

A woman with dark hair tied back, wearing glasses and a white and blue sari, is focused on operating a vintage-style sewing machine. She is in a workshop or tailoring shop with blue walls. In the background, other people and more sewing machines are visible, suggesting a busy work environment. The lighting is warm, highlighting the woman and her work.

The need for immediate gender-focused initiatives to promote digital financial services for women amid COVID-19

Insights from India

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MSC has conducted multiple research studies to understand the effect of COVID-19 on women's access to financial services and their economic empowerment

Snapshot: India has developed an extensive ecosystem to support women

~6.5 million	SHG groups in India	70.7 million	Households mobilized via SHGs in India
0.3 million	Community professionals trained by the NRLM since April '16	125	PRI members trained by the NRLM since April '16
0.3 million	Community resource persons were deployed by NRLM	80,000 female agents	8% of the BC agents in India (~1 million)
200 million	GOI's Pradhan Mantri Garib Kalyan Yojana Eligible women to receive USD 20 each over three installments		

The pandemic has been anticipated to expose and widen gender disparities across the globe, and more specifically in India. In this context, **MSC has undertaken multiple studies* to understand the effect of COVID-19 on women.** Findings from these studies can help financial service providers and policymakers develop relevant strategies to support women.


Studies undertaken by MSC

Study description	Study sample
The response of Indian federal and state governments to COVID-19 to support G2P beneficiaries and other poor and vulnerable segments India	1,921
The socioeconomic, financial, and health behavior of low-income segments using MSC's Knowledge, Attitudes, and Practice research framework Bangladesh, India, Indonesia, Kenya, and Uganda	1,350
The economic impact of COVID-19 on CICO agents and microenterprises, including women-owned enterprises Bangladesh, India, Indonesia, Kenya, Uganda, and Viet Nam	1,610
The journey toward the adoption of Digital Financial Services India, (qualitative study)	15

*These studies were conducted telephonically

Most targeted social protection programs are being delivered digitally and have helped provide some cushion to women, albeit with clear challenges

The Government of India transferred USD 20 in three equal installments to all women in the country who had a special category of bank accounts

<p>Exclusion of vulnerable women</p>	<p>The program does not cover all women in the country, which leads to a high level of exclusion, as it targets exclusively those women who have <u>Pradhan Mantri Jan Dhan Yojna (PMJDY)</u> accounts</p> <p>More than one-third of poor women or 125 million women do not have this type of account¹ and hence are excluded from this benefit</p> <p>~47% Members of women's collectives reported receiving aid from the government through direct cash transfers (in bank accounts)</p>		<p>Cash transfers must be carefully designed and preferably use the <u>Digitize-Direct-Design framework</u>.</p> <p>Increasing the use of bank accounts as a medium for cash transfers for women, especially in India, points toward the increasing relevance and urgency of enhancing the uptake of digital financial services (DFS) by women.</p> <p>While COVID-19 pushes DFS in society at large, it may not do so for women owing to the <u>greater challenges</u> they face. However, our studies find that women's use of digital interfaces has increased and so has their inclination to use formal financial services—a silver lining that we must utilize.</p>
<p>Awareness and access to the fund</p>	<p>67% Households with women who had PMJDY accounts reported receiving the relief fund</p>		
<p>Use of fund by women</p>	<p>Evidence to show if women can use the relief fund as desired remains limited.</p> <p>Members of collectives have reported using this benefit transfer to repay existing loans</p>		

1. The Indian Express, Rohini Pande, Simone Schaner, Charity Troyer Moore, Food before cash: Because PMJDY cash transfers will exclude many of India's poorest, 11th May 2020

During COVID-19, the time that people spent on the phone has increased but that has not translated to a proportionate use of DFS; however, there could be a huge potential to convert reluctant users to active users

Apart from owning a smartphone, women need to be motivated to use the service from a trusted aid, receive clear instructions on how to use the service, find relevant use-cases, and find alternatives to mitigate their risk-averse preferences.

