

Social commerce entrepreneurship and new opportunities for women's financial inclusion in India and Indonesia

Executive Summary

Expanded mobile internet connectivity and smartphone ownership in low- and middle-income countries has spurred micro-enterprises to begin to adopt a suite of digital platforms for their businesses, including social media, e-commerce, delivery apps, and digital payments. These tools are transforming micro-enterprises by expanding their access to new customers, suppliers, skills, and capital. As enterprises blend social media with e-commerce and payment and delivery platforms, this emerging business model has come to be known as social commerce entrepreneurship.

For women in particular, social commerce has the potential to overcome many of the constraints that they disproportionately face to starting and expanding businesses, including low access to capital, restricted mobility, constricted social networks, limitations on inheritance and property rights, and being time poor managing child-care and household responsibilities. Social commerce presents new opportunities to enhance women entrepreneurs' access to formal financial services and begin to close the credit gap for women-owned enterprises, estimated at \$20 billion in India and \$21 billion in Indonesia. However, in both countries, women still face constraints to adopting the digital tools needed to engage in social commerce.

The potential of social commerce to advance women entrepreneurs' growth and financial inclusion cannot be realized without a deeper understanding of what drives women's adoption of digital platforms, how women use and perceive them, and how their businesses are changing as a result.

With support from Standard Chartered and the Australian Department of Foreign Affairs and Trade, Women's World Banking conducted research in India and Indonesia to investigate the potential of social commerce to advance women entrepreneurs' financial inclusion.

This report describes four key segments of women entrepreneurs in India and Indonesia:

- **WhatsApp entrepreneurs** use WhatsApp, and no other digital platform, to promote their business and communicate with customers.
- **Social media entrepreneurs** employ one or more social media platforms to promote their business and to communicate with customers. Often, they use Facebook together with WhatsApp or Instagram.
- **E-commerce entrepreneurs** use online marketplaces and delivery services to either buy supplies or sell their products. They may in parallel use social media platforms and WhatsApp to promote their business and communicate with their customers.
- **Digital payment entrepreneurs** do not use any online platforms (WhatsApp, social media, or e-commerce) but do use digital payments for their business.

This segmentation reflects the fact that women are largely using separate digital platforms for marketing, customer engagement, delivery, and payments. Improving integration of these activities could enhance women's access to features that protect buyer and seller, save women time, and expand access to financial services.

The second half of the report discusses new opportunities for strengthening women micro-entrepreneurs' businesses and financial inclusion through social commerce. The first category of opportunity focuses on supporting women micro-entrepreneurs to fully utilize digital platforms for their business, through promoting adoption, building women's capabilities to fully use platforms, and adjusting the platforms themselves to better meet women's needs (Table 1). The second category of opportunity focuses on leveraging social commerce activities to extend new financial services to women micro-entrepreneurs, including opening accounts in women's names, strengthening financial capabilities and utilization of accounts, and using transaction data for digital lending (Table 2).

In the rapidly evolving digital ecosystems of India and Indonesia, the e-commerce, social media, digital payment, delivery, and financial service companies that best understand and address the needs and aspirations of women social commerce entrepreneurs will be best positioned to retain and grow with this emerging segment.

Table 1: Support women micro-entrepreneurs to fully leverage digital platforms for their business

Finding	Opportunities
In-person touchpoints have been key in driving adoption of new digital platforms	Extend the assisted adoption model
	During assisted adoption, clearly address key concerns and provide accessible, transparent recourse mechanisms to build trust
With increased use of digital platforms, entrepreneurs face difficulties tracking and managing business transactions separately from personal transactions	Integrate payment and business management features into the main digital platforms women are already using
Despite adopting digital platforms women are not yet fully utilizing them and need new skills to stay competitive	Leverage online channels and peer learning to provide training in online marketing.
	Use these platforms to reach women where they are to build financial and digital capabilities

Table 2: Leverage social commerce to develop new financial services for micro-entrepreneurs

Finding	Opportunities
Most women social commerce entrepreneurs already use a bank account for their business – but not necessarily their own	Provide women with a choice between independent and joint accounts
Women social commerce entrepreneurs continue to use cash alongside digital payments, but perceive cash and digital payments as serving distinct functions	Strengthen the digital payments ecosystem
	Strengthen financial capabilities and mobilize savings via digital financial services
Many women social commerce entrepreneurs are eager for credit to grow their business, but remain constrained in accessing credit	Leverage digital transaction data for digital lending

Introduction

What is social commerce?

Expanded mobile internet connectivity and smartphone ownership in low- and middle-income countries has spurred micro-enterprises to begin to adopt a suite of digital platforms¹ for their businesses, including social media, social messaging, e-commerce, delivery apps, and digital payments. These tools are transforming micro-enterprises by expanding their access to new customers, suppliers, skills, and capital.

Since micro-entrepreneurs have more experience and established networks on social media and messaging platforms, these platforms appear to function as a gateway to adopting other digital platforms for their businesses.^{2,3} In India and Indonesia respectively, 23 percent and 56 percent of the population are active social media user.⁴ As enterprises blend social media with e-commerce and payment and delivery platforms, this emerging business model has come to be known as social commerce entrepreneurship.^{5,6} Social commerce allows users to connect where they buy and buy where they connect, both strengthening relationships around their transactions and transacting with people in their networks.⁷

How does social commerce address barriers that women micro-entrepreneurs face?

In this report, we present research on emerging opportunities from social commerce for women micro-entrepreneurs in India and Indonesia. Social commerce has the potential to overcome many of the constraints that women disproportionately face in starting and expanding businesses, including low access to capital, restricted mobility, constricted social networks, limitations on inheritance and property rights, and being “time poor” given the childcare and household responsibilities that largely fall to them.^{8, 9, 10}

These constraints contribute to a gender gap in entrepreneurship in India, where women own less than 10 percent of all micro-enterprises (4.6 million), and in Indonesia, where women own about a quarter of all micro-enterprises (14.7 million).¹¹ Social commerce may reduce barriers to entry by allowing women to start businesses from home, eliminating the need for capital to invest in a physical storefront or large amounts of inventory. Conducting business online can accommodate women’s mobility and time constraints, allowing women to coordinate with suppliers and customers at any time of day and serve customers via delivery services rather than wait for them in a physical store.¹² In addition, women can

connect with other businesses, receive customer feedback to adapt their product offerings, and form online communities with other women to exchange learnings and reduce isolation.¹³

Social commerce also presents new opportunities to enhance women entrepreneurs’ access to formal financial services, particularly by driving adoption of digital payments at scale, promoting the opening of financial accounts, and creating new data-based means of assessing creditworthiness of informal businesses. It could help close the gender gap in credit, estimated at over \$20 billion for women-owned enterprises in India and \$21 billion in Indonesia.¹⁴ In addition, social commerce can facilitate new channels for financial service providers to identify and engage with growth-oriented women micro-entrepreneurs.

