowing women to access credit and save. Market research can provide rich insight into financial behaviors, the life experiences that shape those behaviors, and thus the financial products with greatest potential to help women achieve success.

FINDINGS FROM MARKET RESEARCH

Women's World Banking, an umbrella NGO, and its network of financial institution members have spent years surveying women clients and translating this market intelligence into effective product design. Their research has shown that the return on investment is justified, especially as competitive pressures in the financial services market increase, and that women remain loyal customers of the institutions that first offer the services they need.

45 See Mehra et al. in this report.

Low-income women often believe they are “too poor to save,” a perception that can easily become a self-fulfilling prophecy. If women are accustomed to saving at home or with an informal group, they may not perceive the relevance of saving in a bank. In many countries, suspicion of banks is well-founded as the savings products available are poorly suited to the needs of low-income women, with high fees that quickly consume small savings balances.

Additionally, Women’s World Banking consistently found that many women microfinance customers disliked group-based lending products. The more entrepreneurial women, especially, resented the long hours away from work that group meetings required, and they disliked having to guarantee their neighbors’ loans.

DESIGNING WOMEN-FOCUSED OFFERINGS

A critical success factor for developing products to meet women’s needs is to understand different market segments and what motivates them. These different segments of women value some similar attributes, particularly confidentiality, convenience and the assurance that bank fees will not devour the savings they accumulate. They also want the bank to show them a financial plan. Beyond this, though, there are differences in these segments that should prompt financial service providers to test product features to address their varied needs, including differing maturities, flexibility in access (e.g., programmed savings, time deposits or transactional savings) or even a rewards program or lottery as an incentive to save.

In September 2011, Women’s World Banking launched a project in Colombia, Paraguay and Peru to address the financial needs of rural women by providing individual loans based on better cash-flow analysis. All three of the Women’s World Banking financial institutions participating in the project had already been working in rural communities, but they realized they were not reaching women. When the cash-flow analysis of these households was compared against client interviews with the women, a striking contradiction emerged. The women’s economic contributions to their households were viewed as unimportant relative to the main cash crop contributions (usually the husband’s purview). In reality, the woman’s income was often significant in absolute terms, and it also played a critical role in smoothing cash flow and maintaining family well-being during the off-seasons.

Women’s World Banking together with financial services providers developed a loan that can be issued to any client who has a productive activity, with minimal documentation requirements and flexible terms and collateral. Flexible collateral is important for women because assets, particularly land, are traditionally owned by men. Early feedback indicates that women clients are proud that the loans are in their own names and that loan sizes are considerably larger than the traditional microfinance group loan.

Similarly, one network member in the Dominican Republic designed a “buddy system” allowing women not yet successful enough to qualify for individual loans to pair up and bypass group lending, guaranteeing only each other and eliminating the burdensome group meetings.

ENSURING ACCESS

Mobile phone technology and other alternative delivery channels (ADCs) have the potential to go further in giving women greater control over their financial futures by giving them direct access to financial services. This can help women save by allowing them to deposit regularly. The emergence of the mobile phone as a low-cost means to conduct financial transactions represents a significant breakthrough in democratizing access to financial services. Additionally, ADCs can allow financial institutions to reach more remote markets that may otherwise be too costly or difficult to serve. Women’s World Banking is testing ways for local merchants to accept deposits through point-of-sale terminals, as well as using mobile phone banking as a savings tool.