~61%

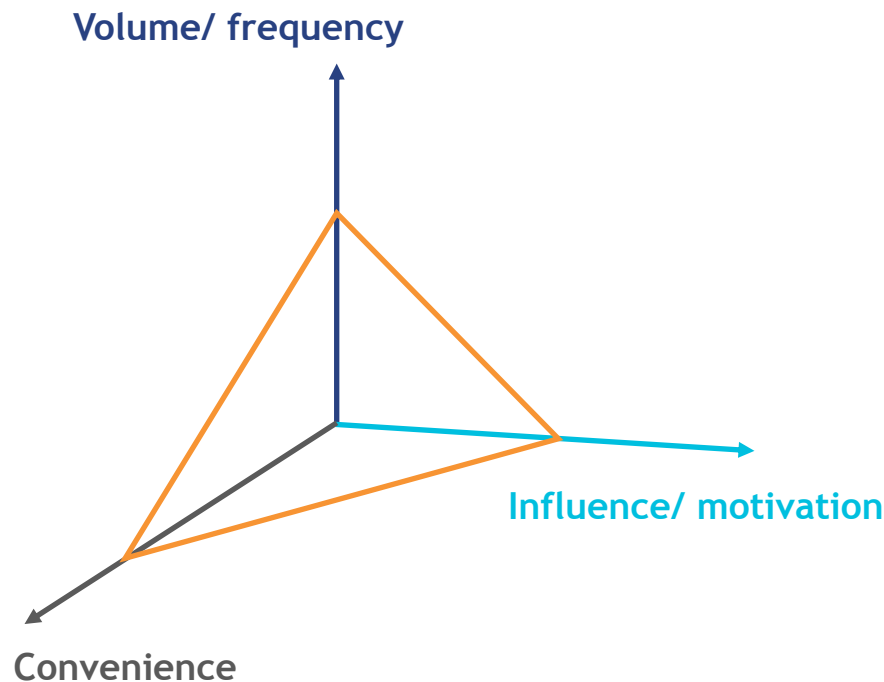
Women report spending more time on their phone*

32.8%

Women reported using social media as a source of information (against 41.3% men)**

~33%

Yet mostly men use social media for communication**



6.8%



Women in India reported using digital platforms for transactions (against 14.8% for men)

“

Payments primarily happen with cash as a large section of my customers are women. They do not use digital apps as much to make payments.

(MSME interviewed on April 14th, 2020)

”

*Study with LMI, July 2020

**Study with entrepreneurs May 2020

The need to conduct a digital financial transaction and the support of family members or friends, or both, trigger the use of DFS among women

	Emotional mind	Rational mind	Barriers	Hidden risks
Introduction to DFS	They are scared to explore the unknown, mostly because they fear losing money—they believe “losses loom larger than gains”, which is also known as <u>loss aversion</u>	Friends, agents, and office colleagues provide first-hand information and reassure the emotional mind of the benefits by providing experience-based evidence	<ul style="list-style-type: none"> Lack of access to bank accounts that allow for internet banking Lack of literacy or numeracy Inadequate access to smartphones 	Selling experiences or services in bundles reduces the chances of users using any service at all
First time usage	<ul style="list-style-type: none"> They are motivated when faced with strong use-cases that largely affect their reputation, indicating a strong <u>status quo bias</u> They seek <u>social proofing</u> from a trusted person that DFS works 	<ul style="list-style-type: none"> They are informed much more via help videos They try to experience the app for the first time. If successful, experience <u>peak-end rule</u> and proceed to an actual transaction after a successful test trial 	<ul style="list-style-type: none"> Limited access to consistent internet services Limited ability to comprehend the application and its features 	If the test transaction fails, and the money being used does not belong to the user, the chances of gender-based violence increase
Subsequent usage	After a transaction is successful, they feel more motivated to continue usage, but mostly for critical transactions that affect their reputation, and are not for self-consumption	They try to inform more people in their social network of the benefits of the application, especially family members, which creates a <u>ripple effect</u>	<ul style="list-style-type: none"> Limited ability to comprehend the application and its features Limited access to consistent internet (<u>hassle factor</u>) Limited use-case 	If the user fails to comprehend the application completely and has limited access to GRM, it could lead to transactions to incorrect accounts, or other issues