However, women lag behind men in access to the tools needed to engage in social commerce. Though both India and Indonesia have made significant advancements in mobile internet connectivity and affordability in the past five years, gender gaps in mobile internet access, digital literacy, and smartphone ownership persist.^{15,16} In India, there is a gender gap of 58 percentage points between men and women’s smartphone ownership, with only 13 percent of women owning smartphones, and where family disapproval of women’s smartphone ownership remains a key barrier.^{17,18} In Indonesia, 34 percent of women own smartphones, but men outpace women by 21 percentage points.¹⁹ Such gendered constraints hinder women’s adoption of these potentially transformative digital platforms and financial services.

What is missing to realize the potential of social commerce for women micro-entrepreneurs?

The potential of social commerce to advance women entrepreneurs’ growth and financial inclusion cannot be realized without a deeper understanding of what drives women’s adoption of digital platforms, how women use and perceive them, and how their businesses are changing as a result. Looking towards the future, to what extent are women able to access the existing tools and platforms, and how well do they currently work for women? As women-owned micro-enterprises transform, how can digital platforms and financial services evolve to best support the needs and aspirations of this growing segment?

With support from Standard Chartered and the Australian Department of Foreign Affairs and Trade, Women's World Banking conducted research in India and Indonesia to investigate the potential of social commerce for advancing women entrepreneurs' financial inclusion. This report first lays out the research methods and describes four key segments of women

entrepreneurs, drawing contrasts between these segments' use of available digital platforms in India and Indonesia. The second half of the report presents new opportunities for strengthening women micro-entrepreneurs' businesses and financial inclusion through social commerce.

Methods

Research activities included large-scale surveys and in-depth interviews in selected geographical locations in India and Indonesia. In Indonesia, a survey with 1,800 respondents and 30 semi-structured interviews were conducted in urban, rural, and semi-urban areas in Jabodetabek (Jakarta metropolitan area), Yogyakarta, and Bali. In India, Women's World Banking conducted a survey with 1,200 respondents and 30 semi-structured interviews with women small-

and micro-entrepreneurs in urban and peri-urban Bangalore. Data collection took place in early 2019 in Indonesia and in mid-2019 in India. Respondents were women entrepreneurs who reported taking at least half of decisions about their business themselves, had used online platforms for at least three months, and had managed their business for at least a year.

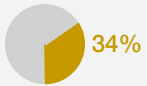

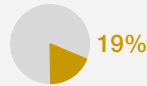




Key segments of women digital entrepreneurs

Based on quantitative and qualitative data collected, we defined four key user segments in the sample.

- **WhatsApp entrepreneurs.** Women micro-entrepreneurs who only use WhatsApp, and no other digital platform, to promote their business and communicate with customers.
- **Social media entrepreneurs.** Women micro-entrepreneurs who employ one or more social media platforms to promote their business and to communicate with customers. Often, they use Facebook together with WhatsApp or Instagram.
- **E-commerce entrepreneurs.** Women micro-entrepreneurs who use online marketplaces and delivery services to either buy supplies or sell their products. They may in parallel use social media platforms and WhatsApp to promote their business and communicate with their customers.
- **Digital payment entrepreneurs.** Women micro-entrepreneurs who do not use any online platforms (WhatsApp, social media, or e-commerce) but do use digital payments for their business. While this segment is not technically engaged in social commerce, these digital entrepreneurs were included to explore their potential to adopt social commerce practices.²⁰

In Table 3 we provide an overview of how the four segments are represented in the data we collected in India and Indonesia.

Table 3: Overview of key segments of entrepreneurs

	WhatsApp	Social Media	E-Commerce	Digital Payments
Percent of sample, India	 34%	 13%	 19%	 34%
Percent of sample, Indonesia	 21%	 63%	 15%	N/A ²⁰
Online platforms	<ul style="list-style-type: none"> • WhatsApp 	<ul style="list-style-type: none"> • Facebook • Instagram • WhatsApp 	<ul style="list-style-type: none"> • Marketplaces to buy supplies • Marketplaces and delivery apps to sell products 	<ul style="list-style-type: none"> • None
Payment methods	<ul style="list-style-type: none"> • UPI and mobile wallets • Electronic money and bank transfer • Cash 			
Ownership of business	<ul style="list-style-type: none"> • Women-owned 	<ul style="list-style-type: none"> • Women-owned 	<ul style="list-style-type: none"> • Women-owned • Jointly owned 	<ul style="list-style-type: none"> • Jointly owned
Growth orientation	<ul style="list-style-type: none"> • Medium 	<ul style="list-style-type: none"> • High 	<ul style="list-style-type: none"> • High • Medium 	<ul style="list-style-type: none"> • Low

• = India
 • = Indonesia

Women rarely use a single platform for all transactions from product discovery to payment. In fact, a notable feature of social commerce is that micro-entrepreneurs frequently move between multiple platforms while engaging with a single customer. For example, in Indonesia, an entrepreneur may connect with her customer on Facebook, coordinate product details over WhatsApp, arrange a delivery service, and receive payment in cash, bank transfer, or electronic money.

The following sections describe the four segments of social commerce micro-entrepreneur and characterize their use of digital platforms for their businesses.

1. WhatsApp entrepreneurs

This segment of entrepreneurs relies on WhatsApp as the sole digital platform for their business.

In India and Indonesia respectively, 34 percent and 21 percent of the sample only use their personal WhatsApp for their business. Those who only used WhatsApp tended to have newer businesses or ran a business to generate additional income, alongside other paid and unpaid responsibilities. In both countries, no respondent reported using the WhatsApp Business app.

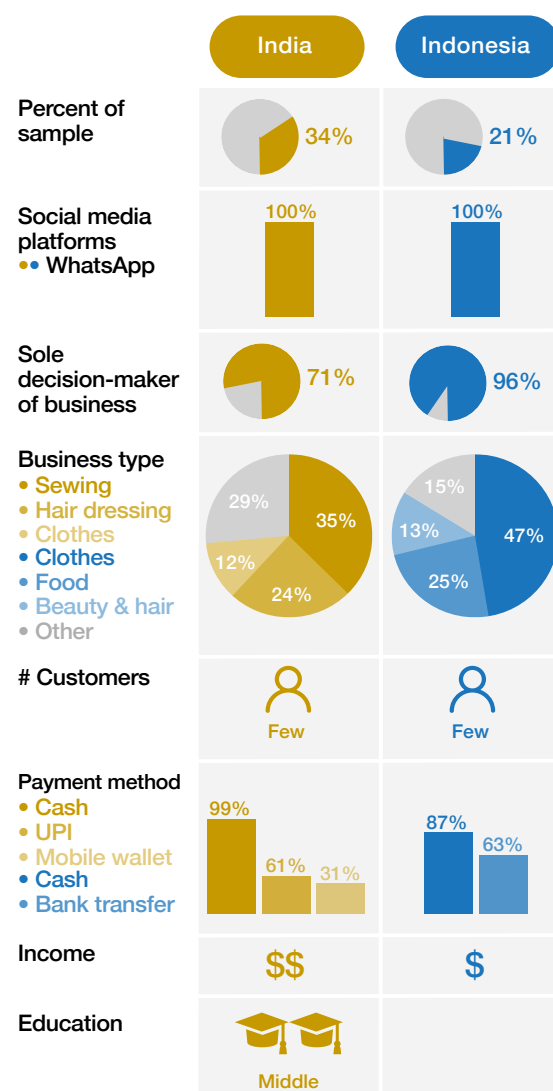
In India and Indonesia, WhatsApp is already the dominant app for daily personal communication, making it the easiest digital tool for women to start using for their business. Entrepreneurs can tap into their existing network and quickly start sharing photos and information about their business. Some advertise products only using stock photos before buying any supplies, to ensure there is a buyer for the product. As one woman in Indonesia described, “It’s simple because we can communicate directly, when we want to see the pictures, it’s only [that we] need to send. I think WhatsApp is simpler than others.”

