

INNOVATIVE FINANCIAL PRODUCTS AND SERVICES FOR WOMEN IN ASIA AND THE PACIFIC

Arisha Salman and Keiko Nowacka

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Arisha Salman and Keiko Nowacka

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ABBREVIATIONS

ADB	Asian Development Bank
DMC	developing member country
DFS	digital financial services
fintech	financial technology
ID	identification
KYC	Know-Your-Customer
MFI	microfinance institution
MNO	mobile network operator
PFIP	Pacific Financial Inclusion Programme
P2P	Peer-to-Peer
PNG	Papua New Guinea
VBSP	Viet Nam Bank for Social Policies
WBL	Women, Business, and the Law
WMBL	Women's Micro-Bank Limited

I. INTRODUCTION

1. The Asian Development Bank (ADB) has been working to improve financial inclusion in Asia and the Pacific. The organization's projects are helping unlock opportunities for the unbanked and underbanked in the region, while developing local financial markets through policy dialogue, loans, equity investments, guarantees, grants, and technical assistance. For instance, in Papua New Guinea (PNG), an ADB microfinance and employment project helped expand rural communities' access to financial services and improve financial literacy of over 120,000 people, 40% of whom are women. ADB support is additionally focusing on emerging areas such as digital finance, and green and disaster risk finance.¹

2. ADB recognizes that financial inclusion is a central tenet of achieving women's economic empowerment, which is an operational priority under Strategy 2030. This report examines new and innovative digital approaches that are facilitating financial access for women in the region. This report focusses on digital financial services (DFS) and financial products that are powered by financial technology (fintech).² The report also covers some low-technology yet innovative approaches that are emerging to overcome the limitations associated with extending digital financial services to women located in remote and rural areas, including connectivity and literacy issues. The research will enable stakeholders across the region to evaluate how new and innovative approaches within the realm of access to finance can effectively support the socioeconomic empowerment of women in the region.

A. What Does Financial Inclusion Mean for Women?

3. Financial inclusion is a precursor for the economic empowerment of women. It enables women to enhance spending on both production and consumption; it provides them more control over their incomes and access to previously inaccessible economic opportunities. Financial inclusion is defined as access to useful and affordable financial products and services—transactions, payments, savings, credit, and insurance—that are delivered in a responsible and sustainable way to meet the needs of individuals and businesses.³ However, this requires financial services to be inclusive and take into account the different needs of clients, including women. Gender-neutral strategies have not taken into account the factors that act as barriers in women's access to and use of financial services.⁴

4. Financial inclusion of women is critical for women to realize their economic rights and for their empowerment, with positive spill over effects on other development outcomes and poverty reduction.⁵ According to a study conducted by Innovations for Poverty Action, in Nepal, offering easily accessible and affordable (no-fee accounts) to female household heads who live in slums led to an increase in spending on meat and fish, education, and ceremonies.⁶ The accounts equipped households to better cope with health emergencies—in the event of a health shock, households with an account saw a smaller drop in income than households without an account.

¹ AFI Global. 2017. ADB, AFI partner to increase financial inclusion in Asia with new MOU. 8 November.

² DFS refers to the broad range of financial services including payments, credit, savings, remittances and insurance, accessed and delivered through digital channels.

³ World Bank Financial Inclusion at a Glance.

⁴ Refer to Section 1.2 (paras. 8–11) for details.

⁵ Women's World Banking. 2016. Women's Financial Inclusion: A Driver for Global Growth.

⁶ Poverty Action Lab. 2017. Women's Economic Empowerment Through Financial Inclusion: A Review of Existing Evidence and Remaining Knowledge Gaps. March 2017.

5. Between 2014 and 2017, the share of adults who have accounts globally increased from 62% to 69%; in developing economies, the share rose from 54% to 63%.⁷ However, women in developing economies are still 9% points less likely than men to have a bank account. The gap is even wider in some regions; 18% in South Asia where Bangladesh and Pakistan stand out as places where growing gender gaps have accompanied overall gains in financial access. High-income countries, on the other hand, demonstrated no statistically significant gaps in bank account ownership between men and women (footnote 4). Unlike most developing countries, women in Southeast and East Asia, as well as the Pacific have reaped the benefits of the global progress in financial inclusion; in East Asia and the Pacific, 67% of women have a financial account. This is higher in comparison to 50% of women in developing economies overall. According to Findex 2017, the gender gap is actually in favor of women in three Southeast Asian countries: Indonesia (5% –), the Lao People’s Democratic Republic (6% –), and the Philippines (9% –). In these countries, more women own accounts than men. Nevertheless, there remain significant gender gaps in access to finance among entrepreneurs in East Asia and the Pacific. 58% women entrepreneurs lack access to credit while this figure is 42% for men.⁸

B. Barriers Associated with Financial Access for Women

6. As stated above, a significant proportion of women are still excluded from formal financial systems. There are several factors at the institutional, regional, and societal levels that impede women’s financial access. This section provides an overview of the critical barriers that prevent women from accessing financial services. While the examples covered here are specific to Asia and the Pacific, the challenges highlighted are universal and can be applied to other developing countries.

7. **Development of financial products do not account for women’s needs.** The current financing infrastructure favors the higher rate of male financial inclusion. Gender-neutral financial inclusion programs, policies, and products tend to prevent women.

8. Legal restrictions and discriminatory laws constrain financial inclusion for women by adding formal barriers to opening a bank account and fulfilling credit history requirements for accessing credit. According to World Bank’s Women, Business, and the Law (WBL) Report, in 31 out of 189 countries, husbands are considered to be the legal head of households.⁹ This reduces women’s legal rights to sign documents, get a job, or open a bank account without the permission of their husband or male head of household.¹⁰ While there are no legal restrictions on women opening a bank account among ADB members, in several cases, policymakers and legal authorities have been unsuccessful in enforcing laws and practices that restrict financial institutions from extending credit to women. Among 117 economies, including 24 ADB members, there is no law that prohibits creditors from adopting discriminatory practices on the basis of sex or gender in providing access to credit.¹¹

9. Unfavorable inheritance laws and tenuous property rights lead to low property ownership for women across many countries in Asia and the Pacific.¹² Access to formal credit is often based on lending backed by assets and on the availability of financial histories that could enable financial institutions

⁷ World Bank Global Findex Database 2017.

⁸ SME Finance Forum. MSME Finance Gap.

⁹ The 31 countries are Bahrain, Burundi, Cameroon, Central African Republic, Chad, Chile, Comoros, Democratic Republic of Congo, Republic of Congo, Djibouti, Gabon, Guinea, Guinea-Bissau, Indonesia, Iran, Islamic Republic of Iraq, Jordan, Libya, Madagascar, Mali, Mauritania, Morocco, Niger, Oman, San Marino, Saudi Arabia, Senegal, Sudan, Tunisia, United Arab Emirates, and Republic of Yemen.

¹⁰ World Bank. 2018. Women, Business, and the Law.