■ Areas of opportunity for FSPs
 ■ Critical areas, where more intervention is needed, and where gender norms play an important role

This table is a summary of insights from our study, where we spoke to first-time DFS users. Please see slide 9 for the [approach and framework of the study](#)

Savings, particularly within women groups, is a DFS use-case that can be pushed as members have realized the importance of group savings during the pandemic

Women collectives work to promote awareness of savings, credit, and social security products, and access to them. However, the general uptake by its members has been lower than desired. Having access to their savings during COVID-19 has now changed this behavior.



01

~64%

Members of women's collectives reported using savings to meet their expenses during the pandemic



02

More than **60%** of members of women's collectives reported wanting to use more savings products



03

Close to half reported that they wished to purchase insurance and pension products, which indicates an increased realization of the need to use formal financial services for financial security

“

The tendency to save money will increase to mitigate any financial stress. I believe that we should not depend on a single source of livelihood and should explore opportunities to earn extra income.

Seema, Gonda District, Uttar Pradesh

”

Key takeaways

1

As women are inclined to save more in groups, there is huge deposit potential to be utilized and digitized

2

Facilitators of women's groups will have to change their focus to deposits from credit. Products will have to be designed carefully. In our experience, products that offer flexibility to make small-value, high-frequency deposits work better for women

3

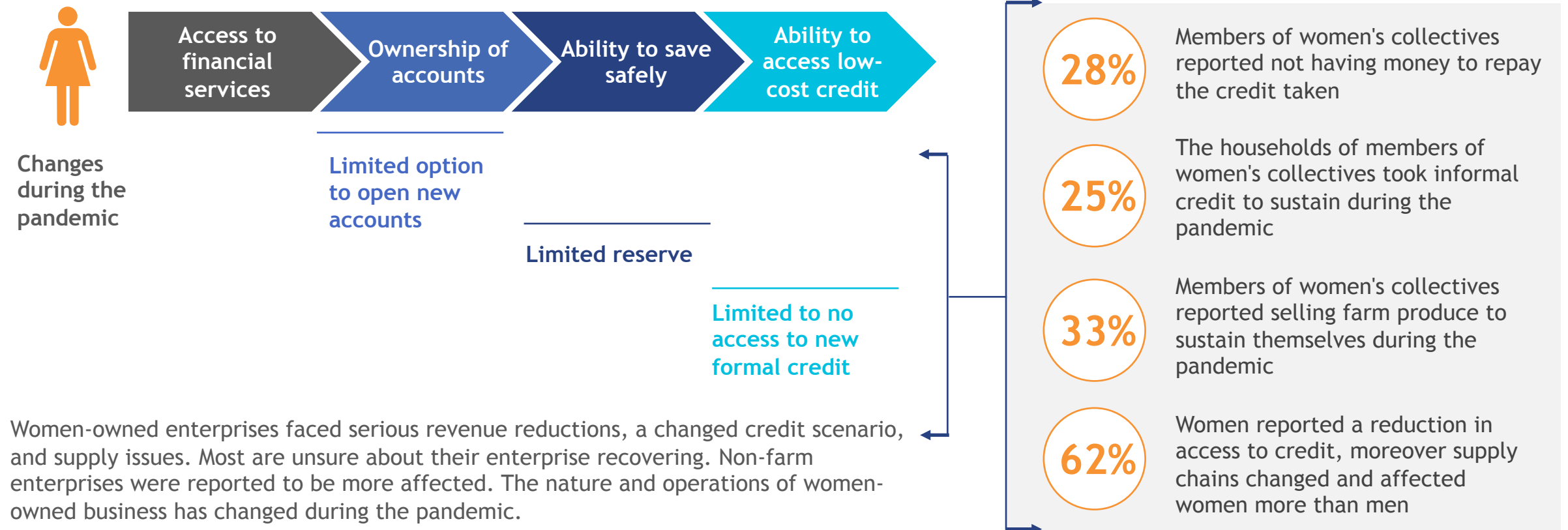
Women's savings are first to be liquidated during cash crunches in a household. This is a structural barrier. There is a high need for sensitization among men and women that focus on equal prioritization of women's livelihood needs

