WOMEN AND LONG-TERM SAVINGS (MICRO-PENSIONS)

Mayada Elzoghbi, Managing Director, KIT Knowledge Institute, The Netherlands
Anindita Chakraborty, Inclusive finance specialist, Center for Financial Inclusion at Accion

Abstract

This chapter synthesizes the latest evidence on women's savings and planning habits. It provides evidence highlighting women's demographic and socio-economic contexts, needs, and limitations when accessing micro-pensions. It also presents the key constraints that need to be considered, including demand-side, supply-side and regulatory considerations. In light of the evidence, the paper argues that special considerations are needed when designing micro-pension solutions and services for women. Finally, the chapter concludes with a call to action for key stakeholders involved in the micro-pension ecosystem to consider as they work to improve women's ability to benefit from and participate in a micro-pension system.

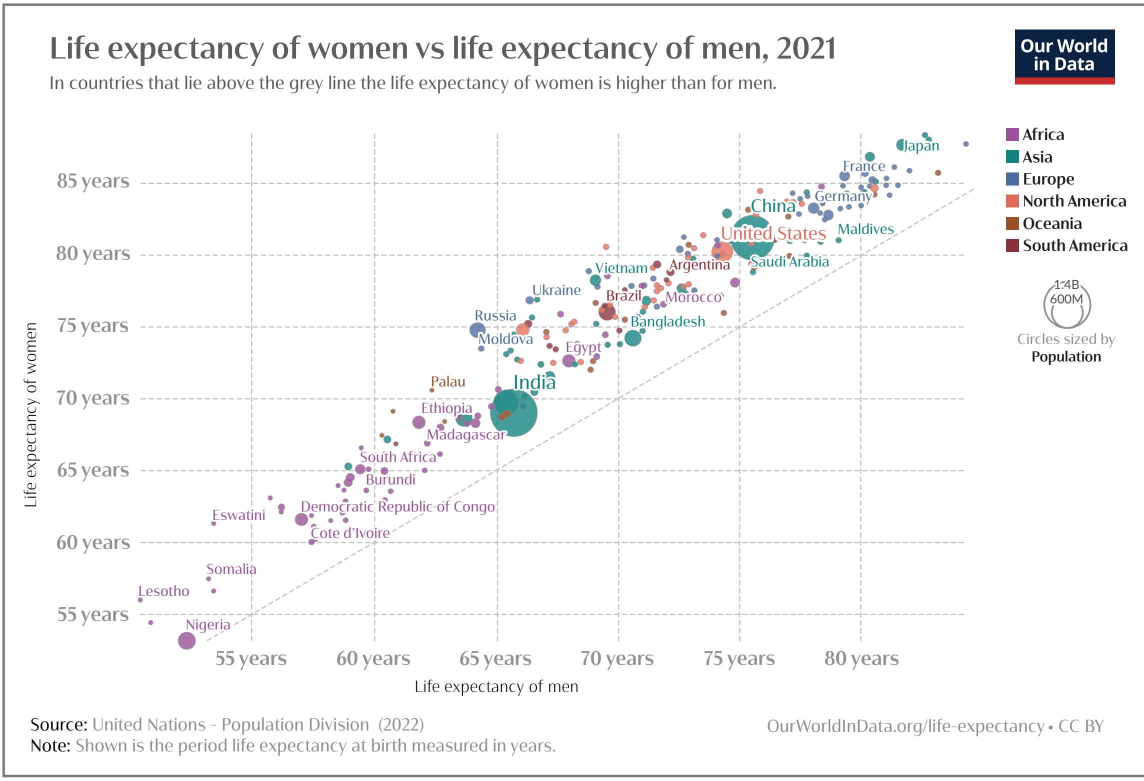
1. WHY SHOULD LONG-TERM SAVINGS OR MICRO-PENSIONS FOR WOMEN BE PRIORITIZED?

Women globally outlive men. Biological factors, lifestyle choices, and advances in medicine that have drastically reduced the health burden from infectious diseases have boosted the life expectancy of women across the world.[1] In developed countries, the average life expectancy at birth is 79 years for women and 72 years for men, whereas, in developing countries, the average longevity for women and men are 66 and 63 years, respectively, due to higher maternal mortality rates and the prevalence of diseases (see Figure 1).[2] At the same time, several countries in East Asia and Europe are facing an aging crisis.[3] While longer life expectancy is undoubtedly a positive indicator of progress, the gains are often not distributed, especially considering the sub-optimal quality of life in old age. It is particularly problematic for frail and older women, including widows, who cannot work or afford to pay for basic subsistence or care in their old age.

[1] *Why do women live longer than men?*

[2] *ibid.*

[3] *UN. 2022. World Population Prospects 2022*



Source: Our World in Data[4]

Women are less likely to participate in the labor force than men. According to the World Bank, the difference between men's and women's total expected lifetime earnings is a staggering $172.3 trillion.[5] This gap is unsurprising, given that unemployment rates are higher among women than men. For women aged 25-54, labor force participation is 63 percent compared to 94 percent for men (see figure 2). Labor force participation rates dip further to 48.5 percent for women versus 75 percent for similarly aged men[6] when younger and older women are included. This difference was further exacerbated by the pandemic, which forced millions of women worldwide to leave the workforce to take care of children

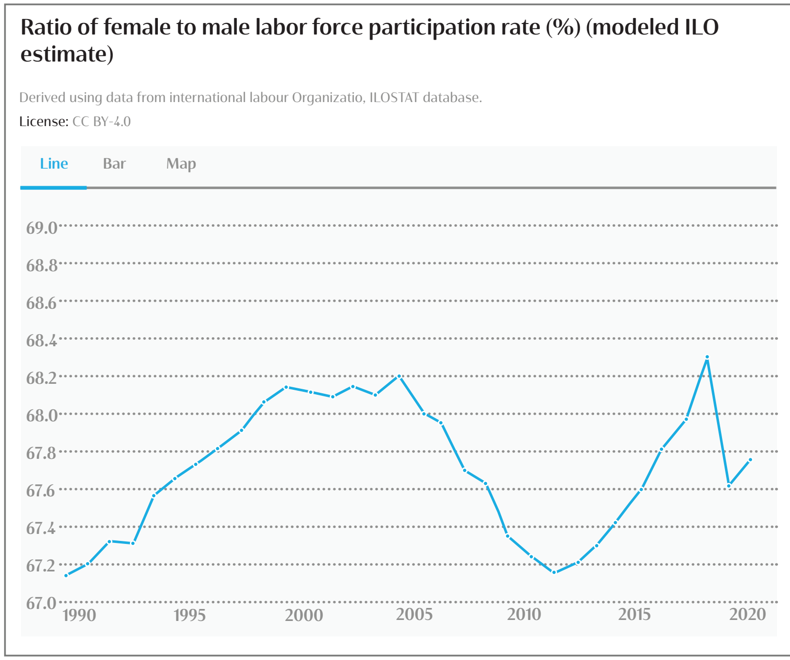
[4] *Around the world, women outlive men*

[5] *Wodon et al. 2020*

[6] *Facts and Figures: Economic Empowerment*

and other family members. The ILO estimates a 4.2 percent drop in women's employment rate between 2019-2020, compared with 3% for men.[7]

Figure 2: Female vs. Male Labor Force Participation Rate



Source: The World Bank

Even when women work, they are more likely to be represented in vulnerable and informal employment. Women are more likely to be engaged in informal sectors and informal employment. They are also likely to be engaged in low- or non-paying jobs in the informal sector.[9] Often this includes agricultural work or unpaid family labor.[10] The ILO estimates that ninety-two percent of women in developing countries are in informal labor compared to 87 percent of men.[11] Furthermore, 85 percent of these women operate in the informal sector compared to 78% of men.[12] Workers in the informal sector earn less than their counterparts in the formal sector with similar skills. Incomes are also irregular and unpredictable. Informal work is also associated with gender

[7] Building Forward Fairer: Women's rights to work and at work at the core of the COVID-19 recovery

[8] Ratio of female to male labor force participation rate (%) (modeled ILO estimate)

[9] Having fewer workers outside the formal economy can support sustainable development

[10] ILO, 2018. World Employment and Social Outlook: Trends for Women 2018: Global Snapshot

[11] UN Women.2020. Three ways to contain COVID-19's impact on informal women workers

[12] ILO.2019. Women and Men in the Informal Economy: A Statistical Brief.

inequality. For example, women workers or microentrepreneurs are less likely to benefit from national social security systems or employer-based safety nets.[13] Consequently, women in the informal sector were highly vulnerable and struggled to cope during the pandemic. According to the IMF's forecasts, an estimated 95 million people, primarily informal economy workers, plummeted into extreme poverty in 2020.[14]

Lifetime earnings for women are lower than their male counterparts. On average, women worldwide earn approximately 23 cents to a dollar less than men. In other words, for every dollar a man earns, women earn 77 cents.[15] This global estimate undercounts the difference in developing countries where women predominantly work in the informal economy, earn lower wages, and have little or no access to social protection. Moreover, women are often not compensated for their labor, which limits their ability to accumulate savings for retirement. Women also are penalized for motherhood, paying larger wage penalties for each child they have.[16] According to the World Bank's human capital wealth estimations, a statistic that approximates the present value of all future earnings, women represent 38% of human capital wealth compared to 62% of men.[17] Consequently, women in developing and emerging markets with accelerating inflation are often barely scraping by. Even if their government (Nigeria[18] being an example) introduces retirement schemes targeting informal sector workers, they rarely have sufficient disposable income left for saving for investment.

