Finding And Bridging the Gender Divide In Financial Services And Financial Inclusion

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Abstract
Gender, although an old concept, has gone through an evolution of understanding and perception. There are societies which think of it as a fluid construct, whereas others believe in dichotomous views. Whatever role or explanation we choose, gender has an impact on the overall life of individuals. In this paper, we discuss the role that social and cultural setup of gender plays in financial inclusion, financial decision making, and the usage of financial services. We also look at the need to cross this gender border to achieve better knowledge, understanding, and uptake of financial services. We then propose some design considerations, which we believe will help bridge the gap in financial inclusion from the perspective of gender. Lastly, we propose research directions for future work in this space.

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What do we mean by Gender?
In this paper, we define gender as the culturally and socially constructed differences between men and women that vary from place to place and time to time. These differences

manifest in the form of norms, roles, and relationships between different groups [8]. These differences also include perceptions and self-efficacies about women's capabilities to use technology [13] and their financial decision making [9]. Some of these perceptions may be more pronounced in developing countries due to differences in ownership, inheritance, physical limitations of travel [1], employment, etc.

Financial Inclusion

Generally, the concept of financial inclusion refers to creating solutions which enable access to financial services for *all* members of a society, particularly those members at the bottom of the economic pyramid [12]. However, financial inclusion must go beyond creating access to value-storing accounts—true financial inclusion requires equipping individuals with the necessary information to make effective decisions related to money while being protected by supportive regulations which encourage market competition [3].

Developing countries have low financial inclusion ratios because banks have failed to cater to low-income population segments. The banks' high cost structures prevent them from expanding branches to rural areas. With increasing mobile phone adoption, the case of mobile money as the medium to serve the previously excluded has taken center stage—according to the GSM Association, 5 billion people are expected to have a mobile connection by 2017 [5]. Financial inclusion through mobile money accounts is considered promising because of the constantly increasing number of mobile phones, Internet subscribers, access to digital devices, and decreasing cost of smart phones. However, all of these technology adoption statistics do not account for the gender-segregated facts, which reveal a skewed picture.

Regardless of the medium adopted, women remain financially underserved with a difference of 9 percentage points between men and women having accounts with a formal financial institution in developing countries. In South Asia, the gender gap recorded in 2014 was the largest in absolute terms [2]. Financial inclusion of women remains a problem because women need to be approached differently but are currently only exposed to the single version of products and services designed for the population at large. Service providers constantly fail to see them as a niche with a unique set of circumstances, behaviors, and requirements.

Women are the money holders for their families in both traditional and non-traditional concepts. They commonly manage the money, calculate spending, and plan to save for the future. However, if women are unaware of the opportunities and options of saving, they are unable to fully utilize financial tools, thus putting a large segment of the population at a disadvantage.

When the research community describes motivations for gender financial inclusion, the typical reasons include the large number of women entrepreneurs and employees who have both the financial capacity and the need for financial services. However, in many countries and cultures, women form the large part of house makers, housewives, and other non-working members of the society. Regardless of the situation, we argue that cultural norms affect them across the spectrum although maybe in varying degrees. We do not argue for the reasons or choice of either group. Rather, we propose that researchers need to cross the gender border and work toward financial inclusion and education for every woman everywhere.

Importance of Women's Financial Inclusion

Managers of Household Economy

Prior research and our own fieldwork in developing economies indicate that women consistently act as financial managers for their households, yet they are rarely considered as the formal contributors. Their contributions commonly include creating handicrafts or home-based businesses to generate income, making choices in their day-to-day activities to save small amounts with or without the knowledge of the members of their household, and reminding their partners about payments and fees.

As a result of these roles, women typically maintain an awareness about the workings and benefits of financial services as well as knowledge about risks and benefits involved with various financial instruments.

Participants in Economy and Society
Women are not only important from a gender equality perspective, but also as key members in the planning and running of households. Their awareness, knowledge, and understanding of financial practices and systems are important for the society as a whole.

Women engage in both formal employment sources and a multitude of informal jobs and trade to support a household budget. These contributions often go unnoticed. The needs of these women should form the focus of financial inclusion efforts because the financial inclusion of women would lead to economic growth, equality, and social well-being for the society as a whole.

Identifying Opportunities for the Next Generation
The role of women has always been an important one in shaping the next generation. As primary caretakes for children, women can realize the needs of the next generation and prepare their children, both girls and boys, about the future of the financial and economic market, including the understanding and need for Digital Financial Services.

Counting All Women
In 2014, 47% of women worldwide owned a bank account at a formal financial institution as compared to 54% of men according to data from the Global Financial Inclusion Database (Global Findex) [11]. This shows that gender disparities, though greater for developing countries, also exist for developed countries. When talking about financial inclusion, we need to account for the diversity of socio-economic, cultural, and societal populations of women and their needs.

Long-Term Savings and Impact
Women are better borrowers [4] and tend to spend more on their children and household as borrowers. We are in no way saying that men cannot be good borrowers, but we suggest that on the whole investing in communities and participants with a previous history of investment in health care, education, and improving the family can better help in achieving long-term intergenerational impact and the UN Sustainable Development Goals (SDGs) [6].