The data on this slide is from the study done with self-help group (women's collective groups) members in India

Increased digital savings and adoption of digital interfaces could support increased access to credit for women-led MSMEs

Limited access to credit, even within collectives during the pandemic has increased women's vulnerabilities

Women's collectives are designed to support women during the following stages:



Women-owned enterprises faced serious revenue reductions, a changed credit scenario, and supply issues. Most are unsure about their enterprise recovering. Non-farm enterprises were reported to be more affected. The nature and operations of women-owned business has changed during the pandemic.

Women-owned businesses urgently need customized credit products and a specialized credit rating mechanism. The increased use of DFS by women could generate adequate data points to inform credit decisions by financial institutions and fintechs.

The data on this slide is from the study done with self-help group (women's collective groups) members in India



Annexes



Several aspects influence an individual's decision to try DFS and their journey

We use the “Elephant Rider Path” framework to segregate and analyze these aspects beyond a simple access and awareness approach

MSC analyzed all customer journeys using the Elephant Rider Path framework to identify key participants in the journey and the behavioral biases they face

We identified key takeaways for specific stakeholders based on the elephant rider path

- 1 Motivate the elephant**
- 2 Direct the rider**
- 3 Shape the path by removing obstacles**

Jonathan Haidt, a psychologist, introduced the model as an analogy for thinking about behavior change. Daniel Kahneman and Steve Peters suggested similar approaches in their research and books (*Thinking Fast and Slow* and *The Chimp Paradox*)

“

Perched atop the elephant, the rider holds the reins and seems to be the leader. But the rider's control is precarious because the rider is so small, relative to the elephant.

”

“

Anytime the six-ton elephant and the rider disagree about which direction to go, the rider is going to lose. He is completely overmatched.”

”

About the framework

Participants in the framework

The elephant is a metaphor for the conative or emotional mind. It represents emotions and attitudes and is the power behind the journey



The elephant

The rider is a metaphor for the cognitive or rational mind. It represents the analytical and rational side and is the guide of the journey, equipped with knowledge and insights



The rider

The path is a metaphor for the environment. It represents access and agency to be able to do something



The path

Boulders on the path represent the challenges and obstacles during the journey toward the destination



Boulders on the path

The rhino is a metaphor for hidden risks that the customer might not be aware of



Rhino

Representation used in slide 5










The emotional mind

The rational mind

Barriers

Hidden risk

Glossary of behavioral biases: Models that dictate the behavior of customers

Term used		Definition
Anchoring bias		The tendency to rely too heavily upon, or “anchor,” on a past reference or one piece of information when making decisions.
Cognitive miser		Tendency to avoid taking hard decisions. We are intellectually lazy and prefer to avoid hard questions where possible.
Hassle factor		Small contextual or situational factors that either prevent/constrain or improve/compel individuals to a specific behavior are called hassle factors. These often include barriers, such as distance, service downtime, and a lack of adequate distribution support, through agents or loan officers.
Loss aversion		The expression “losses loom larger than gains” explains the concept of loss aversion. The pain of losing is said to be psychologically about twice as powerful as the pleasure of gaining. Since people are more willing to take risks to avoid a loss, loss aversion can explain the differences in risk-seeking as compared to aversion.
Peak-end rule		Experiences are mostly judged by their end or peaks. We judge an experience by its most intense point and its end, as opposed to the total sum or average of every moment of the experience. So tap into empathy, end on a high, to make people feel great about using a product or service.
Ripple effect		A ripple effect occurs when an initial disturbance to a system propagates outward to disturb an increasingly larger portion of the system, like ripples expanding across the water when an object is dropped into it.
Risk of bundling		Selling experiences in a bundle reduces their individual use.
Status quo bias		The preference for things to remain the same, such as a tendency to avoid changes in behavior unless the incentive to do so is strong, is termed as the “status quo bias”
Social proofing		The tendency of people to follow the actions of the masses.