Women micro-entrepreneurs in our sample use WhatsApp to communicate with their existing networks of contacts such as friends, previous customers, and vendors. Messaging content with customers and vendors often relates to product details, payment, and delivery logistics. Many also market their business using the status feature to push out promotions to their entire network, or creating new WhatsApp groups from their contacts, to which they send updates, photos, and product information.

This segment largely relies on word of mouth or in-person transactions to expand their network, using WhatsApp primarily to build and retain relationships. However, it is possible to use WhatsApp to connect with peers outside of their networks. Some respondents in Indonesia mentioned that they joined large WhatsApp groups to connect with networks of resellers, whom they did not know personally.

Women entrepreneurs who are only using WhatsApp are a prime segment to target for adopting social media and e-commerce platforms, since they are already using photos and text to advertise to customers.

Table 4: WhatsApp entrepreneurs



Notes: Calculations based on quantitative survey responses. Sample: refers to the percent of interviewed women falling into this segment. Social media platforms: Percentage of this segment using a particular platform. Sole decision-maker: Percentage of this segment who take all business and financial decisions on their own. Business type: Percentage of this segment active in a particular business. Customers: Self-reported number of daily customers served, re-categorized into few, some, and many. Payment method: Percentage of this segment using a particular payment method. Income: Self-reported monthly income, re-categorized into low, middle, high. Education: Self-reported education level, re-categorized into low, middle, high. Education information is missing for Indonesia.

2. Social media entrepreneurs

This segment of entrepreneurs uses more than one social media platform for their business, typically WhatsApp, Facebook, and/or Instagram. Some also use Google Maps and YouTube.

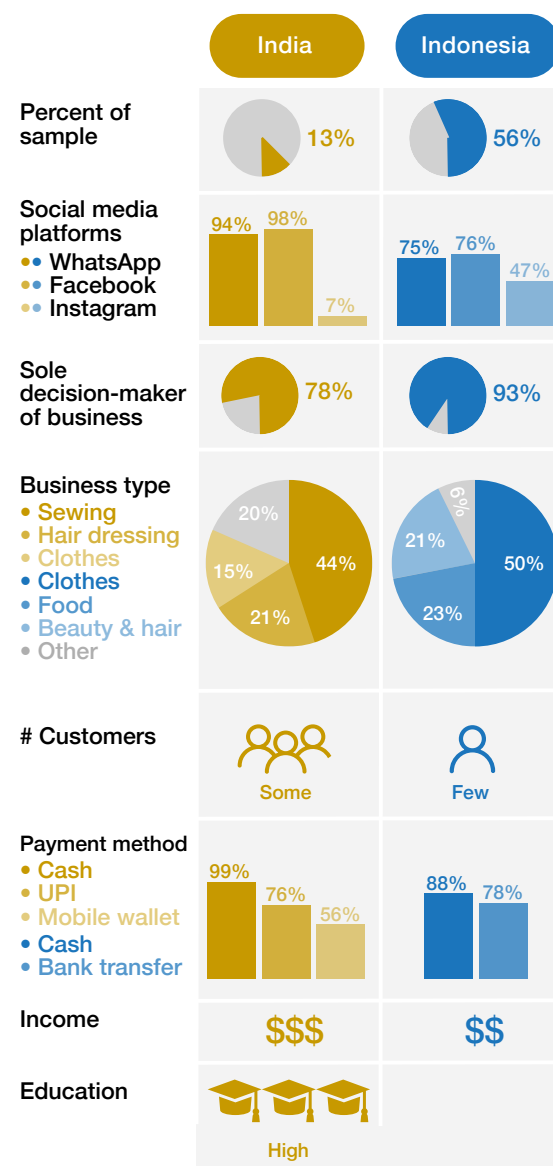
In contrast to WhatsApp entrepreneurs, social media entrepreneurs use these platforms to expand their network and make new connections with customers, suppliers, and peers. Many advertise products on Facebook and Instagram but switch to use WhatsApp when they are ready to make a deal with a customer. In Indonesia, about 75 percent of women in this segment use Facebook and WhatsApp respectively, and almost half use Instagram. Of the women surveyed in this segment in India, 98 percent use Facebook, 94 percent use WhatsApp, and only 7 percent use Instagram for their business.

Older women entrepreneurs in Indonesia reported some difficulty with Instagram, and in some cases women fully relied on their children to manage the account, uploading photos and captions and communicating with customers.

Women who run beauty or clothing businesses were more likely to draw on messaging and social media to share images and video of their work and communicate with clients. These women tend to run the business independently from husbands or family members. In India, messaging and social media segments were most likely to be the sole decision-maker for their business (71 and 78 percent respectively).

In both countries, respondents also noted that they have used Facebook and Instagram for other aspects of their business. Women used these platforms to find suppliers and resellers, study their competitors, compare prices, and understand trends. In Indonesia, one woman who provides henna services primarily for brides found a wedding photographer over Instagram and collaborates with her to promote their services together. Others described how they learned skills such as cake baking and dressmaking through Instagram, YouTube, and Google. Many social media entrepreneurs are interested in trying e-commerce platforms but feel the stakes are higher. In Indonesia, a food vendor explained she was concerned if she would be able to keep up with demand if she registered with a food delivery app and did not want to over-commit to production volumes she could not keep up with on her own.

Table 5: Social media entrepreneurs



Notes: Calculations based on quantitative survey responses. Sample: refers to the percent of interviewed women falling into this segment. Social media platforms: Percentage of this segment using a particular platform. Sole decision-maker: Percentage of this segment who take all business and financial decisions on their own. Business type: Percentage of this segment active in a particular business. Customers: Self-reported number of daily customers served, re-categorized into few, some, and many. Payment method: Percentage of this segment using a particular payment method. Income: Self-reported monthly income, re-categorized into low, middle, high. Education: Self-reported education level, re-categorized into low,

3. E-commerce entrepreneurs

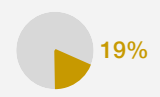
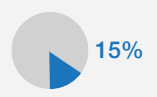
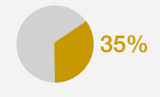

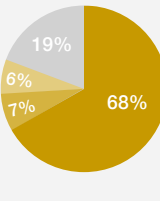
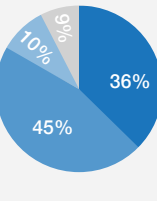


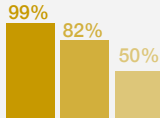
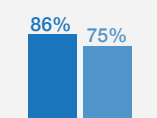

This segment of entrepreneurs uses e-commerce platforms to sell products or buy supplies for their business, often alongside other online platforms.