¹¹ The 24 ADB members are the following: Afghanistan; Armenia; Bangladesh; Bhutan; Brunei Darussalam; Fiji; Georgia; India; Indonesia; Kazakhstan; Kiribati; Malaysia; Myanmar; Nepal; Pakistan; Palau; Republic of Korea; Samoa; Sri Lanka; Taipei,China; Thailand; Timor-Leste; and Tonga.

¹² OECD. 2018. Strengthening Women’s Entrepreneurship in ASEAN.

to determine the creditworthiness of clients. Since banks require individuals to submit land and other assets as collateral while extending credit to assess women's ability to repay, low property ownership restricts lending to women. Sons and daughters do not have equal right to inherit assets from their parents in 10 ADB developing member countries (DMCs).¹³

10. Discriminatory social norms also hinder women's access to finance. Women report that in banks, the environment is not welcoming and is often intimidating; women feel unfamiliar with technical financial terminology and loan officers may harbor gender biases, and customer outreach fails to take into account the unique needs of women.¹⁴ Inconvenient and limited hours of operation further reduce the likelihood that women—who bear disproportionate domestic responsibilities—seek out formal financial institutions to obtain capital.¹⁵ While several ADB DMCs have launched schemes to offer loans to small- and medium-sized enterprises, the restrictive laws and social norms tend to leave out women entrepreneurs from accessing finance.¹⁶

11. **Hurdles in proving their identity.** Women face more constraints in satisfying know-your-customer (KYC) requirements at banks and other financial institutions in comparison to men. This restricts their access to financial services more disproportionately. According to WBL, married women in 11 countries need additional documentation than men in getting a national identification (ID) card.¹⁷ For instance, in Afghanistan, a married woman who wants to obtain a Tazkira (national ID card) needs to present a copy of her marriage contract.¹⁸ Women face additional barriers in obtaining a passport, a key source of identification used by banks. Data from WBL suggests that women are less likely to borrow from financial institutions when they face difficulties in obtaining national ID cards.

12. **Low financial literacy rates.** Low financial literacy among women restricts their financial access in several ways. For instance, it impedes the ability of women to understand the extensive documents that are required to apply for a loan and to understand the terms of their loans. In South Asia for example, the gender parity index for literacy stands at 0.91, which means that there are 91 literate women for every 100 literate men.¹⁹ Similarly, financial literacy rates scores (out of 21) are higher for men in the Lao People's Democratic Republic (12.57 for men and 12.42 for women) and in Cambodia (11.85 for men and 11.74 for women).²⁰ Similarly, in Indonesia, the financial literacy rates are higher among men (33% compared to 25% among women).²¹

13. **Limited physical access to financial institutions.** Lack of physical access to financial institutions additionally prevents women from entering the formal financial system. WBL indicates that there are restrictions on how married women travel outside their homes in 17 countries including Afghanistan and Malaysia. This severely limits the ability of women to access financial institutions. In countries which do not impose legal restrictions on the mobility of women, the combination of paid and unpaid work

¹³ The 10 ADB DMCs: Afghanistan, Bangladesh, Brunei Darussalam, Indonesia, Malaysia, Maldives, Nepal, Pakistan, Tonga, and Vanuatu.

¹⁴ Council on Foreign Relations. 2016. \$6 Billion Financing Gap Holds Back Indonesian Women Entrepreneurs. 15 June.

¹⁵ ADB. 2018. Emerging Lessons on Women's Entrepreneurship in Asia and the Pacific. October 2018.

¹⁶ ADB. 2015. Asia SME Finance Monitor 2014. page 14.

¹⁷ The 11 countries are: Afghanistan, Algeria, Benin, Cameroon, Congo, Egypt, Mauritius, Namibia, Oman, Pakistan, and Saudi Arabia.

¹⁸ Government of Canada, Immigration and Refugee Board. 2006. *Responses to Information Requests*.

¹⁹ UNESCO Institute of Statistics Global Database. 2019.

²⁰ P. Morgan and L. Trinh. 2019. Determinants and Impacts of Financial Literacy in the Lao People's Democratic Republic. *ADB Working Paper Series*. No. 928. Tokyo: Asian Development Bank Institute.

²¹ A. Sawitri. 2017. Women Have Lower Level of Financial Literacy Than Men: OJK. Tempo. 21 April.

responsibilities causes “time poverty”, reducing the ability of women to access banking institutions, for example. Time is an invaluable resource for women—women in Asia and the Pacific spend from 2 up to 11 times more time in unpaid care work than men every day and work more hours when paid and unpaid care work are combined.²²

14. **Limited access to formal labor markets and the formal economy.** In Asia and the Pacific, a large percentage of women workers are a part of the informal sector. The figure for women who are employed in the informal sector (as a share of non-agricultural employment) stands as high as 59% for Kyrgyz Republic and 94% for Cambodia.²³ Informal workers are typically paid in cash, which means that women do not need to open bank accounts. Informality also entails that women do not have access to pensions and other formal sector benefits.

15. Within the informal sector, women tend to participate in informal banking arrangements instead of relying on formal financial institutions for their credit needs. For example, in Bangladesh women use informal mechanisms (which are often unsecure and unreliable) like buying excess stock for their business or using clay money boxes to store savings. This puts their savings at risk of loss due to natural disasters or theft.²⁴

16. **Not using sex-disaggregated data to monitor operations.** Across industries and specifically within the financial services industry, innovation-based research has largely failed to take into account gender differences.²⁵ Research by Women’s World Banking indicates that while women do not expect special discounts or promotions, they expect financial institutions to understand their needs and circumstances while serving them.²⁶ There are few institutional processes and innovations in place that regularly capture and analyze sex-disaggregated data. Banks do not often use sex-disaggregated data to monitor operations. In the absence of sex-disaggregated data, banks are unable to understand the specific banking needs of women. This prevents them from designing products that incorporate the unique needs and behavioral characteristics of women.

17. **Low female representation in the financial sector.** Several studies demonstrate how the participation of women in the financial sector and decision-making bodies improves access to finance for women. For instance, there is a close link between access to the Internet and mobile phones as well as financial inclusion and the representation of women in leadership roles.²⁷ Gender Balance Index 2019 which covers 173 countries indicates that 35 central banks (or 20% of the total) have no women on their board and that only 14 central banks are headed by women. Additionally, Asia has the lowest regional central bank Gender Balance Index score at 9%.²⁸

²² (i) International Labour Organization. 2018. Women do 4 times more unpaid care work than men in Asia and the Pacific. 27 June. (ii) L. Qi and X. Dong. 2015. Unpaid Care Work’s Interference with Paid Work and the Gender Earnings Gap in China. *Feminist Economists*. 22 (2). pp. 143–167. <https://doi.org/10.1080/13545701.2015.1025803>.

²³ (i) World Bank Open Data on Informal Employment, Female (% of total non-agricultural employment) (accessed 3 December 2019); and (ii) ILO-KILM. 2015. (accessed 3 December 2019).