Kajal's journey of using a mobile payment system for the first time (1/2)

Meet the user: Kajal



Name: **Kajal**
Age: **38**
Location: **Rayagada, Odisha**
Education: **Graduate**
Occupation: **Volunteer at Odisha Livelihood Mission**

Income: **INR 6,000 per month, She also practices stitching at home for extra income**

Family: **Four members; husband, a son, mother in law**

Current financial services: **Two accounts - One active without internet banking services, and one dormant**
Financial goals: **Saving for son's education**

Technology: **Owns a smartphone**
Personality: **Active, cautious, family-oriented**

Kajal lives with her husband in Rayagada in the Indian state of Odisha and works to create sustainable livelihood opportunities for rural poor households. She was elated when she recently found out her monthly salary has increased to INR 6,000 per month from INR 3,000 per month.

Kajal's path toward mobile wallets

Kajal heard about mobile wallets from her friends at work. Initially, she did not pay much attention, as she thought it might not be of any use for her.

One day, her son installed Google Pay on her husband's phone before he left for college in a nearby district. She owns a smartphone but cannot avail of the services of a mobile wallet as her primary bank account is in Grameen Bank, which does not offer internet banking facilities. She has another bank account in a private bank but that is dormant, and she does not have any money saved in it.

Kajal's first-time use-case consideration

During the lockdown, Kajal had to pay the rent for her son's hostel for March. She was planning on going to the bank, but her son explained how there were more risks in going to a bank during the pandemic. It was then, that her son suggested that she uses a mobile wallet instead to make the payment.

After some more persuasion, she decided to give it a shot. However, she was worried about the money going into the wrong bank account, or of the money being deducted twice during a transaction. She hence thought that she would first try using the application by doing a test trial.

“

My son told me that problems like long lines at the bank, low availability of cash in the ATMs can be resolved by using a mobile wallet. He also told us that it is not safe going to an overcrowded bank during the lockdown in March.

”

Kajal's journey of using a mobile payment system for the first time (2/2)

Meet the user: Kajal



Name: **Kajal**

Age: **38**

Location: **Rayagada, Odisha**

Education: **Graduate**

Occupation: **Volunteer at Odisha Livelihood Mission**

Income: **INR 6,000 per month, She also practices stitching at home for extra income**

Family: **Four members; husband, a son, mother in law**

Current financial services: **Two accounts - One active without internet banking services, and one dormant**

Financial goals: **Saving for son's education**

Technology: **Owns a smartphone**

Personality: **Active, cautious, family-oriented**

Kajal's experience of using the app for the first time

As her son was at home due to the lockdown, Kajal did a test transaction by first making a small transfer of INR 200 to her landlord. She learnt how to use the app by watching her son. She was afraid of her payment failing and of the money being transferred to a wrong account. So, she called up the landlord to check if he has received the right amount and also kept checking her own account balance for 2-3 days after making the payment to ensure there has been no mistake. She was relieved to know that the payment was successful and then made the pending payment of INR 1,000 to the landlord.

Kajal's journey toward becoming a regular mobile wallet user

After the successful transaction, she was relieved and made the same payment the next month, only this time she transferred the full amount in one go. She still needs her son's support to pay anyone whose contact is not already saved on Google Pay as she still finds the interface difficult and intimidating even though she can read English numerals. Her fear of sending money to the wrong number persists. She liked the app and also informed her friends about the benefits of the application. She now relies on the app for quick transactions.