In Indonesia, 15 percent of the sample are e-commerce entrepreneurs, using online marketplaces, and food delivery platforms associated with super apps²¹, sometimes in combination with social media and digital payments.

In Indonesia, respondents identified the ability to make personal purchases (including bill pay) on these platforms, trust, and ease of delivery as key factors driving their use of e-commerce marketplaces. Sales representatives commonly visit microenterprises to on-board them to the platform. In contrast to direct transactions with customers over social media, where there is a risk that payment or delivery will not go through, most of the e-commerce marketplaces (with the exception of OLX) automatically arrange delivery, and payments are made only after the buyer receives the items. A rating and review system helps consumers know whether they can trust the store. In urban Jakarta, a woman explained, “Yes, when I bought foods from other media online, I have sent the money but the foods never come. But we can trust Shopee, Tokopedia and Bukalapak because there is a rating for the trusted online shops with good comments.”

These platforms allow various options for payment: electronic money, cash-on-delivery, bank transfer, or make an offline-to-online payment through an institutional non-bank agent affiliated with the site. Many e-commerce entrepreneurs accept cash-on-delivery, as customers prefer to receive and check the product before making the payment.

Table 6: E-commerce entrepreneurs

	India	Indonesia
Percent of sample	 19%	 15%
Social media platforms	6% WhatsApp 3% Facebook 2% Instagram	56% WhatsApp 40% Facebook 40% Instagram
E-commerce platforms	71% Udaan Jumbotail Ninjakart 34% Amazon Flipkart	56% Tokopedia Bukalapak Bibli 48% Gojek Grab
Sole decision-maker of business	 35%	 91%
Business type <ul style="list-style-type: none"> • Small stores • Hair dressing • Food • Clothes • Food • Beauty & hair • Other 		
# Customers	 Many	 Some
Payment method <ul style="list-style-type: none"> • Cash • UPI • Mobile wallet • Cash • Bank transfer 		
Income	\$\$\$	\$\$\$
Education	 Middle	

Notes: Calculations based on quantitative survey responses. Sample: refers to the percent of interviewed women falling into this segment. E-commerce platforms: Platforms used by this segment. Sole decision-maker: Percentage of this segment who take all business and financial decisions on their own. Business type: Percentage of this segment active in a particular business. Customers: Self-reported number of daily customers served, recategorized into few, some, and many. Payment method: Percentage of this segment using a particular payment method. Income: Self-reported monthly income, recategorized into low, middle, high. Education: Self-reported education level, recategorized into low, middle, high. Education information is missing for Indonesia.

Table 7: E-commerce platforms

	India	Indonesia
Marketplace	Amazon Meesho Shop101 Flipkart Udaan Ninjakart	Tokopedia Bukalapak Shopee Bibli OLX
Food delivery	Zomato Swiggy	GoFood GoResto (Gojek) GrabFood (Grab)
Super apps	N/A	Gojek Grab

Note: The platforms listed here were mentioned by respondents in our survey and are not a full list of available platforms.

In India, 17 percent of respondents were e-commerce entrepreneurs. In contrast to Indonesia, very few businesses in the sample sold products over e-commerce platforms. Micro-enterprises' lack of Goods and Service Tax (GST) certification appears to be a barrier to register on e-commerce sites in India.²² Instead, e-commerce entrepreneurs were much more likely to use these platforms to buy supplies, rather than sell their products. These women often owned small shops and groceries stores, using marketplace apps for bulk purchase and delivery of supplies to save time, diversify their product offerings, and ensure quality. As one woman explained, she used to buy vegetables in bulk at the wholesale market without the ability to check the products and "no guarantee of the quality... But here with Ninjakart, I can check the products and even they replace the rotten vegetables if there is any or else they will return the money." Interestingly, less than 10 percent of e-commerce entrepreneurs were using social media platforms for business alongside the e-commerce platforms.

However, to check products and ensure quality, many respondents explained they often continued to pay cash on delivery.

4. Digital payments entrepreneurs

This segment of entrepreneur only uses digital payments for their business, without using messaging, social media, or e-commerce platforms for their business. Micro-entrepreneurs in the other segments used digital payments as well, but in conjunction with online platforms for communication and marketing purposes.

In India, digital payment entrepreneurs are frequent in our sample, and use of digital payments outpaced WhatsApp and Facebook. In Indonesia, micro-entrepreneurs commonly accept digital payments without using other platforms, but they were not included in the sample for this study.

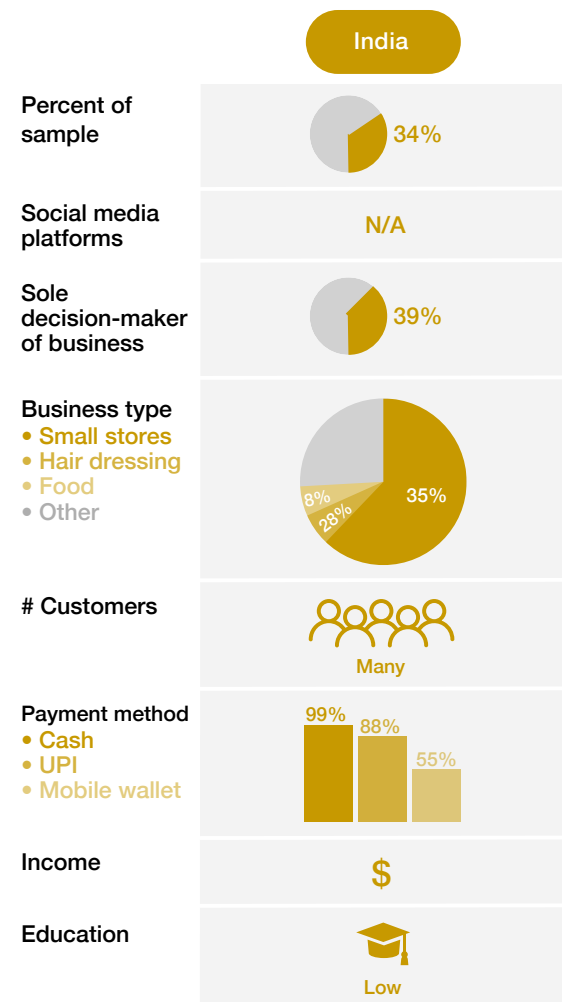
In India, most women surveyed use UPI-based apps (75 percent), followed by mobile wallets (28 percent). In the India sample, entrepreneurs who only used digital payments often ran small shops or groceries in partnership with their husband. They had established physical shops and did not see the value of advertising or expanding their client base via social media. They were not yet aware of e-commerce apps focused on suppliers.