²⁴ T. Sinha and C. Highet. 2017. Guide to Increasing Women’s Financial Inclusion in Bangladesh Through Digital Financial Services.

²⁵ I. Carrasco. 2014. Gender Gap in Innovation: An Institutionalist Explanation. *Management Decision*. 52 (2). pp. 410–424.

²⁶ Women’s World Banking. 2018. How to Create Financial Products that Win with Women. 4 September.

²⁷ J. Woetzel et al. 2015. *The Power of Parity: How Advancing Women’s Equality Can Add \$12 Trillion to Global Growth*. London: McKinsey Global Institute.

²⁸ Official Monetary and Financial Institutions Forum. Gender Balance Index 2019. (accessed 3 December 2019).

II. FACTORS ENABLING THE EMERGENCE AND SCALE-UP OF DIGITAL PRODUCTS AND SERVICES THAT EMPOWER WOMEN

18. Digital Financial Services (DFS) could close gender-based gaps in financial inclusion by enabling women to access financial services quickly and conveniently. Several stakeholders including financial institutions and other market players, such as mobile network operators (MNOs) and fintech providers are beginning to develop digital products and services that can enable women to overcome the barriers highlighted in Section 1.2. From a business case perspective, closing the gender gap in financial access by leveraging digital technology presents an enormous revenue opportunity for financial institutions and MNOs, given the important market share that women represent. However, while DFS has overcome several challenges women face in access to finance, women also report less trust in these new technologies and preference for in-person interactions with loan officers and banking agents.

19. This section covers the factors that are facilitating the emergence and scale-up of gender-inclusive digital products and services.

A. Internet Penetration

20. Availability of the internet speeds up several processes that are facilitate access to finance for women. Improvement in internet penetration facilitates last mile connectivity to financial institutions and related entities. Financial institutions and MNOs are enabling women to overcome the previously highlighted mobility barriers in financial access. For instance, enhanced internet access improves the process of providing national IDs to women and allows financial institutions to speed up KYC processes. The Internet enables women to send remittances in a quick and cost-effective manner. Additionally, access to the Internet enables women entrepreneurs to reach out to clients and deliver products and services from remote locations as well as securely collect payments.

21. Countries in Asia and the Pacific report a consistent growth in Internet users. In 2017, the Internet penetration in the region increased to 47% (up by 8% since 2016).²⁹ Governments, regulators, and international organizations throughout the region are trying to drive investments and policy changes to improve Internet penetration. For instance, the Government of Fiji is making provisions for high-speed Internet connectivity by connecting two major islands through a submarine cable system. In 2017, Fiji reported internet penetration rates of 50%.³⁰

22. However, there is still a gender gap in Internet usage. According to the International Telecommunications Union, in 2016, 39.5% women in Asia and the Pacific used the Internet in comparison to 47.5% men in the region.³¹ The UN's Economic and Social Commission for Asia and Pacific has recognized the promise of Internet-backed fintech, and has launched an initiative which focuses on providing women entrepreneurs access to fintech. The initiative is expected to benefit 20,000 women entrepreneurs in six countries in the region.³²

²⁹ S. Kemp. 2017. Everything you need to know about the state of digital in Asia Pacific in 2017. The Next Web. 28 September.

³⁰ The Global Economy. Fiji internet users. (accessed 3 December 2019).

³¹ International Telecommunication Union. 2016. How can we close the digital gender gap?

³² UN Economic and Social Council. 2019. Women Enterprise Impact Investment Fund: Partnering to Unlock Investment Capital for Women Enterprises. 6 September.

B. Mobile Phone Usage

23. Mobile technology boasts strong potential for universal financial inclusion. According to the Global Findex 2017, globally, despite the large number of unbanked adults (1.7 billion), mobile ownership stands at two-thirds of the unbanked adults (footnote 7). At the end of 2016, there were 2.7 billion unique subscribers in Asia and the Pacific (about two-third of the region's population). Moreover, subscriber penetration rates are estimated to grow to 74% by 2020.³³

24. Mobile phones allow women to overcome the mobility, identification, and other social barriers associated with traditional financial products and delivery channels. Mobile technology can enable women to access alternative sources of finance.³⁴ One of the key emerging applications of mobile technology is the digital delivery of Government-to-Person transfers to women who are entitled to government benefits, such as cash transfers. Mobile technology greatly helps to reduce leakages while ensuring that benefits reach the intended beneficiaries.

25. There are several promising trends from the region which signal the promise of mobile phones to promote financial inclusion. Some countries in East Asia are close to achieving gender parity in access to mobile phones and have the lowest levels of inequality in internet access globally. Evidence suggests that more women than men use mobile phones in the Philippines and Thailand.³⁵ However, there is uneven progress across the region. South Asia has the biggest gender disparity in mobile phone access (38 percentage point gap). Research indicates that in PNG, only 16% of the lowest income women own a mobile phone.³⁶

C. National Identification (enabled by advances in biometric-based identification)

26. National IDs are a necessary precursor for financial access since individuals need to pass the KYC requirements of financial institutions to open bank accounts and avail financial services. Countries across Asia and the Pacific have been making rapid strides in improving their national ID frameworks. They are adopting technologies such as biometric IDs, which use fingerprint technology and facial recognition to overcome distribution barriers. The advent of digital IDs is enabling countries in the region to circumvent one of the crucial barriers associated with delivering financial services to women—the lack of documents to satisfy the KYC requirements imposed by financial institutions.

27. Financial institutions are adopting innovative technologies to ease authentication for clients. In Pakistan, United Bank Limited has partnered with VoiceTrust to provide voice biometric solutions for authentication of its retail clients. This feature has an interactive voice response authentication in Urdu, in addition to English, which is useful for women who do not know English or forgot their PINs.³⁷ Outside the region, Nigeria has introduced tiered KYC regulations, especially for women. This allows institutions like Diamond Bank to open BETA savings accounts for women imposing requirements for documentation or minimum balance. The bank only requires basic personal information from women to open low-value accounts. Since its launch, BETA Savings has reached more than 275,000 women.³⁸

³³ GSMA Intelligence. 2017. *The Mobile Economy Asia Pacific 2017*.

³⁴ G. Alexander, S. Hatik, and A. Moran. 2019. *Financial Inclusion Through Mobile Technology: Closing the Agricultural Gender Gap*. *International Institute for Sustainable Development*. 10 January.

³⁵ The Sasakawa Peace Foundation and Dalberg Global Development Advisors. 2017. *Growing Women's Entrepreneurship through ICT in Southeast Asia*.

³⁶ GSMA. 2014. *Striving and Surviving in Papua New Guinea: Exploring the Lives of Women at the Base of the Pyramid*.

³⁷ Global Participation for Financial Inclusion. 2015. *Digital Financial Solutions to Advance Women's Economic Participation*.

³⁸ G. Lemmon. 2016. *New Tools Increase Women's Financial Inclusion in Nigeria*. Council on Foreign Relations. 1 December.