Lower lifetime earnings lead to lower retirement savings. Even when women are formally employed, gendered wage gaps, maternity, other prolonged career breaks, and forced or voluntary early retirement impact women's lifetime earnings, leading to lower benefits, including retirement savings. This gap is most pronounced in developing markets. The World Bank's Women, Business and the Law 2022 (WBL) finds that sixty-five economies set different ages for men and women to retire with full pension

[13] Ibid.

[14] IMF.2021. Five Things to Know about the Informal Economy

[15] Closing gender pay gaps is more important than ever

[16] UN Women Facts and Figures

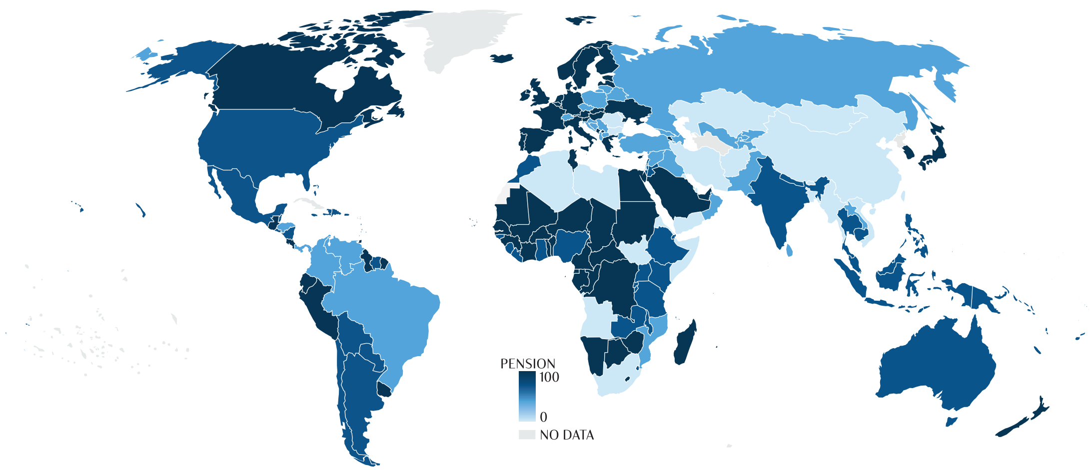
[17] The Cost of Gender Inequality Unrealized Potential: The High Cost Of Gender Inequality In Earnings

[18] Three years on, Nigeria's micro-pension targeting informal workers struggles to thrive

benefits, with women being able to retire in about ten months (as in Lithuania) to 10 years (as in China) earlier than men. Many others consider the maternity break and other periods of childcare when calculating retirement benefits (see Figure 3).[19] Early retirement policies also deter employers from investing in women's professional development, further widening the pay gap. On a positive note, a few countries— Argentina, Cambodia, and Ukraine—have introduced pension reforms to address these barriers.

Figure 3: Female vs. Male Labor Force Participation Rate

MAP 1A.9 | WOMEN, BUSINESS AND THE LAW INDEX PENSION INDICATOR SCORES



Source: Women, Business and the law database. FEBRUARY 2022

The confluence of the above factors – longer life expectancy, lower labor participation rates, employment in low-paying segments of the informal economy, and lower lifetime earnings and benefits— means that more women than men are likely to experience poverty in old age and have little or no access to social protection systems— pensions, unemployment benefits or maternity protection.[20]

[19] *Women, Business and the Law 2022*

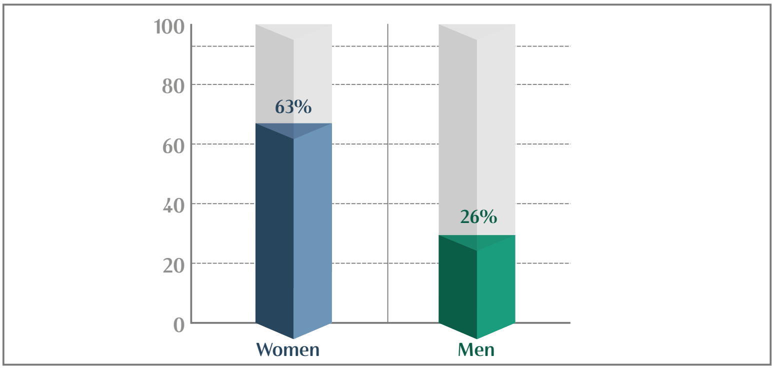
[20] *ILO, Women at Work: Trends 2016*

2. WOMEN AS SAVERS

Gender influences savings habits, risk tolerance, and investment behavior. Across most societies, the role and responsibilities of household members are gendered, which, in turn, impacts decision-making, consumption patterns, access to resources, and having money available for savings. Research has shown that women are more likely to spend on household consumption and devote resources to their children's welfare and education. For example, evidence from a study in Kerala, India, found that the nutritional status of children was directly related to the size of the mother's income.[21] For most women in developing countries, household needs triumph over business and other priorities. Women are more likely to care for their families and prioritize purchasing insurance for family members or themselves.[22]

While women are more inclined to save than men, they are also more risk-averse and cautious about their savings and investment decisions.[23] The Center for Global Development's (CGD)[24] research on women's economic empowerment shows women are far ahead of their male counterparts in saving money. Across different countries and populations, for every 100 women, 63 will want to open a basic savings account, compared with only 26 men (see Figure 4). However, countrywide variations exist, with women's savings consistently outnumbering men's in Chile from 2005-2009[25] to women saving far lower amounts primarily for short-term goals in Pakistan.[26]

Figure 4: Globally, women are more interested in opening a savings account than men



Source: CGD

[21] *IMF. 2006. Stotsky, Janet. Gender and Its Relevance to Macroeconomic Policy: A Survey*

[22] *SHEforSHIELD: Insure Women To Better Protect All*

[23] *Ibid.*

[24] *Mindful Saving: Exploring the Power of Savings for Women (Factsheet)*

[25] *Ibid.*

[26] *Gender Differences in Saving Behavior and its Determinants (Evidence from Punjab, Pakistan)*

Women are less likely to save in formal accounts. Whether formal financial institutions or mobile money accounts, women worldwide are less likely to use formal savings options. East Africa and the Pacific (EAP) is the only exception where men and women are likely to use both formal financial services providers and mobile money accounts.[27] A multi-country study by Women's World Banking[28] revealed that banks were seldom top of mind for women who considered them unaffordable, inaccessible, and irrelevant to their needs. While women were willing to incur expenses and travel long distances to secure a loan, they were reluctant to make the same investment to go to a bank and deposit their modest savings, which are often irregular and unpredictable. Moreover, most low-income women's interactions with formal financial institutions are limited to microfinance institutions, which are predominantly credit-focused. Unlike credit, where the institution lends from its own sources, savings involves dealing with women's hard-earned incomes and requires considerable trust-building, which is often an uphill task for lenders.

Women are more likely to save in informal ways. For low-income women, the convenience of informal savings often triumphs over the related risks.[29] The Findex 2021 reports that more women in low-income countries save in informal savings groups than men (25% compared to 19%). Regionally, more women in Sub-Saharan Africa (SSA), EAP, and South Asia (SA) save in informal savings groups than men. [30] Only in Europe and Central Asia (CEA) and Latin America and the Caribbean (LAC) are men more likely to save informally (see Figure 5).

