

# Making Financial Products and Services Work for Women

## *What is the role of policymakers and regulators?*

Women in developing economies often face barriers in using financial products and services. This policy brief explores some of the tools available to policymakers that encourage financial services providers to offer better products and services that work for women.

### Introduction

Nearly 750 million women worldwide still have no access to financial services, and a further quarter of a million have inactive bank accounts.<sup>1</sup>

On average, women have lower levels of financial literacy and confidence than men, and prefer to use informal methods to manage their finances.

Globally, 51 per cent of women report borrowing money, but only 28 per cent borrow from a formal financial institution or use mobile money. While 48 per cent of women save money, only 29 per cent save with a formal financial institution or mobile money.<sup>2</sup>

We often look at two measures of financial inclusion – access and usage. Women are only 6 percent less likely to have an account at a formal financial institution, but over 30 percent more likely than men to have inactive accounts.<sup>3</sup>

Usage typically accompanies access if products are relevant to people's lives, convenient, fairly priced, trustworthy, designed with the end-user in mind and responsive to their preferences.

### Why does product design for women matter?

At the macro level, excluding women from the financial system is a drag on inclusive growth that holds back everyone. From a business perspective, there is a \$700 billion annual revenue opportunity in better serving the needs of women.<sup>4</sup>

Product design for women also matters at the micro level. When women have more control over financial resources and tools, they can prepare for emergencies and her family gains income to pay for education, healthcare, housing and nutrition.<sup>5</sup>

### Portrait of a woman customer

Women lead complex financial lives and often have differing financial needs that are not prioritized in product design.

They may be balancing care work and maintaining more than one job. In developing economies, these jobs are often informal, lack security and are cash-based. Their businesses are likely to be smaller and more informal than men's.

Many women do not have formal identification documents,<sup>6</sup> nor access to collateral to secure loans.<sup>7</sup> They are 16 percent less likely than men to use mobile internet.<sup>8</sup>

Women also face cultural and social barriers in many countries that limit their mobility and ability to independently access financial services. In emerging markets, unbanked women are 25

percent less likely than men to say they could use an account self-sufficiently.<sup>9</sup>

Despite this, women are astute financial managers and entrepreneurs.<sup>10</sup> Women are typically the domestic decision-makers and primary savers for household expenses and their children's education.<sup>11</sup> They are often using informal tools to manage their finances, diversify risk, invest and borrow.

### Women-centric product design

We have learned from serving women customers that women value:

- A convenient, affordable and safe way to save, make payments, send money and plan for the future, to protect herself in times of family emergency.
- The ability to borrow money and leverage wrap-around business support services to grow her business.
- Clear product information in the local language that welcomes women customers and communicates the benefits of account usage.
- “Learning-by-doing” tutorials to learn product features, with incentives and rewards for building regular habits.
- Consistent reminders through training and video education to help build her digital financial capability.
- A high-tech/high-touch model to facilitate her trust and confidence in digital financial services.

## Case Studies

The following case studies highlight how women-centric product design has been used to understand women's preferences and increase their engagement and use of financial products.

### Cambodia Case Study

#### *Activating the Use of Digital Wallets Among Factory Workers in Cambodia*

Women's World Banking used its women-centered design approach with its Network Member WING Cambodia, to develop a solution to activate usage of Wing's digital wallet among women factory workers. The wallets were only being used to receive salary payments.

The solution was a “learn-by-doing” initiative that used training sessions as the main touchpoint to teach women factory workers about their account and how to use the Wing app, as well as highlighting key ‘use cases’ that would be of interest to women customers.

This resulted in a significant increase in monthly transactions on the app, such as saving and sending money to family members.

### India Case Study

*From our research with women customers from the public sector bank, Bank of Baroda India, we knew that many women were already saving, but informally, and there was little incentive to change.<sup>12</sup>*

We found that some women perceive banks as:

- Intimidating, emotionally distant spaces
- Inconvenient; savings are not readily accessible
- A place to save large amounts, not small sums

Women's World Banking identified an opportunity to make India's social benefits program, the Jan Dhan account for low-income groups, work more effectively for women by encouraging savings behaviour tied to an overdraft facility.