D. Regulations

28. The advent of DFS has heightened the responsibility of regulators to ensure that these services are delivered in a manner that is responsible, commercially sustainable, and affordable to women. Moreover, while DFS providers aim to target a larger number of women, regulators need to ensure that the personal data of women are protected so that their privacy and security are not compromised. Central banks and other regulatory authorities are currently looking to ensure that regulations catch up with the rapid pace of innovation. This raises questions about the extent to which DFS should be regulated. Additionally, the rapid pace of innovation is accompanied with a steep rise in cybercrime which further threatens the privacy and security of female clients. This underlines the need for robust cyber security mandates along with the provision of systems that promote cyber security.³⁹

29. Central banks in the region recognize the important role of DFS as well as agent banking in achieving financial inclusion. Several regulatory developments are driving the emergence and scale-up of new models of financial inclusion among women and other underserved individuals. In Indonesia, for example, regulators such as Bank Indonesia and the Financial Services Authority have issued key regulations for mobile money and agent banking. In Indonesia, legislation has been enacted to help banks reach out to and assist micro-consumers, including women, in accessing banking services: opening accounts, and receiving and distributing savings as well as carrying out other financial activities without charging any fees or imposing minimum deposit requirements. In some jurisdictions, service providers are required to hold liquid assets equivalent in value to the customer funds being stored in mobile instruments to ensure adequate liquidity to readily meet customer demands.⁴⁰

30. The Monetary Authority of Singapore is encouraging fintech experimentation by adopting the regulatory sandbox approach. Within the financial services industry, a regulatory sandbox is a mechanism for developing regulation that keeps up with the fast pace of innovation in the industry. The sandbox approach will allow fintech providers, including those that specifically cater to women, to experiment with innovative financial products or services within a well-defined space and duration. It will also include appropriate safeguards to offset the consequences of business failure and maintain the financial system's integrity, including provisions for safety and security. The regulatory sandbox approach is slated to reduce the incidence of missed opportunities for fintech providers who would otherwise refrain from developing products and solutions for "risky" women borrowers.⁴¹

³⁹ N. Phair and L. Schou-Zibell. 2018. Cyber-insecurity: The dark side of digital financial services. *Asian Development Blog*. July.

⁴⁰ (i) Consultative Group to Assist the Poor (CGAP). 2016. Emerging Opportunities for Digital Finance in Indonesia. 17 October; and (ii) Conventus Law. 2014. Special Report Indonesia – Financial Regulations: A Year in Review.

⁴¹ N. Alam, L. Gupta, A Zameni. 2019. Fintech and Islamic Finance. Springer Science and Business Media LLC.

III. EMERGING DIGITAL FINANCIAL PRODUCTS AND SERVICES FOR WOMEN IN ASIA AND THE PACIFIC

31. The factors highlighted in Section 2 are enabling financial service providers to develop digital financial products and services targeted at women. This section focuses on the approaches that providers are adopting for developing and delivering digital financial products that are accessible, affordable, and more importantly, appropriate for women in Asia and the Pacific. Each approach highlighted in Section 3.1 allows women to overcome the barriers that prevent financial access.

A. Innovative Approaches that Improve Access to and Use of Financial Services for Women

1. *Alternative credit risk assessment and loan disbursement mechanisms (gender inequalities in laws, practices and social norms; limited physical access to financial institutions)*

32. **Alternative credit risk assessment mechanisms (including machine learning and psychometric testing-based risk assessment).** As highlighted in Section 1, absence of formal financial histories contributes to women's exclusion from formal financial systems. Women's inability to prove their credit worthiness prevents them from accessing affordable credit.

33. Fintech organizations are developing alternative risk assessment mechanisms that allow financial institutions to assess the credit worthiness of women who lack sufficient credit history. These mechanisms allow women to get access to credit for business or emerging personal needs. The organizations leverage advanced data analytics tools as well as emerging artificial intelligence-based technologies like machine learning and natural language processing to establish credit scores for underserved women. Credit scores are determined by capturing consumer data from mobile phone records, utility bills, loan applications, and social media. This enables women to immediately gain access to credit, also enabling them to build their credit history by beginning with borrowing a small amount, and over time, borrowing a sizable amount.

34. In the PRC, Ant Credit, the business division of Ant Financial, provides micro-online loans to small businesses and individual entrepreneurs by using alternative credit risk assessment techniques. It uses machine learning for assessing credit risk which reduces the need for lending against securities and assets such as buildings. This eases the loan disbursement process to women and other underserved individuals.⁴² Similarly, LendMN, Mongolia's first fintech provider has developed a mobile application that uses artificial intelligence to enable previously underserved customers (LendMN primarily lends to women) to get loans without any collateral. LendMN does not charge interest but charges a nominal loan origination fee.⁴³

35. In Georgia, ADB undertook the Unlocking Innovations for Development through DFS project as part of the technical assistance on "Strengthening Financial Sector Operations in Asia and the Pacific". The project aims to identify opportunities that would initiate increased usage and adoption of DFS, especially for women, those in rural areas, and micro-, small-, and medium-sized enterprises. Through the project, ADB is working with FINCA Bank Georgia to increase access to finance to rural micro-, small-, and medium-sized enterprises and smallholder farmers through digitization of field-based loan processing. FINCA Bank Georgia will partner with agri-product stores as agents to offer credit to farmers for farm inputs or machinery. The data regarding the customer's agricultural business will be gathered

⁴² International Finance Corporation. 2015. IFC, Ant Financial Services Group and Goldman Sachs 10,000 Women Launch First Internet-based Gender-Finance Program in China to Boost Women Entrepreneurship. 27 January.

⁴³ LendMN.

digitally and fed into a credit decision tool to approve or reject a loan within 15 minutes of the request. In the event of a successful loan application, funds will be disbursed directly to the agri-dealer's account and the customer will receive their requested supplies. Borrowers (largely comprising women) are benefiting from the easy access to credit as well as fast and convenient loan processing—with one trip to the agri-supplier they can purchase the supplies and access the financing.

36. Organizations also capture behavioral data using techniques like psychometric testing. Under psychometric testing, loan applicants answer questions that capture information like applicants' attitudes, beliefs, and integrity, which can predict loan repayment behavior.⁴⁴ In Indonesia, Bank BTPN has deployed psychometric testing and has seen demonstrable improvements in its ability to serve the bottom fifth of borrowers, while also seeing defaults decrease. For instance, psychometric tests have led to a 17% decrease in default rates.⁴⁵ The extent to which these services reach underserved individuals is however, unclear, given the limited sex-disaggregated data.

37. Outside Asia and the Pacific, in Ethiopia, the World Bank's Africa Gender Innovation Lab evaluated psychometric testing as a mechanism to reduce repayment risk, eliminating women's need for credit histories or collateral. The early results in Ethiopia were promising: women who borrow for businesses reported an increase in profits by 24% and the repayment rates were 99% in the early months of borrowing.⁴⁶ Additionally, customers with higher test scores were seven times more likely to repay their loans compared to customers who did not perform well on the test. This was true across income segments. Loan performance was clearly linked to psychometric profiles.⁴⁷ However, the likelihood of missing loan payments increased with progress in the loan term – defaults increased after 6 months and peaked after 18 months.