A multi-country longitudinal study with women-owned micro and small businesses (MSE) by the Center for Financial Inclusion (CFI)[31] shows that even though women save more than men, they are likely to save informally, often due to trust barriers and the fear of fraud. Women's World Banking's research [32] shows that despite earning low and unpredictable incomes, women save 10-15 percent of their earnings at home in a drawer, by purchasing extra inventory, or in neighborhood savings groups. Another study finds that Indian women prefer investing their savings in gold jewelry, which can be used as collateral or sold during emergencies.[33]

[27] Demirgüc-Kunt, Asli, Klapper, Leora, Singer, Dorothe, Ansar, Saniya. "The Global Findex Database: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19. World Bank, 2022

[28] Savings: A Gateway to Financial Inclusion

[29] Ibid.

[30] Demirgüc-Kunt, Asli, Klapper, Leora, Singer, Dorothe, Ansar, Saniya. "The Global Findex Database: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19. World Bank, 2022

[31] Preparing MSMEs for Future Crises: Lessons From COVID-19

[32] Savings: A Gateway to Financial Inclusion

[33] Improving Pension System Coverage: Understanding & Meeting Needs

Figure 5:
Regional distribution of women's and men's savings behavior

Region	Saved Any Money		Saved at Formal Financial Institution		Saved using a Mobile Money Account		Saves Using a Savings Group (informal)	
	Women	*Men*	*Women*	*Men*	*Women*	*Men*	*Women*	*Men*
Middle East and North Africa (MENA)	34%	36%	9%	13%	1%	1%	7%	7%
Latin America and the Caribbean (LAC)	34%	39&	13%	21%	4%	7%	5%	8%
Eastern Europe and Central Asia (ECA)	30%	37%	11%	16%	1%	4%	3%	4%
Sub-Saharan Africa (SSA)	54%	58%	12%	19%	12%	17%	28%	22%
South Asia (SA)	21%	24%	10%	12%	2%	4%	9%	7%
East Asia and the Pacific (EAP)	58%	59%	39%	39%	7%	7%	7%	6%
All Low-Income Countries							25%	19%

Source: Findex 2021

Despite longer-life spans, women are less likely to save for old age. Low-income people with shorter life expectancies are more likely to prioritize short-term goals over long-term needs, such as saving for old age.[34] In low-income countries, only 9% of women are likely to save for old age compared to 13% of men. According to Findex 2021, the only region where women save more for old age than men is in East Asia and the Pacific (34% for women as compared to 31% for men), perhaps because over half of adults from the region (excluding China) were very worried about old age.[35] A study in East Africa finds that the motivations to save are more likely driven by education. Across the region, people primarily saved for medical followed by business expenses. Saving for old age was a low priority for both men and women, irrespective of age.[36] But when comparing countries and motivations to save, this research found significant countrywide variations. The motivation to save for old age was highest in Kenya at 15%, followed by 14% in Uganda, 6% in Tanzania, and 3% in Burundi, respectively.[37] These variations can be attributed

[34] *Ibid.*

[35] *Demirgüc-Kunt, Asli, Klapper, Leora, Singer, Dorothe, Ansar, Saniya. "The Global Findex Database: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19. World Bank, 2022*

[36] *Josephat Lotto | (2022) Households' saving pattern and behaviour in East Africa, Cogent Business & Management, 9:1, 2101418, DOI: 10.1080/23311975.2022.2101418*

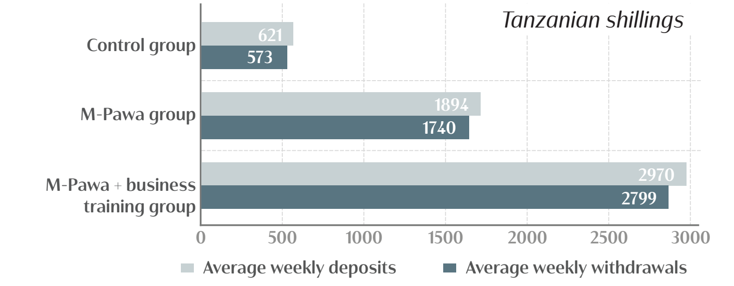
[37] *Ibid.*

to several factors— the presence of well-functioning pension systems, the ability to use the business as security during old age in some countries, and poor healthcare facilities in others, requiring people to save more for medical emergencies.[38]

Formal savings presents many barriers for women; when barriers are addressed, women save more. Findex 2021 presents evidence that shows formal savings can be challenging for women. A meta-analysis of randomized trials on the take-up and utilization of formal savings accounts[39] finds that women are highly likely to adopt formal savings accounts if certain barriers are removed; key among these are the costs associated with opening a savings account. Studies covered include testing alternative models, such as group savings schemes, lockboxes, hard commitment devices, financial incentives to open accounts or maintain minimum balances, and using nudges, reminders, or peer reinforcements. Another CGD study in Tanzania that offered women mobile savings and an M-Pawa account found that women were more likely to actively use and save more in a product that considered women's time poverty, mobility restrictions, and other behavioral preferences. The study demonstrated that women offered mobile savings along with the M-Pawa accounts were likely to save three times more than control group participants who only received the M-Pawa account (see Figure 6).[40]

Figure 5: Evidence from CGD's study offering mobile savings along with M-Pawa accounts to women

Savings were higher after access to mobile savings- and even higher after added business training



Source: CGD[41]

[38] *Ibid.*

[39] *A Meta-Analysis of the Take-Up and Utilization of Formal Savings Accounts*

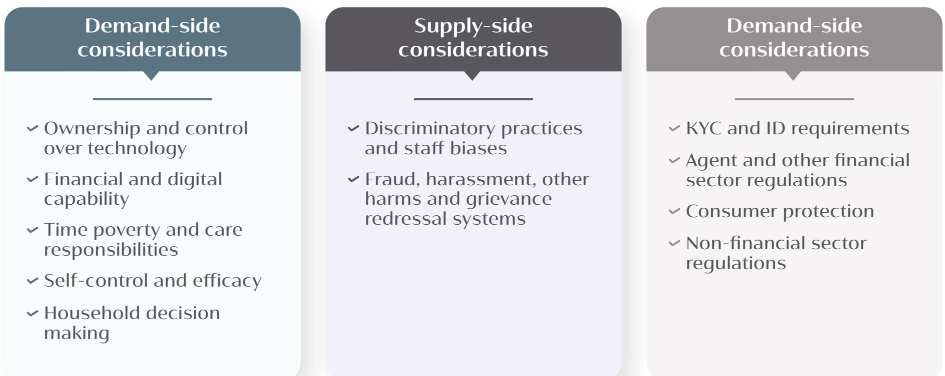
[40] *Mindful Saving: Exploring the Power of Savings for Women (Factsheet)*

[41] *Ibid.*

3. CHALLENGES TO CONSIDER FOR WOMEN WHEN DESIGNING LONG-TERM SAVINGS AND PENSION SYSTEMS

This section summarizes the key demand, supply, and enabling environment-level barriers that must be considered while designing long-term savings and micro-pension systems for women (See Figure 6).

Figure 6: Challenges limiting women's uptake of long-term savings and pension



Source: Authors

3.1. Demand side considerations: What barriers do low-income women face?

Given the high-ticket sizes imposed by pension funds, affordability is often a critical barrier to micro-pension inclusion for low-income men and women alike. Low-income women working in informal sectors with unpredictable income streams and earning minimal wages are even less likely to be able to save for retirement. However, affordability is not the only challenge faced by women. Women worldwide face numerous systemic barriers ranging from discrimination and rigid gender norms that set expectations about their roles and responsibilities and access to education, technology, financial services, and other resources. Addressing these barriers is key to achieving gender parity in women's access to and use of financial services.

