

An Open Letter: Digital Financial Capability is Critical to Unlocking the Power of Women's Financial Inclusion, But We Must All Do Our Part

When a woman is financially included, she has access to responsible financial and technological tools in her own name, engages with financial services in a way that meets her needs, and has opportunities to build resilience and grow her business. She passes on the benefits to her community through employment in her business, her children are more likely to stay in school, and she saves money to weather future economic shocks.

A critical enabler of financial inclusion is building digital financial capability (DFC), which gives women the knowledge to make informed choices and the skills to effectively use digital tools, and builds her trust in digital financial products and services. Improved digital financial capability can also motivate and enable the safe and beneficial use of financial services.

The Women's Digital Financial Inclusion (WDFI) Advocacy Hub, an entity that unifies local, regional, and global stakeholders with the common objective of accelerating progress in women's digital financial inclusion, believes that women's capability to effectively use responsible digital financial services to achieve their financial goals is a stepping stone on the path to women having economic power.

In addition to affording women economic power, greater digital financial capability fosters increased customer engagement and instills more trust in the formal financial sector. The evidence from account activation solutions demonstrates that when DFC is embedded in digital financial services, customers are more engaged with those services. At DBBL in Bangladesh, the solution increased the percentage of women customers doing a transaction independently by 76%. At BRI in Indonesia, average balances grew by 17x for beneficiaries who received the solution. This ultimately results in improved financial returns for financial services providers, creates new opportunities to serve an expanded and diversified range of customers, and enables governments and civil society organizations to achieve their financial inclusion objectives.

The WDFI Advocacy Hub is committed to supporting women's digital financial capability through our vast network of members – but we cannot do this work alone. We need the collective help of governments, financial services providers (FSPs), and civil society organizations (CSOs) to pave the way for greater access to and usage of digital financial services.

Today, the WDFI Advocacy Hub is calling on these three groups to take the following important actions and catalyze building digital financial capability among women in the Global South.

Governments

- 1. Connect digital financial capability with national digital financial inclusion efforts:**
Governments can couple the rollout of critical digital public infrastructure (DPI) efforts, such as interoperable payments systems, digital identification, and data management, with DFC support programs to improve levels of financial inclusion and economic power. This builds women's trust in and ability to use DPI. Government entities should prioritize DFC in the implementation of national financial inclusion and digital strategies, and embed DFC into social protection and other usage-linked educational initiatives.

2. **Partner with stakeholders and consult with women to understand critical “inflection points” at which consumers most need digital financial capability skills:** Government should redirect resources spent on generic classroom-based financial literacy training programs towards partnering with stakeholders (such as women’s rights organizations, consumer organizations, and organizations of people with disabilities) delivering DFC interventions in an accessible way that are timed to coincide with a specific need for and active use of financial services.
3. **Ensure appropriate FSP accountability mechanisms:** This includes setting industry expectations and guidelines, in consultation with FSPs, to include DFC as part of product development and delivery to promote value propositions and customer protection for all consumers, regardless of ability. Government must monitor adherence to such guidelines, and ensure use of gender-disaggregated data to inform interventions aimed at achieving equality of access and usage of digital financial services.

Financial Services Providers

1. **Design for Digital Financial Capability:** We are calling on FSPs to design responsibly and integrate financial capability-building elements into their digital financial solutions to enhance women customers’ understanding, confidence, and abilities. Such integrated approaches go beyond traditional financial literacy approaches to encourage the active use of products to meet customer goals. We have seen that when DFC is integrated, there are higher transaction volumes and frequency, as well as greater cross-sell of additional products and services.
2. **Provide gender-sensitive onboarding opportunities:** Because of the range of customer learning preferences, FSPs should leverage a variety of distribution channels to accommodate various segments of women, including those traditionally more reliant on established networks, which can help lower barriers to internalizing the DFC messages and translating them into action. FSPs should also consider intersections with gender, such as ability, ethnicity, religion, and immigration status. Different customers learn in different ways.
3. **Set targets and track progress, using gender-disaggregated data:** In market contexts with robust financial literacy goals, strong monitoring, evaluation, and learning can contribute to national and industry-level objectives. Progress should include active use of digital financial services as well as ensuring customers are protected.

Civil Society Organizations

1. **Prioritize and facilitate DFC training for women:** We are calling on CSOs to leverage trusted local community and peer networks to deliver training to women, in partnership with FSPs and men, to bring awareness to the value that skills can bring to women’s lives. As part of this, they must educate women on their rights to hold FSPs and governments accountable. In addition, CSOs should leverage digital channels where women are likely to engage in order to scale the delivery of content. Special care should be taken to ensure

that the content and delivery of the trainings are accessible and meet women where they are.

2. **Elevate client voices and perspectives:** CSOs should build partnerships with the government and private sector to share the voice of the client and communicate the digital and financial challenges and needs of women. In addition, they can serve as valuable delivery channels for government and financial services providers to reach women and support DFC-building.
3. **Identify and/or establish a diversity of women role models in the community:** These role models can help increase trust, assist in onboarding, and highlight use cases to drive active usage of formal financial services. Through these role models, CSOs can advocate on behalf of women from diverse communities and with different abilities to increase awareness of and commitment to accessibility and inclusion.

Working together, we can act to pave the way for digital financial capability. When women can use digital financial services, it uplifts families and entire communities. As more and more of the world embraces digital finance and DPI as the future, we must make sure that women are not left behind but rather build trust in and benefit from the opportunities they provide.