38. **Marketplace lending platforms including peer-to-peer and crowdfunding.** Peer-to-peer (P2P) lending and crowdfunding platforms are allowing women to gain access to vital funding without going through a financial institution or financial intermediary. P2P platforms bring lenders and borrowers in direct contact with each other through the internet. Since women do not need to visit a branch, P2P platforms allow women to overcome the mobility barriers they may face while accessing loans. While P2P platforms charge higher interest rates than banks, they reduce the time it takes to complete the borrowing process and also allow borrowers with very little credit history to borrow.

39. Marketplace platforms are also allowing development organizations to target excluded women. The Empowering Migrant Women as Entrepreneurs in the PRC project has engaged Ren Ren Dai, an online P2P lending group to provide loans worth \$25,000 without collateral at interest rates that are affordable for women entrepreneurs. Technology is thus enabling migrant women to establish and run businesses.⁴⁸

40. Crowdfunding, another form of marketplace lending, allows borrowers to use the internet to raise capital—typically to finance a new venture or project—from multiple lenders. Kiva's crowdfunding platform allows women to take loans to start businesses as well as for personal expenses like sending their children to school in Cambodia, the Philippines, Samoa, Tonga, and Viet Nam. For instance, in the Philippines, women have used Kiva's "Women Platform" to raise capital for buying inventory to run their own convenience stores.⁴⁹ While platforms like Kiva could significantly bridge the access to finance gap across Asia and the Pacific, the take up rates are currently low.

⁴⁴ World Bank. 2016. Psychometrics as a tool to improve screening and access to credit. 21 March.

⁴⁵ EFL Global. 2018. Enhancing Application Scorecards with Biometrics.

⁴⁶ C. Grown and A. Hammond. 2016. Women's Financial Inclusion: A Down Payment on Achieving the SDGs. *Consultative Group to Assist the Poor*. 14 December.

⁴⁷ World Bank. 2018. Disruptive Finance: Using Psychometrics to Overcome Collateral Constraints in Ethiopia.

⁴⁸ K. Bollinger and C. Tingting. 2014. Leveling the Playing Field for China's Migrant Women Entrepreneurs. *The Asia Foundation*. 3 December.

⁴⁹ Kiva Loans to Women.

2. *Digitization of high-volume payments and transfers (gender inequalities in laws, practices, and social norms; limited access to formal labor markets and lack of identification proof)*

41. **Digital government-to-person transfers and wage payments.** Several public and private sector organizations in developing countries are moving toward digitizing high-volume payments that are directed toward women. They are shifting transactions such as payment of salaries, social welfare and relief payments, payments to suppliers, and remittances from cash to electronic channels.⁵⁰ Electronic channels include direct deposits into bank accounts and, in some cases, transfers through mobile channels and debit cards. Disbursing income through electronic channels facilitates financial inclusion since it compels workers to open bank accounts. This is expected to improve the lives of women by giving them more control over their wages and benefits. It also enables the development community and private sector to adopt more transparent, swift, and cost-efficient channels for making and receiving payments.⁵¹

42. The Benazir Income Support Program, Pakistan's largest social cash transfer program, targets women living below the poverty line and leverages digital channels for disbursing benefits. It disburses benefits through Benazir Smart Cards, mobile phones, and debit cards called Benazir Debit Cards for program recipients. The project is aimed at not only easing transactions for impoverished women in Pakistan, but also enabling women to keep some of their money in banks as savings. Over 183,000 beneficiaries are benefiting through the smart card payment mechanism.⁵² Additionally 5.4 million women beneficiaries have level zero branchless accounts which is a positive indicator of financial inclusion.⁵³ Despite its success, the program has been fraught with drawbacks since several women do not own mobile handsets, face difficulty in using ATMs and punching PIN codes while using smart cards or lack trust in the program due to irregularities in payments. These challenges could be attributed to high illiteracy levels of most beneficiaries.⁵⁴

43. In Afghanistan, The World Food Programme provides vocational skills training and literacy classes in association with its implementation partner, Afghanistan Blind Management. The program supports women who participate in these classes by providing a monthly stipend of AF2,000 (\$35) to each participant. These payments are delivered through Afghan Wireless Communication Company's My Money service, allowing recipients to use the funds to buy food from designated merchants by way of digital payments. Digitizing payments allows the World Food Programme to overcome the administrative burden and prospective insecurity associated with the paper vouchers that were previously used.⁵⁵ However, the only transaction that recipients can perform is the purchase of food which limits the scope of the digital payment program. MNOs and microfinance institutions (MFIs) could look at the program as a window of opportunity to provide other services to clients such as airtime top-up and utility bill payments.

44. Similarly, the Pacific Financial Inclusion Programme (PFIP) has been working to digitize wage payments in PNG and Fiji since 2011. In 2011, PFIP engaged with the Fiji Department of Social Welfare and Westpac Banking Corporation to digitize social welfare payments for 24,000 low-income clients, most of whom were women and individuals who suffer from disabilities. Welfare recipients were provided access to a basic transaction account including access to a debit/ATM card. The accounts did not have monthly fees or minimum balance requirements and beneficiaries were allowed 10 free monthly transactions from ATMs or electronic funds transfer at point-of-sale merchants. Adoption of digital channels freed up 4 months of staff time associated with processing the older cash vouchers.⁵⁶

⁵⁰ Global Participation for Financial Inclusion. 2015. Digital Financial Solutions to Advance Women's Economic Participation.

⁵¹ M. Iskenderian. 2015. Bank on Her: The Smart Solution for Financial Inclusion. *Innovations: Technology, Governance & Globalization*. 10 (1-2). pp. 19-26.

⁵² World Bank. Pakistan: Evolution of the Payment Mechanisms in the Benazir Income Support Program (BISP).

⁵³ Benazir Income Support Program. (2016). Brief on BISP Final Impact Assessment Report.

⁵⁴ H. West and R. Lehrer. 2014. Working with The Poorest Women in Pakistan. Washington, DC: Consultative Group to Assist the Poor.

⁵⁵ K. Fakiri. 2016. Building a Gateway to Digital Payments in Afghanistan: The World Food Programme's E-Voucher Initiative.

⁵⁶ PFIP. Westpac-Digitizing Welfare Payments.

45. **Mobile money for remittances, savings, money transfer, loan repayments, and utility bill payments.** Mobile financial service providers are supporting women to conveniently remit and make payments, which reduced their time poverty. In PNG, Nationwide Microbank has introduced MiCash, the country's first mobile banking initiative, in partnership with Digicel, the country's biggest telecom firm. MiCash allows clients to make financial transactions through their mobile phones, including depositing or withdrawing cash and checking account balances. It also provides value-added services, such as purchasing goods and services, processing payments, and purchasing air-time.⁵⁷ The Pacific Private Sector Development Initiative, a regional technical assistance facility co-financed by ADB, the Government of Australia, and the Government of New Zealand, has supported the expansion of MiCash. This has successfully increased the number of MiCash users by 31% to 40,032 (male: 33% increase; female: 28% increase) from the inception of the program in 2013 till 2015.⁵⁸ Nationwide Microbank encourages women to use MiCash through financial literacy and other outreach programs. In 2013, 37% of MiCash users were women.⁵⁹ Women primarily use the service for savings.