Ownership and control of technology. Phone ownership is linked to greater outcomes, including higher consumption, estimated at 16-24 percent higher than for those without phones.[42] At the same time, GSMA's latest Mobile Gender Report states that despite years of progress, the gap in phone and smartphone ownership (see Figure 7) and mobile internet had stalled in 2021.[43] The report highlights that women are seven percent less likely to own a mobile phone than men. An estimated 372 million women remain without mobile phones in low- and middle-income countries. Unsurprisingly, the gap is ten percentage points higher with smartphone ownership. The gender gap in mobile internet ownership was the widest in South Asia and Sub-Saharan Africa (see Figure 8). The report finds that women are less likely to be aware of mobile internet, and even when they are aware of it, issues such as limited literacy and digital capability, safety, and security impede usage.[44] Affordability is another key constraint, and a study in Kenya highlighted that women's ability to afford smartphones had diminished since the pandemic, and many were forced to sell their smartphones and downgrade to feature phones.[45]

While governments and developmental actors have implemented programs to enable more low-income women to own phones, the access has not translated into meaningful usage. For example, a government program in Chhattisgarh, India, that distributed free smartphones to women found that despite making calls and using WhatsApp, overall usage remained low as women faced issues with the quality, poor battery life, and limited data provisions of the smartphones.[46] Giving women the option to choose a phone they are comfortable using might improve continued usage of the device. Another study in Tanzania that tested the distribution of feature and smartphones to women found that nearly one-third of those who received free phones no longer owned them after a year. This could be due to the lack of perceived value of the phone as an economic instrument or norms barriers that limit women's phone usage. A study by Harvard University's Evidence for Policy Design aptly notes that unless prevailing norms are factored into the project design, efforts to hand mobile phones to women may be rendered obsolete or even have negative ramifications at the household level.[47]

[42] *Roessler, Philip et al. Mobile-Phone Ownership Increases Poor Women's Household Consumption: A Field Experiment in Tanzania, May 2018.*

[43] *GSMA, 2022. Mobile Gender Report. 2022.*

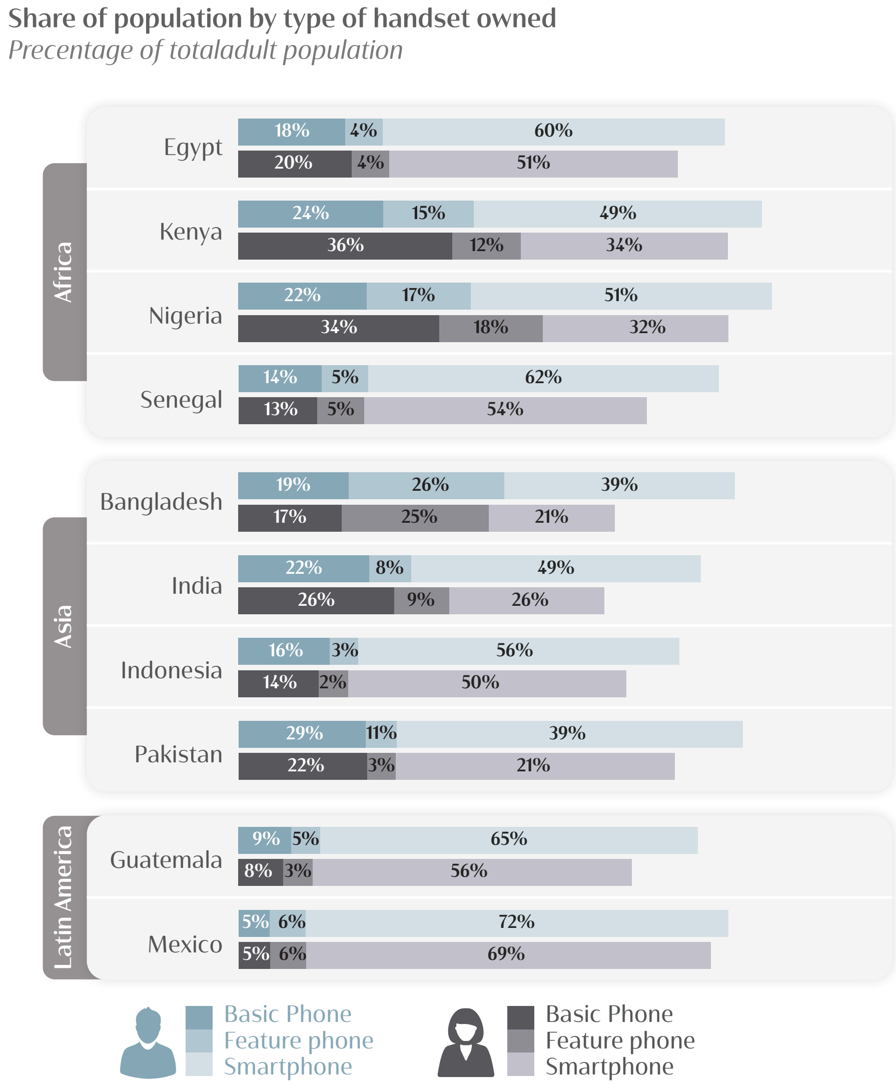
[44] *ibid*

[45] *Ibid.*

[46] *Can Free Phones Close the Digital Gender Divide?*

[47] *A Tough Call: Understanding barriers to and impacts of women's mobile phone adoption in India*

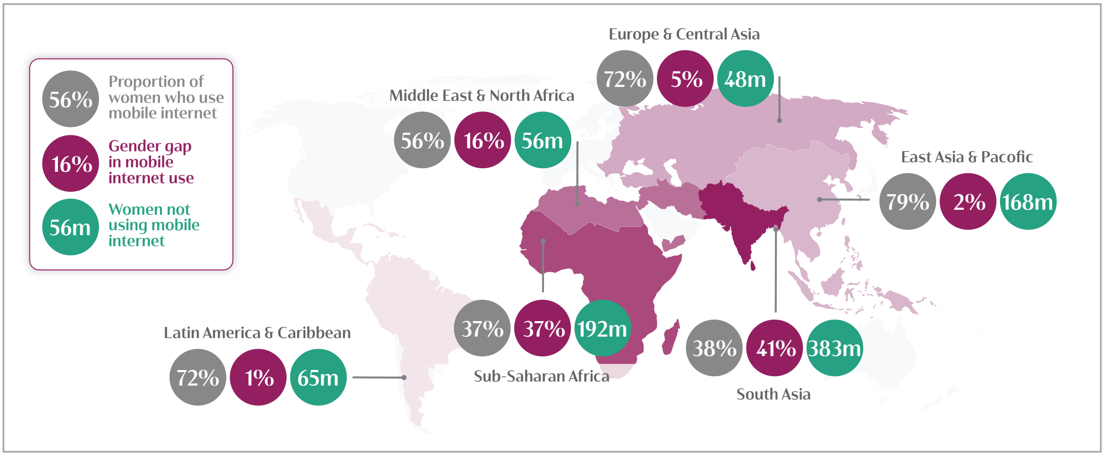
Figure 7: Share of the population by type of handset owned



Source: GSMA Consumer Survey 2021

Base: Total population aged 18+
The total percentage or handset owners does not exactly match the percentage of mobile owners in Figure 2. Figure 2 captures people who have sole or main use of a SIM card whereas Figure 7 represents people who have sole or main use of a handset.
Respondents are categorised according to the most advanced device they own and can only be included in one category. Smartphone owners that also own a basic or feature phone are counted only as smartphone owners.
n=496 to 966 for women and n=469 to 1131 for men

Figure 8: Gender gap in mobile internet use in LMICs, by region



Soure: GSMA[48]

Financial and digital capability. Research by Mercer finds that globally women have less financial courage and confidence about their financial security in confidence than men (see Figure 9).[49] The lack of confidence is even more exacerbated in low-income women with limited digital and financial capabilities. There is a five-percentage point global gender gap in financial literacy. Unsurprisingly, this gap is far higher in developing countries— 16 percentage points in Indonesia and 14 percentage points in Nepal, for example (see Figure 10). In an increasingly digitized world, participating in the formal financial system requires financial capability— the ability to act in one's financial interest,[50] and digital capability. CFI defines digital financial capability as the ability to access, manage, understand, integrate, and evaluate financial services offered through digital technologies.[51] On both financial and digital capabilities, women lag behind men, often due to societal norms defining the choices parents make about investing in their children's education and gendered expectations of women's roles, responsibilities, and capabilities. These norms-barriers often manifest during childhood. For example, research shows that when girls are expected to perform worse in math,