Many of the women interviewed in Bangalore explained they preferred digital payments over cash to reduce the risk of theft; save time from waiting in line at the bank; and create a record of transactions. Many are able to make their own payments, including paying bills, digitally. As a WhatsApp entrepreneur in peri-urban Bangalore explained, “It saves so much time especially when we have to pay bills. We can pay our electricity bills through this. Whatever the bills we want to pay we can pay with a click by sitting in one place.” Many women also described how using UPI helps them receive and document proper payment from customers. An urban entrepreneur who only uses UPI described, “These methods will keep a record of whatever transaction that is made. There is no chance of any misunderstanding or cheating. The customer cannot cheat us by saying that they have paid this much amount when they have not.”

“Using digital payments is better. It’s difficult to withdraw the money from the bank every time. Digital payments make it very convenient. You don’t have to have any concerns of keeping cash securely or of theft.”

Urban digital payments entrepreneur,
age 55, India

Table 8: Digital payment entrepreneurs in India



Notes: Calculations based on quantitative survey responses. Sample: refers to the percent of interviewed women falling into this segment. Online tool: Tool this sample used for business. Sole decision-maker: Percentage of this segment who take all business and financial decisions on their own. Business type: Percentage of this segment active in a particular business. Customers: Self-reported number of daily customers served, re-categorized into few, some, and many. Payment method: Percentage of this segment using a particular payment method. Income: Self-reported monthly income, re-categorized into low, middle, high. Education: Self-reported education level, re-categorized into low, middle, high. Education information is missing for Indonesia.

Box 1: Unified Payments Interface (UPI) in India

UPI is the most commonly used digital payments platform in the country, with 955 million transactions conducted in September 2019.²³ UPI technology directly accesses bank accounts and transactions are immediately credited and debited at no cost to the user. UPI registration is simple; anyone with a mobile number registered to their bank account can create a UPI ID to be used across all UPI-based apps. Mobile wallets have a similar sign-up process, but they do not link directly to a bank account and users have to load money onto their wallets to then use for transactions. While mobile wallets spiked in popularity after demonetization in November 2017, they have since lost market share to UPI-based apps, as mobile wallet users incur charges of up to 2 percent of the transaction when they transfer balance to their bank account.

The social commerce customer journey

The described segments raise important questions. Why does each segment of women micro-entrepreneur use the particular digital platforms that they do? How much movement is there, or could there be, between segments?

While the customer journey of social commerce entrepreneurs is often characterized as starting with social media and ending in digital payments, both countries present evidence that complicates this idea of a linear progression. Successful in-person assisted adoption campaigns have driven the direct uptake of digital payments and e-commerce apps by micro-entrepreneurs, who had not used digital platforms for business previously. Women's personal use of social media, digital payments, and e-commerce is a gateway to using any of these platforms for her business, building greater confidence and trust in the platform. A strong use case and appropriate support can drive adoption of digital platforms in any sequence.

These findings also show how available digital platforms currently serve different business needs. Women are using separate digital platforms for marketing, customer engagement, delivery, and payments. Their use of platform reflects which activities they prioritize for their business as well as their digital and business capabilities. Most businesses could further improve upon each of these activities.

Though there is no one prescribed path to move across segments, there are key shifts between segments that can enhance business growth and access to financial services. WhatsApp and social media entrepreneurs would benefit from formal e-commerce features that protect buyers and sellers, facilitate payment and delivery, streamline product discovery, and enhance access to new forms of finance. Across segments, entrepreneurs who adopt digital payments build an important foundation for accessing other financial services. This could be achieved either by entrepreneurs adopting additional platforms or by better integrating these features into existing platforms.

In addition to shifts between segments, there is the potential to upgrade within each segment. E-commerce can be used for buying supplies and for selling business products and services. WhatsApp and social media can be used to communicate with existing customers or marketing products and services to a broader network. Entrepreneurs in each segment are not fully utilizing platforms for their business.

Table 9: Digital payments

	India	Indonesia
UPI-based platforms	PhonePe GooglePay BHIM BharatPe	N/A
Mobile wallets / electronic money	Paytm	GoPay Ovo Dana ²⁴

Note: The platforms listed here were mentioned by respondents in our survey and are not a full list of available platforms.

Emerging opportunities from social commerce for financial inclusion and business growth

The research findings point to two broad categories of opportunity for women social commerce entrepreneurs. First, there are opportunities to support women micro-entrepreneurs to fully utilize digital platforms for their business, through promoting assisted adoption tailored to women, building women's capabilities to fully use platforms, and adjusting the platforms themselves to better meet women's needs. The second category of opportunity focuses on leveraging social commerce activities to extend new financial services to women micro-entrepreneurs, including opening accounts in women's names, strengthening financial capabilities and utilization of accounts, and using transaction data for digital lending.

Build women micro-entrepreneurs' capacities to adopt and fully leverage digital platforms for their business

The success of UPI-based apps in India and e-commerce platforms in Indonesia demonstrate that this segment can adopt new digital platforms at scale, helping women grow their business and save time. Their experiences reveal important lessons for how to build trust, confidence, and capacity to use new tools and how to design products that meet women's needs.

Finding: In-person touchpoints have been key in driving adoption of new digital platforms.

Rapid adoption of e-commerce platforms in Indonesia and UPI-based apps in India has been driven by successful door-to-door recruitment and on-boarding of micro-enterprises by sales representatives. Many women learned how to use new apps from a sales representative who helped them download the app and returned later to provide additional support. Discounts and promotions were initially provided to encourage respondents to try out digital payments in both countries.

These touchpoints help build trust and comfort using the platform, which can be intimidating for new users. Asked about whether she uses digital payments, a 30-year-old WhatsApp user in urban Bangalore shared her concerns: "I don't know how to use that app properly. So I can't say. I just feel scared that I may end up doing a wrong transaction. I don't want to transfer a huge amount... If I am not careful... it will sometimes go to others' accounts."

Opportunity: Extend the assisted adoption model

Door-to-door recruitment of women shop owners has been successful in driving micro-enterprise adoption of UPI and digital payments in India and Indonesia. In-person learning remains important for women new to digital payments. Sales representatives helped women actually download the app and link it to their bank account so they could instantly begin using it. They also showed the micro-entrepreneurs the basic steps to make transactions on their own.

Training other women entrepreneurs as sales representatives or peer ambassadors and incentivizing referrals would extend access to women, especially those who run their business from home. This could also entail referral codes shared over digital channels and recruiting women who are already using digital platforms as consumers rather than vendors. Platforms looking to spur adoption could also partner with NGOs working to build women's digital literacy.²³

Opportunity: During assisted adoption, clearly address key concerns and provide accessible, transparent recourse mechanisms to build trust

Women reported feeling more confident adopting a platform if they know that they will be able to resolve any issues that arise, so sales representatives and recruiters for digital platforms should explain their recourse mechanisms to encourage adoption.