46. **Digital solutions that enable women to become entrepreneurs.** Several fintech and digital service providers are enabling women to become entrepreneurs. They equip women with technologies like point-of-sale devices and quick response codes to allow them to conveniently collect payments from clients. In the Philippines, Grameen Foundation has developed a Community Agent Network which is funded by the JPMorgan Chase Foundation. The mostly female agent network allows women agents to connect individuals with banks, government agencies, utility companies, and other businesses. Since 2016, has worked with 1,900 agents of which 75% are women who own or operate small convenience stores. Agents have facilitated more than 4.3 million transactions valued at \$24.9 million since 2016.⁶⁰

47. Similarly the POSSIBLE.Net point-of-sale device is allowing entrepreneurs in the Philippines to offer services like utility bill payments, mobile loading, and ticketing. It can be deployed in convenience stores, laundromats, bakeries, barbershops and other community-based businesses.⁶¹ By investing about \$650 in a POSSIBLE.Net device, women can offer financial services from their homes or businesses they currently operate. Ka-Posible agents earn a commission on every transaction. Today, 75% of Ka-Posible agents are women.⁶²

48. In Viet Nam, The Asia Foundation partnered with MasterCard and the Viet Nam Bank for Social Policies (VBSP) in 2017 to help women leverage technology for starting businesses and driving their growth. VBSP is a publicly owned financial institution serving 7 million poor and near-poor borrowers, 50% of whom are women. The foundation is training VBSP's clients to use mobile banking. The project also involves the development of a banking platform which will be expanded as clients become used to it and as their needs expand. As the project expands, women will be offered new options for mobile banking and online transactions—they will be able to directly retail their products and those of their neighbors online, as well as buy material inputs for their own production processes. VBSP clients will eventually be able to make a number of transactions- pay for utilities, make P2P transfers, and make online purchases through the use of MasterCard debit or prepaid cards. In the first phase of the partnership (by September 2019), VBSP reached 5.1 million (51 per cent of whom were women) across 63 branches.⁶³

⁵⁷ Women's World Banking. 2013. Mobile banking: an answer to the unfriendly geography for women's financial inclusion in the Pacific. August 5.

⁵⁸ ADB. 2018. *Pacific Private Sector Development Initiative: Midterm Review*. Manila.

⁵⁹ Women's World Banking. 2013. Mobile banking: an answer to the unfriendly geography for women's financial inclusion in the Pacific. 5 August.

⁶⁰ Grameen Foundation. Financial Agent Networks.

⁶¹ Upgrade. 2018. How fintech is helping women make and save money. 16 March.

⁶² (i) POSSIBLE.Net; and (ii) M. Bernad. 2018. How fintech is helping women make and save money. *Upgrade Magazine*. 16 March.

⁶³ (i) The Asia Foundation. 2017. The Asia Foundation Partners with MasterCard and Viet Nam Bank for Social Policies on Mobile Banking Service. 23 February; (ii) J. Haughton and S. Khandker. 2016. *Micro Credit in Viet Nam: Does it Matter?*. Washington, D.C.; International Food Policy Research Institute; (iii) The Business Partnerships Project. 2019. Mobile banking for the poor in Vietnam.

3. *Integrated financial services (gender inequalities in laws, practices, and social norms; limited access to formal labor markets)*

49. **Bundling financial solutions (to include micro insurance, savings, remittances, as well as loan products).** Financial service providers, MNOs, and fintech companies are designing products that address the lifecycle financial needs of women. These products holistically address the financial needs and constraints of women by providing them integrated access to savings, insurance as well as short- and long-term credit.

50. Offering financial products in silos does not always result in a sustainable solution to address the issues associated with lack of financial access. For example, women could be forced to choose between the education of a child and the health of a family member if they only have access to credit and no access to savings or insurance. Integrated financial products could also allow financial institutions to improve customer loyalty. For instance, since insurance and other savings products have a longer lifespan than loan products, offering integrated products can enable financial institutions and MNOs to develop a stickier client base. Women who pay insurance premiums at one financial institution are more likely to obtain loans from the same institution.

51. In Viet Nam, the Vi Viet platform is enabling LienVietPostBank to provide low-cost savings and loans—overdraft and micro—to women (individuals and women-owned businesses) via mobile devices. The bank is offering these services in addition to services that exist like air-time top-ups, P2P remittances, utility bill payments, and insurance premium payments. LienVietPostBank had targets to serve 500,000 female Vi Viet users and employ 2,500 women as agents at transaction points by late 2018.⁶⁴

52. Another promising solution is the introduction of integrated and affordable mobile-based insurance products for women in the Pacific. In May 2015, BIMA, one of the world’s leading providers of mobile-delivered insurance partnered with the PFIP to provide microinsurance products in PNG to previously excluded communities. The aim of the partnership was to address the extremely low rates of insurance penetration in the country (2% in PNG in comparison to 7.5% globally). BIMA pledged to offer low-cost life and hospitalization insurance services to Papua New Guineans, 50% of whom would be women and 90% of whom would be rural highlanders.⁶⁵ BIMA’s microinsurance products allow clients to circumvent the lengthy paperwork, preliminary health checks, and identification processes associated with traditional insurance products. Clients subscribe via text messages to enroll and insurance premiums are set up for automatic deductions. In terms of impact, the project has now reached 397,751 people who have been provided with either hospitalization or life insurance or both. Close to 800,000 policies were sold throughout the project life. Of the 120 individuals who signed up as agents, 45% were women, while 2 new branches were established.⁶⁶

B. Low-tech yet Innovative Approaches to Address Financial Inclusion Gaps for Women

53. Given the gender gaps in internet penetration and mobile phone usage in Asia and the Pacific (as outlined in Section 2), there are limitations on the potential of DFS for women’s financial inclusion. Many underserved women live and work in rural areas which have poor mobile and internet connectivity. Additionally, the gender gaps in overall literacy levels often manifest into gaps in digital literacy. To address these constraints, providers are developing low-tech yet innovative techniques that can enable them to reach women who are unable to access DFS.

⁶⁴ UN Capital Development Fund. 2016. Vi-Viet e-wallet by LienVietPostBank to have 500,000 women financially included by 2018. 21 September.

⁶⁵ BIMA. 2015. BIMA launches partnership with United Nations’ Pacific Financial Inclusion Programme in Papua New Guinea. 20 May.

⁶⁶ PFIP. BIMA-PNG.