Designing for Women's Financial Inclusion
The social dynamics of various societies and cultures form the basis of understanding and expectation for gender. The dynamics of power, employment, empowerment, and decision making also form the basis of financial inclusion. Because the gender divide is driven by cultural norms, the financial needs of any gender must be tailored for individual cultures. In many cultures, men and women have different preferences, interests, and needs. Thus, they should be provided with different services and choices according to those preferences and needs to ensure an equality of opportunity [8]. The following paragraphs describe areas where women would benefit from more tailored design.

1) Creating Awareness

The first step in a customer life cycle is creating awareness about a product, its function, and the need that it fulfills. Then comes the capability of evaluating various available options and selecting one of them. Women need to know and understand the financial products such as health insurance, digital transaction accounts, saving instruments, etc.

2) Tailoring Products and Services for Women

The second step to awareness is the trial and use of financial products. Women are a diverse group with socio-economic, cultural, personal, and professional differences. Thus, we cannot combine the entire market and its needs in one giant cluster. We need to analyze in the market and try to ask deeper questions to identify the reasons and working of these socio-cultural and socio-economic setups. Similarly, if culture drives gender norms, then it is important that our products and services address these cultural requirements.

As house makers, especially among low income groups, women may have a lot of tasks or chores to perform, health issues, frequent pregnancies [1], or even the behavior of placing other necessities above their own needs. Thus, our design considerations must account for these cultural and societal situations, and we must question what value proposition we are offering to these women and the suitability of interventions.

Group Savings for Women

One example of a popular savings technique used by women is a Rotating Savings and Credit Association (ROSCA) or other group saving methods [10]. The key idea is to rely on a trusted circle of friends, family members, neighbors, or even community members to save money collectively. This is especially popular in Southern Asia with a culture of close-knit groups and limited cross-cultural gathering. Keeping such existing structures and mechanisms in mind while designing for women is one such example of a significant cultural influence.

3) Need for Privacy and Confidentiality

Women also have needs for privacy and confidentiality of transactions from the members of community and society. Services designed for women need to account for such requirements and understand what types and controls over confidentiality and security are necessary.

4) Documentation and Collateral Requirements

As researchers, we also need to explore how Know Your Customer (KYC) policies, travel distances, complicated documentation [1], collateral requirements, and technical jargon affect women, as well as which of these standards can be altered to enable more women to use digital financial services. Further consideration of these questions can explore whether legal or religious requirements of various ethnicities and religious groups introduce any complication for women to adjust to these common financial practices.

Additionally, due to lack of ownership or inheritance, women in need of collateral, especially those running Small and Medium Enterprises (SMEs), might be unable to use the typical financial services.

5) Advice and Assurance

Women tend to take advice and need assurance for their financial decision making and selection of financial services. This can be associated with the self-perceived or societal perception of women's lack of knowledge, and it can be compounded by women's lack of exposure or informative contacts in some societies. Thus, system designs need to incorporate and consider support for coordination, assurance, and advice.

6) Different Dissemination Methods
To understand possible dissemination methods which may work for women, we need to understand the existing socio-cultural setups and women's role and participation in them. Different marketing strategies, such as word of mouth or refer-a-friend [14], have been recommended as popular techniques, especially in groups of women, for financial services. Building on our previous discussion of advice and assurance from a trusted source, we need to explore the designs that enable women to refer and recommend their peers. Whether such referral methods use personal interactions or are embedded within the digital technology, financial systems, particularly for women, should be designed to account for these interactions.

Proposed Research Directions

We propose the following directions for the research community:

- Identify which of the barriers faced by women can be removed (e.g. security concerns), which barriers might be difficult to remove (e.g. cultural norm of women not participating in economic activities), and how to either design with or around those constraints.
- Similarly, find how many barriers can be addressed in the short-term (e.g. value propositions specific to women) and how many of them might be removed in the long-run (e.g. women agents all across the world).
- Develop an understanding of any restrictions posed by various cultures, such as age or marital status, for women to actively participate in the financial economy and how to work with such restrictions.
- A generic question arises: what do women's expected roles and responsibilities in the household entail for financial inclusion? Do they pose more restrictions toward the used of financial services or do they pose more money management burdens which can be lessened through digital financial services?
- Would digital financial services lower any burdens or overcome restrictions for women and how? And how can we incentivize a change in behavior away from the cultural or socio-economic norms of the society creating those restrictions?
- Evaluate how the economic involvement of women is related to their self-perceived financial independence, empowerment, and decision-making opportunities. Similarly, explore a threshold of economic input where women feel financially empowered and independent.
- Compare *Digital Natives*, the youth who grew up interacting with and exploring technologies, with *Digital Immigrants*, those who were introduced to digital technologies later in life [7]. For example, if digital financial services become a pervasive phenomenon, will financial access be a generational concept or still be dominated by the cultural norms about gender?
- Are different design principles fundamentally needed to design financial services for different gender, socio-economic, or cultural environments, or can we achieve a universal design that supports and benefits all the groups discussed in this paper?
- What financial inclusion value proposition can we provide for women who do not earn money but make economic decisions for themselves and their households?

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