[48] GSMA, 2022. Mobile Gender Report. 2022

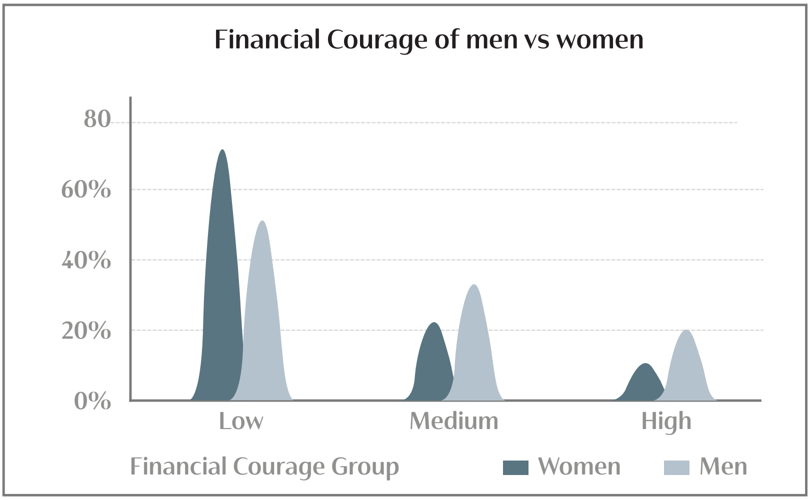
[49] WE Forum. 2018. The scary facts behind the gender pension gap

[50] World Bank, 2021. Building a Financial Education Approach

[51] Building Women's Financial Capability: A Path Toward Transformation

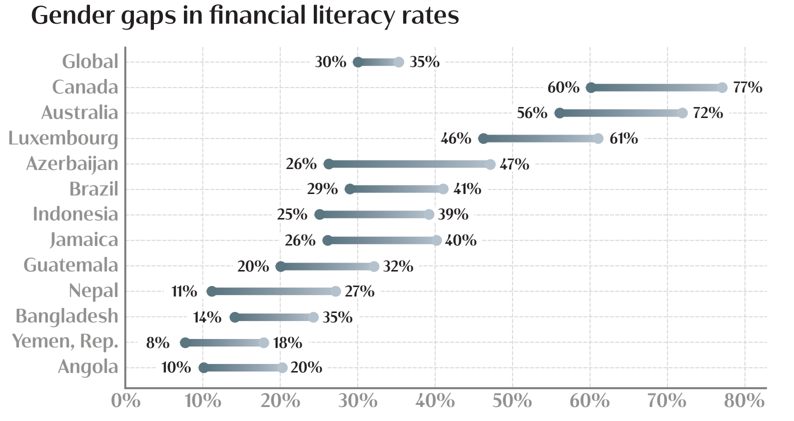
they expect less of themselves and perform worse in school.[52] Consequently, women often require more assistance navigating mobile internet than men (see Figure 11).

Figure 9: Women have lower financial courage than men



Source: WeForum[53]

Figure 10: Gender gaps in financial literacy rates



The S&P Global Financial Literacy Survey in 2014 asked more than 150,000 adults across 148 countries about four key concepts in financial decision-making: basic numeracy, interest compounding, inflation and risk diversification. The survey considers someone to be financially literate if they answer at least three of four questions correctly.
Source: S&P Global Financial Literacy Survey country-level data shared by The World Bank

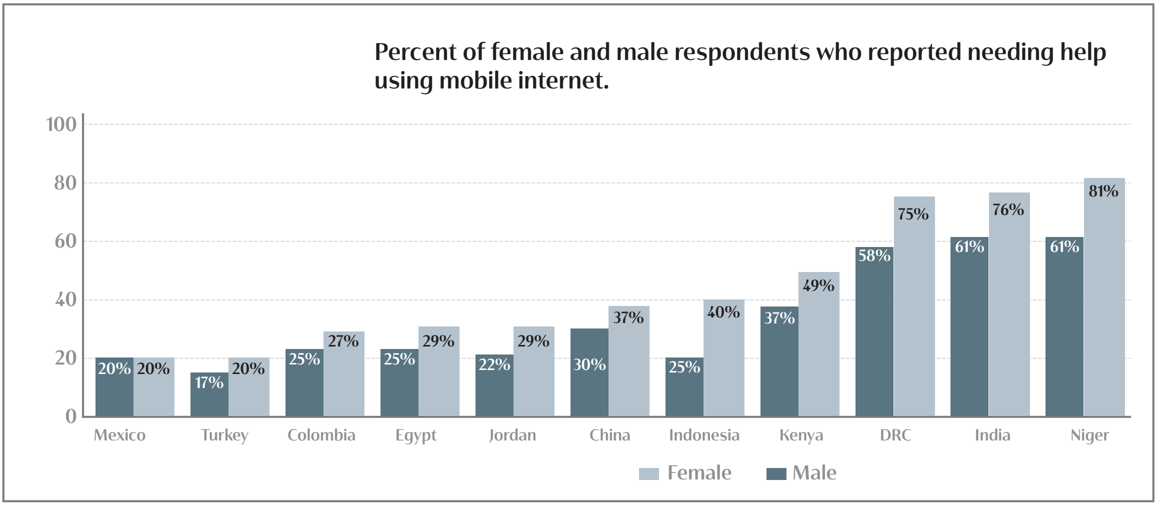
Source: CGAP[54]

[52] *Why So Few? Women in Science, Technology, Engineering, and Mathematics*

[53] *Ibid.*

[54] *CGAP, 2022. Break the Bias: Evidence Shows Digital Finance Risks Hit Women Hardest*

Figure 11: More women needed assistance in using mobile internet than men



Source: GSMA[55]

Time poverty and care responsibilities. From a very early age, girls are expected to take on unpaid care work and household chores, reducing the time they can dedicate to leisure or school. On average, girls spend 50 percent more time doing chores or other household responsibilities than boys the same age.[56] This phenomenon continues throughout their lives, and by adulthood, women spend between 2 and 3.4 times as many hours a day as men on household responsibilities.[57] This gap exists in all countries, from developed Scandinavian nations, where women spend 45 minutes more per day than men on unpaid work, to India, where the gap is as high as five hours.[58] Time poverty and an uneven burden of care responsibilities infringe on women's ability to partake in economic opportunities. Furthermore, it also reinforces social expectations around what women 'should' be able to do, which, in turn, normalizes biases and discrimination related to women's participation in the workforce and financial systems.

Self-control and efficacy. The concept of self-control is very closely aligned with the ability to manage one's time. Given

[55] *GSMA, 2015. Accelerating Digital Literacy: Empowering women to use the mobile internet*

[56] *Time poverty: Obstacle to women's human rights, health and sustainable development*

[57] *Ibid.*

[58] *Melinda Gates Offers a Solution to Time Poverty*

the time poverty and unpaid care responsibilities noted above, women are more likely to believe they have less control over their time and other life decisions. Similarly, efficacy pertains to one's ability to pursue goals effectively. Because women's aspirations are significantly influenced by social expectations related to household responsibilities, marriage, child-rearing, and their role as caregivers, women are likely to be less confident in their ability to pursue personal goals.[59]

Household decision-making. Resource allocation decisions are usually made at the household level and not by individuals operating in a vacuum. This process, called "intrahousehold resource allocation," recognizes that while individual members may have different preferences, responsibilities, power, and perceived rights in a socio-economic context, an individual's bargaining power in the household ultimately determines the final outcome. More often than not, these outcomes favor men over women.[60] For example, although group lending models promoted by the microfinance sector sought to address the mobility and collateral constraints low-income women faced, women were often a vehicle for receiving and repaying loans with little or no control over their use.[61]

Increasingly, efforts are being made to re-balance the bargaining power by enabling women's direct access to resources. Examples include government programs that incentivize women to open financial services accounts in their name, interventions aiming to put phones and smartphones in the hands of women at the last mile,[62] and, where feasible, allocating government or humanitarian transfers directly to women. Evidence points to the positive outcomes of these strategies, be it women's economic empowerment or improved bargaining power in household decision-making. Examples from Macedonia[63] and India[64] provide evidence of women conditional cash transfer recipients having greater decision-making power and being able to increase household spending on food.