Respondents shared anecdotes of technological challenges that thwarted their use and trust of a platform: being locked out of an account, unable to register an account or change the registration, uncertainties about whether their registration had been approved or not weeks after application, and never receiving payment or a delivery. In Indonesia, e-commerce entrepreneurs are concerned about their rating on e-commerce platforms, so the stakes are high if they are unable to deal with problematic transactions. Additional concerns centered on understanding what happens to leftover money on mobile wallets and how to manage demand from food delivery apps. Registration processes need to be clarified and barriers reduced for informal businesses to register, including those in India that lack GST, while ensuring they understand how to use the platform and manage any challenges that arise.

Clients need a clear understanding of where to obtain technical assistance and their options in handling complaints or disputes. Recourse systems need to be accessible, efficient, and free or low-cost, provided either in-person, by phone or text.²⁴ As part of an as-

sisted adoption strategy, sales representatives should cover these issues, which thwart adoption and continued use.

Finding: With increased use of digital platforms, entrepreneurs face difficulties tracking and managing business transactions separately from personal transactions.

Women use platforms like WhatsApp and UPI-based apps for both personal and business activities, making it challenging to distinguish between these activities. With a single, personal WhatsApp account, it is difficult for entrepreneurs to be responsive to customer interactions, manage long-term customer relationships, track payments and delivery of items, and account for business expenses. Many social commerce entrepreneurs transact with people they know and trust and allow their customers some flexibility on when they pay. They must keep track of payments owed for various transactions.

Opportunity: Integrate payment and business management features into the digital platforms women are already using

Digital payment transaction history in both India and Indonesia could be a critical business management tool for women-owned enterprises. Women like that digital payments provide a record of business transactions if there is a disputed transaction, but they rarely review this record or use other forms of recordkeeping for their business.

UPI developers could incorporate features that help small business owners view summaries of their transactions, make basic business calculations and management decisions, and tag whether expenses are personal- or business-related. WhatsApp for Business has features that would facilitate these challenges but requires more concerted promotion efforts towards this segment to be adopted.

In general, women are currently using separate digital platforms for marketing, customer interaction, delivery, and payments. Further integration of these activities could facilitate women's expansion into new business activities, while saving time and reducing risk conducting transactions. Several users expressed interest in being able to use tools they are already familiar with, such as WhatsApp, for payments. As an urban entrepreneur in India who uses multiple social media platforms for her business explained, "See now I don't know how to use Google Pay and other digital

wallets and even I haven't installed those apps in my mobile. If in WhatsApp there is a payment option then it is good, because nowadays everyone uses WhatsApp so it will be more helpful. I am comfortable with using WhatsApp so I won't mind using any new feature." Integrating payment systems within these platforms could reduce friction and retain customers on these platforms.

Opportunity: Use these apps to reach women where they are to build financial and digital capabilities

Government programs to support women micro-entrepreneurs often struggle to reach the targeted population. The digital platforms that women are already comfortable using on a daily basis should be leveraged as a gateway for women to access additional financial tools and information. Government programs targeting women entrepreneurs could advertise on these platforms about financial and non-financial services for which they may be eligible.

Finding: Despite adopting digital platforms, women are not yet fully utilizing them and need new skills to stay competitive.

Many women are not yet fully utilizing available digital platforms. For example, in Indonesia, social media and e-commerce entrepreneurs reported difficulties taking quality photos of their products given limited storage space on their phone, the quality of their camera, and lack of suitable lighting and background. Some simply use stock photos from their supplier. Many rely on their children to write the captions, produce story highlights, and interact with customers. For entrepreneurs striving to differentiate their offerings and grow their businesses, additional capacity building on online business practices and marketing is needed.

Opportunity: Leverage online channels and peer learning to build business capabilities in online marketing.

Different learning models to build online marketing skills could be employed. For example, in Indonesia, a bookseller organized a large WhatsApp group of all its resellers and disseminated online marketing video tutorials through the group. Companies that distribute fast moving consumer goods to women-owned retail businesses could provide training through WhatsApp groups to help these businesses grow as well as form new connections between actors along the value chain. Other organizations invested in women's business growth, from cooperatives to non-governmental organizations to government agencies, should lever-

age online platforms to build business skills, catalyse peer learning, and motivate women with stories and lessons from other businesswomen's success.

Opportunity: Use these platforms to reach women where they are to build financial and digital capabilities

Identifying and reaching growth-oriented women micro-entrepreneurs at scale is difficult. The digital platforms that women are already comfortable using on a daily basis should be leveraged as a gateway for women to access additional financial tools and information. Government and private sector programs targeting women entrepreneurs could advertise on these platforms about financial and non-financial services for which they may be eligible.

Leverage social commerce to develop new financial services for micro-entrepreneurs

Though all segments currently have low rates of use of formal financial services, social commerce presents new opportunities for increasing women micro-entrepreneurs' access to formal financial services. Compared to offline enterprises, social commerce entrepreneurs, even if they remain informal, can be identified and reached more easily and engaged at scale, and their online transaction histories can be used as a means of alternative credit scoring. In addition, transitioning to online activities creates new use cases for digital payments and financial accounts. Financial service providers and e-commerce companies that ad-

dress social commerce entrepreneurs' financial needs can spur business growth and retain these customers over time.

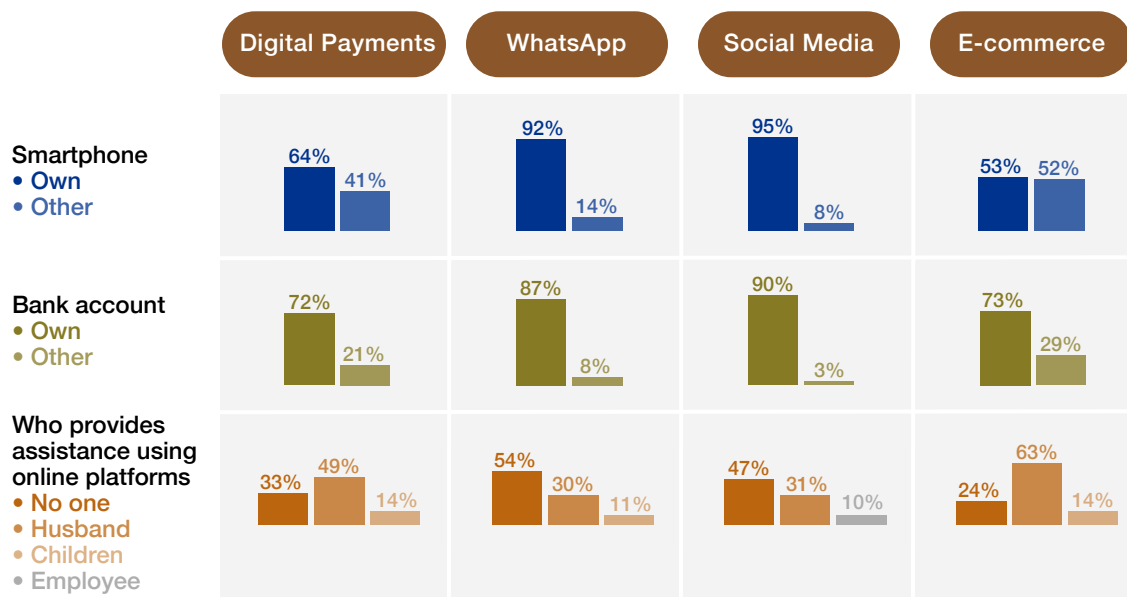
Finding: Most women social commerce entrepreneurs already use a bank account for their business – but not necessarily their own.