Women's World Banking partnered with Bank of Baroda India, to develop a savings mobilization solution, ‘Jan Dhan Plus’, which encouraged a significant number of women to start saving regularly.

It gave them access to credit when needed, created a credit footprint and enabled economic resilience. It also gave women opportunities to access other financial products once they were better known customers to the bank.

# Recommendations for Policymakers

Policymakers and regulators can influence the design of products that financial services providers offer to women. Determined efforts are needed to:

- ✓ **Challenge providers during supervisory visits or during industry engagements to think harder about product design.** How does a particular product serve women customers' needs and build trust and confidence?
- ✓ **Issue guidelines to engage providers in designing products and services for women.** Consider the tips above to give providers ideas. Encourage them to review their product portfolio and delivery channels with women's needs in mind.
- ✓ **Closely supervise providers for their consumer protection duties.** Emphasize the importance of simple communications that resonate with women customers, especially those with limited financial literacy.
- ✓ **Integrate national financial education curriculums into the public education system** and take a multi-generational approach to help sustain enduring financial behavior. For example, parents and youth can manage money and save independently or together toward their life goals.
- ✓ **Explore alternative regulatory frameworks for banking channels.** For example, consider expanding the scope of agent banking networks and leverage women agents as a trusted channel to engage more women customers.
- ✓ **Review providers' credit assessment methodologies to enhance access to credit for women entrepreneurs.** Check for potential underlying algorithmic bias in credit assessments and incentive schemes for loan officers.<sup>13</sup> Encourage cash flow-based credit assessment methodologies to provide alternative access to credit and consider "priority sector lending" initiatives to encourage providers to offer more credit to women.
- ✓ **Build capacity amongst your senior officials and high-potential women leaders** who can influence product design and provide input on policies that will improve women's financial inclusion.
- ✓ **Input into the design of government payment systems.** Governments, as originators of social protection payments, have a great deal of influence over product design and can help design G2P payment systems with women recipients in mind.
- ✓ **Monitor implementation of industry guidance through gender-disaggregated data analysis.** Collect and analyze data to understand trends:
  - How is the gender balance of the customer base changing over time?
  - What is the gender balance by product type and where are the obvious gaps?
  - Are new products being launched that will boost engagement from women?
  - Are women entrepreneurs accessing credit more easily?
- ✓ **Monitor national financial inclusion data for similar trends:** Is the overall gender balance improving, and how are usage levels changing?

## What Women Want

*Women have unique financial preferences, many of which emerge from their challenges:*

- **Privacy:** With competing demands on their financial resources, women place a high value on privacy.
- **Security:** Women know they can only save a limited amount of funds at home without risk, and informal savings mechanisms can be unreliable. They need to be confident that their money will be there when they need it.
- **Control:** Women are expert money managers and want control over their financial lives. Hidden fees and restrictions on account usage deter women's financial activity.
- **Trust and Confidence:** If a product lacks consumer protection, women will be less likely to use it.

## Conclusion

Financial services providers have a strong business opportunity to focus on inclusive design principles and a social imperative to serve low-income women.

Policymakers have the tools to use their influence on the industry to encourage these behaviors.

Policymakers can set expectations for financial services providers, contribute to product design so that it works for women, and monitor industry gender-disaggregated data to assess progress towards national financial inclusion goals and women's economic empowerment.

## Acknowledgements

This brief was a collaborative effort between Women's World Banking staff including Jaclyn Berfond, Francesca Brown, Rebecca Hausberger, Sonja Kelly and Andrew Woolnough.

All opinions are those of Women's World Banking. For more information, contact Francesca Brown at [fb@womensworldbanking.org](mailto:fb@womensworldbanking.org) or Sonja Kelly at [sk@womensworldbanking.org](mailto:sk@womensworldbanking.org)

This publication has been funded by the Swiss State Secretariat for Economic Affairs (SECO).



Schweizerische Eidgenossenschaft  
Confédération suisse  
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Swiss Confederation

Federal Department of Economic Affairs,  
Education and Research EAER  
State Secretariat for Economic Affairs SECO

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