[59] *Measuring Women's Sense of Control and Efficacy*

[60] *Quisumbing, Agnes R. "What Have We Learned from Research on Intrahousehold Allocation?", Household Decisions, Gender and Development: A Synthesis of Recent Research. IFPRI, 2003.*

[61] *Gender Norms On and Off the Farm: Engaging Smallholder Women in Finance and Climate-Smart Agriculture*

[62] *Smartphones For Women In Rural Chhattisgarh Could Transform Lives–If Men Do Not Interfere*

[63] *JPAL, 2021. Empowering Women Through Targeted Conditional Cash Transfers*

[64] *The Effect of Gender-targeted Transfers: Experimental Evidence from India*

Design implications for addressing the challenges women face

Given the complexity of these demand-side barriers, it is imperative to consider women's contexts, priorities, and baseline conditions when designing long-term savings products and micro-pensions. Consider digital products as an example. While digital products are becoming indispensable and allow providers to reach scale while lowering distribution costs, it is important to recognize that they may have adverse implications for women. Women may need to spend more money and time buying, renting, or sharing a phone and money learning to use smartphones or the internet and resolving any issues they face. Therefore, additional support via social marketing campaigns, mentoring, or peer support systems may be necessary for women to benefit from digital products. Doing so will help reduce the learning curve and create a level playing field for women.

GSMA's Sampark project in India sought to address the commonly held misperception by both men and women that there was limited value in women owning a mobile phone. The project offered households a package SIM combo deal with free talk time for both men and women. When a man topped up this SIM card, his wife's SIM card was automatically topped up. This design helped demonstrate the benefits of women owning phones, with little upfront cost and risk to the household. A technical literacy campaign and MNO-led training for sales agents complemented this deal. The results from this pilot project were compelling as men encouraged their wives to keep their phones and even cover out-of-pocket top-up costs.[65] Similarly, MEDA's INNOVATE program provides several interesting case studies of organizations that went the extra mile to design norms-aware and norms-transformative financial inclusion programs for smallholder women in South Asia and Kenya.[66]

[65] *CGAP, 2017. Social Norms Change for Financial Inclusion*

[66] *Lessons from Farming Households: Agricultural Decision Making and Shifting Social Norms for Women's Economic Empowerment*

3.2. Supply-side Considerations: How can providers better serve women?

To date, financial services for low-income women have been predominantly credit-focused. Savings and micro-pension products are more complex and require considerable capacity and trust building. In addition to the demand-side barriers limiting women's choices, providers must address several supply-side barriers to serve women better. Furthermore, the informal rules that shape women's behavior also influence the attitudes and expectations of financial service providers and their staff.

Discriminatory practices and staff biases. A World Bank paper that analyzes gender differences in the use of financial services using individual-level data from 98 developing countries finds that even after controlling for a host of individual and country characteristics, there are significant gendered differences in access to financial services accounts and the ability to save and borrow. These differences are driven by legal discrimination against women and gender norms that limit women's ability to work, receive an inheritance, be a household head, choose where to live, and sometimes may even incite gender-based violence.[67]

Additionally, a growing body of evidence suggests that formal financial institutions in developing countries are less likely to finance female entrepreneurs, all things being equal.[68] For example, an experiment on discrimination in Chile assigned random genders and loan applications to loan officers and found that despite being identical in all respects, applications assigned a female profile were 18% less likely to get their funding requests approved. The study also noted that banks with male-dominated workforces were associated with higher levels of discrimination against women.[69] Another study finds that, on average, women experience a 5-percentage point lower chance of obtaining a bank loan than men and are charged higher interest rates and fees simply because banks are averse to lending to women. According

[67] *World Bank, 2013. Financial Inclusion and Legal Discrimination Against Women. World Bank Group*

[68] *OECD, 2014. Enhancing Women's Economic Empowerment through Entrepreneurship and Business Leadership in OECD Countries*

[69] *How Gender Discrimination Stops Women from Getting Loans*

to the study, these patterns of discrimination are most prevalent in countries with underdeveloped financial systems. [70]

Examples of this type of discrimination can be evidenced in Pakistan, where banks often ask female borrowers for two male guarantors who are not family members. Furthermore, married women are asked to obtain permission from their spouses before opening a bank account, while unmarried women are seldom deemed creditworthy. Interestingly, none of these are legal requirements.[71] These patterns of discrimination are not limited to credit alone. Albanian women, unlike men, are required to provide additional documentation, including a marriage certificate and a notarized copy of a university diploma, for availing of pension benefits. Not only is this process more burdensome, but it also exacerbates gender inequality among older women[72]

There is promising evidence that gender intelligence training can improve financial service providers' employees' understanding of women's baseline conditions and deepen women's engagement with financial services. IFC's partnership with Habib Bank, Pakistan, focusing on gender intelligence training, noted a significant increase in deposits made by women in branches that received the training.[73] In another example, MiBank, a microfinance institution in Papua New Guinea, went the extra mile to expose staff to women's contexts by requiring them to travel to bank branches and rotations in the field with agents to better understand agents' and female clients' needs.[74] While introducing digital sub-wallets for women's savings groups, CARE Uganda focused on building gender sensitivity among its own and its partner, Post Bank's staff, which, in turn, significantly boosted staff capability to facilitate household dialogues. Subsequent results showed that women who received digital wallets and household dialogues were more confident about their ability to save.[75]

Beyond outright discrimination, formal financial services providers may integrate practices that appear 'neutral' at face value but

[70] *World Bank, 2009. Do banks discriminate against women entrepreneurs?*

[71] *Women's financial inclusion and the law*

[72] *Women, Business and the Law 2022*

[73] *Gender Intelligence for Banks— Moving the Needle on Gender Equality*

[74] *Normative Constraints to Women's Financial Inclusion: What We Know and What We Need to Know*

[75] *Ibid.*

may nonetheless put undue burdens on women. Supposedly gender-neutral technologies such as ATMs can be burdensome for women with lower literacy, numeracy, and mobility levels. Similarly, while providers increasingly rely on agents to serve rural women, who, by nature, are more relationship-oriented than men, the agent's gender, attitude, location, and other practices may be potential sources of concern. Providers such as LAPO in Nigeria introduced roving *susu* agents who could visit customers at their homes and businesses to address the mobility barrier.[76] CGAP's research on Cash-In-Cash-Out (CICO) networks sheds light on actions that can prompt women to drop out (see Figure 12) and provides guidance on how agent networks can better support women.[77] While designing solutions for women, it is also critical to recognize that women are not a monolith and their needs and preferences vary according to their context, geography, age, and other factors.

Figure 12: Product adaptation gaps in women's mobile wallet usage journey

Example: Potential attrition factors for women throughout a typical mobile wallet journey

Awareness	Registration	Verification	Deposit/ withdraw cash	Continued usage
✓ Relevance of marketing ✓ Lack of compelling value proposition ✓ Few examples of women around them using the service ✓ Trial stakes may be higher for women	✓ 165 million fewer women own a mobile phone than men in LMICs[1] ✓ Women are 20% less likely than men to use mobile internet[1] ✓ 27% of adult women globally cannot read/write	✓ In low-income countries, 45% of women lack ID (compared to 30% of men)[2]	✓ Distance to agents and concerns over safety ✓ May not be acceptable or preferable to visit a (male) agent alone or without permission ✓ Trust and confidence in the process and agent	✓ 64% of mobile money accounts are inactive[3]

1. GSMA Mobile Gender Gap Report 2020.
2. World Bank Blogs. "The global identification challenge: Who are the 1 billion people without proof of identity?"
3. Bull, Greta (2018). "Financial Inclusion: Is the Glass Half Empty or Half Full (Pt 2), CGAP Blog

Source: CGAP[78]

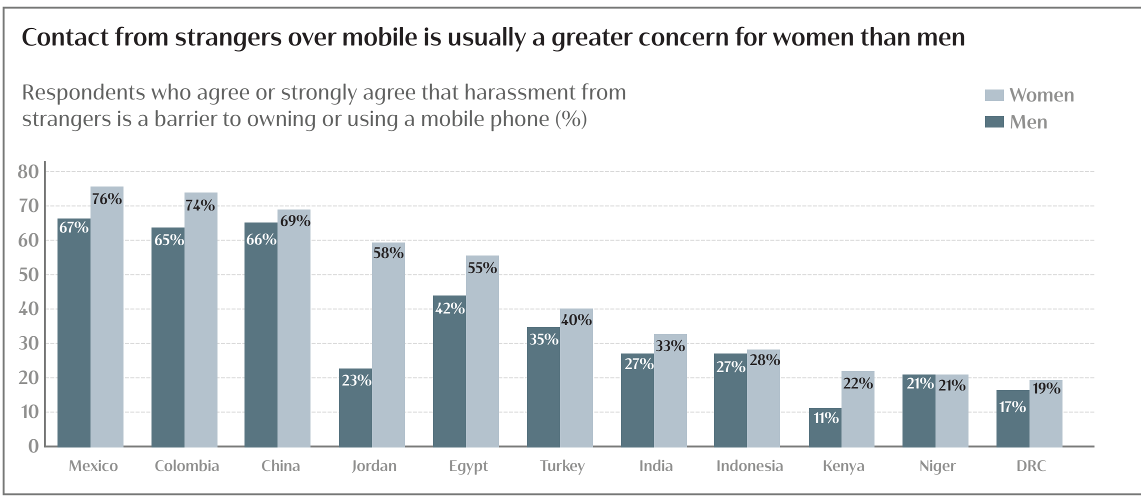
[76] *LAPO Agent Banking in Nigeria - Increased Reach, Client Diversity*