1. *Recruiting and training women to deliver financial services*

54. Banking agents impart awareness about financial services in remote and rural areas and allow individuals to conduct digital financial transactions, often through mobile point-of-sale devices. Recruiting and training women as banking agents helps to overcome these barriers. Women are also allowed to bank at institutions close to their homes, which cuts the cost of transport and time spent away from women's home and places of work. It additionally provides employment opportunities to women who are recruited as agents. Female agents break gender stereotypes and serve as role models for other women who are encouraged to participate in formal financial systems.

55. Several organizations across Asia and the Pacific are designing and developing female agent banking models that serve low-income women who face barriers in accessing formal financial services. In Nepal, Chhimek Laghubitta Bikas Bank entered into a project partnership with UKaid Sakchyam known as Digital Mahila (women) or the Digital Women Channel Partners for Gender Inclusive Microfinance Services Project. The partnership will enable the bank to expand the outreach of its products and services in rural outposts in western Nepal through women banking agents. The recruited "Digital Mahila" agents will be trained and supported with necessary equipment and internet connectivity to function independently in areas that are unserved by Chhimek's physical branches. With support from UKaid Sakchyam Access to Finance Programme, Chhimek Laghubitta has deployed more than 150 women to become agents of the bank.⁶⁷ In the backend, agents' transactions will be linked to the bank's management information system through digital devices to facilitate real-time online transactions. The project aims to reach 24,196 new loan clients (all women) by 2019.⁶⁸

56. Bangladesh is developing policies that improve access to finance for women entrepreneurs by enhancing the banking services that are offered by women. The nation's central bank, Bangladesh Bank, has undertaken a policy initiative through which financial institutions are required to establish a "Women Entrepreneur Dedicated Desk" and appoint a woman officer as chief of the dedicated desk. Desk managers are provided specialized training on small- and medium-sized enterprises financing.

2. *Branchless banking in remote and rural areas*

57. Branchless banking models enable women to overcome the issues associated with limited physical access to financial institutions. These models include the setting up of banking points at convenience stores or other easily accessible areas that women visit frequently. Some financial institutions even provide doorstep services through which loan officers or agents visit women in person and collect loan repayments as well as savings deposits.

58. In Pakistan, Kashf Foundation, which is a wealth management company caters to women from low-income households adopted agent-based branchless banking in 2011–2012. In 2015, 55% of Kashf's clients used alternative delivery channels to access their savings accounts. Additionally, 26% of Kashf's alternative delivery channel-depositing clients reported using these services after service hours and on weekends. The use of these channels considerably frees up time for women and gives them flexibility to manage repayment timelines. Clients also report advantages such as improved privacy and security. According to Kashf, the number of women seeking loans increased 26% between 2012 and 2014. As of June 2015, 64% of female clients were looking to take loans.⁶⁹

⁶⁷ Sakchyam. 2019. From Helpless to Hopeful: How Being a Digital Agent Changed Geeta's Life. <https://sakchyam.com.np/from-helpless-to-hopeful-how-digital-mahila-changed-geetas-life>.

⁶⁸ Sakchyam. 2017. Harnessing Technology in Micro Finance. 10 May.

⁶⁹ Global Participation for Financial Inclusion. 2015. Digital Financial Solutions to Advance Women's Economic Participation.

59. In Cambodia, the MFI Amret has developed a special product called the Family+ product. The product offers a no-cost remittance service by linking various savings accounts between the sender (urban factory worker) and recipient (rural parent or family member) and provides cash-in and cash-out doorstep services. The no-cost remittances encourage women to save at Amret since the money they save can be remitted at no additional cost. The product is well suited for women who have irregular cash-flows and limited mobility. The project aims to benefit over 30,000 individuals (20,000 women) in Cambodia by 2018.⁷⁰

60. In PNG, Women’s Micro-Bank Limited (WMBL) through a partnership with United Nations Capital Development Fund’s PFIP began to pilot a technology-driven solution to reach out to existing and potential members of WMBL in rural areas in March 2018. The women are currently unable to access basic financial services. WMBL will set-up Mama-Bank Access Points across six different regions.⁷¹ Each access point will be equipped with low-cost infrastructure including tablets that use biometric technology to identify customers and authenticate transactions. The new technology also allows WMBL to perform transactions in offline mode. The pilot is expected to test the financial feasibility and commercial viability of the new channel and aims to increase the active customer base of WMBL by 150% (from 8,000 to 20,000) over 13 months. This will help WMBL to offer services closer to the women in communities. It will also improve WMBL’s financial sustainability as the organization will mobilize savings deposits to fuel its lending activities.⁷²

C. Innovative Approaches from the Region

Box 1: Myanmar: DAWN Digital Lending (powered by Accion)

DAWN is an MFI that is focused on women’s group lending. It exclusively caters to women-owned businesses. In partnership with global nonprofit Accion, DAWN is working toward transitioning to DF and effectively eliminating cash from its lending operations. DAWN works with Myanmar’s emerging agent networks and mobile money companies to design and test solutions that reduce the time and administrative efficiencies associated with cash management. The organization is entirely moving borrowers to mobile money transactions which reduces inefficiencies related with cash management and allows entrepreneurs to focus on their businesses. If successful, the project would also allow DAWN’s loan officers to reduce time spent in managing cash and other paperwork. Officers will be able to spend more time in expanding DAWN’s client base and growing the business overall—conducting more thorough assessments of client businesses, working with borrowers who find it challenging to repay existing loans, and providing financial literacy to existing borrowers.

Before the introduction of digital channels, DAWN calculated and recorded its clients’ activity—including savings, repayments, and principals—by hand. This paperwork used to take roughly 4 hours per day. DAWN is now using cashflow analysis tools that have been created by Accion’s partner institutions around the world. These tools reduce paperwork to 20 minutes a day.^a Using these tools, DAWN is also able to give out loans to higher-value borrowers without securing collateral which enables borrowers to expand their businesses.

Source: Asian Development Bank.

^a Accion Blogs. 2018. Fintech’s Potential for Financial Inclusion: MoneyConf Madrid Panel. 14 June.

⁷⁰ UNCDF. 2016. Amret awarded grant to expand women’s financial inclusion through digital finance. 17 October.

⁷¹ MicroCapital. 2018. Women’s Micro-Bank Limited of Papua New Guinea Piloting 6 Branchless Banking “Mama-Bank Access Points” with Support from UN’s Pacific Financial Inclusion Program. 19 March.

⁷² PFIP. Women’s Micro-Bank Limited-Branchless Banking.

Box 2: UNCDF's Shaping Inclusive Finance Transformations (SHIFT)

The SHIFT Challenge Fund seeks to support innovations from private sector organizations in the Association of Southeast Asian Nations (ASEAN) that accelerate access to finance, especially focusing on women as entrepreneurs, employees as well as consumers. The Monetary Authority of Singapore (MAS) and the United Nations Capital Development Fund (UNCDF) have entered into an alliance to facilitate the growth and take up of digital financial services in the ASEAN region, especially digitization of remittances for Cambodia, the Lao People's Democratic Republic, Myanmar, and Viet Nam (collectively known as CLMV). Through the SHIFT program, MAS and UNCDF are exploring opportunities to work on the digitization of lower-tier financial institutions, including MFIs and financial cooperatives in ASEAN, specifically in extending last mile distribution to low-income women in these markets. SHIFT has provided financial support to the aforementioned Family+ project in Cambodia and Vi Viet project in Viet Nam.