“

I am afraid if I make a small mistake in entering the amount or the mobile number, my money will be lost.

”

Across its projects, MSC adopts a gender-centric framework to ensure gender-balanced outcomes toward economic empowerment

The interplay of four key interdependent factors is often overlooked while designing products and programs—resulting in design gaps that create unintended exclusion of certain segments of women.

Women's use of financial services

Awareness and capability:
How well women understand and use financial services.

Social norms: Which social norms define the use of financial services and how they influence it.



Experience: How well a woman interacts with products and services.

Financial life: How the ownership of financial resources influences the use of financial services.

MSC's Financial Services Space model helps understand women's usage of formal financial services

The Financial Services Space is a three-dimensional space that explains the financial behavior adopted by different personas of women, and behavioral “triggers” that could lead to increased financial inclusion.

The woman should have a regular inflow of cash (both frequency and volume) in her account.

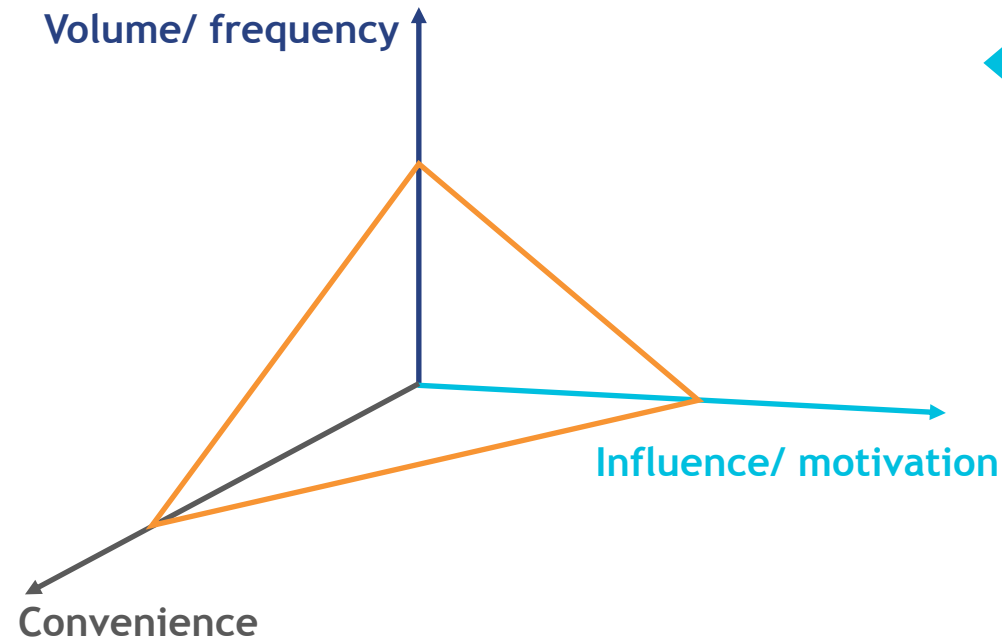
Example:

- An NGO worker gets her monthly salary in her bank account
- A son sends money to his mother's account regularly

The woman should have a 'felt convenience' to visit the financial outlet.

Example:

The convenience of depositing the day's earning in a bank account on daily basis by depositing at the same at BC agent outlet.



The woman can be motivated or influenced by somebody else to start using or continuing to use formal financial services.

Example:

A man motivates his wife to open a bank account of her own such that he can send remittance money from time to time.