[77] *Cash-In / Cash-Out For Rural Agent Networks*

[78] *Ibid.*

Fraud, harassment, other harms, and grievance redressal systems. Given women's lower levels of digital and financial capability and limited familiarity with digital financial services, they are more susceptible to fraud than men. A study undertaken by Columbia University[79] in Africa and South Asia found that women were at greater risk of cyber-fraud, including SMS scams and voice phishing. Women are also more likely to have their identities stolen and to experience online harassment.[80] Women are also more afraid of being contacted by strangers because they received inappropriate calls from agents or others or were subject to harassment (see Figure 13).[81]

Figure 13: Women are more concerned about being contacted by strangers than men



Source: GSMA[82]

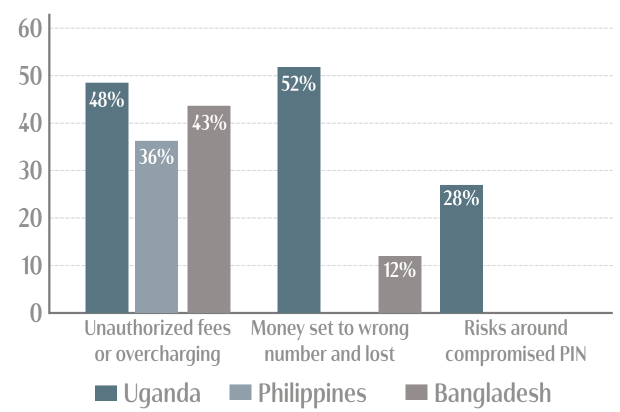
CFI's multi-country research showed that women-owned MSEs were reluctant to adopt digital technologies due to a lack of knowledge of digital tools and the available protection mechanisms in case of fraud or other suspicious activities.[83] Despite the added risks women face, they rarely complain to the financial services provider or the regulator, perhaps because the existing channels are not inclusive, accessible, or designed with women users in mind.[84]

[79] Gender, Cybersecurity and Fraud in DFS
[80] Are women at higher risk to online scams? Online harassment statistics
[81] Security and harassment on mobile phones: A growing concern for women in emerging markets
[82] Ibid.
[83] An Equitable Rebuilding: Learnings from Women-Owned MSMEs

India has implemented a two-tiered grievance redressal system for the financial sector to encourage more women to come forward with their complaints.[85] Financial services providers are required to establish a formal system to respond to user concerns. Beyond this, there are many other options for consumers to report directly to the regulator, including ombudsman services linked to the Reserve Bank of India and online tools to submit complaints.[86] However, many people are unaware of these grievance mechanisms; even if they know of them, they lack faith in them, find the process very cumbersome, or cannot access them (see Figure 14). For low-income women having limited access to and familiarity with technology and juggling multiple priorities, these issues are particularly salient.

Figure 14: Customers reporting consumer protection issues to agents

Percent of respondents mentioning a consumer protection issue in their interactions with CICO agents (N=666)



Source: Microsave[87]

Furthermore, low-income women are understandably more wary of bank runs and potential scams regarding savings and pension products. Evidence from Nigeria shows that despite wanting to

[84] Why it's so hard to raise issues with India's financial services

[85] Do Indian financial firms have a robust Grievance Redress Framework in place?

[86] Why it's so hard to raise issues with India's financial services

[87] A question of trust – Mitigating customer risk in digital financial services

save money, some citizens were apprehensive about locking in their money in the government's recently launched micro-pension scheme and were uncertain about the long-term survival of the pension companies.[88] A survey by Enhancing Financial Innovation and Access (EFInA) in Nigeria found that pension products had one of the highest dissatisfaction rates of the eleven financial products and services being tracked.[89]

3.3. Considerations for building an enabling environment: Which policies and regulations are most important for women's participation, and what adaptations are needed?

An enabling environment can help create a level playing field for women to participate in the formal financial system, in particular, opening and maintaining a long-term savings account. The rules established by the regulatory system help create incentives for providers to be inclusive and responsible.

Identification systems can catalyze/hinder women's participation in the financial system. Know Your Customer (KYC) requirements needed to open a bank account perhaps have the greatest impact on women's ability to participate in the formal financial system. Across the world, most jurisdictions follow the Financial Action Task Force's guidance regarding appropriate identity verification. Financial institutions must confirm a customer's identity using reliable data sources; in many countries, this translates into a foundational identification (ID) document issued by the state. Obtaining a foundational ID, in turn, requires a birth certificate, completion of paperwork, and in some cases, approval from a father or spouse. These complexities create several hurdles; consequently, fewer women possess foundational IDs than men. For example, the Indian government's requirement for people to own a Permanent Account Number (PAN) Card and email ID to open a pension account disregards the millions of low-income, rural women who don't have an email ID and therefore, cannot access a secure and well-functioning pension scheme

[88] *Three years on, Nigeria's micro-pension targeting informal workers struggles to thrive*

[89] *Ibid.*

specifically designed for informal workers. Consequently, even though 600 million Indians use WhatsApp, more than 85% don't have any pension account, and at least half of these are women. To address these barriers and encourage more low-income people and domestic wage workers to open pension accounts, WhatsApp has developed a platform that allows users to complete the entire application process in 14 regional languages within 3-4 minutes. The platform was subsequently implemented in Kenya.[90]

Identification also facilitates SIM card registration. GSMA notes that people with an official ID are twice as likely to have a SIM card in their name.[91] This is evidenced in Findex 2021, which finds that 30 percent of unbanked adults in Sub-Saharan African countries do not have the documentation to register a SIM card.[92] Increasingly, regulators are recognizing the benefits of a proportionate and tiered-KYC system and are moving away from a one-size-fits-all KYC requirement, which tends to discriminate against women and other marginalized populations. For example, the Rwandan government developed a fully digital, USSD-enabled long-term savings scheme allowing users to open accounts in less than two minutes could attract over 2 million voluntary contributors in less than three years. Over 50% of these contributors are women.[93]

Government responses to the pandemic are a good case in point. During the early days of the pandemic, policymakers and financial service providers, in cooperation with regulators, adopted diverse simplified customer due diligence processes to rapidly open accounts for vulnerable recipients. Measures ranging from using mobile SIM registration data in Ghana to remote/deferred KYC for basic account opening in Pakistan and West Africa have proven to be low-risk and effective in getting emergency cash into the hands who need it the most.[94]

Beyond KYC, other financial sector regulations also matter. Several other financial sector regulations around agent networks and digital finance, to name a few, also impact women's ability to

[90]Note, this platform was developed in partnership with PinBox. Source: Now, gift pension using WhatsApp. Know how

[91]GSMA, 2021. Access to Mobile Services and Proof of Identity 2021

[92]Demirgüc-Kunt, Asli, Klapper, Leora, Singer, Dorothe, Ansar, Saniya. "The Global Findex Database: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19. World Bank, 2022

[93]PinBox Solutions. 2019. Great progress and positive policy outlook on Rwanda's EjoHeza micro-pension scheme

[94] Three Ways Governments Expedited Social Payments During COVID

participate in the financial system. Regulations about the security of the transactions are critical when accessing credit. Similarly, regulations that enable e-money issuers to offer financial services are critical for expanding the set of providers that can offer services for both men and women. Agent networks are the lifeline of rural communities looking to conduct financial transactions—adding, withdrawing, or transferring cash from their digital accounts. Therefore, when countries create stringent policies that make the agent registration process more cumbersome and limit who can become an agent, they are also reducing the touch points for women and other vulnerable clients. In addition to being accessible physically, agents are also important for women's psychological safety. Many women are intimidated by formal bank branches or ATMs and are more comfortable engaging with kiosks and shops they already frequent. Simple and intuitive agent registration processes make it easier for women to become agents. Research has shown that the gender of the agent is often critical when onboarding women customers, particularly in contexts where gender norms limit women's mobility, interactions, and opportunities.[95] Evidence from India's Bank ***Sakhi*** model shows that nearly half of their customers were women, many of whom were highly vulnerable and living in remote areas.[96] Similarly, for savings and pension products, policies that keep the money safe and allow customers to take it out without difficulty will go a long way toward building trust.