The latest Challenge Fund Window (2017) provided cofunding grants for innovative business models that enable women in the CLMV region to access and use regulated remittance-linked financial products and services. Cross-border mobile global payments network TransferTo and banking software provider Fern Software have been awarded a grant as part of the fund. The organizations plan to leverage the funds to combine TransferTo's network, which links financial institutions and digital financial service providers, with Fern Software's global microfinance solution software. They plan to collectively enable MFIs to become money transfer recipients on TransferTo's cross-border funds transfer network, with a specific focus on enabling MFIs to facilitate transactions for women.^a

Source: Asian Development Bank.

^a Finovate. 2017. Grant from UN Capital Development Fund. 15 November.

IV. RECOMMENDATIONS FOR ASIA AND THE PACIFIC

61. This report makes a business and development case in favor of innovative and technology-driven solutions to enhance financial inclusion of underserved women in Asia and the Pacific. While several countries in the region have made rapid strides in facilitating financial inclusion for women through DFS, there are several factors which deter women from using digital financial products and services. Stakeholders including policymakers, regulators, financial service providers, MNOs, and the international development community need to collaborate and create an enabling environment for disseminating digital and other innovative financial services. This would enable underserved women to readily adopt the complete range of formal financial services. This section lays out recommendations for actions that the aforementioned stakeholders could take to overcome barriers and promote digital financial inclusion.

A. For the Development Community

62. **Support the incorporation of digital financial services into financial inclusion agendas of policy makers and regulators.** The development community would need to help governments to incorporate DFS into their financial inclusion agendas. This should include mainstreaming the DFS-driven financial inclusion agenda among women, ensuring that the agendas are not gender neutral but are designed to address the unique needs of women. The development community can also leverage their international networks and knowledge of financial consumer protection to guide countries in developing regulatory frameworks on DFS and fintech based on international standards. This would allow donors and funders to reduce gaps in regulators' knowledge in critical areas such as consumer protection as well as anti-money laundering and combating the financing of terrorism compliance. This would allow regulators to ensure that financial service providers offer adequate disclosure to women clients and operate in a free and fair manner.

63. **Invest in outreach and literacy programs for improving adoption and impact of digital financial services.** As multilateral development banks begin to fund digital financial inclusion programs, they should also enhance investments in outreach and literacy programs. This would include investing in providing technical and vocational education and training to officers (both women and men) who deliver DFS. It would also include setting up financial and digital literacy programs that enable women to become more aware of financial concepts and products as well as better understand how to use smartphones and other digital technologies.

64. **Enhance industry engagement through improved knowledge sharing.** The development community could work towards highlighting the potential of innovative solutions in promoting an improvement in access to financial services for women. This can be achieved through the development and dissemination of research papers, thought leadership, policy brief, blogs, and infographics. The development community could also play a leading role in enhancing knowledge sharing and stakeholder engagement by organizing conferences, seminars, and webinars that focus on the topic of innovative financial services for women.

65. **Support programs that enhance development of digital payment architectures.** The development community could consider funding market infrastructure and technologies that enhance financial inclusion as well as other development outcomes (such as education, health, and nutrition) for women. Specifically, they could support development projects that promote the digitization of payment architectures.

B. For Policymakers and Regulators

66. **Digitize payment of social security and welfare programs that are specifically targeted at women.** Governments in Asia and the Pacific could transition to digitize the payment of social security and other welfare programs that primarily target women. This would compel women to start using formal channels like bank accounts and mobile money to transact and effectively facilitate their financial inclusion. This would also encourage private sector enterprises to adopt digital systems for payroll processing and further enhance formal financial inclusion.

67. Promote gender-responsive regulations and products. To ensure that financial institutions do not develop gender-blind financial products, regulators could issue guidelines which would encourage banks and financial institutions to gather data that is disaggregated by sex and promote its use in the development of financial products. Regulators should promote tiered regulation and customer due diligence so that financial service providers are able to easily reach and service women. Risk-based KYC processes reduce barriers to formal financial accounts for women.

68. Encourage private sector actors to become stakeholders in promoting digital financial services for women. Policymakers and the development community need to promote DFS for women by creating an enabling environment for private sector actors to design and deliver financial services to women. Policymakers need to create a level playing field for private sector actors by ensuring that there are no disproportionate hurdles for financial institutions, fintech providers, and MNOs to participate in the financial system. Members of the Alliance for Financial Inclusion have pledged their support for the Denarau Action Plan. The plan improves women's access to quality and affordable financial services across the globe. The plan creates an enabling environment for accelerating women's financial inclusion by promoting the implementation of targeted policies, reforms and regulations.⁷³

69. Private sector actors including financial institutions, fintech providers, and MNOs need to be encouraged to recognize that women represent a huge untapped market segment. Additionally, to recognize that designing and delivering financial services that are targeted at women can allow them to differentiate from their competitors. Private sector actors could be provided appropriate safeguards in the form of credit guarantees and other forms of insurance to cater to the "risky" low-income women borrowers.

C. For Financial Service Providers

70. **Collect sex-disaggregated data to evaluate needs and tailor financial products.** Financial institutions need to collect sex-disaggregated data. This would help them better understand women as customers and their potential market value. Additionally, it would also provide a more disaggregated picture of female clients given that women do not represent a monolithic customer segment.

71. **Design products and solutions that meet the unique needs and preferences of women.** Designing customized products and services allows financial service providers to significantly expand their customer base while also investing in community development. By carefully crafting the customer experience for women, financial service providers could amplify the adoption of financial services. For instance, financial service providers could encourage women to acquire their own handsets by providing financial services only to those women who have personal mobile numbers, also providing training on uses of the technology.

⁷³ Alliance for Financial Inclusion. 2019. Denarau Action Plan. July.

72. **Increase the share of female staff.** Financial institutions could build and reinforce trust among women by recruiting female officers and agents to deliver financial services. Financial institutions and MNOs would need to enter into partnerships so that they can leverage each other's delivery networks. The model of encouraging women to champion the cause of women's financial inclusion has proven successful as it facilitates a balance between technology and personal service, which is critical since women could be unwilling and/or unable to transact without human guidance.

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Innovative Financial Products and Services for Women in Asia and the Pacific

New and innovative digital approaches that facilitate access to finance can effectively support the socioeconomic empowerment of women in Asia and the Pacific. This paper examines digital financial services and products—powered by financial technology—as well as innovative low technology approaches that are emerging to overcome limitations, such as connectivity and literacy issues, that women encounter in remote and rural areas. It also provides recommendations on actions that stakeholders can take to overcome barriers and promote digital financial inclusion.

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