MSC is recognized as the world's local expert in economic, social, and financial inclusion



International financial, social, and economic inclusion consulting firm with **20+** years of experience



180+ staff in **11** offices around the world



Projects in **~65** developing countries

Our impact so far

550+
clients

>850
publications

Assisted development of digital G2P services used by **875 million+** people

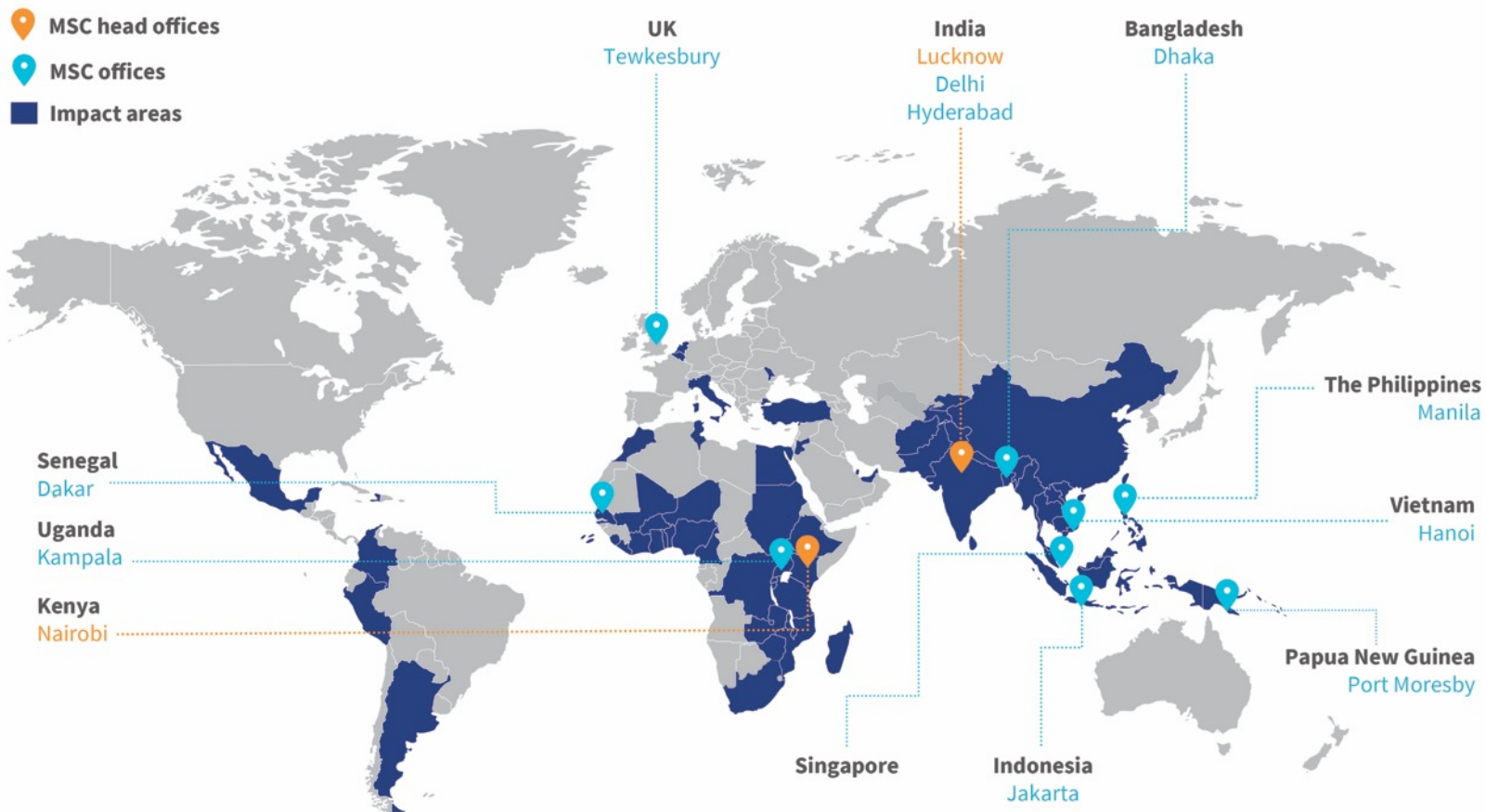
Implemented **>850 DFS projects**

Developed **275+ FI products** and channels now used by **55 million+** people

Trained **9,000+** leading FI specialists globally

Some of our partners and clients





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