Consumer protection regulations. Digitalization has spurred fraud, scams, and cybersecurity risks, and women bear the brunt of these risks. Given these risks, there is an urgent need to prioritize consumer protection regulation, market conduct supervision, and strengthening consumer awareness and education to create an inclusive and responsible financial sector where women are protected from harm.

Non-financial sector regulations. Less directly linked to the financial sector, but important nonetheless, are the formal

[95] *Agent Gender Matters... for Customers*

[96] *Ibid.*

and informal rules around inheritance which influence wealth distribution and, in turn, power and access to financial services in society. Other laws on permissible work, working hours, or requirements that differentiate benefits access or requirements between men and women also matter. WBL,[97] a dataset housed at the World Bank Group, measures discrimination in the law, legal rights, and benefits regulations across 190 economies that influence women's ability to participate in the formal economy, including the formal financial system. They explore different categories of regulations and benefits linked to mobility, the workplace, pay, marriage, entrepreneurship, assets, and pensions (see figure 15).

Figure 15. Categories covered by WBL

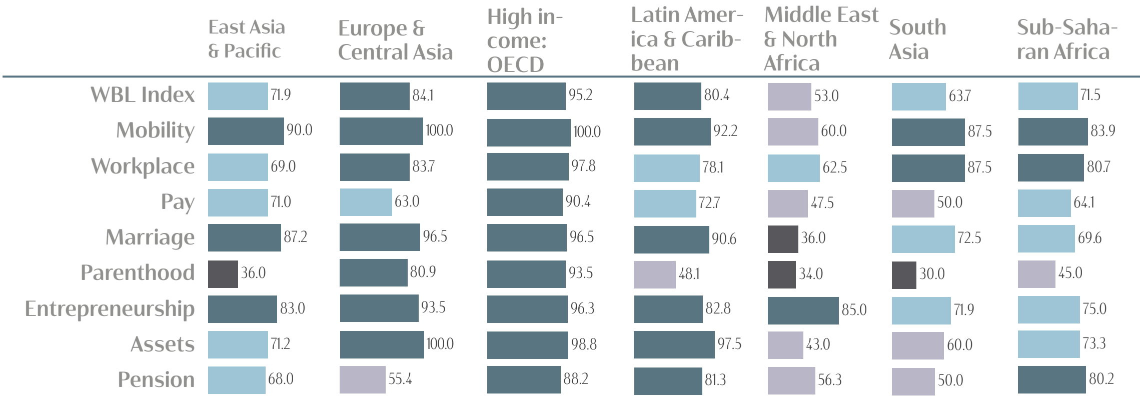
Source: WBL

WBL also has an index that ranks countries on how they perform linked to laws that cause disparities between men and women. MENA, followed by SA, continue to be regions with the highest discriminatory laws that curtail women's ability to participate equally in the formal economy (see Figure 16).

Beyond formal regulations, informal rules or societal norms can also codify inequalities or infringe on women's rights. The most obvious of these are the norms around inheritance that determine where even when women have the legal right to inherit property,

[97] *Women, Business and the Law 2022*

Figure 16. WBL Index by Region



Source: WBL

customs can prevent women from exercising their legal rights.

4. HOW CAN STAKEHOLDERS CREATE GENDER-INTENTIONAL MICRO-PENSION SYSTEMS: A CALL TO ACTION

It is evident from the demand-side, supply-side and enabling environment arguments presented in this chapter that a gender-neutral approach to developing micro-pension systems is unlikely to be inclusive or benefit women. As discussed in this chapter, women are disproportionately disadvantaged due to their longer life expectancy, lower workforce participation levels and lifetime earnings in informal sectors, and gendered societal expectations leading to time poverty and limiting access to education, opportunities, and resources. Furthermore, low-income women are not a monolith and contribute to the informal economy in many different ways— as owners and workers of MSEs, street vendors, smallholders and farm laborers, domestic helpers, homemakers, and gig economy workers, to name a few. Stakeholders involved in the design, management, and oversight of micro-pension systems must consider these differences alongside women's contexts, baseline conditions, needs, and constraints and accordingly design solutions where women are provided a fair opportunity to participate and benefit.

Government plays a critical role as an enabler. Insurance and pension coverage can protect beneficiaries from the uncertainties of old age. Yet, pension coverage in most developing countries with predominantly informal labor markets can be as low as 5 to 20 percent.[98] Governments have many levers to influence the design of affordable, inclusive, and responsible micro-pension systems that provide adequate income to low-income women in their old age. Governments also play a role in setting policy mandates, creating incentives for financial system actors by enacting laws and regulations, providing resources and matching funds, and creating room for testing, learning, and dialogue between the private sector and the government. Rwanda's means-tested co-contributions-based digital micro-pension scheme for lower-income informal sector workers is a case in point.[99] Similar models are being explored in Kenya and Uganda.

The role of regulators and supervisors is particularly important for micro-pension systems because long-term savings require trust. Through regulations, governments can ensure the security of lifetime savings. They can also drive campaigns to build awareness and understanding of pension systems. Regulators and supervisors also need to prioritize tiered KYC regulations that ease the burden for women to participate in the micro-pension systems while strengthening consumer protection and market conduct supervision to reduce harm to consumers, particularly women who are more vulnerable to abuse.

Private providers need gender-intentional product design and distribution. As creators of micro-pension systems, providers need to understand women and their contexts and examine and address their limitations to effectively serve this segment and create long-term impact. Sex-disaggregated customer data is the first step to understanding and closing the gender

[98] Issues, Experiences And Solutions In Saving The Next Billion From Old Age Poverty

[99] PinBox Solutions. 2019. Great progress and positive policy outlook on Rwanda's EjoHeza micro-pension scheme

gap. Unfortunately, this data is still limited. Providers will need to do more to improve the quality and availability of gender-disaggregated data to understand women's access to and use of digital financial services, particularly savings and micro-pension products. To be truly inclusive, providers also need to look internally and examine their biases, whether intentional or unintentional, conduct gender-awareness trainings, and engage and invest in more women staff. As noted earlier, gender awareness trainings, "unstereotyping" campaigns, women-friendly communication, and leveraging women staff have significantly enabled providers such as HBL Bank in Pakistan and MiBank in Papua New Guinea to increase the number and engagement levels of women clients.

Despite good intentions, providers often lack the requisite gender expertise. Partnerships with development organizations and engaging with community-level gatekeepers can help deepen understanding and develop strategies that address norms and barriers and enable women to save and adopt trusted micro-pensions products. Providers must also recognize that women are a viable and trustworthy customer segment despite the challenges and additional effort needed. This belief will motivate providers to invest time and resources in understanding women's needs and testing approaches that compensate for the demand-side constraints discussed in Section III A. Providers also need to be mindful of women's mobility constraints, small and irregular income streams and age-related preferences, and accordingly, design multi-pronged distribution channels involving agents, including roving agents, mobile phones and bank branches to help onboard women, encourage regular use and build trust. Finally, in light of low-income women's limited literacy and digital financial capabilities, it is critical to design simple, visual, and intuitive interfaces and grievance channels with 'trust-enhancing' features embedded throughout the design.

Imitation is the best form of flattery—donors and investors should support more evidence-based research. As noted throughout this chapter, there is a lot that remains unknown. Testing, learning, and evidence gathering can uncover approaches that have enabled providers to sustainably serve low-income women with savings and micro-pension products. To that end, continued learning through research and evidence-gathering remains a priority as it enables experiences to be shared and scaled from one provider and country to others. Donors can fund and incentivize partnerships with the private sector to document best practices, test new and innovative products and distribution systems, and document what's needed to scale micro-pension systems tailored for women. Donors and researchers also play an important role in advocacy with national policymakers, raising awareness, sharing evidence, and supporting their capacity to create enabling and trustworthy financial systems. This approach will catalyze knowledge transfer and help crowd in more actors who can reach the billions of women who lack financial resources for their old age.