In both countries, most women respondents in the sample reported having access to a bank account. In India, only 80 percent of respondents use their own bank account for their business, while 16 percent use someone else's account, often that of their husband or another family member. In Indonesia, a number of respondents in the qualitative research reported using their mother's, husband's, or sister's bank account and explained this was more convenient and lessened administrative fees. Similarly, among e-commerce users in India, only half of the sample used their own smartphone, while the other half used someone else's smartphone.

It is important to recognize that many women are involved in businesses jointly with their husband or other family members. In India, e-commerce and digital payment user segments, respectively, were almost half as likely as WhatsApp and social media segments to be the sole decision-maker of the business.

In jointly-run businesses, if both husband and wife have a bank account, but a platform can only be linked to one account, the husband's account is often prioritized. For example, in India, UPI payments currently

Table 10: Smartphone and bank account use in India



“My husband was having an account and if someone asked to pay using Paytm, I used to give his number, but after sometime he also told me that it’s been difficult to keep track of his and also my transactions separately and it’s better for you to have a Google Pay account or something like that. So then I started using Google Pay. So that I can manage my own orders without relying on my husband.”

Urban social media entrepreneur,
age 31, India

can only be linked to one bank account and one SIM card. Women reported linking UPI-based apps to their husband’s account, but as they interact with customers and suppliers, they had to call to coordinate or confirm UPI transactions with their husband. In these cases, women have access to the digital tool but cannot fully take advantage of its benefits (for example, access credit using the transaction history created, or use digital payments for her own, independent economic decisions) if it is not registered in her name.

A 30-year-old urban WhatsApp user had opened her own bank account a week prior to being interviewed in order to switch from her husband’s UPI account to her own. She explained: “I was not very confident. I didn’t have a bank account in my own name before. I and my husband have a joint account. We didn’t get time to open an account in my name. Recently... just about 1 week back I opened an account in my own name. So, I was using my husband’s Google Pay till now. Now I will start using it myself.”

Opportunity: Provide women with a choice between independent and joint accounts

Women may own and operate their own businesses completely independently or in some degree of partnership with their husband or other family member. For some women, access to her husband’s bank or payment account may meet her current needs. As a 31-year-old digital payments entrepreneur in peri-urban Bangalore explained, “My husband has an account and everything is connected to his account, like Paytm and all. One account for a family is enough, right?” Women may even be more confident starting to use a new digital tool with her husband. However, if these women rely on their husband to manage UPI transactions, they lose visibility on the transactions, face inefficiencies, and miss the opportunity to build their own transaction history and financial management experience.

One option could be to allow joint ownership of UPI and e-commerce apps so that both partners have an equal view into business transactions and can use it themselves. But UPI-based apps could also stimulate the opening of new, individual accounts for women so that she has full ownership, not just access, to an account. Digital payment products could also be promoted in partnership with account opening or linking to women’s existing accounts. This would increase women’s utilization of existing accounts and strengthen women’s financial control and independence.

Finding: Women social commerce entrepreneurs continue to use cash alongside digital payments, but perceive cash and digital payments as serving distinct functions.

In India, 99 percent of respondents continue to use cash. Even among digital payment users, 83 percent cite cash as their primary payment method, and less than 10 percent report using either UPI or electronic money for most transactions.

In Indonesia, most respondents transact in cash (87 percent) or bank transfer (74 percent). Some respondents explained their choice of payments as being connected to how they save or set money aside. One respondent explained that she saves the payments she receives via bank transfer, since it is already in her bank account, but continues to accept cash payments to cover daily operating expenses. The lack of liquidity helps her save automatically, and “suddenly you have saved up a lot.”

“If they pay through cash, we can use it for our daily needs and expenses. Otherwise, it goes to the bank where they deduct money for the jewellery we had pledged earlier. If they pay through cash, we think we can use it for our expenses.”

Peri-urban digital payment entrepreneur,
age 31, India

In Indonesia, women will commonly ask for 50 percent of the total payment via bank transfer before sending the product out for delivery. In both countries, many customers prefer cash-on-delivery in order to verify the products received. A 25-year-old e-commerce entrepreneur in urban India explained that though she uses Ninjakart to buy supplies, “[With Ninjakart] I have to check the items at the time of delivery... so if there is any problem then we will adjust that time. This is the reason I don’t do online payments.”

Opportunity: Strengthen the digital payments ecosystem

In both countries, social commerce entrepreneurs, even if they have started using digital payments for some transactions, continue to use cash because the digital payments ecosystem is far from mature. The digital payments ecosystem can be strengthened by improving interoperability between payment providers, infrastructure (especially mobile connectivity), smartphone ownership, cash in/cash out points, and additional use cases.²⁵ These advances are necessary to strengthen the presence of digital payments in rural areas, where adoption lags behind urban centres. As long as the digital payment ecosystem struggles with accessibility and reliability, people will continue to mistrust digital payments and rely on cash.

In Indonesia, electronic money ecosystem could be improved by enhancing interoperability and relaxing the current maximum account balance of IDR 10 million (~USD 700) and maximum monthly transaction of IDR 20 million (~USD 1,400), which discourage digital merchant payments. Requirements that individual bank agents serve one bank and the lack of an agent network management model in Indonesia result in bank agents facing liquidity challenges and charging irregular fees.²⁶

Opportunity: Strengthen financial capabilities and mobilize savings via digital financial services

Women tend to think of cash as “spendable” but view digital payments as earmarked for savings or larger purchases. Financial service providers and app developers have an opportunity to leverage this perception to encourage savings habits by incorporating gamification, commitments and trackers, and/or peer support into digital payment apps.

Sales representatives promoting digital payments could be leveraged to strengthen users’ financial capabilities, such as showing users how to check their bank account balances via electronic money. In India, UPI-based apps typically send an SMS to confirm a UPI transaction that includes the bank balance, but the UPI app interface does not easily indicate where the user can check their bank account balance. For UPI users with limited and precarious resources, knowing their account balance is critical. A 31-year-old peri-urban digital payment entrepreneur described having her UPI payment declined when she tried to buy shoes for her business, because she did not know her account balance. In her words, “If we can’t make the payment due to low account balance, we feel very bad about it and they also feel like not doing business with us.”

Finding: Many women social commerce entrepreneurs are eager for credit to grow their business, but remain constrained in accessing credit.

Bank accounts and digital payments have not yet improved women’s access to other financial services. In the study sample, only 1 percent of women micro entrepreneurs make use of any loans or insurance products for their business in India. In Indonesia, 9 percent of respondents reported using formal loans.

“It would be helpful if they can give small business people like me the loan. It is very difficult to get the loan... there would be hundreds of questions they will ask about the business and house and income like that.... If we get a large amount at once from the bank... we can invest that amount into something rather saving small amounts for so long. I have many ideas but don’t have the money to invest.”

Urban digital payments entrepreneur,
age 50, India

Women micro-entrepreneurs in both countries face a credit gap. They face difficulties in securing bank loans due to paperwork and collateral requirements and bank loans are not offered as quickly or at the amount needed. As one woman in India described, “I tried [to take a bank loan], but I didn’t have proper documents. I opened my shop also newly, so they told me to get GST and other documents and after 1-2 years they will give us a loan.” Frustrated by formal credit processes, they turn to moneylenders or family members for smaller loans with high interest rates.

Opportunity: Leverage digital transaction data for digital lending

As women increasingly transact digitally with their customers and suppliers, transaction data of payments and expenses will be a valuable input for financial service providers in assessing women’s creditworthiness, managing risk, improving underwriting and offering more customized loans. These platforms could also be used for loan repayment. Advertisements for new financial products on the online platforms women currently use can be an effective channel for customer discovery.²⁷ E-commerce platforms, especially those focused on merchants, could develop supplier credit products for users. However, clients need to be able to provide informed consent of the use of their data for such purposes, and measures must be taken to ensure client data security and confidentiality.

Growing with social commerce entrepreneurs

Women micro-entrepreneurs in India and Indonesia are adopting a variety of digital platforms, which transform their businesses. However, micro-enterprises' digital transition is far from complete. Even as women conduct business online, many transactions continue to occur offline and with cash in both countries. There are still critical unmet needs in the sector to enhance entrepreneurs' use of digital platforms, reduce cash pain, and increase efficiency.

Given how rapidly evolving early-stage social commerce ecosystems are in countries like India and Indonesia, they remain highly competitive—as much for the micro-enterprises entering this sector as for the new companies that are jostling to capture this expanding segment.

For social commerce entrepreneurs to stay competitive, they must address new business challenges, including acquiring new customers; staying top-of-mind

and maintaining relationships with existing customers; adapting to customers' shifting preferences around products, platforms, and payment methods; expanding and diversifying product offerings; differentiating their businesses with quality marketing; and increasing business efficiencies and mitigating risk especially in payment and delivery interactions with both customers and suppliers.

For e-commerce, social media, digital payment, delivery, and financial service companies to remain competitive in these rapidly evolving markets, there are critical opportunities to support women micro-entrepreneurs to adopt and fully leverage digital platforms for their business and provide new financial services that help these entrepreneurs thrive. The better they address the needs and aspirations of these segments, the more they will grow with this sector.

Notes

- 1 We use digital platforms to mean online platforms (social media, messaging, e-commerce, delivery apps) and digital payment platforms (mobile wallets, electronic money).
- 2 Abed et al. 2015. [Social media as a bridge to e-commerce adoption in SMEs: A systematic literature review.](#)
- 3 Islam and Bin-Humam 2019. [Could e-commerce bring women's financial inclusion in Bangladesh?](#)
- 4 Hootsuite 2019. [The global state of digital in 2019 report.](#)
- 5 Curty and Zhang 2012. [Social commerce: Looking backward and forward.](#)
- 6 Huang and Benyoucef 2013. [From e-commerce to social commerce: A close look at design features.](#)
- 7 Marsden 2010. [Social commerce: Monetizing social media.](#)
- 8 Field et al. 2019. [On her own account: How strengthening women's financial control impacts labor supply and gender norms.](#)
- 9 IFC (n.d.). [Financial inclusion for women-owned micro, small, and medium enterprises \(MSMEs\) in India](#)
- 10 IFC and USAID 2016. [Women-owned SMEs in Indonesia: A golden opportunity for local financial institutions](#)
- 11 World Bank 2016. [Women entrepreneurs in Indonesia: A pathway to increasing shared prosperity.](#)
- 12 Melissa et al. 2015. [The Internet and Indonesian Women Entrepreneurs: Examining the Impact of Social Media on Women Empowerment.](#)
- 13 Kumar and Ayedee 2018. [Social media tools for business growth of SMEs.](#)
- 14 SME Finance Forum 2019. [MSME Finance Gap.](#) Accessed October 2019.
- 15 GSMA 2019. [The state of mobile connectivity report 2019.](#)
- 16 GSMA 2019. [The Mobile Gender Gap Report 2019.](#)
- 17 GSMA 2019. [The mobile gender gap: Asia.](#)
- 18 Barboni et al. 2018. [A tough call: Understanding barriers to and impacts of women's mobile phone adoption in India.](#)
- 19 GSMA 2019. [The mobile gender gap: Asia.](#)
- 20 While we consider e-commerce, social media, and WhatsApp entrepreneurs to be engaged in social commerce, digital payment entrepreneurs are not technically social commerce entrepreneurs because they use no online platforms for their businesses. However, they were included in the sample in India given the prevalence of UPI-based payment platforms, the potential for this segment to adopt other platforms, and as a comparison with other segments engaged in social commerce
- 21 A "super app" is an umbrella app that provides a gateway to additional apps providing different services. Gojek and Grab include transportation services, electronic money (GoPay and Ovo), and purchase/delivery of multiple products, from food to beauty services to massages.
- 22 Only formal, large businesses in India are currently selling on e-commerce platforms such as Amazon or Flipkart, which require that vendors be formally registered with GST certification. Small and micro-enterprises typically do not have GST certification because it is not mandatory, the paperwork is difficult, and they perceive that GST increases their tax liability. In addition, while food delivery and courier apps like Swiggy and Zomato are increasingly common in urban India, no micro-enterprises in our sample are currently using these apps to sell their products.
- 23 See for example: Sinha 2018. [Three steps for closing India's gender gap in digital financial services.](#)
- 24 Better Than Cash Initiative 2016. [Responsible Digital Payments Guidelines.](#)
- 25 For example, government-to-person (G2P) payment programs may also consider leveraging e-commerce and payment platforms to disburse payments to recipients, drive adoption of these platforms, and make it easier for recipients to use their benefits.
- 26 Microsave Helix Institute of Digital Finance 2017. [Agent Network Accelerator Research: Indonesia Country Report.](#)
- 27 Omidyar Network and Boston Consulting Group 2018. [Credit disrupted: Digital MSME lending in India](#)



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